

MINUTES

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

May 26, 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. Leningrad Elarionoff
Mr. Jay Uyeda
Ms. Kanoë Wilson

ABSENT:

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

OTHERS PRESENT:

Ms. Kathy Garson, Deputy Corporation Counsel
Ms. Renee Schoen, Deputy Corporation Counsel
Ms. Mary Fujio, Legal Technician I, Corporation Counsel
Mr. Fred Camero, Beylik Drilling & Pump Service, Inc.
Mr. Jeff Zimpfer, National Park Service
Mr. Richard Santiago
Ms. Victoria Kalman
Mr. Raymond Kalman
Mr. Francis Jung, Jung & Vassar
Mr. Jim Petersen
Mr. Riley Smith
Ms. Lisa Reddinger, Johnson Controls
Mr. Scott Rees, Johnson Controls

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. Calvin Uemura, Customer Service Supervisor
Mr. Eric Takamoto, Operations Division

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

2) STATEMENTS FROM THE PUBLIC

(Mr. Richard Santiago testified regarding Water Meter No. 78714754, TMK 5-5-004:021.)

(The following testimony is verbatim.)

MR. SANTIAGO: I'm here because of your General Manager refused to put my case on your agenda. I am asking that you instruct him to place it on the agenda of your June meeting. I believe Mr. Antonio has allowed the Water Department to become involved in a personal family dispute. This was not appropriate, and should not have happened. But it did happen, because I believe a staff member...your staff member in your Waimea office is a family member of an individual who is making all the pilikia. And this whole issue is made more sensitive because I believe the issue is clouding the separation of church and state. I will make this brief. My partner of 20-plus years, Valerie Stevens, is related to several owners of a 10-plus acre parcel in Hāwī that is a subject of dispute. Val and I leased approximately 2.2 acres from the family 13 years ago, in September 2002. The water bill has for that long been in the name of Joseph Chang, Sr., attention: Richard Santiago. I personally laid the water line from the meter on Ilikini Road to our house. Heather Hook's mother passed on, and Heather started pilikia for a reason that is not known to me. What I do know is that on January 15, 2015, she and her sister walked into your Waimea office and claimed to be the new owners of the property. They wanted the meter to be in their name. With no notice to Valerie or myself, I believe your employee, Ms. Bannister, who originally gave us her name as Ms. Valenzuela (sic), in complete disregard of Department of Water Supply Rule 3(a) (sic), not only allowed the illegal substitution, but also ordered the water cut off the very next day. Rule 3-1 and Rule 3-4, Application for Water Service and Service Connection, provides a somewhat lengthy process before approval. This process was completely ignored, and in violation of Rule 3-11(2) and Rule 3-11(3). Our water was shut off. We learned of this the evening of January 16th, and I have been complaining and seeking redress ever since – to no avail. But during this process, I earned the enmity of your general manager and other employees. They went to my brother's house and took advantage of the fact that he is in Hilo following a stroke. My granddaughter is his tenant, a fact which your Water Department conveniently ignored as they cut off my granddaughter's water with absolutely no notice. This, I believe, is retaliation. When she asked your three employees to please at least let her finish the load of wash that she was washing in the machine, they laughed at her and told her she should have thought of that before she didn't pay her bill. She walked away crying. Do you want to hear the sad part of the story? On April 15th I agreed to pay the bill, and the Water Department gave me a bill saying the \$145.00 was due, payable by May 15th. I gave Mr. Antonio a copy of that bill. But a week later, on April 23rd, they cut my granddaughter's water off. I paid the bill on May 12th in its entirety, and now they want a \$300 deposit to turn the water back on. Pretty good, huh? Turn the water off illegally, in violation of your own Rules, then charge a \$300 fee to turn it back on. And by letter dated May 12th, Mr. Antonio lied, and said, I said I would pay the bill by April 20th. I never said such thing. Mr. Antonio is not the only one who's been lying in this instance. There's also Calvin Inumura (sic) who has been lying to me about this. And also, uh, Tanya Whatever-Her-Last-Name is, in Waimea...has been lying. Not only to me, people. They lied to the police. Can you imagine that?! So the police has reopened the case after they found out about the lies. Um...so now you know why I am asking for this matter to be placed on next month's agenda. I think the matter should be brought up sooner than next month, Mr. Chairman. Wow! This sounds to me like it's very serious, you know? I'm asking for a special session of this Board. If not, well, I wait for November (sic). Mr. Antonio is retiring. I've also filed a complaint with the Ethics Board, and my hearing will be held on July 12th via feed from Kohala. But this is a serious matter, people! It's your Department! Mr. Antonio is on his last...uh...in February Board meeting, you guys stated how wonderful 40 years he put in this Department, and what a good team he's leaving behind. Is this the way to leave the team behind?! Is this how to retire after 40 years?! With lies? I don't think so. Thank you, sir.

Chairperson Robinson offered Mr. Santiago the option to apply for a Contested Case Hearing, whereby the matter would be put on the Water Board Agenda. Mr. Santiago would be able to present all of the facts and information he has, and then the Department would present its facts, he said. After that, the Board would make a decision regarding the Contested Case.

Mr. Santiago asked when that would be.

Chairperson Robinson said that Mr. Santiago would have to make an application, and then the Board would place the Contested Case Hearing on the Agenda.

Mr. Santiago asked if it would be held at the next Board meeting.

Chairperson Robinson said no, he did not think it would be that quick. He explained that the process of requesting the Contested Case, etc., would probably make it difficult to hold it next month.

Mr. Santiago asked if it was possible.

Chairperson Robinson said he did not know; the Board would have to schedule it, and the notice would have to be posted within the required Public Notice period, etc.

Mr. Santiago said he understood, and expressed appreciation for the Chairperson's concern and thanked the Board for the opportunity to speak.

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the April 28, 2015, Public Hearing on the Power Cost Charge.

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

The Chairperson entertained a Motion to approve the Minutes of the April 28, 2015, Water Board meeting.

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

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

None.

5) SOUTH HILO:

A. **JOB NO. 2014-1016, FURNISHING AND INSTALLATION OF AN AUTOMATED FLEET FUEL MANAGEMENT & INTEGRATED TANK LEVEL SYSTEM – PHASE I FOR THE DEPARTMENT OF WATER SUPPLY:**

There were no bids received for this contract aimed at upgrading DWS's gas pump system at the Hilo Baseyard, and staff will obtain quotations in the best interest of the Department.

The Manager-Chief Engineer said that the Department would seek quotations in accordance with State Procurement laws.

6) SOUTH KOHALA:

A. **RESOLUTION NO. 2015-02, APPROVING THE RECEIPT AND EXPENDITURE OF MONIES FOR THE WAIMEA WATER TREATMENT PLANT COMPLIANCE UPGRADES – PHASE 2 PROJECT (FUNDED BY THE DRINKING WATER STATE REVOLVING FUND):**

(Note: Resolution requires roll call vote)

This Water Board Resolution No. 2015-02 seeks to supersede Resolution No. 2015-01. The Resolution is a prerequisite for the Drinking Water State Revolving Fund (DWSRF) program. Construction bids for this project were opened on May 7, 2015. This Resolution is specifically identified for the following project: JOB NO. 2010-964, WAIMEA WATER TREATMENT PLANT COMPLIANCE UPGRADES - PHASE 2, and authorizes the Manager–Chief Engineer or Deputy to execute loans and/or grants with the State Department of Health for up to \$13,000,000.00.

The Manager-Chief Engineer recommended that the Water Board adopt DRINKING WATER STATE REVOLVING FUND RESOLUTION NO. 2015-02, subject to the approval of Corporation Counsel.

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

Mr. Uyehara, noting the presence of new Board members, explained that the Drinking Water State Revolving Fund is a low-interest, low-administrative fee loan program, administered by the State Department of Health (DOH) Safe Drinking Water Branch. This project is one of the bigger ones that DWS has qualified for under the State Revolving Fund program. Mr. Uyehara said that the reason for today’s Resolution is because of the bid results received; he noted that the bid results would be taken up in the next Agenda item. DWS went through the process of revising the original Resolution for this project, so that DWS can execute the loan agreement with DOH for the actual bid results.

Mr. Elarionoff asked who actually makes the Recommendations for action by the Board.

The Manager-Chief Engineer said that the DWS staff makes the Recommendations.

Ms. Wilson asked about the project amount, which had been \$11.9 million; DWS is now asking for \$13 million.

Mr. Uyehara confirmed this, saying that the DOH is also allowing some loan monies for the design cost of the project. Therefore, the \$13 million will cover the design, construction and construction contingencies.

ACTION: The Secretary took a roll call vote: Mr. Uyeda (Aye); Ms. Wilson (Aye); Mr. Takamine (Aye); Chairperson Robinson (Aye); Mr. Elarionoff (Aye) and Mr. Arikawa (Aye); Motion carried with Six (6) Ayes, Zero (0) Nays, and Three (3) Absent: Mr. Balog, Ms. Iokepa-Moses, and Ms. Lee Loy.

Chairperson Robinson, noting that three members were absent today, asked whether there was a quorum.

The Secretary confirmed that with six members present today, the Board had a quorum.

B. **JOB NO. 2010-964, CONSTRUCTION OF THE WAIMEA WATER TREATMENT PLANT COMPLIANCE UPGRADES, PHASE 2:**

This project generally encompasses the conversion and expansion of the existing 2 million-gallon per day (MGD) Waimea Water Treatment Plant using conventional water filtration processes to a 4-MGD membrane filtration plant and related improvements.

Specific improvements include: site grading; paving, drainage, walkways, clarifiers and a causeway; modifications to several existing structures and processes; construction of a new membrane process building; a new emergency generator; together with associated site work, fencing, water systems piping, electrical work, instrumentation, painting, and demolition.

Bids for this project were opened on May 7, 2015, 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount*	Adjusted Bid Amount** (for purposes of bid award)
Bodell Construction Company	\$10,854,154.20	\$10,311,446.49
Performance Systems, Inc.	\$11,964,830.00	\$11,342,036.41
Isemoto Contracting Co., Ltd.	\$13,981,798.00	\$13,282,708.10
F& H Construction	Bid withdrawn	

*Bids were allowed to be corrected because of an obvious mistake, in accordance with DWS General Requirements and Covenants and Hawaii Administrative Rules.

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

Project Costs:

1) Low Bidder (Bodell Construction Company)	\$10,854,154.20
2) Construction Contingency (~9.6%)	\$ 1,045,845.80
Total Cost:	<u>\$11,900,000.00</u>

Funding for this project will be from a DWSRF Loan. The contractor will have 600 calendar days to complete this project.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2010-964 WAIMEA WATER TREATMENT PLANT COMPLIANCE UPGRADES PHASE 2, to the lowest responsible bidder, Bodell Construction Company, for their corrected bid amount of \$10,854,154.20, plus \$1,045,845.80 for construction contingency, for a total contract amount of **\$11,900,000.00**. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

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

Mr. Elarionoff asked why the Board needed to go through the formality of voting on the bid, if it is merely a formality, since the contract is offered to the lowest bidder anyway.

The Manager-Chief Engineer said that for projects like this, it is a formality for the Board to award the contract. He noted that there might be issues or concerns regarding a particular bid, but for the most part, the Board awards the contracts as a formality. He said that he as Manager-Chief Engineer cannot award such projects; it is the Water Board that awards contracts.

Chairperson Robinson said that the Water Board is actually the signatory to the contracts; bringing contracts to the Board provides the public format for the Board to review and approve the information that the staff gives to the Board. This provides public acknowledgement and public review of the contracts, to ensure that everything is done as it should be, he said.

Mr. Elarionoff apologized for asking the question.

Chairperson Robinson said that it is good to ask; he said it took him time to understand how things work as well.

Ms. Wilson asked what the financial threshold was with regards to contracts that are awarded by the Water Board.

The Manager-Chief Engineer said he was not sure he understood the question.

Ms. Wilson said she was assuming that there is a cap on what comes to the Board, and that some things do not come to the Board.

The Manager-Chief Engineer said that DWS comes to the Board with projects like this that go out to bid. The Department presents the Board with a listing of CIP projects, that shows the total estimated amount of the projects that DWS wants to put out to bid. In this case, DWS went a little over the estimated amount.

Mr. Uyehara said that this project was on the CIP list at an estimated cost of \$10 million, so the amount is slightly over the estimate.

The Deputy went back to Ms. Wilson's original question, and noted that several years ago, the Board passed a Resolution 2004-01, which authorized the Manager-Chief Engineer and the Department to administratively enter into contracts on an emergency basis, or for contracts less than \$25,000.00 in value. There was a proviso that DWS provide reports to the Board on such contracts covered by Resolution 2004-01. He said that most of the major contracts do come before the Board.

Chairperson Robinson asked Mr. Uyehara to make the distinction between CIP projects and ordinary course-of-business operations where there are unforeseen circumstances.

The Manager-Chief Engineer noted that DWS's CIP list had listed this project as \$10 million, and DWS is now asking the Board to award this project at \$11.9 million. He said that the additional funding comes from within the Department's CIP funding. DWS may, for example, have another project that goes out for a smaller bid amount; this is how DWS juggles its projects. For this project at hand, DWS has the funding to cover the project cost, he said.

Chairperson Robinson asked Mr. Uyehara to explain the difference between the bid amount and the adjusted big amount.

Mr. Uyehara said the table he provided in the Agenda first showed each bidder, and the middle column had their corrected bid amount. After bidders submit their bids, DWS opens the bids and checks all of the numbers to ensure that the math is correct. That middle column is the actual corrected bid amounts, he said. The third and final column shows the adjusted bid amount for purposes of the award. Bidders are allowed to get bid credits, or credits used only for evaluation of the bid, for the State Apprenticeship Program and the Hawai'i Products Preference. That third column is used only for the evaluation of the bids for awarding purposes.

Chairperson Robinson asked Mr. Uyehara to elaborate on those two bid credit categories.

Mr. Uyehara said that under the State Apprenticeship Program, participating contractors get a five percent credit to their bid. Under the Hawai'i Products Preference, bidders are required to tabulate what Hawai'i products they prefer, and are given a 10 percent bid credit.

Mr. Inaba noted that there are different classes for different materials. In this particular case, it is 10 percent for that quantity of that specific Hawai'i product.

Mr. Uyehara said that those percentages are subtracted from the bid amount, and used for evaluating the bid.

Chairperson Robinson said the apprenticeship program involves the trades: electricians, carpenters, pipe-fitters, masons, etc.

Mr. Uyehara confirmed this; as long as the bidder has one apprentice from the trades, they get the bid credit.

Mr. Uyeda asked if this project involved surface water treatment.

Mr. Uyehara confirmed this.

Mr. Uyeda asked if this project was necessary to meet current water quality standards.

Mr. Uyehara said that the project was to maintain and upgrade; DWS is already meeting all water quality standards with its current facilities. However, the Waimea facility is over 30 years old, and uses a conventional sand treatment process which limits DWS's production capacity to about 2.25 million gallons per day (gpd). The conversion to membrane filtration will boost DWS's production capacity, and provide a positive barrier to meet the water quality requirements, he said.

Mr. Uyeda asked if DWS would be able to keep the existing plant operational amid construction.

Mr. Uyehara confirmed this; there are specific drawings and temporary connections that will be made to keep the plant running throughout construction.

Chairperson Robinson asked about Bodell Construction, with whom he was not familiar.

