

MINUTES

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

June 23, 2015

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

MEMBERS PRESENT: Mr. Rick Robinson, Chairperson
Mr. Bryant Balog
Mr. Leningrad Elarionoff
Ms. Susan Lee Loy
Mr. Jay Uyeda

ABSENT:

Mr. Craig Takamine, Vice-Chairperson
Mr. Russell Arikawa, Water Board Member
Ms. Brenda Iokepa-Moses, Water Board Member
Ms. Kanoë Wilson, 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. Amy Self, 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
Ms. Nancy Cook Lauer, West Hawai'i Today
Mr. David Craddick
Mr. Milton Pavao
Ms. Paula Pavao
Mr. Tommy Goya
Ms. Renee Keamo, Bank of Hawai'i
Mr. Riley Smith
Ms. Tammy Meyers
Mr. Nalu Keamo
Mr. Naeole Keamo
Mr. Teague Adams
Mr. Keala Saiki
Mr. Sam Gibson
Ms. Noe Saiki
Mr. Neal Herbert

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. Calvin Uemura, Customer Service Supervisor
Mr. Eric Takamoto, Operations Division
Mr. Ed Tolentino, Operations Division
Ms. Judy Hayducsko, Operations Division

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

(Mr. Tommy Goya testified in support of outgoing Manager-Chief Engineer Quirino Antonio, Jr.)

(The following testimony is verbatim.)

MR. GOYA: Good morning. Good morning, Chairperson Robinson, members of the Board, Quirino, Milton. It's a pleasure being back here; I was the past chair in '07 and '08, and I do continue to follow the Water Board. This morning I'm here to wish Quirino a Mahalo and Aloha for his 40 years of service to the Department of Water Supply, and wish him good health and long life in his next phase of his life here. And I'd also like to address the Board regarding finding an appropriate replacement... And I know you have a challenging road ahead. I do continue to follow the Minutes of the proceedings of the Water Board over the years, and I hope that your selection will be after much consideration and due diligence. In '07 and '08, with the approval of Milton and the other members of the Water Board, we changed the motto to: "Water: Our Most Precious Resource," and we continue, I guess, to believe that our investment as members of the Water Board and the community...that water is our most precious resource. So thank you again for this opportunity to thank Quirino for his years of service here, and to address the Water Board. Mahalo.

CHAIRPERSON ROBINSON: Next is Milton Pavao, who is no stranger to all of us.

(Mr. Milton Pavao, former Manager-Chief Engineer of DWS, testified regarding the recruitment of the new Manager-Chief Engineer.)

MR. PAVAO: Good morning, Chairman, members of the Water Commission and Departmental staff. I'm sorry, Water Board...Water Board.

CHAIRPERSON ROBINSON: We know what you mean.

MR. PAVAO: Okay. My name is Milton Pavao, an interested and appreciative customer of the Department. Today you will be considering the process of selecting the seventh Manager and Chief Engineer of the Department since 1949, when the State Legislature, in their wisdom, created the semi-autonomous Department of Water Supply of the County of Hawai'i and its Commission, void of any political governance. It's interesting to note that all six of the previous Managers and Chief Engineers have been selected from within the ranks of the Department. Although the new Manager-Chief Engineer will be supported by a professional and competent staff, the following characteristics are crucial to the success of the Departmental team:

- Someone who has a good working knowledge of hydraulics, finance, operational aspects, water quality standards and general geology of the island;
- Someone who understands the uniqueness of the island, the uniqueness of the history and development of the many isolated communities and their water needs;
- Someone who is aware of the many financial opportunities offered by the State and Federal government and the requirements of acquiring such funds and grants and/or loans. Also someone familiar with bond financing of projects.

- Someone who is aware of governmental procedures, administrative rules, and working cooperatively with other governmental agencies and employee unions;
- Someone who has a good sense of the culture of the Department, to allow for a productive and rewarding working environment;
- Someone who knows the history of the undertakings and challenges of the Department, in order to provide very important transitional continuity;
- Someone skilled in written and verbal communication, and displays confidence in public speaking, as is often required by the position;
- Someone who is fair yet firm and decisive when dealing with developers and others seeking to do business with the Department;
- Someone who is respected by his peers and who projects a respectful attitude.

The list could be expanded; however, the above characteristics should be considered priorities. The position of the Manager and Chief Engineer is an important component of the overall Department, as he will set the tone and direction of the Department's future. By his actions and initiatives, he will also influence the public's perception of the Department. Satisfied and trustful customers have always been the Department's goal, and rightfully so. I urge all of you, as an interested and appreciative customer, to carefully consider the applicants, and select the individual that is truly in the best interests of the Department...and of course, its mission of providing safe and reliable drinking water to our island residents. If there are any questions, I will be glad to try and answer them. If not, I thank you very much for this opportunity to provide this input. Thank you.

CHAIRPERSON ROBINSON: Renee Keamo? Good morning.

(Ms. Renee Keamo of the Bank of Hawai'i testified on behalf of former Water Board Chairperson Art Taniguchi.)

MS. KEAMO: Good morning, Chair Robinson and members of the Water Board. My name is Renee Keamo, and I'm here today representing Art Taniguchi, former Chair and member of the Water Board. I will read his statement at this time.

"Good morning, Chair Robinson and members of the Water Board. Thank you for allowing me to enter my testimony this morning. I had intended to attend the meeting this morning; however, my Japanese Consulate duties necessitated me to be in Kona with the Consul-General of Japan. I wanted to thank Quirino Antonio, Jr. for his hard work and dedication to the Department for over 40 years. It was an extreme pleasure working with him during my tenure on the Board, especially as Vice-Chair and Chair. And I wish him all the best in his future endeavors. Quirino truly had the Department's interests as his top priority, which is evidenced by the fine work of this Department. I was made aware that you are interviewing for the new Manager today, and although I do not know who the interviewees are, I would like to encourage you to select someone with a good knowledge of our Department, to ensure continuity. I'm sure you will make the proper decision. Once again, thank you, Quirino, for all you've done. Mahalo, Art Taniguchi."

CHAIRPERSON ROBINSON: Thank you very much. Sentiments echoed by many... Neil Herbert?

(Mr. Neil Herbert testified regarding the Pauka'a waterline project.)

MR. HERBERT: Yes.

CHAIRPERSON ROBINSON: Pauka'a waterline project... Is that correct?

MR. HERBERT: Yes. Good morning, Mr. Chairman, Board members and DWS staff. And I didn't know this, but I...congratulations to you for your successful career, wishing you the best. I don't know if it's appropriate for me to make a comment on my behalf... It's not a specific Agenda item, and I'd be willing to defer my comments, and I'm willing to speak after the staff report on this project, which I understand will be made later on.

CHAIRPERSON ROBINSON: Uh, if you want to add something now as public testimony, that's fine.

