

MINUTES

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

October 27, 2015

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

MEMBERS PRESENT: Mr. Rick Robinson, Chairperson
Mr. Russell Arikawa
Mr. Leningrad Elarionoff
Ms. Brenda Iokepa-Moses
Ms. Susan Lee Loy
Mr. Jay Uyeda
Ms. Kanoë Wilson

EX-OFFICIO MEMBER: Mr. Duane Kanuha, Director, Planning Department

ABSENT:

Mr. Craig Takamine, Vice-Chairperson
Mr. Bryant Balog, Water Board Member
Mr. Warren Lee, Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Amy Self, Deputy Corporation Counsel
Mr. Steven Lim, Carlsmith Ball LLP
Mr. Jason Knable, Carlsmith Ball LLP
Mr. A.D. Ackerman, Ackerman Ranch, Inc.
Mr. Fred Camero, Beylik Drilling and Pump Service, Inc.
Ms. Lisa Reddinger, Johnson Controls
Mr. Arthur Roberts

Department of Water Supply Staff

Mr. Keith Okamoto, Manager-Chief Engineer
Mr. Kawika Uyehara, Deputy
Mr. Kurt Inaba, Engineering Division Head
Mr. Richard Sumada, Waterworks Controller
Mr. Daryl Ikeda, Operations Chief
Ms. Kanani Aton, Public Information and Education Specialist
Mr. Clyde Young, Operations
Mr. Eric Takamoto, Operations
Ms. Judy Hayducsko, Operations
Ms. Doreen Jollimore, Private Secretary

1) CALL TO ORDER – Chairperson Robinson called the meeting to order at 10:03 a.m.

2) STATEMENTS FROM THE PUBLIC

None.

3) APPROVAL OF MINUTES

The Chairperson entertained a Motion to approve the Minutes of the September 22, 2015, Water Board meeting.

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

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

None.

Mr. Arikawa requested that Item 8(A), 1250 OCEANSIDE (HÖKULIA) WELLSITE DEVELOPMENT AGREEMENT, be moved up to the top of the order.

8) SOUTH KONA:

A. **1250 OCEANSIDE (HOKULI‘A) WELLSITE DEVELOPMENT AGREEMENT:**

(This Item was deferred from the September 22, 2015, Board meeting.)

The Manager-Chief Engineer noted that at the previous meeting, this Item was brought to the Board’s attention following correspondence from the two parties; the Item was on last month’s Agenda to bring the Board up to speed regarding the documents that DWS had received. DWS committed at the previous meeting to drafting a response letter to the two parties, and a draft of the letter was emailed to the Board earlier this month. DWS’s response was fairly straightforward, noting that the Department had met with the two parties on October 20. The letter noted that the meeting went well. There was a mutual understanding that any differences regarding the first draft of the Fourth Amendment to the 1250 Oceanside Wellsite Development Agreement could be addressed and resolved. If the Board approves the draft response letter to the two parties, DWS will go ahead and send it out, the Manager-Chief Engineer said.

Chairperson Robinson asked the Manager-Chief Engineer to provide a bit more background.

The Manager-Chief Engineer explained that this matter involves 1250 Oceanside, formerly known as Hokuli‘a. DWS has a wellsite development agreement, which has undergone three Amendments since its inception. Under the wellsite development agreement, the parcels identified in the agreement would get certain rights to water. The First Amendment to the agreement primarily added DWS to the mix to provide some cost-sharing, and to get some water units in return. The Second and Third Amendments were basically to extend the completion date; the Third Amendment extended the completion date to 2011. That obligation has been met, the Manager-Chief Engineer added. The Fourth Amendment in question now has not been analyzed by DWS in detail yet, but the Amendment appears to transfer some 50 water units to Kalukalu Properties, as well as to address some of the land use changes that occurred since the Hokuli‘a bankruptcy proceedings. The correspondence that DWS received from Cades Schutte expressed concern that their client wanted to be considered in any Amendments to the wellsite development agreement, the Manager-Chief Engineer said.

Ms. Lee Loy asked the Manager-Chief Engineer to repeat his statement about the three Amendments.

The Manager-Chief Engineer said that the original wellsite agreement was to develop a source. He explained that this is typical; a developer comes in and commits to putting up the capital to develop a source, partnering with DWS, which ultimately takes over the improvements to operate

and maintain the system. The developer gets water units, and DWS gets some water units as well. That is what the original agreement involved, he said. The First Amendment arose amid DWS's desire to get some more units for its system from that source; DWS agreed to put up some of its own capital in return for the additional units.

Ms. Lee Loy recapped the Manager-Chief Engineer's statement, saying that DWS looked at the capacity of the source, and figured that DWS could actually get more water from the source to service the *entire* service area – not just the project area.

The Manager-Chief Engineer confirmed this.

Ms. Lee Loy asked about the Second and Third Amendments.

The Manager-Chief Engineer said that the two Amendments extended the time to complete the exploratory well.

Ms. Lee Loy said okay, so now DWS is looking at a Fourth Amendment.

The Manager-Chief Engineer said that the Department's intent with this Agenda item, which was deferred from last month, was to provide the Board with a draft response letter to the parties. This Agenda item is not necessarily aimed to go into the specifics of the Fourth Amendment itself at this time, nor was it agendized for the Board to take any action on the Fourth Amendment at this time, unless the Board directs otherwise, he said.

Chairperson Robinson noted that the exploratory well has already been drilled, tested and proved to be up-to-source; the only tasks remaining are to connect the well to the DWS tank, install the pumps, etc.

The Manager-Chief Engineer confirmed this.

Chairperson Robinson asked if 1250 Oceanside was prepared to go forward.

Mr. Inaba said that part of the Fourth Amendment involves another time extension. He noted that the developer has not gotten an approved design yet, but they are working on it.

Chairperson Robinson asked what the outside date for the Fourth Amendment is.

Mr. Inaba said that it is 2023.

Chairperson Robinson said that is eight years out; he asked if this Fourth Amendment's intent is to encourage the developer to go forward.

Mr. Inaba said that DWS has not gotten too involved in discussions like that yet, because DWS has been addressing the *participant* issue. He noted that the Fourth Amendment as initially submitted eliminated two parcels from the agreement. That triggered the owners of those two parcels to have their attorney submit a letter attesting that their parcels should remain in this agreement.

Chairperson Robinson asked if those two parcels have since been reinserted into the agreement.