Mr. Uyehara said that this is DWS's first contract with Bodell, who are from the Mainland but who have local operations. Bodell has had recent projects on Maui and in the Wahiawa area of Oahu, which appear to be similar to the project at hand.

The Manager-Chief Engineer said that DWS qualifies bidders by reviewing their financials, their Statement of Qualifications, etc. This information indicates to DWS whether they are able to bid.

Chairperson Robinson said that their bonding company will have qualified them as well.

Mr. Takamine confirmed that Bodell has been doing business in Hawai'i for a while.

ACTION: Motion carried unanimously by voice vote.

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

The contractor, Beylik Drilling and Pump Service, Inc., is requesting to address the Board to appeal the Department's decision to deny a time extension for JOB NO. 2014-1010, LĀLĀMILO A DEEPWELL REPAIR.

The Manager-Chief Engineer said that DWS did not have a Recommendation; DWS has not seen the contractor's justification, or additional information to justify the time extension. DWS had to deny the initial request for a time extension, based on the information that was provided. For that reason, Mr. Fred Camero from Beylik Drilling and Pump Service, Inc. is here to plead his case.

Mr. Camero, Beylik's general manager, told the Board that his company was asking for a two-month time extension, due mainly to the delay by the manufacturer to deliver the pump. The pump was ordered in October, but only arrived in Hawai'i last week; it took about seven months to deliver it. There have also been a couple of approved change orders with DWS, he said. One of the change orders involved problems that Beylik had with debris found in the well when Beylik was removing the pump; Beylik had to remove those foreign objects. That issue triggered two change orders, Mr. Camero said. Based on all of these issues, Beylik is respectfully requesting the Board to approve the time extension, he said.

The Manager-Chief Engineer noted that the two change orders have already been completed.

Mr. Eric Takamoto of Operations Division clarified that it was one change order that went through, which encompassed both the extra work associated with the well extraction and the work to remove the debris.

The Manager-Chief Engineer said that at this point, the main issue is the delivery of the pump from the Mainland. He said that hopefully Mr. Camero will provide additional information as to why the delivery of the pump was delayed.

Mr. Camero said that unfortunately he did not have anything in writing from the manufacturer/distributor. He had had numerous phone conversations with them, and they told him that there were significant delays in obtaining the raw material for the pump. The other reason for the delay was because the manufacturer missed the window for testing, so that DWS's pump was put at the back of the line to do the factory pump test. That also caused a significant delay with the manufacturer, he said.

Chairperson Robinson asked what the original contract amount was.

Mr. Camero said he was sorry but he did not have that information.

Chairperson Robinson asked if this project was the one whose pricing kept rising over time, with several change orders, etc.

Mr. Camero said no, this project is a different one.

The Manager-Chief Engineer said that was the Hualālai Deepwell.

Chairperson Robinson asked how much the liquidated damages were.

Mr. Camero said it was \$150.00 per day; the current contract completion date is May 31, 2015.

Chairperson Robinson asked when Mr. Camero thought he would be finished with the project.

Mr. Camero said it would be at the end of July.

Mr. Elarionoff asked the Manager-Chief Engineer and Mr. Camero what the consequences would be if the time extension were denied.

The Manager-Chief Engineer said that DWS would impose the liquidated damages on the contract if the contract is not completed by May 31st.

Mr. Elarionoff asked if the liquidated damages were similar to a fine.

Ms. Garson said no, it is not a fine.

Mr. Elarionoff asked Mr. Camero what the consequences would be for him.

Mr. Camero said that Beylik would be assessed the liquidated damages for that amount, and that he would be responsible for it.

The Manager-Chief Engineer said that DWS would deduct the liquidated damages from the contract amount.

Mr. Elarionoff asked what foreign objects were found in the well, and asked how that happened.

Mr. Camero said that the debris was old air line, old PVC, some strapping metal, etc., which was left over from the previous installation or was the result of deterioration over time.

Mr. Elarionoff said that it seemed that Mr. Camero was not too sure, but it was not something that Beylik did.

Mr. Camero said no. When Beylik first went out to remove the pump, the debris problems were there from the beginning; the debris caused the pump to be stuck in the first place, he said.

Mr. Elarionoff asked the Manager-Chief Engineer if he agreed with that statement.

The Manager-Chief Engineer said yes.

Mr. Elarionoff noted that on Page 8 of the April 28, 2015, Water Board Minutes, the Manager-Chief Engineer was quoted as saying that he appreciated Ms. Lee Loy's comments, and that the staff learns a lot from experiences like this. Referring to Beylik, the Minutes quoted the Manager-Chief Engineer as saying: "The good thing about the current situation is that DWS is working with a very good contractor who had a lot of experience." Mr. Elarionoff asked the Manager-Chief Engineer if he still stood by that statement.

The Manager-Chief Engineer said definitely, yes.

Mr. Uyeda said he had contract questions. In order for the Board to make a better decision here, Mr. Uyeda needed to know when the project started, when DWS plans to end it, and the contract value. DWS has been experiencing problems at other wells when the pump and motor are put into the hole. Mr. Uyeda asked when the contractor plans to put the pump and motor into this well and test it to see if it works.

Mr. Camero said that at either the end of June or in early July, Beylik plans to install the pump, and testing would take place immediately after that.

Mr. Uyeda said that he was concerned about the possibility that the pump will fail to work again; that would mean that Beylik would have to come back to the Board again with yet another change order and time extension request. He recommended that the Board defer action, and in the meantime, DWS would get more information so that the Board can make a better decision going forward.

Chairperson Robinson said that because this Agenda item was presented to the Board as an opportunity for Mr. Camero to address the Board, the staff might want to respond to the Board to allow for further discussion and possible action.

MOTION: Mr. Uyeda moved that the Board get more information regarding the project on the following points:

- The contract start and end dates;
- The contract amount; and
- A schedule of when the project will be completed, with the remaining activities to be done.

Ms. Wilson seconded.

Mr. Elarionoff asked Mr. Camero how this Motion would affect his project. He noted that Mr. Camero is subject to a time limit; he asked how the Board's deferred action would affect him.

Mr. Camero reiterated that Beylik had just taken delivery of the pump last week. Beylik is now working to inspect the components to make sure every piece of equipment is okay. Once the inspection is completed, Beylik will ship it here and will install it. He said that the deferral would not affect him because he will be doing his due diligence to get the pump installed.

Mr. Elarionoff said that in his younger days, he had worked in construction. When there was a time limit looming, the contractor would "cockroach" on the side to make things work to meet the deadline. He asked the Manager-Chief Engineer what he thought.

The Manager-Chief Engineer said that it would affect Beylik, because the contract completion date is May 31st, and Mr. Camero had already said that he is looking at June/July as far as installation, testing, etc. Therefore, Mr. Camero is going to go beyond his contract completion date. Mr. Camero needs to come up with additional information to justify the delays and what needs to be done to complete the project. Hopefully, some of the time delays in the contract days, i.e., the days beyond the May 31st deadline, may be cut back, he said. Beylik will be affected, he said.

Mr. Arikawa asked to have the Motion repeated.

Mr. Uyeda recapped his Motion, saying that it calls for more information on the project:

- The contract start and end dates;
- The contract amount; and
- The schedule from today to the completion of this project, and the items that still need to be done for the well to be turned on and working.

The Deputy said it encompassed the scope and schedule.

Mr. Arikawa asked what happened to the original Motion.

The Secretary said that this was actually the recap of Mr. Uyeda's Motion.

Chairperson Robinson said yes, the Agenda item was just presented as Mr. Camero's presentation to the Board. Mr. Uyeda's Motion is to obtain further information, so that the Board can take some kind of constructive action. He said that Mr. Camero's liquidated damages come to about \$5,000.00 a month.

Mr. Uyeda asked Mr. Camero for confirmation that the pump project will be completed sometime in July.

Mr. Camero confirmed this.

Mr. Uyeda asked if Mr. Camero was just asking for a one-month time extension.

Mr. Camero said no, he was actually asking for two months.

The Manager-Chief Engineer said Mr. Camero was asked for two months, to end on July 31st.

Chairperson Robinson asked for confirmation that the staff would prepare a presentation with their Recommendation.

The Manager-Chief Engineer said yes.

ACTION: Motion carried unanimously by voice vote.

7) NORTH KONA:

A. MAINTENANCE BID NO. 2015-02, REPAIR AND MAINTENANCE OF KAHALU‘U SHAFT HIL-A-VATOR, KONA:

There were no bids received for this contract, and staff will obtain quotations in the best interest of the Department.

The Manager-Chief Engineer said that the Department would seek quotations from qualified contractors in accordance with State Procurement laws.

Mr. Ikeda noted that the same thing happened two years ago when this contract last came up for bid. This time, at least one contractor was interested, but he submitted his Intent to Bid too late and therefore was unable to bid. DWS will be getting quotes.

Mr. Arikawa asked if there were no bids two years ago; he asked if nothing happened.

Mr. Ikeda said that there were no bids, but when DWS sought quotes, there were a couple of companies interested.

Mr. Arikawa asked if the repair and maintenance occurred.

Mr. Ikeda said yes, the contractor goes to the site every month to check to ensure that everything is running well. Mr. Ikeda said that this time, DWS will just be getting quotes, and will not be coming back to the Board with a presentation. He noted this is a two-year contract.

8) MISCELLANEOUS:

A. MATERIAL BID NO. 2015-01, FURNISHING AND DELIVERING PIPES, FITTINGS, WATER METERS, FIRE HYDRANTS, BRASS GOODS, VALVES, ELECTRICAL SUPPLIES, ELECTRICAL EQUIPMENT, SCADA, WATER QUALITY EQUIPMENT, CHLORINATORS, MOTORS AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK:

Bids were received and opened on May 13, 2015, at 1:30 p.m. The contract period for all Parts is one year, from July 1, 2015 to June 30, 2016. All Parts are established price agreements for materials on an “As-Needed” basis.

RECOMMENDATION: It is recommended that the Board award the contract to the following bidders for MATERIAL BID NO. 2015-01, FURNISHING AND DELIVERING PIPES, FITTINGS, WATER METERS, FIRE HYDRANTS, BRASS GOODS, VALVES, ELECTRICAL SUPPLIES, ELECTRICAL EQUIPMENT, SCADA, WATER QUALITY EQUIPMENT, CHLORINATORS, MOTORS, AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK, on an as-needed basis, as listed below, and that

either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The contract period shall be from July 1, 2015 to June 30, 2016.

PART NO.	DESCRIPTION	BIDDER	AMOUNT
1	DUCTILE IRON PIPE, PUSH-ON TYPE JOINT	Ferguson Enterprises, Inc.	\$95,350.00
2	DUCTILE IRON FITTINGS	Ferguson Enterprises, Inc.	\$31,088.90
3	FLANGE GASKETS	Ferguson Enterprises, Inc.	\$4,329.64
4	NUTS, BOLTS, AND THREADED RODS	AP Water Supply, Inc. dba HIW Hawaii	\$51,677.08
5	COPPER TUBING	Ferguson Enterprises, Inc.	\$123,155.35
6	GALVANIZED PIPES T&C (THREADED & COUPLED)	Ferguson Enterprises, Inc.	\$15,961.80
7	HIGH DENSITY POLYETHYLENE "HDPE" PIPE	Ferguson Enterprises, Inc.	\$119,879.60
8	METER BOXES	Ferguson Enterprises, Inc.	\$49,374.00
9	METER COVERS	Ferguson Enterprises, Inc.	\$3,469.00
10	AUTOMATIC METER READING UNIT	Ferguson Enterprises, Inc.	\$511.70
11	5/8" WATER METERS	Ferguson Enterprises, Inc.	\$85,338.00
12	NEPTUNE T-10 SERIES METER PARTS	Ferguson Enterprises, Inc.	\$87.00
13	BADGER RECORDALL SERIES METER PARTS	National Meter & Automation, Inc.	\$542.25
14	1"- 2" WATER METERS	Ferguson Enterprises, Inc.	\$22,005.25
15	COMPOUND WATER METERS	Ferguson Enterprises, Inc.	\$10,792.72
16	TURBINE METERS AND STRAINERS	Ferguson Enterprises, Inc.	\$22,096.12
17	DETECTOR CHECK METERS	Ferguson Enterprises, Inc.	\$6,200.00
18	FIRE SERVICE METERS	Ferguson Enterprises, Inc.	\$39,267.08
19	FIRE HYDRANTS	Ferguson Enterprises, Inc.	\$96,657.95
20	MUELLER FIRE HYDRANT PARTS	AP Water Supply, Inc., dba HIW Hawaii	\$4,691.80
21	MUELLER FIRE HYDRANT EXTENSION KITS	AP Water Supply, Inc., dba HIW Hawaii	\$4,596.00
22	AMERICAN DARLING FIRE HYDRANT PARTS	Ferguson Enterprises, Inc.	\$8,341.17
23	AMERICAN DARLING FIRE HYDRANT EXTENSION KIT	Ferguson Enterprises, Inc.	\$8,346.75
24	BALL METER VALVES	Ferguson Enterprises, Inc.	\$54,702.50
25	BALL VALVE, PACK JOINT X METER COUPLING / FIP	Ferguson Enterprises, Inc.	\$33,351.50
26	COMPRESSION JOINT COUPLING	Ferguson Enterprises, Inc.	\$5,276.00
27	METER FLANGE COUPLING	Ferguson Enterprises, Inc.	\$3,949.00
28	PACK JOINT COUPLING	Ferguson Enterprises, Inc.	\$39,993.90
29	CORPORATION AND CURB STOPS – BALL TYPE	Ferguson Enterprises, Inc.	\$75,827.20
30	PRESSURE REGULATORS	Ferguson Enterprises, Inc.	\$1,122.03