MR. HERBERT: All right...fine. I have a County waterline that runs under my property, and a leak was detected back in 2008, and it was determined that the leak should not be repaired because it's buried quite deeply into the ground, and other leaks could crop up in that old line... It's gotta be over 60 years old... (*inaudible*) line... Um, and uh, it's been almost seven years now, and I still have a temporary waterline installed to feed the neighbors, uh, as a temporary measure. And about five years since the decision was made to put in a permanent line in, to cross the highway... Um...the problem seems to be...without going into a lot of detail, uh, is in the understanding of agreements between DWS and SDOT on language to...on right-of-way issues for going under the highway, and (*inaudible*) responsibilities and stuff like that. Um...from my understanding...I prepared a six-word, uh, six-page summary, which I gave to Kurt, and he's familiar because his name is in there quite often...about going back and forth on this thing. And it just seems to be a never-ending cycle on this project. Um...every time it gets kicked out between the lawyers, it's another three or four months later before there's a response. And it just seems to be bogged down...um... The latest information I have from State Right-of-Way Department is that they feel that the delays are solely at the DWS end...that they don't want to accept the language that's in this...they...in terms of, you know, the requirements... And to make a long story short, I...the needs (?) at this particular point, after all of this time...it doesn't seem to be going anywhere. There has to be a face-to-face meeting between key DWS, Corporate (sic) Counsel, State DOT and AG personnel... Sit down, roll up the sleeves, get this thing sorted out. There's been several AG's involved over the years; each time a new AG comes in, they change their mind, or they look up something new, or they don't know what the past is...and all of these problems, and it's just not gonna end. It's just too long for something like this to be resolved. And I'm trying to avoid going to the State politicians and the Governor's Office on this thing... As Kurt well knows, it's been very aggravating... I'm not speaking about my own project; I'm talking about the Honoka'a community group that's already gone to their State representatives... There's other projects that are involved in this... You may be familiar with all of this; I don't know. But it's just a real pain in the you-know-what, you know, to have to put up with this thing, and uh...I just don't see any resolution at the staff level, at this point. I think it has to be raised up to the next level... I think the Water Board itself needs to get committed to seeing how a solution can be reached on this issue, and I would request that the UAA and the project stuff be put on... an Agenda item on the next meeting. Thank you.

CHAIRPERSON ROBINSON: Okay. Thank you very much for bringing this to our attention. Does anyone have any questions? Okay. Is there further...?

SECRETARY: Yes, sir, there is, actually. Mr. Smith wanted to testify.

CHAIRPERSON ROBINSON: He didn't fill out a slip...

SECRETARY: He didn't fill out a slip...yet.

CHAIRPERSON ROBINSON: That's all right.

(Mr. Riley Smith, a former Water Board chairperson, testified in support of Mr. Antonio, and also testified regarding the recruitment of the new Manager-Chief Engineer.)

MR. SMITH: Good morning, Chair Robinson. Good morning, Water Board members. I didn't intend to testify, but I just thought, after I heard Tom Goya come up, and Milton come up, that I should also, as a former Water Board chair...after Tommy Goya was there, and before Art Taniguchi was Board chair...that I should come up. Thank you, Quirino, for all those years of service...um, and just how well-run the Water Department has been. It's not political, as Milton said...and my impression is that the Department has always been fair and equitable to work with, and very clear in looking out for the resources that is so precious to our entire island. So I just wanted to reinforce what, you know, what everyone has said, and to thank Quirino for his 40 years of service. I just wanted to add to what Milton said...you guys have a big responsibility to pick someone that's gonna lead the Department, going forward in the future... So pick wisely, looking over different attributes that are important... There's a lot of skill-sets within the Department, and I think someone is within the Department that could easily ramp up and transition, and there's good leadership here, so... Just choose wisely, as you go through your deliberations. Thank you very much.

CHAIRPERSON ROBINSON: Thank you, Riley.

MR. ELARIONOFF: One question...

CHAIRPERSON ROBINSON: Yes?

MR. ELARIONOFF: What's your idea of "wisely"?

MR. SMITH: Um...you know, I think if you understand what the mission of the Department is... You have a number of unique characteristics... You need a good leader, like Milton said; you need good presentation skills; you need to understand civil service...union employees, and how complicated that can be... 'Cos sometimes the easiest thing...to install a water meter, or if the thing gets involved in trades...and um, union requirements, as far as how you accomplish... I'm here, and how do I get that done... So you know, you wanna pick a leader that the staff will respect, and ensure that all the obligations for the Department are done properly. Um, so just...you know...in picking anybody else, like when you go to vote or anything else, you wanna make sure that the leader you have is someone that will efficiently take the Department, as it has through...since 1949...into the future.

CHAIRPERSON ROBINSON: Thank you.

MR. SMITH: Okay, thank you.

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the March 24, 2015, Public Hearing on the FY2016 Operating and CIP Budgets. (*Note: The Board approved the holding of the Public Hearing on March 24, 2015; the Public Hearing itself was held on April 28, 2015.*) The Chairperson also entertained a Motion to approve the Minutes of the May 26, 2015, Water Board meeting; the Minutes of the May 26, 2015, Public Hearing on Proposed Water Rates; and the Minutes of the May 27 2015, Public Hearing on Proposed Water Rates.

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

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

The Chairperson entertained a Motion to approve Supplemental Agenda Item 6(B), JOB NO. 2015-1022, PARKER #1 DEEPWELL REPAIR.

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

5) SOUTH HILO:

A. RIGHT OF ENTRY INTO KAMANA ELDERLY HOUSING:

The Department is requesting a Right of Entry to enter onto the Kamana Elderly Housing property, to define an easement and perform required maintenance to the system within the property.

Once the Right of Entry is obtained, the Department will begin the conveyance of the easement from State of Hawai'i to the Board; the Board does not currently have the waterline easement described in the Right-of-Entry Agreement.

The Manager-Chief Engineer recommended that the Board approve the Right-of-Entry Agreement, and authorize the Chairperson or the Vice-Chairperson to sign the agreement, subject to review as to form and legality by Corporation Counsel.

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

The Manager-Chief Engineer asked the Board to authorize him to sign the document, which does not show the Chairperson as a signatory. He explained that this item is a housekeeping item to clean up DWS's books; the system in question was done as long ago as the 1970's and the easement had never been turned over to DWS. DWS needs to do some survey work and reconstruction work on the meter boxes, and the Right-of-Entry will allow DWS to do that. He said he thought this Right-of-Entry could have been done administratively, but DWS was not sure, and therefore has now come to the Board with this matter.

Ms. Self said that the Board could authorize the Manager-Chief Engineer to sign the document, because this is just a Right-of-Entry, i.e., it is not an easement.

ACTION: Motion carried unanimously by voice vote.

6) SOUTH KOHALA:

B. JOB NO. 2015-1022, PARKER #1 DEEPWELL REPAIR:

(This item was taken out of order, due to mistake in the numbering of the Supplemental Agenda above.)

Bids for this project were to be opened on June 18, 2015, at 2:00 p.m., and the following are the bid results.