Mr. Inaba confirmed that they have been reinserted.

Chairperson Robinson turned back to the subject of the well itself, noting that everybody in Kainaliu is calling him to complain about low water pressure. This well should help alleviate a lot of that problem, he said.

Mr. Inaba confirmed this.

Chairperson Robinson asked if there were any time commitment.

Mr. Inaba said that the developer has certain obligations to meet prior to receiving water units from the agreement. He believed that 1250 Oceanside's position is that it will not need those units until beyond 2023.

Chairperson Robinson noted that 50 equivalent units go to the Greenwells under the agreement; he asked if they would be able to get those units *now*.

Mr. Inaba said that that is what they are proposing. 1250 Oceanside already has those units ready and available, from a previous agreement (i.e., the Kealakekua Source Agreement). 1250 Oceanside had 499 units to start with, and from that, they are proposing to transfer 50 units to Kalukalu Properties.

Chairperson Robinson asked how much water the Department will get from the production of this well.

Mr. Inaba said the County will get about 15 percent from the Kalukalu water system. He said that the extra capacity comprises a third.

Mr. Elarionoff asked Mr. Inaba to explain how many gallons are in one water unit.

Mr. Inaba said that it is 400 gallons per day per unit.

Mr. Elarionoff said that in that case, 50 water units equal 50 times 400.

Mr. Inaba confirmed this.

Chairperson Robinson said he had seen that other references put it at 600 gallons per day.

Mr. Inaba said that 600 gallons is what DWS calls a "max day;" it is a calculation of 1.5 times the average use which is 400 gallons per day per unit. The average day's use is 400 gallons, he said.

Chairperson Robinson asked for confirmation that this Item is just a report to the Board; DWS is not asking the Board to approve the Fourth Amendment today. He asked what DWS was going to do with the Fourth Amendment.

The Manager-Chief Engineer said that the Department is going to take a closer look at the content of the Fourth Amendment. He noted that the parties have changed since the bankruptcy proceedings; the original agreement only involved three parties: the Greenwells, 1250 Oceanside and the Water Board. That was consistent throughout the First, Second and Third Amendments. The only exception was that another party was named successor to a now-deceased Greenwell family member who was one of the signatories. DWS does not know who the owners are anymore; he noted that the Ackermans came forward to say that they were parties to the agreement as well. DWS needs to check the properties, to make sure that no party is being inadvertently left out, the Manager-Chief Engineer said.

Ms. Lee Loy said that she wanted to go into Executive Session to discuss the Board's duties, roles and responsibilities under Chapter 92. Before going into Executive Session, she wanted to note that there is a Grant of Easement attached to the Fourth Amendment, along with a number of documents that have been recorded at the Bureau of Conveyances. Ms. Lee Loy said that she felt like there was a lot more work involved than just the Fourth Amendment. She did not know if the Manager-Chief Engineer wanted to talk about that now.

The Manager-Chief Engineer said that he wanted the Board to know that there are representatives of the various parties present today available to answer the Board's questions. They are Mr. Ken Melrose, Mr. A.D. Ackerman, Mr. Steve Lim and Mr. Jason Knable.

Chairperson Robinson asked if Ms. Lee Loy's Motion was to go into Executive Session.

MOTION: Ms. Lee Loy moved to go into Executive Session; seconded by Ms. Wilson.

Mr. Elarionoff asked if the Board could first hear any statements that the parties might have.

Ms. Iokepa-Moses said yes, the parties testified at last month's meeting, and they are here today to take questions.

Mr. Ackerman noted that at the previous meeting he had voiced his objection to having his parcels released without consultation. Since then, the parties had met on October 20, and all of the parties agreed to omit the release clauses from the Fourth Amendment. With that language omitted, Mr. Ackerman said he was okay with proceeding with the Fourth Amendment.

(County Planning Director Duane Kanuha, an ex-officio member of the Water Board, arrived at 10:21 a.m.)

Mr. Lim, representing 1250 Oceanside, acknowledged that he had met with DWS, Mr. Ackerman, and Mr. Ackerman's attorney last week; the parties are essentially trying to extricate DWS from the middle. The idea was to revise the proposed language that Mr. Lim's firm had submitted in the Fourth Amendment, removing the paragraph which released the Ackerman properties. Mr. Lim said that he had agreed to put the Ackermans back on the face sheet of the Fourth Amendment, just as the Ackermans are on the wellsite development agreement. Mr. Lim said that he had made a representation in his submittal letter dated October 22; he said that in Exhibit C-1, Mr. Lim had removed the Ackerman properties, but now the Ackerman properties will be put back on Mr. Lim's submittal. By doing so, Mr. Lim said he would follow through with the agreement by all parties to reserve all rights, claims and defenses of all parties to the agreement, and to the Ackerman Ranch, which is *not* a party to the agreement. Mr. Lim said that with respect to whether or not Ackerman Ranch is or is not part of what he called the "Oceanside affiliated" properties, that term was used in the original wellsite development agreement. That term, Mr. Lim said, included all of the properties that 1250 Oceanside owned at that time, and which included the Ackerman properties because they had purchased the properties. After the bankruptcy, Mr. Ackerman took back the properties, so they are the owner of the properties, Mr. Lim said. Therefore, it raises the issue that Corporation Counsel discussed last month about the fact that now there is re-zoned property, for which Ackerman Ranch is not covered by a water agreement, Mr. Lim said. Mr. Lim said his firm has its own position on that, but he had hoped not to bring it up today. In any case, the idea was to have all parties reserve their own rights, and to submit a relatively clean Fourth Amendment which the Ackermans' attorney agreed upon, which the Board can act upon. Mr. Lim said that if there is a dispute about who is supposed to have water, the parties can have that private fight later on, without involving DWS. Mr. Lim said that there is a deadline in December for the Greenwells and Kalukalu Properties to be able to cancel the water agreement voluntarily, if the well is not completed. Therefore, a time extension on that deadline is needed, Mr. Lim said. That is primarily what the Fourth Amendment is for, he said. Regarding the Grant of Easement, that was the result of the realignment of the water transmission line coming from mauka to makai, Mr. Lim said. The wells are located up mauka, and the transmission line was originally supposed to come down Haleki'i Street; the new water systems alignment is going to come down further to the south, through the Kalukalu properties and a couple of other properties, Mr. Lim said. That is

why a Grant of Easement needed to be obtained; it saves some money. That is the plan that DWS is looking at now, he said. At some point, 1250 Oceanside will need the water. 1250 Oceanside will be coming back to the Water Board for two items:

1. The Fourth Amendment to the water agreement; and
2. The agreement between 1250 Oceanside and Kalukalu Properties and the Greenwells, regarding the assignment and transfer of rights to 50 Kealakekua Water Source Agreement water commitment units.