31	HOSE BIBBS	Ferguson Enterprises, Inc.	\$3,850.00
32	INVERTED MARKING PAINT	Ferguson Enterprises, Inc.	\$10,756.00
33	AIR RELIEF VALVES	Ferguson Enterprises, Inc.	\$8,652.00
34	DUCKBILL CHECK VALVES	Ferguson Enterprises, Inc.	\$95,901.75
35	VALVE BOX DEBRIS CAP	Ferguson Enterprises, Inc.	\$179.36
36	GATE VALVES – 3” AND LARGER, 125# CLASS	AP Water Supply, Inc., dba HIW Hawaii	\$35,834.00
37	GATE VALVES – 3” AND LARGER, 250# CLASS	Ferguson Enterprises, Inc.	\$55,257.08
38	BUTTERFLY VALVES	AP Water Supply, Inc., dba HIW Hawaii	\$8,750.00
39	AUTOMATIC CONTROL VALVES	Ferguson Enterprises, Inc.	\$1,043,161.33
40	ANTI-CAVITATION VALVES	Ferguson Enterprises, Inc.	\$297,362.23
41	HIGH PERFORMANCE BUTTERFLY PUMP CONTROL VALVES	Ferguson Enterprises, Inc.	\$334,617.57
42	RESERVOIR LEVEL INDICATOR	TK Process Hawaii, LLC	\$5,151.53
43	HATCH FRAMES AND COVERS	Ferguson Enterprises, Inc.	\$8,530.26
44	ARC FLASH PPE – DAILY WEAR	OneSource Distributors, LLC	\$1,273.75
45	ARC FLASH PPE – SUPPLEMENTAL	Safety Systems & Signs Hawaii, Inc.	\$12,175.72
46	ELECTRICAL GLOVES & TESTING	TK Process Hawaii, LLC	\$1,406.03
47	DIGITAL MULTIMETER & TESTING	TK Process Hawaii, LLC	\$7,086.90
48	ELECTRICAL SAFETY EQUIPMENT	OneSource Distributors, LLC	\$1,758.00
49	ELECTRICAL TAPE	OneSource Distributors, LLC	\$93.00
50	DUCT SEAL COMPOUND	OneSource Distributors, LLC	\$159.00
57	ELECTRICAL CONNECTORS & TERMINATIONS	TK Process Hawaii, LLC	\$6,229.75
58	INDUSTRIAL MOTOR LEAD CABLE	TK Process Hawaii, LLC	\$34,132.65
59	INDUSTRIAL CONTROL WIRING	TK Process Hawaii, LLC	\$3,802.05
60	JUNCTION BOXES & ENCLOSURES	TK Process Hawaii, LLC	\$92,453.15
61	HEAVY DUTY SAFETY SWITCH	OneSource Distributors, LLC	\$34,950.00
62	NON-AUTOMATIC TRANSFER SWITCH	OneSource Distributors, LLC	\$116,562.00
63	SOLID STATE REDUCED VOLTAGE SOFT STARTER	TK Process Hawaii, LLC	\$725,384.04
64	MEDIUM-VOLTAGE REDUCED VOLTAGE SOFT STARTER	TK Process Hawaii, LLC	\$205,294.02
65	VARIABLE FREQUENCY DRIVES	TK Process Hawaii, LLC	\$281,848.87
67A	SURGE PROTECTION DEVICES	TK Process Hawaii, LLC	\$50,143.69
68	3 PHASE MONITOR RELAY	TK Process Hawaii, LLC	\$1,999.12
69	POWER MONITORING	OneSource Distributors, LLC	\$50,498.23

	EQUIPMENT		
70	INDUSTRIAL ELECTRONIC COMPONENTS	OneSource Distributors, LLC	\$12,266.72
71	RETROFIT RTU PANEL	TK Process Hawaii, LLC	\$8,131.09
72	PRE-FABRICATED SCADA SOLUTIONS	Control Systems West, Inc.	\$978,025.41
73	AUTOMATION AND CONTROL SYSTEMS	Control Systems West, Inc.	\$46,308.71
74	PROGRAMMING SERVICES	TK Process Hawaii, LLC	\$1,354.16
75	UNINTERRUPTIBLE POWER SUPPLY (UPS)	TK Process Hawaii, LLC	\$4,655.94
76	GROUNDING EQUIPMENT	TK Process Hawaii, LLC	\$964.29
77	COMMUNICATIONS HARDWARE	TK Process Hawaii, LLC	\$65,691.97
78	LICENSED RADIO EQUIPMENT	TK Process Hawaii, LLC	\$3,536.33
79	AUTODIALERS	TK Process Hawaii, LLC	\$1,063.78
80	PRESSURE TRANSDUCER – WELL LEVEL	TK Process Hawaii, LLC	\$1,041.48
81	PRESSURE TRANSDUCER – DISCHARGE PRESSURE	TK Process Hawaii, LLC	\$11,644.19
82	PRESSURE TRANSDUCER – RESERVOIR LEVEL	OneSource Distributors, LLC	\$2,682.06
83	PRESSURE TRANSMITTER	TK Process Hawaii, LLC	\$2,117.13
84	LIQUID LEVEL SENSOR	OneSource Distributors, LLC	\$5,300.75
85	FLOW SWITCH	Superior Technology & Supplies Corp.	\$704.12
86	ELECTROMAGNETIC FLOW METERS	Ferguson Enterprises, Inc.	\$546,701.07
87	WATER QUALITY EQUIPMENT	Ferguson Enterprises, Inc.	\$27,893.74
88	REAGENTS AND STANDARDS	Ferguson Enterprises, Inc.	\$2,163.09
90	CHEMICAL FEEDER PUMP	Ferguson Enterprises, Inc.	\$7,683.47
91	DIGITAL CHLORINE CYLINDER SCALE	TK Process Hawaii, LLC	\$5,803.91
92	STAND-ALONE CHLORINE GAS DETECTOR	Safety Systems & Signs Hawaii, Inc.	\$1,953.11
93	CHLORINATOR	Superior Technology & Supplies Corp.	\$10,278.42
94	CHLORINE GAS FEEDER	OneSource Distributors, LLC	\$15,377.95
95	TABLET CHLORINATOR PARTS	TK Process Hawaii, LLC	\$5,915.44
97	MECHANICAL SEALS	TK Process Hawaii, LLC	\$153,126.42
98	MOTORS	TK Process Hawaii, LLC	\$261,672.48
100A	LEAK NOISE DATA LOGGERS	Wong's Equipment & Service, LLC	\$51,835.24
101	LIGHT EMITTING DIODE LUMINARIES	TK Process Hawaii, LLC	\$9,291.30
102	INFRARED WINDOWS	TK Process Hawaii, LLC	\$5,453.46

For the following Sections: 51 (Liquidtight Flexible Non-Metallic Conduit & Fittings), 52 (Liquidtight Flexible Metallic Conduit & Fittings), 53 (Rigid PVC Conduit & Fittings), 54 (EMT Conduit & Fittings), 55 (Rigid Galvanized Steel Conduit & Fittings), 56 (Unistrut Channel and Hardware), 66 (Pad-Mounted Step-up Transformer), 89 (Multistage Booster Pumps), 96 (Ultrafiltration Package Plant), and 99 (Submersible Motors – Refurbish / Rewind), no bids were received.

For the Sections where no bids were received, staff shall obtain quotations in the best interest of the Department.

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

Mr. Ikeda said that this is just a list of items that DWS puts out for bid every year; this is just to establish a price agreement. DWS will be ordering on an as-needed basis; the list might seem a lot, but DWS is not ordering everything. The vendors will hold their prices for a year, and DWS can just order, based on the contract.

Chairperson Robinson asked Mr. Ikeda to explain what the list actually involves. He noted one listing for \$123,000.00 in copper tubing; he asked what that means.

Mr. Ikeda said that it means that DWS has different sizes such as 3/4-inch, 1 inch or 2 inches, and DWS estimates the number of rolls that it will be ordering for the year. All added up, it comes to that total of \$123,000.00. DWS just has the price per 60-foot roll. As DWS needs things, it will order. In this particular case, DWS will be ordering from Ferguson Enterprises, because they were the low bidder.

Chairperson Robinson asked Mr. Ikeda to explain the process of determining the bidders.

Mr. Ikeda said that the low bidder gets the award. DWS just compares bids. The Department opened the bids a couple of weeks ago, and then went through all of the numbers to make sure they all were accurate. The bidders listed on this Item are all of the recommended low bidders, he said. He noted that for several items, there were no bids. DWS will seek quotes for those items.

Mr. Uyeda asked if DWS had compared last year's pricing with this year's pricing. He asked what percentage of increase or decrease there was.

Mr. Takamoto said that DWS had not done a year-to-year price comparison for all items. DWS did a comparison for certain items as point of interest. In general, the prices were even, and high-dollar items had not shown much change year-to-year, he said.

Mr. Uyeda said he was just wondering how material or commodities prices were changing in general.

The Deputy said it was a good question, and DWS will take a look. It was good information to keep track of, he said.

ACTION: Motion carried unanimously by voice vote.

B. MATERIAL BID NO. 2015-03, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY:

Bids for this project were opened on May 14, 2015, at 2:00 p.m., and the following are the bid results.

		Yamada & Sons, Inc.	WHC LTD dba West Hawai'i Concrete	Grace Pacific LLC	Jas. W. Glover, Ltd.
	DISTRICT I:				
A.	3/4-Inch Base Course (Cost per ton)	\$17.60	No Bid	No Bid	\$18.75
B.	1½-Inch Base Course (Cost per ton)	\$17.05	No Bid	No Bid	\$17.71
C.	No. 3F Rock (Cost per ton)	\$25.80	No Bid	No Bid	\$26.04
D.	#4 Sand (Cost per ton)	\$41.65	No Bid	No Bid	\$46.87
E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	No Bid	No Bid	\$64.58
F.	Cold Mix- ASTM D4215-87 (Cost per ton)	\$148.10	No Bid	No Bid	\$150.00
G.	Blended Material 60% #4 Sand and 40% No. 3F Rock (Cost per ton)	\$52.10	No Bid	No Bid	\$50.00
H.	Hot Mix – County Mix IV (Cost per ton)	\$142.60	No Bid	No Bid	\$148.96
	DISTRICT II:	Yamada & Sons, Inc.	WHC LTD dba West Hawai'i Concrete	Grace Pacific LLC	Jas. W. Glover, Ltd.
A.	3/4-Inch Base Course (Cost per ton)	No Bid	\$13.59	No Bid	No Bid
B.	1½-Inch Base Course (Cost per ton)	No Bid	\$12.31	No Bid	No Bid
C.	No. 3F Rock (Cost per ton)	No Bid	\$21.43	No Bid	No Bid
D.	#4 Sand (Cost per ton)	No Bid	\$24.21	No Bid	No Bid
E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	\$41.35	No Bid	No Bid
F.	Cold Mix- ASTM D4215-87 (Cost per ton)	No Bid	No Bid	No Bid	No Bid
	DISTRICT III:	Yamada & Sons, Inc.	WHC LTD dba West Hawai'i Concrete	Grace Pacific LLC	Jas. W. Glover, Ltd.
A.	3/4-Inch Base Course (Cost per ton)	No Bid	\$18.56	No Bid	No Bid
B.	1½-Inch Base Course (Cost per ton)	No Bid	\$17.10	No Bid	No Bid
C.	No. 3F Rock (Cost per ton)	No Bid	No Bid	No Bid	No Bid
D.	#4 Sand (Cost per ton)	No Bid	\$34.72	No Bid	No Bid
E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	\$55.01	No Bid	No Bid
F.	Cold Mix–ASTM D4215-87 (Cost per ton)	No Bid	No Bid	\$146.00	No Bid
G.	Hot Mix - County Mix IV (Cost per ton)	No Bid	No Bid	\$145.10	No Bid

The Manager-Chief Engineer recommended that the Board award the contract for MATERIAL BID NO. 2015-03, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY, by Parts to the following for the amounts shown above, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel.

- District I – Parts A, B, C, D, F, and H to Yamada and Sons, Inc.
Parts E and G to Jas W. Glover, Ltd**
- District II – Parts A, B, C, D and E to WHC LTD dba West Hawai‘i Concrete**
- District III – Parts A, B, D and E to WHC LTD dba West Hawai‘i Concrete
Parts F and G to Grace Pacific LLC**

For the Parts where no bids were received, staff shall obtain quotations in the best interest of the Department. The contract period shall be from July 1, 2015, to June 30, 2016.

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

The Manager-Chief Engineer said that this Item is aimed at getting a price list for materials that DWS normally uses throughout the year.

Chairperson Robinson asked what Districts I, II, and III were.

Mr. Ikeda said District I is Hilo, District II is Waimea and District III is Kona. District IV is Ka‘u, and if they need material, they pick it up from Hilo.

Chairperson Robinson asked about the items listed as “No Bid.”

Mr. Ikeda said that DWS will get quotes, or bring the material from one District to another.

ACTION: Motion carried unanimously by voice vote.

C. WATER HAULING BID NO. 2015-04, PRICE AGREEMENT TO PROVIDE WATER HAULING SERVICES TO VARIOUS LOCATIONS ISLAND-WIDE (ON AN AS-NEEDED BASIS) FOR THE DEPARTMENT OF WATER SUPPLY:

Bids for this contract were opened on May 14, 2015, at 2:30 p.m., and the following are the bid results.

- 1. Carnor Sumida dba ACR Water Hauling**
4,000-, and 5,000-gallon water trucks (price for all districts):

Regular Hours	\$103.28/hr.
Overtime Hours	\$117.48/hr.

- 2. Kea‘au Service Station, Inc.**
4,200-, and 5,000-gallon water truck (price for all districts):

Regular Hours	\$142.36/hr.
Overtime Hours	\$159.95/hr.

 6,000-gallon water truck (price for all districts):

Regular Hours	\$156.60/hr.
Overtime Hours	\$174.19/hr.

The Manager-Chief Engineer recommended that the Board approve the price agreement for WATER HAULING BID NO. 2015-04, PRICE AGREEMENT TO PROVIDE WATER HAULING SERVICES TO VARIOUS LOCATIONS ISLAND-WIDE (ON AN AS-NEEDED BASIS) FOR THE DEPARTMENT OF WATER SUPPLY at the prices listed above, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The price agreement shall be from July 1, 2015 to June 30, 2017.

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

Mr. Elarionoff, noting that an hourly rate is involved, asked how DWS controls the speed at which the water haulers carry their loads; they might drive slowly to clock more hours.

Mr. Ikeda said that it is hard to say, because it depends on where the emergency is. DWS will only call the water hauler in the event of an emergency or when a small water tank needs to be filled. It does not happen very often, he said. The prices are regulated by the Public Utilities Commission. This Item is to establish a price that the water haulers will charge DWS. However, it is difficult to control how fast they drive, Mr. Ikeda said.

The Manager-Chief Engineer said that DWS monitors the water haulers closely, and the Department knows how long it takes to haul from Hilo to Kalapana, for example.

Mr. Elarionoff said that is true, but he wondered what happens when the Police Department closes the road for several hours.

The Manager-Chief Engineer said that in such a situation, DWS would probably have information about the situation, etc., and the water hauler will tell DWS how long it took him to reach his destination.

Mr. Elarionoff asked how DWS deals with that; he asked if it was not a problem because it has not happened yet.

The Manager-Chief Engineer said DWS has not come across such a situation.

Mr. Ikeda agreed that there has not been an instance where a water truck could not get through to its destination; if such a situation arose, the water hauler would just have to wait until DWS could get a water tanker out there to start filling the tank.

Mr. Elarionoff said this was the first time he saw water hauling being priced by the hour; that kind of threw him off.

The Deputy clarified that when DWS orders the hauling service, DWS is in contact with the actual vendor. It usually would be someone who is in Mr. Ikeda's office, who would keep in pretty good contact with the vendor. If the contractor runs into a road closure, he would normally contact DWS, and then DWS would have to make other arrangements to relocate the source of water – if it looked to be a long-term closure. DWS would need to relocate where the hauler is getting the water from, so that they could do their runs unimpeded, the Deputy said. DWS has an estimation of how long it would take to fill up a truck and drive to the location where they deposit the water, and how long it would take to unload and drive back. DWS has a good feel for the approximate times involved. However, as far as enforcement of speed limits, DWS has to leave that to the Police Department, he said. DWS definitely stays in contact with the contractor while the emergency event is going on.

Mr. Arikawa said that he too had never seen water hauling being priced by the hour. He was familiar with pricing by the load.

Mr. Ikeda noted that in some cases, the nearest place to fill up the tank might be 10 miles away, and in some cases, it might be just a mile away. That will really affect the timing; pricing it by hours is fairer, he said.

Mr. Takamine said it seems like this format allows for more flexibility, because DWS does not know where it will need to take water to.

The Manager-Chief Engineer said that was correct, and noted that the water that is being hauled is DWS's water anyway. Therefore, the hauler is not charging for the water; they are charging for their time to deliver that water.