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

Bids for this project were opened on June 18, 2015, at 2:00 p.m., and the following are the bid results:

| Bidder | Bid Amount |
|---------------|-------------------|
|---------------|-------------------|

| | |
|--|--------------|
| Beylik Drilling and Pump Service, Inc. | \$546,980.00 |
| Derrick's Well Drilling and Pump Services, LLC | \$479,000.00 |

Project Costs:

| | |
|--|-----------------------------|
| 1) Low Bidder (Derrick's Well Drilling and Pump Services, LLC) | \$ 479,000.00 |
| 2) Contingencies (10%) | \$ 47,900.00 |
| Total Cost: | <u>\$ 526,900.00</u> |

Funding for this project will be from DWS's CIP Budget under Deepwell Pump Replacement. The contractor will have 270 calendar days to complete this project. The Engineering estimate for this project was \$384,000.00.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2015-1022, PARKER #1 DEEPWELL REPAIR, to the lowest responsible bidder, Derrick's Well Drilling and Pump Services, LLC, for their bid amount of \$479,000.00, plus \$47,900.00 for contingencies, for a total contract amount of **\$526,900.00**. 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: Ms. Lee Loy moved to approve; seconded by Mr. Balog.

Ms. Lee Loy asked about the discrepancy between the Engineering estimate of \$384,000.00 and the actual cost, which came in at \$526,900.00.

Mr. Takamoto, the project engineer, explained that Operations does not normally do electrical work, and therefore has no past history on how much such work would cost. The discrepancy arose because of that lack of past history, he said.

Mr. Uyeda asked how many Parker wells there are, compared with the Lālāmilo wells.

Mr. Takamoto said that Lālāmilo and Parker have four wells each in their respective systems; the well systems are right next to each other.

Mr. Uyeda asked how many of the wells are in service right now.

Mr. Takamoto said that four of the eight wells are in service right now.

Chairperson Robinson asked about a pump repair project done by Derrick's previously, which had numerous time extensions due to delayed delivery of the pump from the Mainland. He asked whether that project had been completed.

Mr. Takamoto said yes, that project, the Kahalu'u D project, was completed and everything is working fine.

ACTION: Motion carried unanimously by voice vote.

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

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

Mr. Fred Camero, representing Beylik, noted that he had addressed the Board last month, requesting a two-month time extension for this project; there were specific questions that the

Board asked. The Board had discussed additional scheduling and additional remaining work. He noted that he had provided the Board today with a sheet of information regarding the remaining scope of work and the work schedule. Mr. Camero said that he had requested a two-month time extension; there were four weeks for some change-order work, and another month for the delay in the delivery of the column pipe, tubes, line shafts, pump, motor, etc. Beylik is on time, according to the revised schedule that is in front of the Board today, he said. The pump and motor are going to be shipped by Young Brothers on this Thursday's barge, and Beylik expects the completion of this project in the second week of July. The total contract price, which the Board asked for last month, is \$333,909.00.

Chairperson Robinson asked how much liquidated damages are involved here.

Mr. Camero said that the liquidated damages are \$150.00 per day, and the contract expired at the end of May, so the liquidated damages would come to about \$4,500.00.

The Manager-Chief Engineer said it was more like \$7,000.00. He said that he had no problem with the additional change-order work that was requested; he had problems with the delay in shipping the pump, which delayed the project.

Mr. Elarionoff asked the Manager-Chief Engineer what problem he had with that.

The Manager-Chief Engineer said that DWS has no control over the shipping, and he was not sure how much control the contractor or the manufacturer had over the shipping of the pump. The pump and motor were ordered way back last October, and DWS has not heard anything as to why it is taking this long to get them shipped. It is not clear whether it is some kind of factory problem or a problem of barging it over from the Mainland, he said. He said he left it to Mr. Camero to verify whether or not the contractor had a problem with the manufacturer.

Mr. Elarionoff asked Mr. Camero to make a case that it was not the contractor's fault that the delay happened.

Mr. Camero said that the total contract length was nine months, or 270 days. The actual shipping and the building of the pump and the other equipment took over 6 ½ months of those nine months, he said. The equipment was ordered back in May, and did not arrive until May. There were delays throughout the entire process: delays with obtaining the raw materials, delays in building the pump, etc.

Mr. Elarionoff asked who had the problems.

Mr. Camero said it was the pump manufacturer.

Mr. Elarionoff said that in that case, it was the manufacturer's problem in getting the materials, etc.

Mr. Camero confirmed this. He said that the pump manufacturer had delays in building the pump, and the manufacturer missed the window for testing the pump, which pushed him back to the end of the pack. There were delays throughout the whole process, and Beylik did not actually take delivery of the pump until the end of May, he said.

Mr. Elarionoff asked if Beylik had any recourse.

Mr. Camero said his recourse was that he still has not paid the manufacturer's invoice.

The Manager-Chief Engineer said that according to Mr. Camero's timeline submitted today, the pump will be here by the end of this week, and the timeline shows that the scheduled completion

date is July 14. He said he had no problem granting Beylik a contract time extension from the end of May until probably the end of this week. Beyond that, he recommended that Beylik duke it out with the manufacturer for the rest of the days. Therefore, the time extension would be from the end of May to the end of this week, and then liquidated damages would kick in from then until the project completion.

Chairperson Robinson noted that the Department had previously denied Mr. Camero's request for a time extension, and today Mr. Camero is appealing to the Board. However, the Department made no Recommendation for today's meeting; the appeal is to the Department's previous denial.

Mr. Elarionoff asked what is critical about getting the pump installed right away; he asked what makes this so critical.

The Manager-Chief Engineer said that DWS went out to bid for another well repair in the same well field; if DWS has another well go down, the Department will just have to push the contractor to complete this project, as well as the other repair project that went out to bid. The critical nature of this is that DWS wants to see this project done as soon as possible.

Mr. Elarionoff asked whether, if another well goes down, there would be water shortages.

The Manager-Chief Engineer said there may be water shortages, and DWS may have to impose more stringent conservation measures in the area. There is some conservation in place already, with four wells down right now.

Chairperson Robinson asked whether the revised Recommendation from the Department is to give Beylik some relief, i.e., 30 days of relief.

The Manager-Chief Engineer said he was not sure how many days it was from the end of May to the end of this week.

Mr. Uyeda said it was 26 days.

Ms. Lee Loy asked Mr. Camero to repeat what the new completion date was.

Mr. Camero said it was July 14 or thereabouts.

The Manager-Chief Engineer apologized for not having calculated it until just now; he said he should have looked at it and come up with a better Recommendation.

Mr. Uyeda asked if this was in calendar days.

Ms. Lee Loy said it was calendar days.

Chairperson Robinson said that in that case, the extension would be for 26 days past the contract termination date, and therefore, it meant 26 days' relief from liquidated damages.

The Manager-Chief Engineer said that was correct.

Chairperson Robinson said that the new completion date would be July 14, and the 26 days would go until June 22. He asked if June 22 was correct.