Mr. Lim said that the Hokuli‘a project has two pools of water:

1. The 499 water units related to the Kealakekua Water Source Agreement; and
2. The new Kalukalu Well, which is the wellsite development agreement under discussion today.

Mr. Lim said that because Kalukalu Properties and the Greenwells want to do a subdivision right now, 1250 Oceanside is lending them 50 water units to use for that subdivision. In the water agreement, there is a provision that says that Kalukalu Properties and the Greenwells will be paying those 50 water units back to 1250 Oceanside. 1250 Oceanside is asking that the assignment and transfer of those 50 Kealakekua Water Source Agreement water units be agendized *before* the water agreement is agendized. If the Board does not approve the assignment and transfer of the water units, then the Fourth Amendment will not go forward, Mr. Lim said.

Ms. Lee Loy thanked Mr. Lim for not putting the Board in the middle. She asked about the deadline for getting the well done; she asked if this needed to be done by the end of the year.

Mr. Lim said the deadline was before the end of the year, in December.

Ms. Lee Loy asked what the options were if the deadline were not met.

Mr. Lim said that 1250 Oceanside would technically go into default; 1250 Oceanside is trying to extend the Greenwells’ and Kalukalu Properties right to cancel the water agreement, because the water well has not been built yet. Mr. Lim said he did not think that it was the intention of the Greenwells or Kalukalu Properties to cancel the agreement, but 1250 Oceanside does not want to run into a default situation.

Ms. Lee Loy asked if the deadline impinges on any of the other conditions for approval of zoning for the project.

Mr. Lim said no, 1250 Oceanside’s position is that the project was approved under a rezoning ordinance, which allows various portions of the project to get water whenever they need it. He said that he believed that Ackerman Ranch, which once again owns their own property, can go get the water, just like 1250 Oceanside is getting the water; Mr. Lim said he did not see any difference in doing that.

Mr. Ken Melrose, representing Kalukalu Properties, noted that the Greenwell interests involved are his wife’s cousins; they have gotten into this agreement so that they can get water for their property. They have been on hold for eight years while this project has been developed, he said. It is a good source, which has more capacity than was originally thought, Mr. Melrose said. That is why there is more water in the system, he added. The Greenwell Family is fully committed to going forward and continuing this agreement, Mr. Melrose said. The 50 water commitments in question will allow the Greenwells to move forward with the planning they have had on hold for the eight years since the agreement was put together. This is a water commitment *loan*, he said. Regarding the change in interests since the bankruptcy proceedings, the late Jean Greenwell was

an original signatory, whose trust has dissolved since her passing, Mr. Melrose said. Kalukalu Properties is the limited family partnership which holds all of the family assets, and which takes care of all of Ms. Greenwell's heirs, he said. That is the explanation of the change of interests, he said. Mr. Melrose expressed hope that the Board will support the project, and the parties can go on their way.

ACTION: Motion to go into Executive Session carried unanimously by voice vote.

(Executive Session began at 10:28 a.m., and ended at 10:49 a.m.)

MOTION: Ms. Lee Loy moved to defer this Item, with the intention that all parties would look at an amendment to include indemnification language, to indemnify and defend DWS and the Water Board on any future actions related to the Fourth Amendment; seconded by Ms. Wilson.

Chairperson Robinson said that the Motion was to move forward with the Fourth Amendment, with the specific language to indemnify DWS and the Water Board going forward; this will be brought back for action by the Board next month.

ACTION: Motion carried unanimously by voice vote.

5) HĀMĀKUA:

A. **JOB NO. 2011-971, CONSTRUCTION OF THE KAPULENA WELL DEVELOPMENT PHASE 2 AND SUPPORTING FACILITIES:**

Bids for this project were opened at 2:00 p.m. on October 15, 2015, and the following are the bid results:

Bidder	Amount
Jas. W. Glover, Ltd.	\$4,835,257.00
Yamada Paint Contraction, Inc. dba GW Construction	\$4,912,769.00
Bodell Construction Company	\$6,107,717.01

Project Scope: This project involves construction of a new 0.30-MG concrete reservoir, control building, SCADA and outfitting of the existing Kapulena deepwell. Improvements will also be made to the existing Kapulena Booster Pump Station and Kukuihaele Reservoir sites.

Project Cost:

1) Low Bidder (Jas. W. Glover, Ltd.)	\$ 4,835,257.00
2) Construction Contingency (10%)	<u>\$483,525.00</u>
Total Construction Cost:	<u>\$ 5,318,782.00</u>

Funding for this project will be from a combination of an EPA State and Tribal Assistance Grant (STAG) in the amount of \$930,000.00, with the remaining \$4,388,782.00 to be funded by a Drinking Water State Revolving Fund (DWSRF) loan. The engineer's estimate was \$3.7 million. Staff has reviewed the bids and finds the low bid to be acceptable.

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2011-971, CONSTRUCTION OF THE KAPULENA WELL DEVELOPMENT PHASE 2 AND SUPPORTING FACILITIES, to the lowest responsible bidder, Jas. W. Glover, Ltd., for their bid amount of \$4,835,257.00, plus \$483,525.00 for construction contingency, for a total contract amount of \$5,318,782.00. 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. Arikawa moved to approve; seconded by Ms. Iokepa-Moses.

The Manager-Chief Engineer said that this involves the outfitting of a much-needed well in the Kapulena-Kukuihaele area.

Ms. Iokepa-Moses asked if DWS had discretion in choosing among bidders whose bids were very close, based on reputation or the ability to start work sooner.

The Manager-Chief Engineer said that under procurement law, DWS could not use its discretion in awarding. In some cases, certain companies are debarred or suspended from being qualified, but that is not the case here.

Mr. Elarionoff asked about the phrase “lowest responsible bidder.” He asked what happens when a bidder is irresponsible.

The Manager-Chief Engineer explained that the words “responsible” and “responsive” are interchangeable in this case, meaning that the bidder will have complied with all of the terms of the Request for Proposal, etc. A bidder who did not fulfill those terms would be deemed *non-responsive*.