Chairperson Robinson asked how much hauling DWS did last year.

Mr. Ikeda said there were several instances when DWS had to haul.

The Manager-Chief Engineer said that one of the biggest instances was when DWS had to haul to Kalapana when the hurricane hit DWS's water system; that was for a couple of days.

ACTION: Motion carried unanimously by voice vote.

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

Chairperson Robinson noted that archeological work on the Queen Ka'ahumanu Highway project started today; that is a good thing.

The Deputy briefed the Board on the recent Commission on Water Resource Management (CWRM) meeting in Kona. The fact that it was in Kona was good for DWS, he noted. The water supplies of Honolulu and Maui talked about their experiences with designation, which was informative. For the most part, the meeting dealt with status updates on the various items related to the NPS petition to designate the Keauhou Aquifer; among the items were those outlined in the Preliminary Order dated December 29, 2014. DWS had provided all of the items that had been requested of the Department, ahead of the dates that the items were due. DWS submitted its draft Water Use and Development Plan (WUDP) along with its infrastructure plan. Within the WUDP, DWS described the methodology and numbers, particularly DWS's projections for water demand in the future, the Deputy said. DWS gave CWRM everything that they asked for, he said. Everyone has to get their respective items in by May 30th, he said. CWRM will need time to digest all of the information, so it is unlikely that they will have digested everything in time to take up the full petition at the CWRM meeting in June. July would be the earliest, or maybe August, he said. The Deputy said that DWS is keeping in touch with CWRM staff to see how things are going. He noted that the National Parks Service (NPS) also has a petition for declaratory orders, but no formal action was taken on that. That petition was to see if CWRM would entertain or be able to designate an area smaller than the Keauhou Aquifer system area. CWRM has not indicated whether or when they planned to take up that petition in formal proceedings. DWS will keep the Board posted as more information comes in, the Deputy said.

Ms. Garson said that she wanted to discuss something with the Board in Executive Session.

ACTION: Mr. Uyeda moved to go into Executive Session; seconded by Mr. Arikawa, and carried unanimously by voice vote.

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

The Water Board convened 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.

(Executive Session began at 10:54 a.m., and ended at 11:06 a.m.)

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

(This Item was deferred from the April 28, 2015, Board meeting.)

Chairperson Robinson said that in the absence of Ms. Lee Loy, this Item should again be deferred to the next meeting.

G. MONTHLY PROGRESS REPORT:

Chairperson Robinson asked Mr. Inaba whether there was anything on the CIP list that the Board should know about. Noting that DWS has pipes sitting waiting to be used on the Queen Ka'ahumanu Highway Widening project, he said that DWS meanwhile is doing its own design instead of contracting it out.

Mr. Inaba said that DWS is providing red-line drawings to the design/build team, who will draft the information. By doing that, DWS will save at least \$150,000.00; that work should take DWS a week to do.

Mr. Elarionoff asked if the Board could refrain from referring to the highway project as the "Queen K", noting that this is a formal meeting and Native Hawaiians prefer to have it referred to as the Queen Ka'ahumanu Highway project.

Chairperson Robinson corrected himself, and said he would refer to it as the Queen Ka'ahumanu Highway project. He reiterated that the archaeological work started today, and the contractor, Goodfellow Brothers, will be putting red fencing around the sites. He said he anticipated possible glitches along the way as the review proceeds, and asked if DWS plans to go ahead with the design now.

Mr. Inaba said that the contractor is proceeding with the archeological work, and once they complete that, they will start their baseline drawings. DWS is meeting with the contractor this week to get the design/build team familiar with DWS's standards. This will enable them to put in their baseline drawings for the road, drainage, and other design work, as well as the wastewater lines that they will be including. The contractor already has some questions regarding clearances from DWS's waterlines and other utilities. Mr. Inaba said he was sure that the contractor would finish their archeological work first, before DWS starts incurring costs.

Chairperson Robinson asked for confirmation that the archeological work is slated for two months.

Mr. Inaba confirmed this.

Ms. Wilson asked why there were contracts on the spreadsheet that had no start or end dates, noting that the Queen Ka'ahumanu Highway project was one of them.

Mr. Inaba said that the highway project is a State project; he said he can provide the start date, as well as when the original contract was established and the original completion date. However, that project has been suspended until all of the archeological sites are addressed and everything is taken care of first. The design/build team will be providing a new completion date once they have a Notice to Proceed again. A Notice to Proceed was issued once, but the work was stopped; a new Notice to Proceed will be issued, Mr. Inaba said.

The Deputy said he thought Ms. Wilson's question involved all of the other blanks on the spreadsheet. He noted that this spreadsheet format was drafted at the request of the Board some years ago, and it was aimed to track primarily construction activity. Therefore, a lot of the blank spaces are probably because the projects are not in construction yet, or have not been awarded for construction. Those projects that lack a start or end date are probably in the planning or design phase.

Ms. Wilson asked about the budgeted amounts versus the contract amounts.

Chairperson Robinson asked Mr. Inaba to walk the Board through the spreadsheet.

Mr. Inaba said that the spreadsheet started with the project name and the job number. On the Status column, it may state that a project has been awarded.

The Deputy drew Ms. Wilson's attention to the total, where there is an amount and an estimate. The estimate is the Engineering Estimate for the possible cost of construction; it is a construction estimate.

Mr. Inaba said that he believed that the only project that is in construction, but which is blank, is the Queen Ka'ahumanu Highway project.

Chairperson Robinson said that on that project, the Department originally had an estimated amount of \$3,280,000.00. Of that amount, DWS spent \$1.2 million to purchase the pipes, as well as the design work. That comes to 35.7 percent complete.

Mr. Inaba said that was correct; the percentage complete is in the last column, and is based on the money paid-to-date. That is the money spent so far on the entire project.

Chairperson Robinson noted that the Board today approved the Waimea Wastewater Treatment Facility project. That project will go on this CIP list, and once construction starts, the list will track things like time extensions, change orders, etc.

Ms. Wilson said that seemed to be related to what Mr. Uyeda was talking about earlier.

The Manager-Chief Engineer clarified that the Treatment Plant in Waimea is not for wastewater. On that project, DWS will be sending out a letter to the contractor, notifying him officially of the award. It will take a month or so to get all of the contracts executed. Once the contracts are executed, Mr. Uyehara will prepare a letter of Notice to Proceed, and then that project will appear on the CIP list.

Mr. Inaba said that the project may not be on next month's Agenda, because of the time it takes to actually execute the contract. It actually takes about two months to route the contract, get all of the signatures, etc.

Mr. Arikawa noted to Ms. Wilson that the Queen Ka'ahumanu project started before he came onto the Board, and would probably not be finished after he leaves the Board.

Chairperson Robinson said he did not believe how much money this project has cost the taxpayers. He said it is outrageous.

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

Chairperson Robinson asked Mr. Sumada to explain the makeup of the Financial Statements, for the benefit of the new Board members.

Mr. Sumada said the top sheet is a letter to the Chairperson and the Board which gives an explanation of the accounts on the Balance Sheet and the Statement of Income that went through changes from prior year to the current month, to the current year, of 20 percent or \$10,000.00 or more. The Balance Sheet in this case has four accounts that experienced that degree of change, while the Statement of Revenues had one such account, with an explanation for the change.

The second and third pages represent the Balance Sheet and Income Statement as of April 30, Mr. Sumada said. The fourth page is the Budget Status Report Analysis, which explains accounts where actual activity exceeded 20 percent or \$10,000.00 or more. The fourth page explains the activity on the next couple of pages, which represent the Department's Budget. There is an elapsed time equaling 83 percent, i.e., the amount of time that has elapsed through the current Fiscal Year, he said. That percentage is a rate that DWS uses to compare to the actual year-to-date activities' comparison to the Budget; for example, it would be expected that 83 percent of the payroll will have been expended by the end of April, etc. In the case of items that DWS pays for all at once, such as computer maintenance and support, the percentages do not exactly line up, Mr. Sumada noted.

Chairperson Robinson asked for an explanation of the item labeled CIAC, or Contributions in Aid of Construction.

Mr. Sumada said that CIAC appears on the Income Statement and the Balance Sheet. That account captures large amounts that are contributions from contractors, who have constructed reservoirs or wells for development. The contractors will have donated, or contributed, them to the Department to maintain and operate as part of development agreements they enter into with DWS. These are large assets that come into DWS's possession, which depreciate over the life of the asset; they are typically large amounts to the tune of several million dollars a year, he said.

Chairperson Robinson asked about the final sheets, labeled Finance, Operations, Board, Administration and Engineering.

Mr. Sumada said this refers to DWS's Budget. Every year, DWS puts together the Budget, with each division having its budget. DWS budgets anticipated income, or revenues, from water sales. The Budget breaks down salaries by division, supplies, equipment, etc., as well as income from water sales, he said.

Mr. Elarionoff asked about the page numbering of the Financial Statements.

Mr. Sumada said that the first three pages refer to the Balance Sheet and Income Statement, and the next set of four pages refer to the Budget; that is why the pages are numbered that way.

Mr. Elarionoff asked what happened to Page 2.

Mr. Sumada said that sometimes the cover letter runs a couple of pages long, depending on how many accounts he needs to explain. In that case, the second page of the cover letter will be Page 2, but in this case, Mr. Sumada only needed one page for the cover letter.

Chairperson Robinson noted that it is 11:28 a.m., and there are a few more Items on the Agenda, but he asked for a Motion to recess the regular meeting in order to go into the Contested Case Hearing, which is scheduled to start at 11:30 a.m.

Ms. Garson said that the Contested Case Hearing is part of the regular meeting, so the Board can just move to that Item, which is Item 9.

Chairperson Robinson asked that Items 8(I) through 8(L) be taken up after the Contested Case Hearing. He called for a brief recess to allow the parties to set up.

(The meeting recessed at 11:29 a.m. and reconvened at 11:39 a.m.)

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

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

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

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

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

(The following proceedings are recorded verbatim:)

CHAIRPERSON ROBINSON: Okay, we'll reconvene our meeting, and go into the Contested Case Hearing. Before we start this, I just, in the interest of full disclosure, for myself, I had hired Ms. Kalman probably 15 years ago to draft a will and trust for me, and Mr. Jung's firm has represented me in real estate matters. I just wanted to disclose that, and see if anyone has any concerns. Okay. Welcome, everyone. At this point I'd like to introduce our Water Board members present. We have Mr. Jay Uyeda; we have Ms. Kanoë Wilson; we have Mr. Craig Takamine, we have myself, Rick Robinson; we have Mr. Leningrad Elarionoff, and Mr. Russell Arikawa. Okay. And if the parties could introduce themselves for the record, starting with Mr. Jung?

MR. JUNG: Mr. Chairman, members of the Board. First, thanks for making the time to be here. My name is Francis Jung; I'm with the law firm of Jung & Vassar, and I represent the petitioners, Raymond and Victoria Kalman.

MS. SCHOEN: Good morning, Mr. Chair, members of the Board. My name is Renee Schoen. I'm Deputy Corporation Counsel, appearing on behalf of the Department of Water Supply.

CHAIRPERSON ROBINSON: Uh, pre-hearing matters... The appellant...how many witnesses do you expect to call, and how long do you anticipate that taking?

MR. JUNG: My two witnesses are Raymond and Victoria Kalman themselves, and I would think that they might take 20 minutes, depending on what members of the Board...have any questions that they want to ask...or cross-examination by Corporation Counsel.

CHAIRPERSON ROBINSON: Okay. Ms. Schoen?

MS. SCHOEN: I have just one witness.

CHAIRPERSON ROBINSON: One witness. Just to explain a little bit of the process in Contested Case Hearings...we'll allow Opening Statements, and then the Appellant will present his witnesses, or their witnesses. Cross examination of each witness will then be allowed...and there will be Re-Directs. After Re-Directs, I will ask if there is any questions, if the Water Board members would like to ask of the witnesses before they are excused. After the Appellant rests, the DWS...Ms. Schoen will be able to present their case...subject to the same process. And at the end, each party will allow closing comments, or Closing Remarks. And the Board will then

deliberate...and deliberation will be in public. Are there any pre-hearing matters that either party would like to address?

MR. JUNG: Yes, may it please the Board...

CHAIRPERSON ROBINSON: Yes.

MR. JUNG: I would like to stipulate to the admission of Corporation Counsel's Exhibits...no objection to the witness, and my understanding is that we have a reciprocal agreement with Corporation Counsel.

MS. SCHOEN: That is correct, Mr. Chair. We are stipulating to all of the Exhibits submitted by Appellant and the Department, and so what that means is basically, everything is in, and the Board can consider the Exhibits...

CHAIRPERSON ROBINSON: So that was the next Item. Opening Statements...we'll start with the Appellant.

MR. JUNG: Thank you, Mr. Chairman and members of the Board. Again, my name is Francis Jung, and this is a...technically, it's an appeal on a shutdown notice. The matter before the Board deals with about two million gallons of water that leaked because of a breakage in the pipe between the...uh, after the meter...to the Kalmans' residence. The distance is substantial, because, as you know, there's a two-month billing cycle, and if you wind up with a leak at the end...you've got a real problem. The amount in controversy is approximately \$12,240.00, and I think, 90 cents. Yes, that's correct. This, uh...the reason for this is that this is the second leak that came up. The first issue came up in 2012, and there was some leakage, and the Kalmans appeared before the Board...the Board has been very...was very thoughtful, and then gave them an adjustment. The Board's Rules, though, say that no real adjustment should take place again unless a period of three years passes. Well, this is what happened. In 2014, there was a leak in the line, and 1.97 million gallons of water were leaked out of the system, between their...uh, to the Kalmans' residence, resulting in that bill for over \$12,000.00. Going back to 2012, though, the Kalmans were very concerned when they first appeared before the Board, and the Board gave the adjustment. And they inquired with the Department of Water Supply what can be done to save water, and prevent this from happening... The amounts in question...which were significantly less than what we're talking about now. And the Department of Water Supply was unaware at that time that there could be...that there was any such device that could...a volumetric flow valve that would stop this, and advise the Kalmans that there was none... At least that's what they were told. Well, 2014 comes by, you got a leak, and two million gallons of water get disposed of, and they are gone... The Kalmans, uh, are very concerned about this, and then did their own investigation, and what they found out was that in the 1980s, there was something that could be done. I think the...part of the confusion is that a lot of the volumetric control valves that are...require electrical, uh, apparatus, or power control from an electric line... If you don't have an electric line, my understanding is that the Department of Water Supply then thought there was nothing you could do... Well, in fact, in the 1980s, there was...there were a number of control valves that were purely mechanical. You don't have to have electrical power to it, and they can control flows of up to, say, 5,000 gallons a month, or more. The cost is not...is insignificant compared to what the charge would be if the, uh, uh...with respect to a leak, particularly if it goes undetected at the beginning, say, of your two-month billing period. So what the Kalmans did is that Raymond Kalman, he will testify... He checked it out; there *is* a valve that can be purchased for about \$125.00, and he installed it after the two million, or almost two million gallon loss. Shipping, installation costs about \$300.00, and subsequent to that, he has installed a little more expensive one. Uh, purchase, installation itself is about \$600.00. The Kalmans are both retirees,

and so the loss is substantial to them. Their concern, though, is not only for their loss, but there are many inhabitants of the island...Native Hawaiians that live some distance from their meter, and if you stretch that line, and they get a leak in the line that results in massive losses, it'll have a severe effect upon people that are just trying to earn a living...and more importantly, upon those who are retirees. And that's primarily why the matter is before you today. They have an agreement; they have been paying. It's not like they're...it's not a deadbeat situation, okay? The...what we would like to do, though, and just to be brief, because I know your time is all valuable, and appreciate your service...that I would then start by calling up the Kalmans to testify. First, Mr. Kalman, Raymond Kalman.