Mr. Uyeda said it should be June 26.

Chairperson Robinson said okay, June 26. Therefore, it would be 26 days' relief, counting from the extension of the contract, and then from June 26 until July 24 (sic), Beylik would be subject to liquidated damages.

Mr. Camero asked if it was July 24 or July 14.

Chairperson Robinson said sorry, it was July 14; Beylik would be subject to 18 days of liquidated damages (i.e., from June 26 to July 14).

MOTION: Mr. Uyeda said he wanted to make a Motion to rescind the Recommendation to deny the time extension, and replace the Recommendation with a contract extension from the end of May to June 26; he further moved to revise the completion date of the contract to July 14. He further moved that after June 26, the contractor would be subject to liquidated damages. Ms. Lee Loy seconded the Motion.

Chairperson Robinson summarized the Motion, which moved to extend the contract completion date from the end of May for 26 days, to June 26; after June 26, the contractor would be subject to liquidated damages at the current rate, with the understanding that it would be 18 days to the completion date of July 14. If the project is not completed by July 14, the Board would take appropriate action.

Mr. Camero thanked the Board.

Mr. Elarionoff asked that the Motion be for a 30-day extension, i.e., to round up the 26 days to 30 days, thus giving the contract four more days. He said he realized that the Motion was already made, and if the Board wants to stick with the Motion, he was fine with that.

AMENDED MOTION: Mr. Uyeda amended the Motion to round up to 30 days of time extension, i.e., the time extension would be to June 30. He said that from July 1 to July 14, the contractor would be subject to liquidated damages.

Chairperson Robinson summarized, saying that the Motion is for a time extension of 30 days from the end of May, which would take it up to June 30. Completion would be on July 14, and meanwhile, Beylik would be subject to liquidated damages at the current rate, beginning on July 1. If the project is not completed by July 14, the Board will take appropriate action.

ACTION: Motion carried unanimously by voice vote.

B. JOB NO. 2015-1022, PARKER #1 DEEPWELL REPAIR:

(This Item was handled earlier.)

7) NORTH KONA:

**A. QUEEN KA‘AHUMANU HIGHWAY WIDENING PROJECT—PHASE 2:
MEMORANDUM OF UNDERSTANDING (MOU):**

The Manager-Chief Engineer said that State Department of Transportation (DOT), Highways Division staff, had wanted to be here today to discuss some of the escalation clauses in the contract. He said he believed that DOT was pretty much ready to issue a Notice to Proceed, but DWS wanted DOT to explain the contract escalation. Unfortunately, the DOT staff were not able to attend today’s meeting. He asked that this matter be deferred to next month’s meeting.

Ms. Lee Loy said that she supported a deferral, because she wanted to hear more about the line items in question. DOT has been asking for a lot of money from DWS, so Ms. Lee Loy wanted to know what DWS would be paying for.

MOTION: Ms. Lee Loy moved to defer to next month; seconded by Mr. Uyeda.

Chairperson Robinson said he was extremely disappointed that the DOT people were not here; he hoped that DWS made that clear to DOT.

The Manager-Chief Engineer said the Department shared that disappointment. DWS has had several meetings with DOT, and had been adamant that DOT be here today.

ACTION: Motion to defer carried unanimously by voice vote.

Mr. Elarionoff asked whether DOT gave any reason why they missed today's meeting.

The Manager-Chief Engineer said offhand, no. He guessed it was scheduling problems with them.

Mr. Inaba said it was scheduling problems.

Mr. Elarionoff asked what scheduling problems.

Mr. Inaba said that he heard that it is with the Deputy Director of Transportation in charge of State Highways.

Mr. Elarionoff asked if he lived on this island.

Mr. Inaba said no, he is on Oahu.

Chairperson Robinson said he agreed with Mr. Elarionoff; this is an affront to the Board, who made time to be here, but DOT did not make time to be here.

Mr. Elarionoff said he would not say what he was thinking, with every word recorded.

8) MISCELLANEOUS:

A. DEDICATIONS:

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

1. GRANT OF EASEMENT

(For Roadway Purposes)

Grantors: Robert Mark Stanga and Janice Marie Stanga

Tax Map Key: (3) 3-6-003: 003 portion

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

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

The Manager-Chief Engineer said he believed that this is part of an ongoing project in Laupāhoehoe.

Mr. Inaba said that during construction, DWS realigned the road slightly from the original design, and therefore, the easement has been revised. This is just a revised easement that DWS is now recording.

Mr. Elarionoff asked about the use of the word “acceptable” in the sentence above: “The water system has been constructed in accordance with the Department’s standards and is in **acceptable** condition for dedication.” He asked what that means.

The Manager-Chief Engineer explained that it denotes a higher standard of work; DWS sends its inspectors out to ensure that construction is done in accordance with DWS’s standards. The word “acceptable” means that the DWS inspector accepted the project, and deemed it ready for dedication. DWS’s standards are pretty detailed, and contractors must do certain things in accordance with DWS’s standards.

ACTION: Motion carried unanimously by voice vote.

B. ADOPTION OF WATER RATES FOR THE DEPARTMENT OF WATER SUPPLY:

The consulting firm of Brown & Caldwell was contracted to propose water rates for the Department for the five-year period of Fiscal Year 2016 through Fiscal Year 2020, in order to adequately fund operations and capital improvements.

A presentation of these rates was made to the Board by Brown & Caldwell on March 24, 2015. Rate increases of 3% in FY2016, 4% in FY2017, 5% in FY2018, 5% in FY2019, and 5% in FY2020, were proposed.

Public hearings on these proposed rate increases were held in Kona on May 26, 2015, and in Hilo on May 27, 2015.

The Manager-Chief Engineer recommended that the Board adopt the five-year rate increases proposed by Brown & Caldwell, to begin July 1, 2015.

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

Mr. Elarionoff asked about the explanation of how rates are set by the consultant, Ms. Ann Hajnosz. He said he did not quite understand how it worked, citing Ms. Hajnosz’s statement during her May 26, 2015, presentation: “We project...revenues and expenses, and then you come up with a gap...” The way he understood it was that the consultant takes the actual revenues and what DWS projects that its revenues will be, and the gap in between is what DWS uses as a guide. He asked if that is how DWS does its Budget.

The Manager-Chief Engineer asked Mr. Sumada to explain the process.

Mr. Elarionoff said he just could not understand how DWS did the process; it made no sense to him.

Mr. Sumada said that Ms. Hajnosz came up with the rates by forecasting revenues DWS expects to generate over the next five years, based on consumption patterns, the existing rates, her estimate of growth, etc. She did the same kind of forecasting on the expense side over the same five-year period, including salaries, supplies, etc. The big part of the expense side is comprised of the Capital Improvement Projects (CIP) that DWS needs to put in place in order to keep the system reliable and dependable, Mr. Sumada said. The gap between the revenues and expenses that Ms. Hajnosz was referring to is the shortfall that the rate increases are designed to cover. The expenses that DWS is projecting over the five years are greater than the revenues that DWS is projecting over the same five years; the rate increase is the Department’s way of filling the gap, i.e., equating revenues and expenses.