Chairperson Robinson asked what SCADA meant.

The Manager-Chief Engineer said that it stood for Supervisory Control and Data Acquisition. It is a technology that allows DWS to remotely see information on its water systems; DWS personnel do not need to be on-site to see what the tank levels are, or what the flow through the pipes is, etc.

Chairperson Robinson asked if SCADA could be used to automatically turn the system on or off.

The Manager-Chief Engineer said that there was that capability, but DWS does not typically implement it. There are some systems that could have that capability, he added.

Ms. Wilson asked if DWS applied for the State and Tribal Assistance Grant.

The Manager-Chief Engineer said that yes, DWS applied for the grant, and fortunately qualified for it. DWS really benefits from it, because it is a grant, which does not need to be repaid.

ACTION: Motion carried unanimously by voice vote.

B. RESOLUTION NO. 2015-03, APPROVING THE RECEIPT AND EXPENDITURE OF MONIES FOR THE KAPULENA WELL DEVELOPMENT PHASE 2 AND SUPPORTING FACILITIES PROJECT (FUNDED BY THE DRINKING WATER STATE REVOLVING FUND):

(Note: Resolution requires roll call vote)

This Water Board Resolution No. 2015-03 seeks to supersede Resolution No. 2014-02. The Resolution is a prerequisite for the Drinking Water State Revolving Fund (DWSRF) program. Construction bids for this project were opened on October 15, 2015. This Resolution is specifically identified for the following project: JOB NO. 2011-971, KAPULENA WELL DEVELOPMENT PHASE 2 AND SUPPORTING FACILITIES, and authorizes the

Manager–Chief Engineer or Deputy to execute loans and/or grants with the State Department of Health for up to \$5,100,000.00.

The Manager-Chief Engineer recommended that the Water Board adopt RESOLUTION NO. 2015-03, APPROVING THE RECEIPT AND EXPENDITURE OF MONIES FOR THE KAPULENA WELL DEVELOPMENT PHASE 2 AND SUPPORTING FACILITIES PROJECT (FUNDED BY THE DRINKING WATER STATE REVOLVING FUND), subject to approval of Corporation Counsel.

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

The Manager-Chief Engineer said that this Item relates to the previous Agenda Item. Besides the STAG grant mentioned above, DWS is also using State Revolving Fund loans for this project. DWS already had a Resolution approved by the Board, but the bids came in higher than the anticipated cost. Since then, the Deputy managed to clarify and confirm with the State that DWS can also use State Revolving Funds for the full design cost of the project, he said. Therefore, DWS is adding the design in. Basically, this Resolution supersedes the previously-approved Resolution for this project, the Manager-Chief Engineer said.

ACTION: The Secretary took a roll call vote: Ms. Lee Loy (Aye); Mr. Uyeda (Aye); Ms. Wilson (Aye); Mr. Arikawa (Aye); Chairperson Robinson (Aye); Mr. Elarionoff (Aye) and Ms. Iokepa-Moses (Aye). Motion carried with Seven (7) Ayes, Zero (0) Nays; and Two (2) Excused: (Vice-Chairperson Takamine and Mr. Balog).

6) **SOUTH KOHALA:**

A. **JOB NO. 2015-1029, PARKER #2 DEEPWELL REPAIR:**

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

Bids for this project were opened at 1:30 p.m. on October 15, 2015, and the following are the bid results:

Bidder	Bid Amount	Corrected Bid Amount*
Derrick’s Well Drilling and Pump Services, LLC	\$520,000.00	\$294,016.90

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

Project Costs:

1) Low Bidder (Derrick’s Well Drilling and Pump Services, LLC)	\$ 294,016.90
2) Contingencies (~9.9%)	\$ 28,983.10
Total Cost:	<u>\$ 323,000.00</u>

Funding for this project will be from DWS’s CIP Budget under Deepwell Pump Replacement. The contractor will have 240 calendar days to complete this project. The Engineering estimate for this project was \$300,000.00.

The Manager-Chief Engineer recommended that the Board award the contract for

JOB NO. 2015-1029, PARKER #2 DEEPWELL REPAIR, to the lowest responsible bidder, Derrick's Well Drilling and Pump Services, LLC, for their corrected bid amount of \$294,016.90, plus \$28,983.10 for contingencies, for a total contract amount of **\$323,000.00**. 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: Ms. Iokepa-Moses moved to approve; seconded by Ms. Lee Loy.

The Manager-Chief Engineer said that DWS was really surprised that there was only one bid. He noted that the write-up shows the bid amount and the corrected bid amount. The discrepancy arose because DWS included in the scope of work the installation of a variable frequency drive (VFD) and associated electrical design drawings, etc. However, DWS, via an Addendum, removed that portion of the work. The contractor kept that portion of work in the bid he submitted, the Manager-Chief Engineer said. It was a simple line item, and under HAR 3-122, DWS is allowed to correct obvious mistakes such as this, as long as it is in the best interests of DWS and the Water Board. DWS removed that amount, so the bid amount came to \$294,016.90; with contingency funds, the total cost was \$323,000.00. He reiterated that it was a surprise that DWS only got one bid; normally DWS gets at least two bids.

Mr. Arikawa said the engineer's estimate for the job was spot on; he asked who did the estimate.

Mr. Inaba said it was Mr. Takamoto.

Ms. Lee Loy asked if the contract period was still 240 calendar days.

The Manager-Chief Engineer confirmed this.

Mr. Uyeda asked Mr. Fred Camero, general manager of Beylik Drilling & Pump Service, Inc., why he did not bid.

Mr. Camero said that his firm was really busy with the Hualālai Deepwell repairs, and therefore they did not submit a bid.

ACTION: Motion carried unanimously by voice vote.

B. JOB NO. 2014-1008, LĀLĀMILO D DEEPWELL REPAIR – TIME EXTENSION:

The contractor, Beylik Drilling and Pump Service, Inc., is requesting a contract time extension of 97 calendar days. The Department had issued a stop work notice to the contractor to maximize the available capacity. This was due to two wells within the Lālāmilo/Parker water system being offline, and the Lālāmilo D Deepwell still being operational at reduced capacity. This action had delayed the extraction work and subsequent refurbishment of the existing submersible motor, and was beyond the control of the contractor.