CHAIRPERSON ROBINSON: Well, we're still on Opening Statements right now.

MR. JUNG: Yeah, yeah, I'm just trying to give you an idea of what I'm going to do... I'm not calling him now.

CHAIRPERSON ROBINSON: Okay.

MR. JUNG: And then, the Kalmans will ask for consideration from the Department of Water Supply to reduce the \$12,000.00 bill, which they've been paying on, by agreement. So the, um, that's about where we're coming from, and also to make some suggestion to the Department of Water Supply that might be helpful to other residents of the County, to which you serve...and could possibly save other members of the public considerable cost, particularly those who are retirees and those of lower income. So I thank you, Mr. Chair.

CHAIRPERSON ROBINSON: Okay. Ms. Schoen?

MS. SCHOEN: Yes, just briefly, Mr. Chair. The Department, uh, believes that the evidence will show that in January 2014, they notified the Kalmans of a high meter reading, and they were notified in the field by a meter reader. That day, the same day that the leak was detected, the Kalmans repaired that leak, and then they subsequently requested an adjustment to that...for that particularly high bill. The problem is, um, that they had previously, as Mr. Jung said, requested a leak adjustment and they received one, *not from the Board*, but from the Department, pursuant to its Rules. And that prior leak adjustment was given a year and a half before this particular one, and in denying the leak adjustment in 2014, evidence is going to show that the Department followed its Rule; it followed its procedure. And not only that, when Mrs. Kalman was given the first leak adjustment, she signed an application and also an agreement with the Department that she understood the Rules of the Department, that another leak adjustment would not be granted to her within three years. And yet here she is, seeking another leak adjustment. Um...so our position (is) that the Department acted appropriately in this case, followed its Rules, followed its procedures...and we are asking that the Board uphold the decision of the Department. Thank you.

CHAIRPERSON ROBINSON: Mr. Jung, would you like to call your first witness?

MR. JUNG: Mr. Chairman, yes. My first...I will call on Raymond Kalman to the chair here.

(Mr. Kalman is sworn in by the Secretary.)

MR. JUNG: For the record, would you state your name and your residence address, please?

MR. KALMAN: Okay, my full name is Raymond Kalman. And I live at 78-607 Ihilani Place in Kailua-Kona.

MR. JUNG: And you are the petitioner...one of the petitioners of this appeal?

MR. KALMAN: That is correct.

MR. JUNG: Mr. Kalman, the...you had...this is not the first leak adjustment that you had at your residence. Is that correct?

MR. KALMAN: That is correct.

MR. JUNG: What's the first...when was the first leak?

MR. KALMAN: Um, it was in 2012. Just exactly when, I don't remember. It was 2012.

MR. JUNG: As far as that leak is concerned, were you billed for that?

MR. KALMAN: We were, and we did ask for an adjustment on that.

MR. JUNG: And is...does Exhibit No. 1 here reflect the bill you received on or about, uh, August of 2012?

MR. KALMAN: Yes.

MR. JUNG: Okay, and as far as Exhibit 2 is concerned, does this reflect another bill that you received?

MR. KALMAN: Yep, that's the one we received for that issue we're talking about.

MR. JUNG: Okay, so that's the matter, and that for \$12,240.90, correct?

MR. KALMAN: That's correct.

MR. JUNG: After you received that bill, did you have cause to investigate the nature of the leak...or the loss of the water?

MR. KALMAN: Which bill are we talking about, the first one or the second one?

MR. JUNG: The second one.

MR. KALMAN: Yes, I did.

MR. JUNG: What was the cause of the leak?

MR. KALMAN: The *cause* of the leak?

MR. JUNG: Yes.

MR. KALMAN: We have no idea what the cause of the leak was. It was broken...the pipe was actually broken peculiarly. It was broken from the bottom up, and broken in such a way that it allowed enough water to go through to our residence, which is considerably downhill from the break...with no evidence that there was a leak...so...

MR. JUNG: I'll show you what's marked as Exhibit 3... This picture of the pipe with the break in it... Did you take this picture?

MR. KALMAN: Uh, yes. That's a... Uh, no, I didn't. Item 3, right?

MR. JUNG: Yes, Exhibit No. 3. Do you know who took this picture?

MR. KALMAN: Yes, that was, uh, taken by Carl Shepherd, the guy who actually repaired the leak.

MR. JUNG: He repaired the leak...I see. Okay. Now, as far as Exhibit 4, we have a...the pipe is here... I'll present that... We couldn't fit it in. When you established the nature of the leak...you had someone repair it, as you just testified. Correct?

MR. KALMAN: Correct.

MR. JUNG: Very good. And at that time, did you go to the... Did you speak to anybody at the Department of Water Supply concerning the preventive measures to be taken, with respect to future leaks?

MR. KALMAN: At *that* time?

MR. JUNG: Yes.

MR. KALMAN: No.

MR. JUNG: Okay. Did you at any time speak with anyone from the Department of Water Supply concerning the preventive measures that would prevent, or give notice of, leaks?

MR. KALMAN: No, I didn't, because I didn't...I didn't... When I had spoken with them before, they had indicated to me that there wasn't anything that existed...uh...that would mechanically stop or prevent a leak. Or at least shut off the water...shut off the valve, to prevent a greater loss. So I started looking myself.

MR. JUNG: At approximately what time did you talk to someone at the Department of Water Supply concerning a valve that would prevent a leak?

MR. KALMAN: I believe, once I found it, and I then, uh...wanted to be sure that I could install it...without there being any problem.

MR. JUNG: Okay. Were you...?

MR. KALMAN: I was told to go ahead.

MR. JUNG: Okay. I'll show you what's been marked as Exhibit No. 6. Do you recognize it?

MR. KALMAN: Yep, that's the Bermad valve that I put in on the water system that had the leak.

MR. JUNG: Okay, and how did you find out about the Bermad valve?

MR. KALMAN: Internet...Google.

MR. JUNG: Google. Okay. And prior to the leak, were you aware of this?

MR. KALMAN: No.

MR. JUNG: What did you find out on the Internet about this valve?

MR. KALMAN: Well, I just started with doing different search terms until I found this particular valve. And I found that it would shut off at a pre-set point that you set, and decided that I had to try it, and I just ordered it.

MR. JUNG: Okay. I direct your attention to Exhibit 7. Can you identify it?

MR. KALMAN: That's the installed Bermad valve, on our water line, yes.

MR. JUNG: Okay. And were you instructed to put this there by the Department of Water Supply?

MR. KALMAN: No.

MR. JUNG: Did you receive any information concerning the existence of this valve from the Department of Water Supply?

MR. KALMAN: No.

MR. JUNG: Did the Department of Water Supply even advise you that there was no such mechanical device?

MR. KALMAN: Yes.

MR. JUNG: And about when did that occur?

MR. KALMAN: That happened in 2012, after I had repaired the pipe from the break that we asked for an adjustment. I went to the Department of Water Supply in person, asked to speak with an engineer, and was told basically that there...that unless you have electricity at the meter, there was nothing that would shut it off.

MR. JUNG: Okay, I show you what's marked as Exhibit No. 8. Can you identify it?

MR. KALMAN: Yeah, it's a credit card bill.

MR. JUNG: And what's it for?

MR. KALMAN: Uh, it has on it, I guess...yeah, it has the cost of the Bermad valve that I ordered.

MR. JUNG: And that's what... \$133.85?

MR. KALMAN: That's correct.

MR. JUNG: Okay. And what was this...what was your own understanding... What was this valve supposed to do?

MR. KALMAN: Uh, the valve...if there was a leak down line, would shut off at a pre-set volume of water that passes through...um...the valve. And you can set it from anywhere from zero, on this particular valve, to 5,000 gallons.

MR. JUNG: And why did you install that valve in your water line?

MR. KALMAN: Because I didn't want to lose the resource, and didn't want to have a big bill.

MR. JUNG: Okay, did you advise at any time the Department of Water Supply concerning this valve?

MR. KALMAN: I did.

MR. JUNG: And when did you do that?

MR. KALMAN: After I had installed it, I believe we met with the Water Department...and showed them the pictures, described how it works and all that.

MR. JUNG: Okay. And after that time, did you request a second adjustment of your water bill?

MR. KALMAN: We did.

MR. JUNG: Okay, and that's the subject of the appeal today, correct?

MR. KALMAN: Correct.

MR. JUNG: Okay, because it was denied. Since that time, have you been making your water bill payments?

MR. KALMAN: Yes, we have.

MR. JUNG: Okay, no further questions of Mr. Kalman.

CHAIRPERSON ROBINSON: Ms. Schoen?

MS. SCHOEN: So let me direct your attention back to Exhibits 6 and 7. So does Exhibit 6 depict the valve that you installed on your own property?

MR. KALMAN: That is correct.

MS. SCHOEN: Okay, and that is installed on your line?

MR. KALMAN: That is correct.

MS. SCHOEN: Okay, is it anywhere near the meter, or is it more toward...?

MR. KALMAN: It's right...well, immediately after the meter. I installed a pressure-reduction valve, and then I installed this, so it's within a distance like that.

MR. JUNG: Let the record show he was showing about a foot?

MR. KALMAN: About a foot. Maybe not even that much...

MS. SCHOEN: Now, when you, um, spoke with somebody from the Department of Water Supply in 2012...your first leak adjustment, do you remember who you spoke with?

MR. KALMAN: No. I asked to speak with an engineer... A gentleman came from the back room out to the counter.

MS. SCHOEN: Okay. Did you speak with any other entity besides the Department of Water Supply in 2012, after you had that leak?

MR. KALMAN: Yes.

MS. SCHOEN: You did...?

MR. KALMAN: Yeah, I went to...I went down to Ferguson's Plumbing, and uh, I think that was Ferguson's...and I don't know what they call it now, but I spoke with the counter guy, and asked if they had any knowledge of any kind of valve. He said he didn't have any.

MS. SCHOEN: Okay. So Ferguson's...you went to Ferguson's, and they are a pump/plumbing supply store, correct?

MR. KALMAN: Yeah.

MS. SCHOEN: And they didn't have anything?

MR. KALMAN: Uh, he wasn't aware of anything.

MS. SCHOEN: Okay. Did you speak with any other entity besides Department of Water and Ferguson's?

MR. KALMAN: In 2012?

MS. SCHOEN: Yes.

MR. KALMAN: No.

MS. SCHOEN: How about Kona Irrigation Supply? Did you speak with them?

MR. KALMAN: I don't know...I don't even know if they were there then.

MS. SCHOEN: Okay. I'm gonna direct your attention to the Department's Exhibit I (*pronounced "eye"*).

CHAIRPERSON ROBINSON: Exhibit I?

MS. SCHOEN: I. Did you prepare...on the third page of Exhibit I...did you prepare the chronology of events that is depicted in that Exhibit? One page over...

CHAIRPERSON ROBINSON: One more?

MR. KALMAN: This here?

MS. SCHOEN: Yeah.

MR. KALMAN: Uh, no, I didn't. I didn't prepare it.

MS. SCHOEN: Okay, so your wife prepared it?

MR. KALMAN: Yeah.

MS. SCHOEN: Okay. Thank you. Thank you, I have nothing further.

CHAIRPERSON ROBINSON: Thank you. Mr. Jung, anything else?

MR. JUNG: No Re-Direct.

CHAIRPERSON ROBINSON: Okay. Board members, do you have any questions for the witness?

MS. WILSON: Um, I'm sorry, I was wondering how long after the leak was detected that the pipe was actually fixed?

MR. KALMAN: Um, the sequence of events was that I got a phone call from a person...I don't know whether it was the meter person or someone at the Department of Water Supply...asking if I knew of...that I had an excessive use of water...or was I aware of a leak...because we had leaked something in the neighborhood of two million gallons of water. And I told her, I'm not aware of it. And I went up and shut the water off within however long it took me to get up to the

meter. And it stayed shut off until it was repaired. And, and, and I don't even believe I turned it on until after I had the valve installed...so...

MS. WILSON: So it was within hours...? Was it within days?

MR. KALMAN: Well, the repair was done within a day. The valve stayed off until we received the valve...the Bermad valve...it's coming from Georgia. It took about a week, I guess, to get it. So it stayed off.

MR. ELARIONOFF: This is PVC pipe?

MR. KALMAN: Correct.

MR. ELARIONOFF: What diameter?

MR. KALMAN: I believe it's an inch and a quarter.

MR. ELARIONOFF: Inch and a quarter. And from the picture on (Exhibit) 3, the picture implies...or it looks like there's curving there... It broke at a curve.

MR. KALMAN: It broke like that.

(Ms. Kalman produces the broken pipe, which is in two pieces.)

MR. ELARIONOFF: But the line is straightened.

MS. KALMAN: Yeah.

MR. KALMAN: It broke upward.

CHAIRPERSON ROBINSON: Wait, wait. Do you wanna bring the pipe up and show us? Just give it to Mr. Kalman; he can show it.

MR. KALMAN: It was...it was broken like this. Subsequently, it's come apart, but it was broken like this, and it was enough there that the water continued to flow through it.

MR. ELARIONOFF: So it was like a fountain?

MR. KALMAN: Um...I didn't see it. The guy who I hired to crawl through the bushes to find the leak saw, and he just shouted back: "Shut it off! I found it!" I'm assuming it was there...

MR. ELARIONOFF: So this was in the bushes, then? Okay, thank you.

MR. JUNG: Would the...?

CHAIRPERSON ROBINSON: Just a moment, just a moment. Mr. Uyeda?

MR. UYEDA: I had a question regarding your Exhibits. So Exhibit 1...that's your water bill from 2012...?

CHAIRPERSON ROBINSON: Uh, Exhibit 1. Okay, go ahead.

MR. KALMAN: Yes.

MR. UYEDA: And that's...in 2012; that is the bill that you folks requested an adjustment on?

MR. KALMAN: That's the first one, yes.

MR. UYEDA: The first one.

MR. JUNG: Is that the adjusted amount?

MR. KALMAN: I don't know on that. I don't know what... It was considerably more than that.

MR. UYEDA: Okay, and then, Exhibit 2 is the 2014 leak and the bill to it?

MR. KALMAN: Yes.

MR. UYEDA: Okay.

CHAIRPERSON ROBINSON: Any further questions?

MR. ARIKAWA: Mr. Chair, regarding that picture in No. 3...the pipe is free-standing; it's not lying on the ground, or supported by any standpipes or anything...? It's just in the air...straight?

MR. KALMAN: Uh...

MR. ARIKAWA: It's not lying on the ground, supported by...?

MR. KALMAN: I think if you look at the bottom picture, it *is* lying on the ground. It's on the ground from the time that it leaves the...uh...the valve box...

MR. ARIKAWA: It's on the ground?

MR. KALMAN: Yeah.

MR. ARIKAWA: Okay, that's on the ground...? Okay. That's on the ground, okay.

MR. KALMAN: Yeah, as are...as are lots of other water lines in that area.

CHAIRPERSON ROBINSON: Mr. Arikawa?