Mr. Elarionoff said that makes sense. He asked about the statement that Ms. Hajnosz made several times about declining water sales. He noted that Ms. Hajnosz said that water use is down, and as a result, revenues are really flat. He said that the papers call on the public to reduce their water use, and so water use has gone down; meanwhile, DWS is not making as much money. Mr. Elarionoff said that one would think DWS should be encouraging people to use all the water they can, so that the Department can make more money. Water is a precious resource, so the situation is almost contradictory, he said.

The Manager-Chief Engineer agreed that it was a double-edged sword. When a well is down, DWS pushes conservation. When people cut back their water use, DWS loses revenues; it is a balancing act that DWS must play. However, when there is a break in the system whereby DWS must do repairs, DWS is obliged to call for conservation to keep up with water consumption. Asking people to conserve is the only way that DWS can keep up with consumption until repairs are done, he said.

Mr. Elarionoff quipped that he has never read about DWS announcing that repairs are done, so people should now go for broke on their water use.

The Manager-Chief Engineer said no, DWS would never do that. DWS only announces that repairs are done, and that the situation is back to normal. He said that here on the wetter side of the island where there is plenty of water, DWS wants to push consumption, but on the Kona side where it is much drier, DWS wants people to be a bit more prudent with the water.

Mr. Balog asked if DWS could do a review of the water rates after a year, to see how they are working out.

The Manager-Chief Engineer said that DWS can ask the consultant to take a look at how the rates are working out, and to see whether circumstances call for an increase or a reduction in rates. He said that was a good suggestion; DWS can work with the consultant to monitor the Department's revenues and expenses.

Mr. Sumada said that if Ms. Hajnosz does such a review after a year, it will come at a cost.

The Deputy said that initially the Department would probably do an in-house evaluation first, just to make sure that things are on the right track. He noted that the Board today is approving the rates for the next five years, so that if there is an adjustment, the Department will have to go through the whole rate study process, including Public Hearings, etc.

Mr. Balog said that DWS does not want to get stuck with something that might be negative.

The Manager-Chief Engineer assured Mr. Balog that DWS would be monitoring itself, and would not be boxing itself in with a rate increase. DWS has to be fair to its customers, he added.

Chairperson Robinson said he was impressed by Brown & Caldwell's comparison of DWS with the other counties; the other counties have done substantial rate increases, whereby DWS has been fairly consistent. This shows that DWS has done a good job of budgeting over the long term, he said.

The Manager-Chief Engineer said DWS had looked at the increases that the other counties did, and was unwilling to follow suit; DWS had pretty much set the direction for the consultants on the level of increases it felt comfortable with. The main thing was that DWS must be fair with its customers, he said.

ACTION: Motion carried unanimously by voice vote.

Chairperson Robinson thanked the Board for setting DWS's rates for the next five years.

C. **PETITION FOR DECLARATORY RULING from Richard Santiago regarding Account Nos. 005-72016200-11 AND 005-76099420-10**

Chairperson Robinson asked if Mr. Santiago were present.

The Secretary said that Mr. Santiago was not present.

Chairperson Robinson said he did not know what to do with this petition; after hearing Mr. Santiago's presentation last month, Chairperson Robinson had expected Mr. Santiago to file for a Contested Case Hearing, not a Declaratory Ruling.

Ms. Lee Loy said that she too was caught off-guard by this petition for a Declaratory Ruling; she did not see how that folded into the process. She too thought that the next step would be for Mr. Santiago to request a Contested Case.

Ms. Self suggested that the Board vote to go into Executive Session, so that she could explain matters to the Board.

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

(Executive Session began at 11:03 a.m., and ended at 11:13 a.m.)

Once back in regular session, Ms. Lee Loy said she wanted to make a Motion.

ACTION: Ms. Lee Loy moved that the Board refuse to issue a Declaratory Ruling, pursuant to the Department of Water Supply's Rules and Regulations, Section 2-4(4)(b), because the petitioner's interest is not of the type that would give the person standing to maintain an action, if the petitioner were to seek judicial relief. Mr. Balog seconded; and Motion carried unanimously by voice vote.

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

The Deputy said that there was nothing of substance to report at this time.

The Manager-Chief Engineer noted that the Commission on Water Resource Management (CWRM) was meeting tomorrow, but the petition to designate Keauhou was not on the Agenda.

Chairperson Robinson asked what was happening with the National Parks Service's request to have the ahupua'a designated, rather than the entire Keauhou aquifer.

The Deputy said that CWRM staff had indicated that the matter might be on the upcoming Agenda, although no date for that meeting has been set as of this writing. He said that normally, the meeting would be held on July 15; it is clear that the meeting will be held in Kona. One of the Agenda items will be DWS's Water Use and Development Plan (WUDP) update. He said that CWRM as a courtesy had decided to hold the July meeting in Kona. CWRM staff indicated that the date could be at the end of July or in early August, the Deputy said.

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

(No Executive Session was held.)

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

(This Item was deferred from the May 26, 2015, Board meeting.)

Ms. Lee Loy said that she really wanted to see this initiative move forward; she had asked for it to be deferred last month because she had some questions.

The Manager-Chief Engineer noted that Ms. Kathy Garson, who had served as DWS's attorney, has left, and therefore, future discussions on the rule changes would probably be held with Ms. Self. He suggested that this Item be deferred.

Ms. Lee Loy said that she wanted to see a preliminary pass-through at the Department level, with the various Divisions weighing in on the proposed language changes. She wanted to have that preliminary feedback from the Department, to ensure that the language and amendments are fleshed out with Department input.

The Manager-Chief Engineer said that some of the proposed changes had been reviewed by staff already; he thought it best that the comments be revisited and reviewed with Ms. Self.

Ms. Self said that she herself had a suggestion for a new Rule, as well.

G. **MONTHLY PROGRESS REPORT:**

The Manager-Chief Engineer asked whether Item 8(F) were deferred.

Chairperson Robinson confirmed that it was deferred.

Mr. Inaba said that, following Mr. Herbert's presentation earlier, the issue in question was the Use and Occupancy Agreement that DWS is trying to work out with the State DOT. This issue has been going on for years, he said. DWS has had some success, on *other* projects, with getting DOT to agree to language that DWS felt was appropriate under Hawai'i Revised Statutes (HRS). However, most recently, DWS has been struggling to get the Use and Occupancy Agreement resolved for the Āhualoa-Honoka'a Transmission Waterline Project, Phase 2. Once DWS gets DOT to agree to that Use and Occupancy Agreement, DWS will be able to get the permit to cross the highway there. The contractor has installed the upper half of the waterline, and they are a couple of weeks away from completing it and paving it; they will stub it out, and then (once the permit is obtained), the contractor will be able to cross the highway and start the makai side of the project. Mr. Inaba said that he has been in contact with the State Rights-of-Way Branch, to try to get this Use and Occupancy Agreement done. He said that he will be working to bring Ms. Self as Corporation Counsel up to speed on the situation. The problem has been to hammer out a Use and Occupancy Agreement that is acceptable to both parties, Mr. Inaba said. He said he just wanted to raise that point to the Board in light of Mr. Herbert's presentation.