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 97 calendar days for JOB NO. 2014-1008, LĀLĀMILO D DEEPWELL REPAIR. If approved, the contract completion date will be revised from September 27, 2015, to January 1, 2016.

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

The Manager-Chief Engineer said that in actuality, DWS was the one that requested that Beylik pause on the project. At the time, this well was still operating, although it shows signs of potential failure. DWS put the repairs out to bid, but in the meantime, a couple of other wells in the Parker/Lālāmilo system went down, he said. DWS then asked Mr. Camero to hold off taking the still-functioning Lālāmilo D Deepwell down; DWS asked him to stop work. Ninety-seven

days later, DWS gave Mr. Camero the green light to resume work. Therefore, the delay was at DWS's request.

Ms. Iokepa-Moses asked why the write-up says that it was at the contractor's request.

The Manager-Chief Engineer said that the contractors are the ones who technically have to request time extensions, but the delay was due to DWS's stop-work request to Beylik.

Chairperson Robinson asked whether DWS conveyed the stop-work request by letter.

The Manager-Chief Engineer said it was via emails, and then Beylik wrote DWS the time extension request letter that the Board has before them.

Chairperson Robinson asked at what elevation the Lālāmilo wells are located.

Mr. Camero said the wells were at around the 1,200-foot elevation.

Chairperson Robinson asked if this well field was where the wind turbines, etc., are to be located.

The Manager-Chief Engineer confirmed this. He said there were a total of eight wells there: four Lālāmilo wells and four Parker wells. Of those eight wells, several wells are down at this time.

Chairperson Robinson said that the eight wells in that Lālāmilo well field primarily supply water to Puakō, Mauna Lani, Mauna Kea, etc.

The Manager-Chief Engineer said they also supply Hāpuna, along with the above-mentioned locations' residential/commercial areas, as well as Kawaihae Harbor and Kawaihae Industrial Area.

Mr. Elarionoff asked if they supply Waimea.

The Manager-Chief Engineer said no, Waimea's system stops at Kawaihae Road, roughly as far as the egg farm just above the Queen Ka'ahumanu Highway/Kawaihae junction. He confirmed that the Lālāmilo/Parker Wells do not push water up into Waimea. Waimea has surface water, as well as two wells: one is right by the Waimea Treatment Plant, and the other one is mauka of Church Row.

Chairperson Robinson asked whether the development of the Lālāmilo Wells was paid for by developments along the coast, which they then turned over to DWS to operate.

The Manager-Chief Engineer confirmed this.

Chairperson Robinson asked if Waikoloa gets its water from the Lālāmilo Wells, too.

The Manager-Chief Engineer said no, Waikoloa has its own private system.

Chairperson Robinson mentioned Mauna Lani, which is right next door.

The Manager-Chief Engineer said that Mauna Lani gets its water from DWS. He noted that the Mauna Lani and Mauna Kea developments were part of Tri-Party Agreements which the Board is familiar with.

ACTION: Motion carried unanimously by voice vote.

7) NORTH KONA:

A. **JOB NO. 2012-985, HUALĀLAI DEEPWELL REPAIR - STATUS UPDATE:**

The contractor, Beylik Drilling and Pump Service, Inc., was granted a 92-calendar day time extension at the July 28, 2015, Water Board meeting for the above-mentioned project. The revised completion date was set at October 31, 2015.

Mr. Fred Camero, representing the contractor, said that his firm had installed the pump last week, and was able to successfully run it. The pump has run successfully several times, but has not yet been put into use. The well has been chlorinated, and the contractor is waiting for the results of the water sample before the well is put online.

Mr. Uyeda asked whether the results were coming from the Department of Health.

The Manager-Chief Engineer said no, the testing is being done in-house; this is standard procedure.

Chairperson Robinson asked where Hualālai Deepwell was located.

Mr. Camero said that it is just above Līhau Street, on the upper road to Kona.

Mr. Inaba said that it is just north of Kaloko.

Mr. Takamoto said that it was just past Matsuyama Store.

Mr. Camero said it was past Matsuyama Store, heading towards Kona; it is right above the Jehovah's Witnesses church.

8) SOUTH KONA:

• **1250 OCEANSIDE (HŌKULIA) WELLSITE DEVELOPMENT AGREEMENT:**

(This Item was handled earlier in the meeting.)

9) 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 AND BILL OF SALE

Project Name: Greenwell Subdivision, Phase I

Subdivision Application No. 2003-0043

Grantors/Sellers: Anthony B. Craven Jr., et al.

Tax Map Key: (3) 7-4-002:020

No. of Lots: 3

Facilities Charge: \$1,190.00 Date Paid: 6/17/2008

Final Inspection Date: 10/15/2015

Water System Cost: \$63,000.00

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

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

Mr. Inaba explained that the work involved a typical waterline extension into a subdivision, along with service laterals. This will serve three lots.

ACTION: Motion carried unanimously by voice vote.

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

The Manager-Chief Engineer said that although things seem to be quiet, DWS continues to reach out to the Commission on Water Resource Management (CWRM): specifically, Messrs. Roy Hardy and Jeff Pearson. The Department does not want to drop the ball on this matter. It appears that the National Parks Service (NPS) is also reaching out to the new CWRM Chairperson, Ms. Suzanne Case, and the new CWRM Deputy Director, Mr. Pearson, to promote NPS's side of the story. DWS will continue to do what it needs to do as far as fulfilling its obligation regarding the Department's Water Use and Development Plan (WUDP), the Manager-Chief Engineer said. DWS stays in contact with CWRM to see if there is anything else that the Commission needs from the Department; DWS keeps in touch to talk about whatever is going on regarding the Keauhou Aquifer, he added.

Chairperson Robinson asked if CWRM had indicated when the Commission will make a decision on the petition.

The Manager-Chief Engineer said no, CWRM appears to be contemplating further discussion and possibly mediation. Mr. Hardy did acknowledge that CWRM has the capability of hiring a third party mediator to get involved to mediate the situation. However, there has been no commitment from CWRM on that, he said. The Manager-Chief Engineer said that he knew Mr. Pearson from before, through the various waterworks associations; he said that he will continue to talk-story with him. Mr. Pearson has been very open and very fair, in letting DWS know when he has been contacted, etc.

Ms. Lee Loy noted that at the AWWA conference two weeks ago, Mr. Pearson indicated a desire to look at the property in question. She requested that the Department facilitate such a site visit for the new CWRM Director and Deputy Director, to include NPS, DWS, and CWRM.