MR. ARIKAWA: That's fine; I just wanted to clarify that picture.

CHAIRPERSON ROBINSON: Okay, Mr. Takamine?

MR. TAKAMINE: You know, typically for...and maybe you can let me know, but how far was this run, this inch-and-a-quarter water pipe?

MR. KALMAN: How far?

MR. TAKAMINE: Approximately.

MR. KALMAN: From the meter...which comes out three-quarter, and then it goes up to inch and a quarter, and I believe it's inch and a quarter all the way to the house, which is about a half-mile away.

MR. TAKAMINE: A half-mile. I'm just curious...like typically, for long installations, you might use, like, a Driscoll pipe if you're going above ground. But was there a particular reason why you used a PVC pipe?

MR. KALMAN: I didn't install this pipe. This was...this was when I bought the house...

MR. TAKAMINE: Oh, okay.

MR. KALMAN: Fifteen years ago, yeah.

CHAIRPERSON ROBINSON: Anyone else? All right, thank you very much.

MR. KALMAN: Thank you.

MR. JUNG: Just a matter of procedure, Mr. Chairman, this is one of our Exhibits; it's Exhibit No. 4. It's mentioned...I don't know procedurally...you want me to...?

CHAIRPERSON ROBINSON: Yeah, we entered it in. We showed. I think Ms. Schoen stipulated it.

MR. JUNG: Yeah, it is... I just... The physical one... Who do we give it to?

CHAIRPERSON ROBINSON: Yeah, the court clerk takes possession (*inaudible*). Okay, your next witness?

MR. JUNG: I call Victoria Kalman as the next witness.

(Ms. Kalman is sworn in by the Secretary.)

MR. JUNG: Mrs. Kalman, will you state your full name, for the record, please?

MS. KALMAN: Yes, Victoria Lucille Kalman.

MR. JUNG: And you're married to Mr. Raymond Kalman?

MS. KALMAN: For 50 years.

MR. JUNG: And sure it seems like yesterday.

MS. KALMAN: I suppose it depends on who you ask.

MR. JUNG: You've heard the testimony of Mr. Kalman, correct?

MS. KALMAN: Mmm hmm.

MR. JUNG: Do you have any...do you find any errors in his testimony?

MS. KALMAN: Well, I would say, there were a couple of things that I would like to speak to. One was, there was a question about the pipe itself. And because it wasn't a through-and-through break, it left like a ramp, and the water just...we never lost water pressure. Our meter is at Walua Road at that little tail end south of Kamehameha III, and we're at the bottom of Ihilani Place. So I don't know exactly what the drop is, but it's substantial. And the pipe actually at one point runs under the highway, and we've never been able, frankly, to locate the entirety of it. And it's a daily matter of great concern to us, which was why, back in 2012, when we had that first break, Ray was so concerned, and made a special point of going up to the Department of Water Supply, and attempting to find out if there was some way that we could control our risk of loss... While the first bill was something that was not so exorbitant, you couldn't budget for it... We did always fear a catastrophic loss such as this. And not only concerned from a financial standpoint...but just from a resource-management standpoint... Water is our precious thing here, and we just felt, as a responsible member of the community, we really could not afford to, um, be at such great risk. Our meter is located at the end of this road... It's sketchy at the end of the road there... And I personally don't like it if I have to go up there by myself, because of the nature of the community up there. So it's not like it's easy to check on the status of your meter with frequency. So we were very intent on finding about...and very discouraged, when Ray came

home with the news that, um, because there was no power source at the meter location...that there was no way to prevent or control the scope of a future loss. So that's just kind of a little bit more on the history. And as to the question about Kona Irrigation Supply...I thought that was the name of the company, and if I miswrote it, my bad. It may have been Ferguson. Yeah. So when this happened while Ray was on the phone trying to get Carl Shepherd out there to see if he could find where the break was...and we were crossing our fingers, 'cos in the meanwhile, we had called two leak detection companies who advised us that because of the number of turns in the pipe, and because it went under the State highway, there was no way that they could actually determine where a leak was located. So, once again, the issue of controlling it.

MR. JUNG: Let's just...why are you...why are you making this appeal?

MS. KALMAN: Well, because we really feel that if we had known there was a valve we could have installed...we haven't been laboring under the idea that there was nothing we could do...we would have pursued looking, but we thought, gee, this person is in the field... They are trained in this area of endeavor, and if this guy is saying it doesn't exist, then it seems odd, but I guess it's just not out there, unless you have power. So we, we just didn't look for...

MR. JUNG: What do you...what is it that you're looking for from the Department of Water Supply crew? What's the... What's the problem that you hope to ameliorate?

MS. KALMAN: Well, two, maybe three. One is, I don't believe this is a fair bill for us. And I don't believe it's a fair bill because I don't...not because of the policy about frequency of leak adjustments...but because we relied on the Department's superior knowledge in conducting our affairs, and in so relying, we suffered a terrible financial loss. But for that misinformation, I believe we would have found that valve, just as we did this time. And we would have been able to install it, and never have to face this loss. The second reason is, I don't think the District can afford this kind of loss. You know, as in your Minutes, as a consequence of this, we started... You know how when you buy a new car, all of a sudden, that's the only car you see on the road? Well, it was kinda like that with this leak. We started talking about it with friends and colleagues, and it was like every third person we talked to had had a big leak event. So then I thought, well, gee, I wonder how big this problem really is, so I made a document request, which the Department was absolutely fabulous in helping me with... And in fact, they first called and said omigosh, do you know how many pages you're asking for? This is gonna be thousands and thousands of dollars, so I thought, well, jeez, we're already looking at this huge water bill...let's see if we can scale it back, so...

MR. JUNG: Let me ask *you* some questions here, if I may, so we can try to get through it. What did you discover as far as loss of...the County's loss of water through those records in 2012...2014?

MS. KALMAN: Whew, it was, like, over 750 high water bills every month. Um, and I think it actually was Chairman Robinson who observed that at one meeting that more than 10 billion gallons of water are charged every year to non-revenue sources, which include leaks...also things like cleaning fire hydrants and stuff like that, but you know, 10 billion gallons! That was disturbing to me. At any rate, so it seems to me that there's a couple of things. I personally, as I mentioned, I don't think this is a fair bill for us, because if we had known, it would never have happened. And the second thing is, everybody who has a water service connection oughta know. I think the Department should be letting everybody know, whether it's a bill stuffer to let the community know that they don't have to be at risk. I mean, if you drive Māmalahoa, you see the miles and miles and miles and miles of spaghetti...and everyone of those lines is at the same risk as our line was, is, still to this day. So I think there should be an information campaign...that it

shouldn't be just once... I think it should happen routinely, and certainly anytime somebody applies for a new water service... And then, um, I would, I would invite the Board, uh, if it sees fits to consider a policy of asking people to install it. You know, we have an ag services well...and part of having that service is you have a backflow prevention valve on that line... Totally appropriate request by the Department. And it seems to me so, too, if you're a remote meter at a location where you can't see what's going on easily, that perhaps you also should be, um, offered the opportunity at least, if not required, to install a flow control valve, so that this loss of our precious water resource can be ameliorated to some extent.

MR. JUNG: Okay, so to what extent was... You've made a... Ray has testified that he's making installment payments, correct?

MS. KALMAN: Yes.

MR. JUNG: You're both on Social Security?

MS. KALMAN: Yes.

MR. JUNG: Okay. And what effect does the bill have on...?

MS. KALMAN: This bill is the equivalent of a full year of Social Security benefits for my husband. I think that when you think about it in that context, you see the gravity and the risk that every water user is at. We did it...if this had broken clean through, you know, if an animal had run through and it'd broken clean through...something like that...um, we would have known within 24 hours, because the line would've emptied, and there would've been nothing recharging our line, because it's a gravity-feed. It would've been obvious that there was a problem. But this wasn't a through-and-through break, as I think it's Exhibit 3...

MR. JUNG: Three.

MS. KALMAN: That shows it still intact. And so it was just kind of burbling out all around the side, but at the same time, the line kept recharging, so we had no warning whatsoever. Think about all the people in our community who have, you know, part-time residences here...or they have properties that are remote to where their dwelling is. I, I just think it's a lot of risk that's, um, currently not addressed in any way. Then we did also put in a larger value that has a bigger volume, so you don't have to run out there and re-set it all the time...on the agricultural water. So we now have two of these valves in place; they're working splendidly. They're not difficult to install or to use, and I would hope at the very minimum, the Department of Water Supply would see fit to inform all subscribers that these are available to them. I immediately called and shared the information...sent links to the location to where you could order it... That kind of stuff...to the Hilo office, so that Engineering would have it and know of its availability, but to my knowledge, there hasn't been any dissemination of information.

MR. JUNG: Okay. With respect to any proposals, uh, Exhibit 19 has the letter that we sent, and on the last few pages, the proposals...how to remediate the problem, and suggestions how to deal with the public as to inform them of this. Particularly, you have not only local farmers, but a number of Native Hawaiian families that...if they were to get a bill like this...there were 750 that one year... It can be catastrophic. So I know that the Department of Water Supply is desperately trying to serve the needs of the people of the County...in this particular...if they would just, uh, um, maybe investigate, and if it's proper, they can make some recommendations that might spare some heartbreak in the future, so...

MS. KALMAN: I, I appreciate that the Department might not want to be perceived as endorsing any particular piece of equipment, but if we found one, there's got to be more of them out there. At the very least, you can share the search term "volumetric flow control valve," and at least let people know, that's it's out there and available, and something that could be a resource to them.

MR. JUNG: No further questions required.

CHAIRPERSON ROBINSON: Ms. Schoen?

MS. SCHOEN: Mrs. Kalman, so did you prepare the chronology...Exhibit I?

MS. KALMAN: The chronology? Yes, I did.

MS. SCHOEN: And also the request for relief from charges? Did you prepare this?

MS. KALMAN: Yes, I did.

MS. SCHOEN: Okay, so would you say the chronology of events, um, adequately describes what your understanding was of what happened in this situation?

MS. KALMAN: I think it's pretty accurate, although, you know, I'm sure I might have overlooked something.

MS. SCHOEN: Okay. So I'm looking at the entry dated July 2012...

MS. KALMAN: Yes.

CHAIRPERSON ROBINSON: I'm sorry, which Exhibit?

MS. SCHOEN: Exhibit I. The Department's Exhibit I. Um, it's about the third page...

MS. KALMAN: Uh huh...

MS. SCHOEN: Entitled "Chronology of Events." Um, it indicates there that, um, you were advised by the Department that there was no power at the site, um, there was no valve available. Is that correct?

MS. KALMAN: Because there was no power.

MS. SCHOEN: Okay.

MS. KALMAN: Yes.

MS. SCHOEN: So you also...the records indicate that you also consulted with Kona Irrigation Supply. Is that correct?

MS. KALMAN: Right. Ray...well, maybe it was Ferguson. That's something that you asked Mr. Kalman about, and I don't know which company it was. It thought it was Kona Irrigation Supply; perhaps it was Ferguson.

MS. SCHOEN: Okay.

MS. KALMAN: Um, but what Mr. Kalman reported to *me*, was that he had gone in, spoken to the person at the counter, asked if they stocked anything that would be a mechanical device that didn't require electricity...that he could use to do leak prevention or to control the volume of a leak.

MS. SCHOEN: Mmm hmm...

MS. KALMAN: And they told him No.

MS. SCHOEN: No. There was nothing.

MS. KALMAN: What they told him was that they had nothing.

MS. SCHOEN: Okay. How about...did you talk to your plumber or anybody else besides these...besides the entities listed here?

MS. KALMAN: No.

MS. SCHOEN: Okay. So not only did you rely upon the Department's position, but you also relied upon what was told to you by Kona Irrigation, and/or Ferguson. Is that correct?

MS. KALMAN: What we understand it to be, was confirming of what Mr. Kalman had been told by the Department.

MS. SCHOEN: I'm gonna turn your attention to, um, the Department's Exhibit F. And, um, ask if *you* applied for and signed that application and agreement for adjustment of water leakage?

MS. KALMAN: Yes, I absolutely did.

MS. SCHOEN: So do you recall what you agreed to when you signed this document?

MS. KALMAN: I do. I don't dispute that. Um, Ms. Schoen, I think my testimony is pretty clear that I believe this adjustment is appropriate, because of detrimental reliance, and I also...I suppose would say...I have no idea why that pipe broke. I mean, there was nothing... We have no idea.

MS. SCHOEN: So it's your position today that this second leak adjustment, 2014, should be granted...?

MS. KALMAN: Yes.

MS. SCHOEN: In other words...

MS. KALMAN: I actually...I think, beyond a leak adjustment... I don't believe that we should have to pay more than the value of the water that we would have lost, had the valve been in place at the time the pipe broke this time, which is set for 5,000 gallons, which is typical use for us. And, um, which is actually the first payment that I sent once we received this bill; I immediately sent in a \$60 payment, which was typical for our bi-monthly bill for our household use.

MS. SCHOEN: So you're not just saying you want the adjustment to apply to your \$12,000.00 bill – which would probably result in, say, half of that, 5,000 or 6,000...? You want the Board to basically wipe out your whole bill, and go back to 2012? Is that what you're saying?

MS. KALMAN: I, I believe that the proper bill should be...what we...the volume of water we would have lost, had the valve been in place all along...which, if we had had it in 2012 forward, from the break in 2012...we would have been able to control our risk of loss, just as we are today. I am aware that that's a request for extraordinary relief... Um, needless to say, this is a burdensome bill. We would be grateful for relief, absolutely, but if you ask me what do I think is absolutely fair under the law, I would say we detrimentally relied, to our loss, and I...the scope of

measure for detrimental reliance is the damage incurred. We were damaged to the tune of \$12,000.00 plus.

MS. SCHOEN: Mrs. Kalman, are you aware of the Department's Rule regarding the customer being responsible for, um...sole control of the water delivered from the Department's meter?

MS. KALMAN: Yes.

MS. SCHOEN: And are you aware that the Department is not responsible for maintenance and repairs to pipes and fixtures beyond the meter?

MS. KALMAN: I'm not suggesting they should be...that that...this is what they... This is the bargain that we strike in rural life.

MS. SCHOEN: And the bargain, basically, that you entered into when you signed this agreement in 2012. Is that correct?

MS. KALMAN: I'm not disputing my signature. I certainly, uh, didn't think I would have been misled.

MS. SCHOEN: Thank you, Mr. Chair. I have nothing further.

CHAIRPERSON ROBINSON: Okay. Mr. Jung, no Re-Direct?

MR. JUNG: No Re-Direct.

CHAIRPERSON ROBINSON: No Re-Direct. Okay. You're excused.

MS. KALMAN: Thank you. Any questions that I may answer?

CHAIRPERSON ROBINSON: I'm sorry, I'm sorry. I got ahead of myself. Thanks for correcting me. Board members, any questions for Ms. Kalman?

MR. ELARIONOFF: Can I go ahead?

CHAIRPERSON ROBINSON: Okay.

MR. ELARIONOFF: Um, I should've asked your husband, too, probably, but do you know how far the second break was from the first break?

MS. KALMAN: I do not know.

MR. ELARIONOFF: Okay. And um...how far was the second break from the house?

MS. KALMAN: Approximately half a mile. At one point I thought I had prepared an Exhibit...by the Google maps thing that had, um...

MS. SCHOEN: It's Exhibit 4, for the Board's information.