Mr. Uyeda said it would have been great if DOT staff were here today.

Chairperson Robinson said that was probably why they decided not to come today.

Ms. Lee Loy thanked Mr. Inaba for the update, but said she gets irritated when things take a long time. She said she has heard from constituents that it is unacceptable that this is taking so long. She urged Mr. Inaba to find a way through the impasse; it was really sad that the whole thing involves paperwork.

Mr. Inaba said that DWS is hoping to sit down with this new administration to get this resolved.

The Deputy noted that DWS has made overtures to DOT, offering to fly over to meet with their branch heads, etc., but DWS has been rebuffed. It has been an ongoing, frustrating challenge for DWS to get anything new done with DOT, he said. One priority item is to get Ms. Self familiar with the challenges thus far, primarily with the legal language within the Use and Occupancy Agreement.

Mr. Balog asked why these issues were not taken care of prior to beginning the project.

Mr. Inaba said that because of the holdup with the agreement, DWS actually split up the project into two phases. He noted that DWS was successful in getting an agreement on the Kona Ocean View properties, among other projects. DWS decided to move forward, and use that Kona Ocean View agreement, which Mr. Inaba reached with the DOT Rights-of-Way staff. The understanding between Mr. Inaba and the DOT staff was that DWS would use that agreement as the template for future Use and Occupancy Agreements. Therefore, DWS decided to move ahead with Phase 2 of this project, assuming that DWS would be able to get the Use and Occupancy Agreement executed. However, the agreement came back from DOT with old language that basically sought to have DWS waive its rights under HRS. Mr. Inaba has been trying to find out the reason why; DWS asked the Attorney-General to see if DOT would consider going back to what they had already agreed to with the Kona Ocean View project. DWS is still waiting for the response, Mr. Inaba said. Mr. Herbert spoke with DOT staff with whom DWS has been working, and DOT is telling Mr. Herbert that the delay is DWS's fault, i.e., DWS should just sign the agreement as written by DOT. Mr. Inaba said that it is not accurate that the delay lies with DWS.

Mr. Balog asked about the 0.1 percent that is holding up the completion of Phase 1 of the Āhualoa-Honoka'a project.

Mr. Inaba apologized; that entry on the CIP list has to be updated because DWS has made the final, complete payment on the project. Phase 1 should be officially closed out, he said.

Mr. Elarionoff asked about two projects on the CIP list whose entries showed that they were both 100 percent completed; one project's entry said: "Final Payment to Consultant Completed," while the other entry said: "Final Payment Processed." He asked what the difference was between the two entries.

Mr. Inaba said that the first project, the Ainako-Aina Nani project was a consultant contract, which was never executed because the cost of the project at the time was way over the Engineering Estimate. DWS has not re-bid the project, he said. DWS needs to get it re-designed, so the status is that the plans are complete; that particular entry involves just plans. The project listed below that, i.e., Kula'imano Production Well and Supporting Facilities, involves construction, which is now complete; its final payment has been made, Mr. Inaba said.

Mr. Elarionoff said the entry says: "Final Payment Processed."

Mr. Inaba explained that when construction is complete, it takes some time to finish all of the paperwork such as warranties, releases for sub-contractors, etc. Therefore, sometimes it takes a couple of months for the final payment to be processed, after construction is finished.

Mr. Elarionoff noted that on Page 2 of the CIP list, the Āhualoa-Honoka'a entry says that it is 99.9 percent complete, and the Kynnersley No. 1 Reservoir project is 99.0 percent complete. He asked what the difference was between these two projects.

Mr. Inaba said that regarding the Āhualoa-Honoka‘a one, the actual final payment has been submitted, and is likely to have been paid by now. The Kynnersley project is waiting for the contractor to submit the final payment request. DWS is working to get the final electrical service to the property to be turned over to DWS; this involves a process whereby the County turns it over to HELCO, and then HELCO turns it over to DWS.

Mr. Elarionoff said okay, he just wanted to understand the terminology.

Chairperson Robinson asked about the Palani Road project by CTS Earthmoving; he noted the project is still not done.

Mr. Inaba confirmed that it is still not done; DWS is trying to find out from CTS Earthmoving what the contractor needs to do to get final clearance. He said that DWS was in conversation with the contractor yesterday to get everything cleared away.

Chairperson Robinson, referring to Mr. Herbert’s presentation, said that this is by no means the first project he knows of involving problems with dealing with DOT rights-of-way. He said that DOT just has to get with the program; the government is supposed to work *for* the people, not *against* the people. He suggested that the Board write a letter to the newly-appointed head of DOT, in hopes of spurring the DOT troops into action.

Mr. Inaba said he did not know what the climate of opinion is at the DOT management level, because DWS is still trying to sit down with the new administration.

Mr. Elarionoff said the DOT needs to get its posterior in gear.

Mr. Inaba said it has literally been years of waiting.

Chairperson Robinson said he would entertain a Motion to write a letter to DOT that urged them to take action on this Item.

MOTION: Ms. Lee so moved, and volunteered to write the letter. Mr. Balog seconded.

Mr. Inaba offered to provide Ms. Lee Loy with all of the information she needed.

ACTION: Motion carried unanimously by voice vote.

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

Chairperson Robinson asked Mr. Sumada to give the Board a brief tour through the Financial Statements.

Mr. Sumada said that the cover sheet has a few explanations of changes that occurred between accounts last year and accounts as of the end of May this year. This page addresses discrepancies greater than 20 percent and \$10,000.00. He explained that FS1 is the first page of the Financial Statement, which includes the Department’s assets, liabilities and equity. FS2 is the Income Statement, which shows the revenues that were generated for the year, versus the expenses that were incurred during the year, in different function groups such as power, purification, transmission, etc. The Department’s fiscal year-end is June 30, and the auditors come around September every year to examine DWS’s Financial Statements and generate a report for the Board.

Chairperson Robinson noted that he had taken a public official course at the recent AWWA conference which dealt with the values of the water system. Speaking of the value of DWS’s water systems as a whole, he said that the value of all of the pipes, tanks, transmission facilities,

water treatment facilities, et al, comes to \$462 million. The AWWA course offered a rule-of-thumb regarding the relationship of depreciated value of those water system assets versus the assets on the books. The rule-of-thumb says that if the ratio gets above 50 percent, the utility may not be keeping up the replacement schedules of the assets; the idea is to keep ahead of that 50 percent of accumulated depreciation, he said.

Ms. Lee Loy, who took the same course, said that it was a good indicator light, which can immediately be seen on the balance sheet.

Chairperson Robinson asked if DWS follows that rule-of-thumb.