The Manager-Chief Engineer said that sounded good.

Chairperson Robinson said that he and Mr. Uyeda might be able to work together on such a site visit.

Mr. Arikawa said that Ms. Case had been invited to a Japanese Chamber of Commerce & Industry luncheon at the 'Imiloa Astronomy Center in Hilo on Thursday, November 5. The cost is \$30.00 for members of the Japanese Chamber and the Hawai'i Island Chamber of Commerce, and \$35.00 for non-members. Ms. Case had been specifically asked to talk about Banyan Drive and the Thirty-Meter Telescope (TMT) issues, Mr. Arikawa said, adding that he was sure she would be willing to discuss the Keauhou Aquifer petition.

Chairperson Robinson said he did not think an Executive Session regarding this Item was needed.

Ms. Self agreed that no Executive Session was needed.

Chairperson Robinson asked if there were any time limit on making the decision on the petition; he asked if CWRM could just leave it open-ended indefinitely.

Ms. Lee Loy said that there is a time limit to *hear* the petition, but CWRM provided conditions and extended deadlines so that DWS could be allowed to provide additional information.

Ms. Self said that it seemed that CWRM was waiting until the WUDP is completed.

The Manager-Chief Engineer said that if CWRM *decides to proceed* with the petition, then they have a definite time frame of 90 days to proceed with the vote on the original petition itself, i.e., on whether to designate the aquifer. He said that if CWRM decides to accept the petition and formally go through with the process, there is a 90-day deadline to vote. The Manager-Chief Engineer noted that it has not gotten to that stage; it is in between the filing of the petition and getting to the point of accepting or rejecting the petition.

Chairperson Robinson said that CWRM had accepted DWS's WUDP.

The Manager-Chief Engineer said that CWRM had accepted Phase One, and now wants DWS to do Phase Two, with other components that DWS had agreed to. DWS told CWRM that the Department would provide CWRM with a scope of work, that CWRM technically needs to review and approve for the study itself. Once the scope of work is approved, DWS will proceed with the study. DWS has told CWRM that the study may take up to 18 months to complete.

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

(No Executive Session was held.)

D. **DISCUSSION OF AMENDING DWS RULE 3-10, REGARDING LEAK ADJUSTMENTS:**

Ms. Lee Loy said that Ms. Self and Mr. Sumada had provided some background on proposed language changes to Rule 3-10. Ms. Lee Loy said that she would be proffering the amended language back to Ms. Self for her review from a legal standpoint, and for comment by Mr. Sumada and his staff. Ms. Lee Loy said she plans to put the amended language into a Ramseyer format so that the Board can look at the changes to the Rules; that will go back to Ms. Self for her review. Ms. Lee Loy said that her goal is to get a draft on next month's Agenda; she ideally wants to have the draft Rules completed by the end of the year.

On a separate subject, Ms. Lee Loy said that at the recent water conference, she spoke with Mr. Dean Seki of the Honolulu Board of Water Supply about cooperating to move forward the Statute Amendment that DWS had taken to the Legislature. That Amendment was aimed at closing the gap on outstanding water bills. Ms. Lee Loy said that this morning, she again spoke with Mr. Seki to give him the back story on the status of the Amendment; she noted that the Realtors' Association had offered language at the end of the Legislative Session a couple of years ago. Mr. Seki said he wanted to revitalize that language and retool it into the bill that DWS had submitted; the aim is to get it back on the Legislative calendar for the 2016 Session, Ms. Lee Loy said. Most of the bills for the 2016 Session will actually get submitted at the end of this year, and the plan is to get the DWS bill submitted by the end of the year, she added. She said that she would bring the Statute Amendment to the Board for their review. Ms. Lee Loy asked the Board to send along any other things that Board members want to amend or revisit.

Chairperson Robinson suggested that DWS staff might also have some items that they want to have amended; now is the time, he said.

E. **MONTHLY PROGRESS REPORT:**

The Manager-Chief Engineer drew the Board's attention to the first item on the CIP list, the Ola'a No. 6 Production Well and 1.0 MG Reservoir; DWS is trying to resolve that final payment. It is pending some of the submittal requirements on the contractor, such as as-built drawings.

The Deputy said he is working with the contractor to submit all of the necessary final documents such as as-built drawings, release of sub-contractors, etc. Once those things are in hand, DWS will process final payment to the contractor, minus the liquidated damages.

The Manager-Chief Engineer said the other project of note is the Queen Ka'ahumanu Highway Widening project; he went to an event at the Natural Energy Laboratory of Hawai'i Authority (NELHA) last night and noticed that some progress had been made on the project.

Mr. Uyeda said that the contractor, Goodfellow Brothers, is moving very quickly; they have laid down the pipe to make sure that they have enough lengths of pipe. It looks like the contractor is going to start installing the pipe. Mr. Uyeda asked if DWS will be inspecting the installation.

Mr. Inaba said that the project has construction management in place, and DWS may have to participate in it, as part of the original agreement.

Mr. Uyeda said that he expected the contractor to be down by Honokōhau Harbor at the end of November, based on how quickly they are working. The work will not be complete by then, but the contractor will have the site crunched and graded, he said.

Chairperson Robinson said that he rode his bicycle out to the site, and took photos of all of the pipe laid out. Seeing all that pipe out there made it feel like the project was really happening, he said.

Ms. Lee Loy asked about the Āhualoa-Honoka'a Transmission Waterline Phase 2 project; she asked if that was the one held up by the Department of Transportation (DOT).

The Manager-Chief Engineer confirmed that DWS now has a fully-executed Use and Occupancy Agreement.

Mr. Inaba said that the contractor has his permits.

Ms. Lee Loy said in that case, this will hopefully be a template for future projects.

The Manager-Chief Engineer said yes.

Ms. Lee Loy said this could be a guideline for future projects within the State right-of-way. She asked if that was an agreement that DWS has with DOT.

Mr. Inaba said that it is not a formal agreement, but *that* is DWS's understanding with the State Rights-of-Way Branch.

The Manager-Chief Engineer said that DWS has the fully-executed Use and Occupancy Agreement, and is very hopeful that if DWS replicates that on other projects, that it will also be acceptable to DOT.

Mr. Arikawa said that this would apply to the Pauka'a project.