MS. KALMAN: Sorry, um, thank you.

MR. ELARIONOFF: I just wanted to reconfirm that.

MS. KALMAN: Sorry, it was...it was... Actually, Mr. Kalman can tell you better than I where this break was...

MS. SCHOEN: Oh sorry.

MS. KALMAN: Relative to the meter itself. But you can see the meter is sort of in the upper right of that...

CHAIRPERSON ROBINSON: It's Exhibit 5?

MS. KALMAN: And it's, uh... So the meter is up here, on that little flag of Walua Road, and then it comes down and somehow goes under the highway, and, uh, then wiggles...wiggles, uh... It's way down Ihilani Place to our location.

MR. ELARIONOFF: So...so the property the pipes travels off of the half-mile...is that all your property, or does it cross a number of other properties, County properties?

MS. KALMAN: Oh, oof...lots...

MR. ELARIONOFF: Sorry?

MS. KALMAN: Lots of different properties.

MR. ELARIONOFF: Wow.

MS. KALMAN: Yes.

MR. ELARIONOFF: And is there...do you know if there is a life expectancy, or a life guarantee on PVC pipes exposed?

MS. KALMAN: Oh, um, I think a lot of it is situational, depending on how much sun, um, the pipe is exposed to, so pipes under cover tends to have a longer life, is my understanding. But I'm not an expert at these things.

MR. ELARIONOFF: And you folks have had this pipe on your property for 15 years now?

MS. KALMAN: Yes, we have.

MR. ELARIONOFF: Okay, thank you.

CHAIRPERSON ROBINSON: Mr. Uyeda.

MR. UYEDA: Have you folks tested that flow control valve that you installed, to make sure it works?

MS. KALMAN: Yes, actually we did a whole series of tests, um... We set it for a particular volume, and, um, we did some kind of retrospective studies of what our typical use had been, to try and figure out, daily, how much flow we should anticipate. And then Ray would go up there and chart it, and so we made a sort of a table that, by flow and days and that kind of thing...and it seems surprisingly accurate.

CHAIRPERSON ROBINSON: Okay. Any further questions from anyone? I just have two, actually. Um, detrimental reliance... Failure of resource management... So you're asking the Board to, because of, you relied upon representation by the Department of Water Supply that the valves that were available required an electrical source... And you're saying, had you known in 2012, when you had the break previously, and you asked about the resources that were available, that these ones that did not require electrical...electrical, you know, electricity, to operate... If you'd known those were available, that you would have installed it at that time...and would not have had the catastrophic loss that you had in 2014. So you're requesting from the Board relief

for the entire amount, over and above what you would normally be charged for a two-month period? Is that correct?

MS. KALMAN: Yep, that's at the top of my wish list.

CHAIRPERSON ROBINSON: Okay... You said yes?

MS. KALMAN: Yes.

CHAIRPERSON ROBINSON: Okay. And then, the Department does send out notices, and does talk about leak detection, and does talk about ways to stop leaks from occurring...in the little monthly mailers...

MR. KALMAN: I've seen those with regard to, you know, toilet valves and things like that...dripping faucets... But what I'm talking about is the supply side, yeah.

CHAIRPERSON ROBINSON: Okay. Okay. That's my only questions. Thank you very much. All right.

MS. KALMAN: Thank you. Thank you for your time.

CHAIRPERSON ROBINSON: Sure. Any further witnesses, Mr. Jung?

MR. JUNG: No further witnesses, other than closing the, um, the appellant.

CHAIRPERSON ROBINSON: Well, we'll do the closing afterwards.

MR. JUNG: Well, I was gonna say the Appellant rests...for purposes of procedure.

CHAIRPERSON ROBINSON: Okay, thanks. Ms. Schoen?

MS. SCHOEN: Uh, yeah, Mr. Chair, the Department will call Calvin Uemura, please?

CHAIRPERSON ROBINSON: I'm sorry...Calvin Who?

MS. SCHOEN: Uemura.

CHAIRPERSON ROBINSON: Uemura. Okay.

(Mr. Uemura is sworn in by the Secretary.)

MS. SCHOEN: Would you please state your name and your position at the Department?

MR. UEMURA: I'm Calvin Uemura. I'm Customer Service Supervisor.

MS. SCHOEN: Uh, what do you do at Customer Service?

MR. UEMURA: We manage the billing for our customers...Water Department customers.

MS. SCHOEN: And I'm sorry...what was your title again at Customer Service?

MR. UEMURA: I'm Customer Service Supervisor.

MS. SCHOEN: You're the supervisor. Okay. And what are, um...are there any other duties that you perform that you can describe to the Board?

MR. UEMURA: I guess if you start from the beginning, my section is responsible for the meter readers who go out and read each customer's account...um... Also, from that point, the readings

are brought back to our main office, where we process the billing. Prior to actually physically sending it out, we review the accounts for accuracy...anything that flags out as being abnormal, whether it's high or low... Low...meaning possibly a broken meter... Once we have established that the, um, readings are correct, we process the customers' bills. And then, of course, on the other end, my section is also responsible for any adjustments, um, and customer payments.

MS. SCHOEN: So I want to have you look at the Department's Exhibits, and just review briefly Exhibits...uh, I guess, all of the Exhibits, and um, ask you whether or not you're familiar with those records.

MR. UEMURA: Um, you want me to go through each one...or...?

MS. SCHOEN: Yeah. Yeah.

MR. UEMURA: Okay.

MS. SCHOEN: Why don't you, as you're doing that, why don't you describe for the Board...um, uh... Starting with Exhibit B, what the documents depict. Starting with B.

MR. UEMURA: Oh, B?

MS. SCHOEN: Yeah.

MR. UEMURA: Okay, Exhibit B is the print-out of our customer water usage history...in this particular case, it's for the Kalman account. First line is the actual date... The reading date is the date that the meter was read... Uh, the days column represents, um, just the number of calendar days between the previous read to the current read. So in other words, from November 14th through November, uh, January 15th...62 days have elapsed. Uh, regular billing...billing-type regular...simply is that the meter was physically read. Um...

MS. SCHOEN: I'm gonna direct your attention to the second page of Exhibit B, um, and there are some handwriting notes on that... Are those your notes?

MR. UEMURA: Yes, it is.

MS. SCHOEN: Okay, can you describe to the Board what those notes...um...?

MR. UEMURA: Um, starting at the bottom of the chart: July 16, 2012. That's the usage period in which the Kalman account was granted a leak adjustment for 39,000 gallons. The January 15th entry is for 1,957,000 gallons, and that's the period that the request for leak adjustment was denied.

MS. SCHOEN: Okay. Turning to, um, Exhibit C...what does that, um, Exhibit depict?

MR. UEMURA: Um, this is the Balance History, that lists billing amounts as well as payment received from the customer. On the second page, January 14, 2013 in the amount of \$70.57, was the amount of leak adjustment granted this account for the 39,000-gallon bill. The top entry, January 22, 2014, is the billing for the large second leak.

MS. SCHOEN: Okay. Mr. Uemura, can you tell the Board basically what happens when a customer has a dispute over a water bill? What is your involvement, if any? Anything?

MR. UEMURA: Any dispute over water, well, we would first investigate the situation. In the case of, um, when an application for an adjustment is requested within the...I guess...prohibited period with the three-year time limit, we would, um, review the original application...make sure

the dating is correct...um...in comparison with the date they're requesting...and um, if it is, then send a letter of denial.

MS. SCHOEN: Okay. What happens, um...is there any other options for the customer once an application is denied?

MR. UEMURA: In terms of an adjustment on the account, no. Um, in terms of the balance, we do offer a payment arrangement, if the payment is so large it creates a hardship.

MS. SCHOEN: So that's what you did in this case with the Kalmans. Is that correct?

MR. UEMURA: Correct.

MS. SCHOEN: Okay. So there was a payment plan that was worked out, pending the appeal of this case. Is that correct?

MR. UEMURA: Yes.

MS. SCHOEN: Okay...okay. How does the customer get notified that they may have a...?

MR. UEMURA: Actually...well...um, the customer is notified any time their usage...and it's strictly a straight-line mathematical formula that our billing system uses... It looks at their previous usage, and if it's over...I believe it's 2.5 times the previous usage, it'll generate a notice. It may not necessarily be...and we don't call it a "leak notice"...it's called a "high reading notice." So it'll be generated on the bottom of the bill, and simply stating that their usage is above their normal.

MS. SCHOEN: Besides the bill, is there any other way that they're notified?

MR. UEMURA: Yes. In the case of, um...in the field we have, in our hand-held devices, it's got a very rudimentary formula, but it can figure out that it's basically extremely high or extremely low. On the high cases, and especially for the meter readers, um, and in this case especially...um...where... On the meter there's a dial, and basically it registers how quickly water is flowing through it. So with the ring-out, and as well as the, um, visual inspection on the dial...if there's down movement, then their instructions are to contact the customer...uh...because the hand-held is very limited, you know. It's got name, address, meter number... They'll normally call the office and ask what the previous, or normal, reading for the customer, and comparing what their current reading is... If it's beyond, uh...and really there's no set amount, meaning, uh, you know, a 3,000-gallon normal bill, and you've got 12,000. **That's** a large amount. If you got a 100,000-gallon bill, and you got a 125,000, that's not a large amount for that customer. So at that point, we review the total usage, and if it's extremely high from their normal..., then we warn the call (?) to the customer. So that's on extreme cases, we will call the customer directly.

MS. SCHOEN: So in this case, the Kalmans were called directly. Is that right?

MR. UEMURA: Yes.

MS. SCHOEN: Okay. So, as soon as, uh, as soon as the matter was detected, they were contacted in the field?

MR. UEMURA: Yes.

MS. SCHOEN: Okay. When...do you know...do the records indicate when a bill was sent to them in relation to when they were first notified in the field?

MR. UEMURA: So, um, let's see. Exhibit B tells that the meter was read on November 15th...

CHAIRPERSON ROBINSON: You said Exhibit D?

MR. UEMURA: I'm sorry, Exhibit B. "B" as in "boy."

CHAIRPERSON ROBINSON: Okay.

MR. UEMURA: That's the date that the meter was read, that's January 15th, and Exhibit C, uh, Page 2, January 22nd, was when the bill was mailed out to the customer.

MS. SCHOEN: As part of Customer Services, does the Department offer advice as to any type of product that can assist the customer with leak detection?

MR. UEMURA: Normally...normally, for most of our customers, no. Simply because the customer is more concerned with repairing their high bill...their leak. So really, if anything, the general question we're asked is, how to find the leak, or tips on how to, you know, um, not necessarily, um...in the case... There are many, many customers with a mile-long waterline, and if it's your first leak, you may not know where to even start. So we try to help the customer to isolate the problem. Um...if they were asked, and quite frankly, since I'm aware of that now...the device that we're talking...discussing here... Um, I do tell the customer that there are devices out there. And you know, if they look through the Internet or their plumbing supply houses...obviously, we don't recommend names of a company or a specific site to go to. But, um, since we've become aware of it, yes, we do, if we're asked that.

MS. SCHOEN: Okay. The Kalmans testified earlier regarding documents that were given to them by the Department. Did you participate in producing documents in response to their request?

MR. UEMURA: Yes.

MS. SCHOEN: Okay. Part of that request, and I'm referring to... I think it's Exhibit 18...

CHAIRPERSON ROBINSON: Exhibit 18?

MS. SCHOEN: Yes. Basically, they asked, um, for documents related to applications for leak adjustments. Are you familiar with producing such documents?

MR. UEMURA: Yes.

MS. SCHOEN: Okay. So for the period, as Mrs. Kalman said, there were a lot of documents... Um, your Department contacted her, and she actually limited the time period. Is that correct?

MR. UEMURA: Correct.

MS. SCHOEN: Okay. So what was the amount of applications that the Department received for leak adjustments for the period of July 2013 to June 2014, which would have covered the period in which the Kalman leak occurred?

MR. UEMURA: Approximately, it came to 1,058 or something in that neighborhood.

MS. SCHOEN: So you...the Department received about 1,100 applications. How many were granted? Or how many were denied?

MR. UEMURA: Um...under 50 were denied.

MS. SCHOEN: And do you know the reason for the 50 denials?

MR. UEMURA: Uh, two main causes: one would be that the customer was still within the three-year limitation..., and the second normal or common reason a leak adjustment is denied is that the customer has not fixed the leak within a specified period of time.

MS. SCHOEN: Okay. So basically, the customer has to repair the leak immediately...

MR. UEMURA: Yes.

MS. SCHOEN: And then, not within the three-year period of the first leak adjustment.

MR. UEMURA: Correct.

MS. SCHOEN: So if you do, I guess, the simple math, um...what is the number or the percentage of leak applications that are granted, in relation to the entire customer base of the Department?

MR. UEMURA: It's about 2.5 percent of our customers get a leak adjustment, on an annual basis.

CHAIRPERSON ROBINSON: 2.5 percent of all customers?

MR. UEMURA: Yes.

MS. SCHOEN: Okay, Mr. Chair, I have nothing further.

CHAIRPERSON ROBINSON: Mr. Jung?

MR. JUNG: Yes, Mr. Uemura, with respect to your last testimony, you said that there'd be 2.5 percent of all customers were denied, or 2.5 percent of the number of applications?

MR. UEMURA: 2.5 percent of all customers are granted a leak adjustment annually.

MR. JUNG: How many total customers, Mr. Uemura?

MR. UEMURA: About 41,000.

MR. JUNG: About 41,000? And the...when you have these leak adjustments, do you have a range in which we're talking... What volumes here?

MR. UEMURA: Volumes?

MR. JUNG: I'll rephrase the question. During that time period in question...how many people had leaks in excess of a million gallons...? Would you know?

MR. UEMURA: I calculated about six percent.

MR. JUNG: About six percent?

MR. UEMURA: It was based on the data that we provided the Kalmans.

MR. JUNG: I think that they said that you were very responsive in that regard, as far as (*inaudible*)...

MR. UEMURA: Well, we try.

MR. JUNG: Oh no, we understand that. But...so six percent of 41,000 is...a little over...close to...?

MR. UEMURA: Three times that...3,000 customers...?

MR. JUNG: Three thousand customers...that would have an excess leakage of a million gallons?

MR. UEMURA: No, not the 41,000. Of the 1,056 leak adjustments...

MR. JUNG: Okay. Now...with respect to the leak adjustments, or the leaks themselves, the three-year period... Now, what's the basis for the three-year period?

MR. UEMURA: Uh, it's the limit set by our Rules and Regulations.

MR. JUNG: And who establishes the Rules and Regulations, to your knowledge?

MR. UEMURA: The Board does.

MR. JUNG: Okay, and the Board can change the Rules and Regulations?

MR. UEMURA: If they see fit.

MR. JUNG: Okay. Based on your testimony, if I understand it to be, is that the Department of Water Supply tries to, um, maximize the preservation of the water to the people that it supplies. Correct?

MR. UEMURA: Sorry, I don't follow.

MR. JUNG: You try to maximize the use of water...or you conserve water to the extent that we can, because water is a precious commodity in the County, correct?

MR. UEMURA: Yes, it is, but that's really not my section to do so...meaning that my responsibility is to make sure that we bill our customers accurately, and in a timely manner. So we read the meters, and we bill on... If you want to say stewardship, or, or, the preservation...I would have to defer to our Manager or the Administrative section.

MR. JUNG: Oh, but you don't feel that that is part of your responsibility, correct?