Mr. Sumada said he had not heard of it.

The Deputy said that in DWS's water system standards, the Department's pipelines are ductile iron and its reservoirs are concrete, so they have an actual useful service life that is longer than the typical years of depreciation. However, it is definitely something that DWS could get a better handle on, he said.

Ms. Lee Loy said it was always good to learn about somebody else's tricks. She acknowledged that people on the Mainland are dealing with infrastructure that is 70 to 100 years old; they learned the hard way when their pipes began breaking. The takeaway from the course was that it was at least worth a pass-through.

I. MANAGER-CHIEF ENGINEER'S REPORT:

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

- 1) Public Information and Education Specialist Update – Ms. Aton reported that she had participated in a Project WET workshop aimed at teaching teachers about the value of water; Ms. Aton was certified as a Project WET instructor. Ms. Aton accompanied a video crew to the Waimea Water Treatment Plant that was producing a source water protection video that will be put online. The video project is sponsored with support from the Kaua'i Department of Water Supply, with Source Water Protection monies from the State Department of Health. Upcoming is a Make a Splash festival at UHH this summer, in which an estimated 120 students will participate.
- 2) Recognition of Service Retirement – Mr. Ikeda introduced Mr. Edwin Tolentino, who is an Electrician with 12 ½ years of service with DWS. Mr. Tolentino decided to retire at the end of June, at the same time as the Manager-Chief Engineer.
- 3) Manager-Chief Engineer Farewell Statement – The Manager-Chief Engineer read a farewell letter, which is transcribed verbatim here:

“To all of my colleagues and friends:

In less than six days, I will be beginning a new chapter in my life. Since announcing my retirement in February, time has moved very rapidly. Within the next couple of days, the Water Board will be appointing a new Manager-Chief Engineer to administer the affairs of the Department of Water Supply, County of Hawai'i.

As I stated in February, I have enjoyed working with and learning from the Water Board, the Department of Water Supply, and the County of Hawai'i for the past four decades. Rick, Craig, Jay, Brenda, Sue, Russell, Bryant, Leningrad, and Kanoe, thank you for serving, with the greatest of professionalism, integrity, and compassion, on the Water Board for the Department, our customers, and the residents of the County of Hawai'i. With the likes of all of you, it made my career in the water industry and

County government come to a very satisfying end. I want to acknowledge a great staff: Keith, Doreen, Janet, Kanani, Rick, Kurt, Daryl, and the rest of the employees of the Department. With you, administering the affairs of the Department has been enjoyable. And thank you, Amy, Renee, and be sure to let Kathy know...and the rest of the attorneys and staff of Corporation Counsel, for your great advice to all of us.

I know all of you will continue to recognize the importance of and ensure the perpetuation of the semi-autonomous status of the Department of Water Supply.

It has been a pleasure serving our customers with all of you.

Aloha,

Quirino Antonio, Jr., P.E.
Manager-Chief Engineer

J. CHAIRPERSON'S REPORT:

Chairperson Robinson said he had no report, except to thank the outgoing Manager-Chief Engineer.

Mr. Ikeda introduced DWS's new Civil Engineer, Ms. Judy Hayducsko, who came from Wisconsin to take up her new position on June 1, 2015.

Chairperson Robinson welcomed Ms. Hayducsko aboard.

9) ADOPTION OF PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW AND DECISION AND ORDER FOR 5-26-15 CONTESTED CASE HEARING REGARDING WATER SERVICE ACCOUNT NUMBER 86530820-10 (TMK 7-8-017:020), (In the Matter of the Appeal of Raymond and Victoria Kalman):

The above Contested Case Hearing took place on May 26, 2015, 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.

Chairperson Robinson asked whether an Executive Session were necessary for this Item.

Ms. Self said that the Board should just wait and see if the need arises.

Chairperson Robinson apologized to Deputy Corporation Counsel, Ms. Renee Schoen, for not pushing this Item higher in the Agenda.

Ms. Schoen said that the Department is urging the Board to adopt the proposed Findings of Fact, Conclusions of Law, and Decision and Order, prepared by the Board's attorney. She said that she understood that the attorney for the appellants, the Kalmans, submitted objections or comments to what was prepared by the Board's attorney. Ms. Schoen asked the Board to disregard that, but said that she was prepared to speak to every point the Kalmans' attorney made, if the Board wished.

Ms. Self asked if the appellants were here.

The Secretary said no, they were not here.

Chairperson Robinson said that the appellants were notified, but they had not appeared.

The Secretary said that the appellants were aware that the Findings of Fact, etc., would be taken up at this meeting, per the Agenda.

Ms. Schoen said that in addition, the Board's attorney did ask that, if there were any objections, that they be presented at this meeting.

Ms. Self said that the response that the appellants' attorney did submit was late; the Board's attorney, Ms. Kathy Garson, gave specific deadlines for submitting objections. The appellants' attorney met neither of the deadlines, nor did the attorney or the appellants appear today.

Mr. Elarionoff drew the Board's attention to Page 2, Line 3 of the Findings of Fact, which states that the appellants installed the pipe from the meter to the appellants' home. He said that as he understood the testimony, the appellants had said they owned the house for 15 years, but the *prior owner* had installed the line. That was the way that he understood it, Mr. Elarionoff said.

Chairperson Robinson agreed that the Findings of Fact was in error on that point.

Ms. Schoen said that she too recalled the same thing as Mr. Elarionoff, regarding the prior owner having installed the line.

Mr. Elarionoff asked whether that correction could be made to the Findings of Fact.

Ms. Schoen said yes, the Department would have no objection to adding in the appellants' predecessor-in-interest.

Mr. Elarionoff said the fact does make a difference; the Kalmans owned the home for 15 years, and there must have been degradation of the line, which will have started when the original owner installed the line. Those extra years are a factor, he said. Citing Page 4, Section 21, he pointed out what he believed was a typo: "The Kalmans were advised *that that...*" i.e., a double "*that*." He thought the Board's attorney intended to say: "The Kalmans were advised **then** that..."

Chairperson Robinson said he was glad that the Decision and Order addresses the Kalmans' accusation of detrimental reliance; he felt that was important.

Ms. Self asked for clarification about Mr. Elarionoff's first point, regarding the prior ownership of the residence; she wanted to make sure she knew where it was located in the Findings of Fact.

Ms. Lee Loy said it was on Page 2, Section 3.

Chairperson Robinson said that the Kalmans had purchased the property with the line already there; that would need to be amended in the Findings of Fact. He thanked Mr. Elarionoff for pointing that out. He said that he would entertain a Motion to adopt the Findings of Fact as amended.

Ms. Self asked that the two Board members present who did not attend the previous Board meeting state on the record that they had reviewed everything, and were prepared to vote.

Chairperson Robinson said those two Board members would be Ms. Lee Loy and Mr. Balog.

Ms. Lee Loy said that for the record, she had reviewed the proposed Findings of Fact, Conclusions of Law, Decision and Order, as well as the Exhibits provided by both parties; she stated that she was prepared to vote.