Mr. Inaba said yes, that is the project involving the service laterals.

The Manager-Chief Engineer said that DWS is going to proceed as quickly as possible with any outstanding rights-of-way related projects.

Ms. Lee Loy asked about the Ola‘a No. 2 0.5 MG Reservoir Replacement project, noting that it is a job from 2007. She asked if DWS had been waiting all that time for Land Court to approve.

Mr. Inaba said that DWS had negotiated with Shipman on the property, and finally the owner said that it was okay to proceed with the subdivision process. DWS is in the process of submitting the petition to the Land Court, he said.

Ms. Lee Loy said that dealing with the Land Court is very time-consuming.

Chairperson Robinson asked for an update on the Lālāmilo Windfarm project.

The Manager-Chief Engineer said that DWS is still actively engaged with the firm that is constructing the Windfarm, which is on site and doing actual work. He noted that the ground-breaking was on September 30. There was a gap in the access that was inadvertently left out by the State, but the State worked to correct that, at the Land Board meeting on October 9. The access documents went through without a problem, he said. DWS has a conference call scheduled with the windfarm’s construction firm and their lender on Thursday, because the lender has concerns about having **recordable access**, from Queen Ka‘ahumanu Highway to the sub-lease area. DWS has discussed the matter with the Department of Land and Natural Resources (DLNR), pointing out that DWS has provided all of the documentation, etc., obtained legal access, and transferred all of those rights and opportunities to the construction firm. Apparently that is not good enough for the lender, and therefore, DWS is going to talk with the lender on Thursday, the Manager-Chief Engineer said.

Ms. Lee Loy asked what the problem was.

Chairperson Robinson asked what the lender wants; he asked if they want a line-of-center survey.

The Manager-Chief Engineer said it was not clear, but it appeared to involve recordable access.

Chairperson Robinson said that is because it is a lease, which involves a *lease of easement* that is consistent with the lease that the construction firm has for the property. A lease of easement would have a line-of-center survey, he said.

The Manager-Chief Engineer said that DWS has that; it is a fully-executed easement stretching from Queen Ka‘ahumanu Highway all the way up to DWS’s tank sites and well sites. DWS got all of the easement secured and approved by DLNR, and therefore it is a bit frustrating that this hurdle is coming up at this late stage of the game. He noted that when DWS went to the Land Board in January, the matter at hand was the sub-mortgage to the lender, American Savings Bank (ASB). It is confusing why this speed-bump is surfacing now, but DWS will resolve the matter, and report back to the Board next month.

Chairperson Robinson, noting that ASB has only recently decided to get more involved in the commercial mortgage business, so this is fairly new territory for them, he said. He asked whether it is their own in-house counsel *or* retained counsel who is asking these questions.

The Manager-Chief Engineer said that ASB hired the escrow company, and it is the escrow company’s attorney who is saying that it is not a recordable easement.

Chairperson Robinson asked if the escrow company is Title Guaranty.

The Manager-Chief Engineer confirmed this. He said that the escrow company is only doing what ASB instructed them to do; he believed that ASB told the escrow company that it needed a recordable easement from a public road, Queen Ka'ahumanu Highway, to the sub-lease area. The escrow company is apparently saying that no matter what DWS or DLNR say, it is not a recordable easement. The question is who is going to get the okay, he said.

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

Mr. Sumada said that the auditors were at DWS last month, and they are now finalizing their report. There will be one change in the report, which is the result of a new accounting pronouncement that is being adopted this year. That pronouncement is requiring DWS to record the pension liability that up to now was never on DWS's books. This is the pension liability with the State Employee Retirement System (ERS), whose actuaries have calculated that DWS's portion was upwards of \$19 million. This is the amount that the actuaries anticipate that DWS will owe in the future to all of its employees.

Chairperson Robinson asked if this were a liability or a contingent liability.

Mr. Sumada said that it is a liability; it will reduce DWS's equity, and show up as something that DWS owes, as long-term debt.

Chairperson Robinson said that is provided that every employee works, lives, retires, and starts being paid a pension. He asked if there would be an offset to the ERS; DWS has contributed to the ERS. He noted that the Board has voted to fund those contributions.

Mr. Sumada confirmed that the Board had voted to fund the contributions.

Chairperson Robinson said that in that case, it was a funded liability.

Mr. Sumada said that DWS funds it, with both the Department and employees making contributions to the pension fund. This new pronouncement arose because the accounting profession wanted to put on the books this future obligation to employees.

Chairperson Robinson asked again whether that obligation would be offset by money that has been contributed to ERS, which ERS invests so that the money grows and is maintained. He asked for confirmation that the retirement payments comes from ERS to the employees.

Mr. Sumada said that the investments by the ERS, etc., are not recorded on DWS's books.

Chairperson Robinson said that he could not understand how anyone could arbitrarily put a liability on DWS's books – for future obligations that DWS has paid ERS to take as an *obligor* to pay those funds to retirees upon their retirement. He said that DWS has in essence bought coverage from ERS for that \$19 million; he said one would think that ERS would give DWS an offset at some point. This sudden imposition of \$19 million in future liability – with no offset – is going to make DWS's books look messy.

Mr. Sumada said that would be a good question for the auditors when they come to present their report.

Chairperson Robinson asked when the auditors would come before the Board; he said he expected it to be after his term ends.

Mr. Sumada said that last time, the auditors came to the Board in January.

Chairperson Robinson said he would be off the Board by then.

The Secretary said he might be held over for up to 90 days after his term ends on December 31, or until his vacancy is filled, whichever is sooner.

G. MANAGER-CHIEF ENGINEER'S QUARTERLY UPDATE:

The Manager-Chief Engineer presented the Report on the first quarter of Fiscal Year 2015-2016. He noted that DWS has been getting some IT tasks accomplished. DWS has increased its connectivity speed to the Department's district offices, which now have the ability to easily utilize DWS's Geographic Information System (GIS). Usage has noticeably increased, which is very good.

On plan review, Mr. Inaba has been actively pursuing improvements on plan review time; DWS administration is now getting plan review status updates on a regular basis from the Engineering staff, the Manager-Chief Engineer said.

DWS has been implementing elements from the energy study that was presented in May; the Department has been working on draft amendments to the Power Cost Charge (PCC) formula, so that DWS can capture some capital to do energy-related projects.

Mr. Elarionoff noted that the print on the Quarterly Update spreadsheet was very small.