MR. UEMURA: Um, no, my responsibility is to bill my customers.

MR. JUNG: Okay. As far as, since the issue with the Kalman, I think your testimony was that you *are* recommending the use of...the use of valves, not specific ones, but you have done that in order to help the customers. Is that correct?

MR. UEMURA: If I am asked that question by a customer, yes.

MR. JUNG: And if you're not asked the question, you don't volunteer it. Is that right?

MR. UEMURA: Yes.

MR. JUNG: Okay. No further questions.

CHAIRPERSON ROBINSON: Ms. Schoen?

MS. SCHOEN: No. No Re-Direct.

CHAIRPERSON ROBINSON: Okay, at this point, do any Board members have questions for Mr. Uemura?

MR. ELARIONOFF: Mr. Uemura, um...I know it's not your...Yours is, I understand, it's all the billing part. Um, so when you...when someone doesn't pay their bill, how do you cover the need for that?

MR. UEMURA: I'm sorry...?

MR. ELARIONOFF: Well, you know...

MR. UEMURA: When they don't pay the bill?

MR. ELARIONOFF: Yeah, when someone doesn't pay the bill, what happens to that amount of water that's gone...? How do you compensate for its loss? Or *do* you?

MR. UEMURA: Well, for the amount that is lost, the Department absorbs the loss...or our customers do, because the...if we don't collect the revenue for that...if, you know, someone else has to pay it...it would be our good-paying customers, meaning our customers who pay on a timely basis. Um, on the other side of the coin is, if you don't pay your bill, I remove your meter, or we discontinue service.

MR. ELARIONOFF: I had rather you renew the Board. (*General laughs*)

MS. WILSON: Objection!

MR. ELARIONOFF: Next case! That's all the questions I have. Thank you.

CHAIRPERSON ROBINSON: Anyone else? If I could, Mr. Uemura... So now you're aware of these flow meters that are installed after the Board of Water Supply meter, the Department of Water Supply meter...that can prevent losses. Previously, you were not. Is that correct?

MR. UEMURA: For myself, yes.

CHAIRPERSON ROBINSON: Right. And then, now, when people have a leak, or sometimes someone asks, you can say, well, they're out there. You can't recommend what type...we can't recommend anything, but they *are* out there. We would suggest that you look into getting one. Or, you wouldn't say "suggest," you'd say: "These are available."

MR. UEMURA: You know, when it gets down to...really...the interaction with the customer in most cases...and I wanna (*inaudible*) in most cases, 98, 99 percent of the time, the customer is just concerned with fixing that leak...um... Once he's got that done, really, there's no further contact with the customer...meaning that we get the form...in large cases, through the mail; from then, we process it, and we really don't hear anything back from the customer...well, until they get another leak.

CHAIRPERSON ROBINSON: Okay. Okay, then you're dismissed. Thank you very much. All right, at this time, I think, uh, we've completed... No, wait. I'm getting ahead of myself again. Um, we'll have Closing Arguments from either side. Mr. Jung, we'll start with you.

MR. JUNG: Well, thank you, Mr. Chairman, members of the Board. There are certain things that are not issues here. No one's arguing about what Rules the Board has adopted before. No one's arguing about the fact that a leak exists. No one's arguing that there wasn't, uh, in 2012, there was a prior adjustment. No one's arguing that the Department of Water Supply has been cooperative in providing documents. No one's arguing about the amount of water that's lost. But

the reason that we're here is because there...sometimes...you have a catastrophic loss, and that's not covered by the Rules. This Board establishes the Rules and Regulations. You establish the practice... You decide what's fair...and not fair. And sometimes life's not fair, particularly where you have people that are living in remote areas, or where waterlines are...run to a residence some distance from where the meter is set. And when that happens, if there's a break of a half a mile or more, particularly if you have some families that are on farms...a loss like that can ruin them financially. And sometimes you won't know...because you do have a two-month billing cycle, and no one's arguing that that's bad, either. But what happens is, whether or not this Board decides that, in cases of catastrophic loss, where there's no indication, or it's impossible to find out that you have a loss...where you have a gravity-feed, you have a break, but you still have your water pressure... This can ruin families, particularly some of the older members of our community that are...relying on things sometimes as we...some senior citizens, uh... Sometimes you don't pay attention to your...the amount on your water bill...unless sometimes it's \$12,000.00 for a two-month period. Well, I guess what I'm saying is that...to the extent that there is some reliance, where you have an appeal, and you understand the circumstances, think of it in terms, not of this specific instance, but generally, as the Department of Water Supply, the Board... How are you gonna treat these things in the future...where you have a Contested Case...where you understand the facts to be. And the facts, I don't think, are disputed here. Then, will the Board, as the sole provider of water supply for the people of our community...how will we act when you have a catastrophic event like this, which is not discoverable? The denials that Mr. Uemura testified to were basically two: the three-year period, and why you have that Rule is, you decided that that seemed reasonable at the time. And it probably dealt with your general circumstance, where your loss is just a, you know, a few dollars or something that is not necessarily catastrophic. Um, I'm not sure that this \$12,000.00 bill is the worst. I've, quite frankly, heard of others, but there's nothing in evidence here...but I'm not going to belabor the point. But it can be much more than that, and it could be ruinous. The other is, if it's not fixed within reasonable notice – that's not an issue in this case. I think as soon as the bill came in, the Kalmans...after they recovered from the heart attack...decided to go out and fix it, shut the valve and then shut off the water, and then fix it and looked into resolution. The testimony of the Kalmans was they made a general inquiry, and were told that nothing was available without electricity to fix it. Mr. Uemura has been very candid, and he said now that they know that there are valves like that, that work purely on a mechanical basis that can really save people in need, particularly retirees and those who are farmers, where you have these longer lines. That's what we're asking you to take into consideration here. Um...the Board can make this adjustment; you have your own Rules and Regulations. There are issues of detrimental reliance, and I think it's undisputed, though, that what Mr. Uemura said is that we're not gonna volunteer to, uh, to tell anybody about these volumetric flow valves, but if they ask, then he would tell them. He's now aware that they exist, and they're available to our community. And in order to, uh, avoid...whether it's just one, or 10, or 20, or 50 catastrophic events...those are people in our community... This is residential, and it matters to these people. And I would, uh...also, based on what the Department of Water Supply has done before...is granted most, and it's a credit to your Department and to the Board... And in the event of catastrophic loss like this, I would ask that the Board amend its Rules to deal with this, or modify, or if you want to call it a settlement of a kind...the Board has that authority under the law. That's my understanding. And it is also my understanding that, as Ms. Schoen has so well argued, that there is a three-year Rule. We don't contest it. But that Rule was set by this Board, and this Board, I think, has the ability to modify, amend, or take into consideration those catastrophic events that can really affect our community. Um, again, the proposals that we've made are Exhibit 19 of the Appellant's submission...and I won't reiterate them again, um, but we would ask that at least the public be made aware, particularly residential consumers, that these valves are available...and that will

certainly serve to minimize any catastrophic events in the future. I thank the Board and staff for its attention. Thank you.

CHAIRPERSON ROBINSON: Thanks. Ms. Schoen?

MS. SCHOEN: Yeah, Mr. Chair. Um...we're here today in a Contested Case Hearing, where the Appellant has the burden of proof, according to Chapter 91, and the burden of persuasion...to show that the Department acted inappropriately, or was in error when it denied the second leak adjustment to the Kalmans. And we believe the evidence shows that the Board...I'm sorry, the Department...acted in accordance with its Rules, which are very clear. Rule 3-10 states that the consumer has sole control of the water delivered beyond the Department's meter...and the Department is not responsible for the maintenance and repairs to the pipes and fixtures beyond the meter. Despite the fact that the consumer has sole control, adjustments may be granted for excessive bills caused by leakages. And there are certain parameters when granting a leak adjustment, and you will find those in Rule 3-10, Sub-section 3. And basically, they're limited to one-half of the consumer's excessive water use billed, over and above the previous six-month average water use, and the repairs have to be immediately made. Um...there's also another requirement, though, on the consumer's limited to an adjustment for a three-year period. Unfortunately, as Mr. Jung argued, there's no Rule for catastrophic leaks that could...that we have before the Department...um...and that can be applied in this case – that Rule does not exist. Here, the Kalmans received an excessive bill; they made the repair, but they were already granted that leak adjustment, so we believe that the Department acted appropriately, responsively. Mrs. Kalman signed an application and agreement for that first leak adjustment, and it specifically spells out what she was agreeing to. You heard her testimony; she knows what it says. But yet she's here before you asking for relief. They blame the Department for not knowing about any type of valve or mechanism that can help them in 2012, but they also sought...um...advice from plumbing supply stores, from Kona Irrigation, from Ferguson's. And that's documented in Exhibit I, which the Kalmans themselves prepared for the Department... So they cannot now argue that they detrimentally relied upon the Department's position, when they consulted others, and were told the same thing. Um, it's unfortunate that they have this catastrophic bill, but we are asking that, um, the Board deny the appeal in this case, and to rule in favor of the Department, in that they acted appropriately, in accordance with their Rules. Thank you.

CHAIRPERSON ROBINSON: All right, at this time, we're concluding the evidentiary portion of the Contested Case proceedings, and we'll begin our deliberations...and in deliberating...we'll deliberate in public. And, um, if any member would like to make a Motion, or either have discussion, we can do that. We can discuss, or we can entertain a Motion as well.

MS. GARSON: If you have procedural questions at this point, if you want to move into Executive Session, you can.

CHAIRPERSON ROBINSON: Oh, for the procedural portion...we could...

MS. GARSON: I just want to make sure everybody understands...

CHAIRPERSON ROBINSON: Okay, so we could go into Executive Session, if we have procedural questions, correct?

MS. GARSON: Yes.

MR. ELARIONOFF: Uh, Mr. Chairman, I would like to go into Executive Session. I have a question I would like to ask.

CHAIRPERSON ROBINSON: Okay, so there's a Motion for Executive Session. Is there a second?

MR. UYEDA: I second.

CHAIRPERSON ROBINSON: Second by Mr. Uemura (sic). All those in favor, say Aye.

(Motion to move into Executive Session carries unanimously by voice vote. Executive Session began at 1:03 p.m., and ended at 1:19 p.m.)

CHAIRPERSON ROBINSON: Anybody have any further discussion after we've heard the appeal today...I mean, the Contested Case Hearing?

MR. ARIKAWA: I'd like to make a Motion. I'd like to make a Motion to deny the appeal, based on our Rules and Regulations.

CHAIRPERSON ROBINSON: Okay, so there's a Motion to the Board to deny the appeal, based on the Rules and Regulations of the Department of Water Supply. Is there a second?

MR. ELARIONOFF: Second.

CHAIRPERSON ROBINSON: Okay, moved and seconded by Mr. Leningrad Elarionoff. Is there any further discussion?

MR. UYEDA: Yeah, I'd like to say something. Based on the evidence prepared or presented to us today, um...the Department did not know that there was no flow control valve available. Also, the evidence showed that Ferguson's and Kona Irrigation also did not know at that time that there was no flow control valves. And also, based on our Rules, I think, 3-10...based on all the evidence, that's why the Motion is to not grant the appeal.

CHAIRPERSON ROBINSON: Correct. That's in reference to the detrimental reliance item.

MR. UYEDA: Correct.

CHAIRPERSON ROBINSON: Correct.

MR. ELARIONOFF: Mr. Chair, um, the reason I seconded the Motion...um, you know, based on all the evidence that I heard, uh, and the things that were not denied, or accepted as fact... Um, to begin with, in a very practical sense, I see the first break in the pipe as a warning... It tells you that something's going on. Uh, I had a heart attack, and my doctor said: "You're okay." You know, I went and had it checked, and found out that there was something wrong. So the first break was a warning, okay? Mrs. Kalman was aware that there's a...that the PVC pipe does have a lifespan...or you know, based on the amount of pipe that's exposed...how much of it is exposed to the elements... So that's part of the warning. Um...then Mr. Kalman said that the break was in the bushes, or, you know, it couldn't be found. And the distance from the house, or I would suspect that...if I was in that predicament, I would make a little more effort to maintain, or at least check it twice, 'cos something's gonna happen. Mr. Kalman said life is not fair. True, it's not fair. But, um...you know, they wen' inquired, and was told that there was no such device to protect the water. I would think that, um, that would have stimulated them to be more conscientious about the maintenance of some PVC pipeline that, um, you know, may not have an eternal lifespan, but has a limited lifespan. And so I support the Motion to deny. Thank you.

CHAIRPERSON ROBINSON: Thank you. Any further discussion? Do we need a roll call vote for this?

SECRETARY: No, sir.

CHAIRPERSON ROBINSON: Okay, all those in favor, say Aye. (*All six Board members present say Aye.*) Any contrary-minded? The Motion is denied then...uh, the Motion is to deny the Contested Case.

MR. JUNG: We thank the Department of Water Supply for its attention and consideration.

CHAIRPERSON ROBINSON: Okay, thank you.

MS. GARSON: I'll circulate the Findings of Fact and Conclusions of Law. And they will...they'll take it up at the next meeting.

MR. JUNG: Who will prepare the Findings of Fact and Conclusions of Law?

MS. GARSON: I will prepare it and circulate it, and then they'll adopt it at the next meeting, so if you have any objections, put in your objections.

MR. JUNG: Okay.

MS. SCHOEN: I'm sorry when are the objections due?

MS. GARSON: At the time of the meeting.

MS. SCHOEN: And you're talking about the next Kona meeting?

MS. GARSON: I'm sorry, I was talking about the next Hilo meeting, so we can adopt them...so it's June 23rd. June 23rd. You can do your submittals in writing.

MR. JUNG: Yes, that will be fine. Thank you.

CHAIRPERSON ROBINSON: Thank you.

(Contested Case Hearing ended at 1:25 p.m.)

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

Ms. Garson suggested to Chairperson Robinson that any discussion of the applications should be discussed in Executive Session. She further suggested deferring this Item until the Board handles the remaining Items on the Agenda.

Chairperson Robinson agreed, and deferred this Item and Item 8(J) until the end of the meeting.

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

(Items 8(I) and this Item deferred to the end of the meeting.)

K. MANAGER-CHIEF ENGINEER'S REPORT:

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

- 1) Public Information and Education Specialist Update – Ms. Aton reported that Drinking Water Week activities included radio ads and an informational booth at the Prince Kuhio Plaza to familiarize the public about the importance of water.

L. **CHAIRPERSON'S REPORT:**

No report.

10) **ANNOUNCEMENTS:**

A Public Hearing regarding proposed water rates was to 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.

8) **MISCELLANEOUS:**

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

ACTION: Mr. Elarionoff moved to go into Executive Session; seconded by Mr. Arikawa, and carried unanimously by voice vote.

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

Executive Session began at 1:32 p.m., recessed for lunch at 1:50 p.m., reconvened at 3:36 p.m. and ended at 4:25 p.m.

Upon reconvening the regular meeting, Chairperson Robinson announced that the Board would be conducting the interviews at the next regular meeting, on June 23, 2015 in Hilo, starting at 1:00 p.m.

Ms. Garson said that she would contact the applicants, and notify them as to their respective interview times.

Chairperson Robinson confirmed that the interviews would take place at the Hilo Baseyard.

11) **ADJOURNMENT**

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

The meeting adjourned at 4:34 p.m.

Secretary

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

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