Mr. Balog said he had not reviewed everything, but he was prepared to vote on this matter.

ACTION: Ms. Lee Loy moved that the Board adopt the proposed Findings of Fact, Conclusions of Law, and Decisions and Order, with the revision of Page 2, Item 3, to reflect the language that the property was purchased with the waterline, and the correction in Section 21. She further moved that the Board not accept the objections provided by appellants' counsel, for the reason of timeliness; the appellants failed to prepare or provide the objections in a timely manner and therefore, their objections should not be included in the Motion. Mr. Balog seconded. Motion carried unanimously by voice vote.

Chairperson Robinson called for a 30-minute recess to have lunch. At 12:30, the Board would reconvene and head into Executive Session to conduct the interviews of candidates for the position of Manager-Chief Engineer.

Mr. David Craddick, one of the applicants, spoke up to request that his interview be held in open session, so that DWS staff could sit in on his interview.

Chairperson Robinson said the interviews were to be in Executive Session; he did not know how an open-session interview would work. He asked Ms. Self to rule on this.

Ms. Self said no.

Chairperson Robinson said okay, the Board cannot do that.

(The Board recessed from 11:58 a.m.)

10) EXECUTIVE SESSION RE: INTERVIEWS OF APPLICANTS FOR THE POSITION OF MANAGER-CHIEF ENGINEER OF THE DEPARTMENT OF WATER SUPPLY:

The Water Board interviewed the following applicants for the position of Manager-Chief Engineer of the Department of Water Supply:

- David Craddick
- Christopher Laude
- Keith Okamoto

The Water Board convened an executive meeting, closed to the public, pursuant to Hawai'i Revised Statutes, Sections 92-4, 92-5(a)(2), 92-5(a)(4) and 92-5(a)(8) and Hawai'i County Charter Section 13-20(b) to conduct interviews for the position of Manager-Chief Engineer, where consideration of matters affecting privacy will be involved, to deliberate or make decisions upon matters that require the consideration of information that must be kept confidential pursuant to state or federal law, or a court order, 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. A two-thirds vote, pursuant to HRS Section 92-4, is necessary to hold an executive meeting.

(Executive Session began at 12:46 p.m., and ended at 4:25 p.m.; after a short break, the regular session resumed at 4:33 p.m.)

11) ANNOUNCEMENT OF NEW MANAGER-CHIEF ENGINEER:

Chairperson Robinson said that now that the interviews have taken place, it is time to take a vote.

Ms. Self said the Board would be voting on what the Board discussed in Executive Session; it would be a Roll Call vote.

MOTION: Mr. Balog moved that the Board offer Mr. Keith Okamoto the position of Manager-Chief Engineer, at a salary of \$110,000.00 a year; seconded by Mr. Uyeda.

Ms. Lee Loy thanked all of the candidates, saying that she learned a lot through the interview process. She said that she had gotten an appreciation for how innovative and forward-thinking engineers are, she said. She said she found Mr. Okamoto's integrity refreshing and outstanding.

Mr. Balog commended Mr. Okamoto for doing a wonderful job throughout his interview; he expressed confidence that Mr. Okamoto will do an excellent job.

Mr. Elarionoff, brandishing a sheet of paper, said that the Board would remember the Goals and Objectives that Mr. Okamoto provided to the Board during his interview, and asked Mr. Okamoto to remember them, too.

Chairperson Robinson said that Mr. Elarionoff already had them carved in stone.

Mr. Elarionoff commented that he had come into the interviews with pre-conceived ideas after the applications; he said that Mr. Okamoto's application was not impressive on paper. However, Mr. Okamoto's answers to the interview questions were very impressive, Mr. Elarionoff said.

Chairperson Robinson said that Mr. Okamoto had a good teacher.

The Manager-Chief Engineer thanked the Board for going through this arduous recruitment process. He said he was glad that the Board chose Mr. Okamoto; he said that he had mentored Mr. Okamoto from Day One since Mr. Okamoto took the Deputy position. The Board made a great choice in picking Mr. Okamoto, who has come a long way, the Manager-Chief Engineer said. He expressed relief that the Board managed to come through with five members in attendance today.

Chairperson Robinson asked the Secretary to take a Roll Call vote.

ACTION: The Secretary took a roll call vote: Mr. Uyeda (Aye); Ms. Lee Loy (Aye); Chairperson Robinson (Aye); Mr. Balog (Aye) and Mr. Elarionoff (Aye); Motion carried with Five (5) Ayes, Zero (0) Nays, and Four (3) Absent: Vice-Chairperson Takamine, Mr. Arikawa, Ms. Iokepa-Moses, and Ms. Wilson.

Chairperson Robinson said congratulations are not in order yet, because Mr. Okamoto has not yet accepted the position.

Mr. Okamoto said Aye.

Ms. Lee Loy said that the Department is in a period of transition right now, which is something that the Board talked about during the interviews. She said that the Board really believes that Mr. Okamoto can carry the Department through this transition.

The Manager-Chief Engineer said that one of the things that Mr. Okamoto needs to do is find a Deputy. He was not sure if Mr. Okamoto has someone in mind already, but that decision will be a big task for Mr. Okamoto. The Manager-Chief Engineer said that he is pretty sure that someone from within the Department will step up and offer his support to Mr. Okamoto. He noted that the ongoing National Parks Service issue is a major task; he wished Mr. Okamoto good luck.

Mr. Okamoto expressed his gratitude to the Manager-Chief Engineer, who mentored him closely the past three years. The mentoring has actually been going on for more like 19 years. Mr. Okamoto noted that he had joined DWS under Water Resources and Planning branch. That opportunity opened up when Mr. Antonio became the Deputy back then, and another staff

member moved into a different position. He said that Mr. Antonio is the greatest guy; it is hard to believe that Mr. Antonio has been with DWS for 40 years. The Department is going to surely miss Mr. Antonio, Mr. Okamoto said.

The Manager-Chief Engineer said that DWS will have a good guy leading it.

12) EXECUTIVE SESSION RE: DISCUSSION REGARDING SALARY OF NEW MANAGER-CHIEF ENGINEER OF THE DEPARTMENT OF WATER SUPPLY:

(The salary of the Manager-Chief Engineer was discussed as part of Item 10, EXECUTIVE SESSION RE: INTERVIEWS OF APPLICANTS FOR THE POSITION OF MANAGER-CHIEF ENGINEER OF THE DEPARTMENT OF WATER SUPPLY.)

13) ANNOUNCEMENTS:

1. **Next Regular Meeting:**

The next meeting of the Water Board is scheduled for 10:00 a.m. on July 28, 2015, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

2. **Following Meeting:**

The following meeting of the Water Board will be held at 10:00 a.m. on August 25, 2015, at the West Hawai'i Civic Center, Community Center, Bldg. G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, HI.

14) ADJOURNMENT

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

The meeting adjourned at 4:42 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.