The Manager-Chief Engineer said that the print could be enlarged for the next quarterly update, and DWS could also email to the Board the Quarterly Report in the actual spreadsheet format, so that Board members can look at it in Excel, at whatever size they want.

H. MANAGER-CHIEF ENGINEER'S REPORT:

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

- 1) 2015 Hawai'i Water Works Association (HWWA) Conference -- The Manager-Chief Engineer said that Honolulu Board of Water Supply is working on their own energy savings performance contracting; he said that he really wants DWS to pursue that, too. He said that he has been emailing BWS Manager-Chief Engineer Ernie Lau and BWS staff, proposing to Mr. Lau that DWS bring over to Hilo the project manager doing BWS's energy savings performance contracting project. The idea would be to have the project manager meet with DWS staff, and present to the Board possibly next month on what BWS has been doing on the energy saving performance contract. DWS can learn from BWS about this initiative, which is totally out of DWS's area of expertise. DWS can learn from any mistakes that BWS may have made, and gain some crucial knowledge on the proper way to proceed. The Manager-Chief Engineer and DWS staff will be having a discussion on Thursday with the BWS project manager, Mr. Marc Chun, to get that process going. Chairperson Robinson noted that the energy study done for DWS by Mr. Steve Bolles included recommendations regarding such energy saving performance contracting; DWS was taking action on it. DWS wants to follow through on this recommendation, and the Department is also looking at other proposals from the study, such as the installation of variable frequency drives (VFDs). Some of the measures can be implemented in-house, but the energy savings performance contract is a system-wide endeavor. It would encompass everything from light fixtures to well controls, booster controls, etc. The contract would even include storage reservoirs, to accommodate Rider M discounts by providing more storage so that DWS can pump during off-peak hours. The Manager-Chief Engineer said that this would entail a massive audit of DWS's system; it would be an RFP process. There are pre-

approved energy performance contractors on the State Procurement list, he said. DWS would like Mr. Chun from BWS to explain the process, etc., to the Board, as well as to DWS staff.

The HWWA conference featured a noteworthy presentation by a meteorologist who forecast a dry winter and spring. As a result, DWS convened staff to focus on the situation in Waimea, which faces several water-related issues; one reservoir in Waimea is empty, and two wells there are out of service. DWS does not want to go into this dry season unprepared, and therefore, the Department is exploring its options and contingency plans. The Manager-Chief Engineer noted that this HWWA conference was one of the most solidly technical HWWA conferences he has participated in.

Ms. Wilson asked if anyone had done the tour of the Waihe'e Tunnel during the conference. Ms. Judy Hayducsko of Operations reported that she had toured the tunnel, whose springs are very different from the springs she had seen on the Big Island. The tunnel provides six to seven million gallons a day; this output, through a 24-inch pipe, is larger than any of DWS's spring sources. The water is trapped behind a basalt lens, like a dike system; the water is considered pristine, and untouched by human hands. The water is gathered for special blessings, Ms. Hayducsko said. She described the visit as inspirational, as well as an opportunity to see how other islands are handling their spring sources. Chairperson Robinson said that he had toured the tunnel in the past, noting the huge amount of water pressure that one can feel by putting one's hands on the tunnel wall. He noted that O'ahu has a lot of such vertical diking, and is blessed with a lot of good water sources; he added that he suspects that Kona's water source is vertical diking, as well.

- 2) Public Information and Education Specialist Update – Ms. Aton said the Lālāmilo Windfarm ground-breaking got a lot of press coverage, most recently with an article featuring the Manager-Chief Engineer presenting the project at a Tech Talk at the Gateway Center at NELHA. Ms. Aton reported that she and the Deputy are working on a video about conservation. Chairperson Robinson, noting that the previous windfarm had 120 turbines, asked how many the new facility would have. The Manager-Chief Engineer said that there would be five turbines, whose output would exceed that of the 120 turbines at the old facility. Ms. Lee Loy asked about an article in the Honolulu Star-Advertiser that said that about \$8 million in funds earmarked for clean water, water resource development, etc., was being left on the table. The Manager-Chief Engineer said that DWS was aware of that article, and had been working with DOH on getting funds for projects. He said that DWS has been participating in the State Revolving Fund (SRF) program for years; the Resolution that the Board voted on today was aimed at obtaining funds from that program. The Manager-Chief Engineer explained that the Federal government allots seed money to DOH yearly, and DOH is required to disburse and administer those funds. He said in DOH's defense that it was not entirely their fault that the money was left on the table; all of the counties, including DWS, were not spending the SRF funds as fast as they probably should have. DOH is getting a lot of heat for that, and as a result there is now a corrective action plan in place, involving the DOH's Safe Drinking Water Branch and the Environmental Protection Agency (EPA). They have certain targets that must be met, he said. This is an important matter, and DWS continues to work with DOH to make sure that the Department can utilize that source of funds as much as feasibly possible. For DWS, the big projects involving SRF funds right now are the Waimea Treatment Plant Compliance Upgrade at \$11 million, and the Kapulena Well Development Phase 2 at \$5 million. All of the counties are actively working with the Safe Drinking Water Branch to utilize the funds; this program

is the easiest source of outside funding, as far as working with the funding agency and managing the funds. Ms. Lee Loy offered the Board's support to facilitate the process of getting the funding; this is a lot of money being left on the table, she said. The Manager-Chief Engineer said that the State is facilitating it by making the process easier; the program used to be an interim loan agreement, then a final loan agreement. Now the program has gotten down to commitment letters, etc., as the State streamlines the process. The Manager-Chief Engineer needs the Board to support DWS when it introduces Resolutions to pave the way for obtaining SRF funds. Mr. Elarionoff suggested that a history of water in Hawai'i be undertaken, incorporating traditions such as the water-related origins of place names such as Kawaihae; Kawaihae is variously translated, but one translation is "Water of Wrath," which refers to disputes that broke out over the sole water source in the area. Ms. Aton said there were so many opportunities to educate through such old stories; she suggested that maybe a student might want to put together such stories as a project. She said that DWS can do its part by sharing what the Department knows as far as the current use of water; she said that it is valuable to educate how important water has been over the span of history. Chairperson Robinson said that the traditions regarding water are very interesting. He noted that natural springs were located in different areas among the islands, including the now-extinct spring at Kawaihae in Honolulu. Ms. Aton recalled that the Kona Water Roundtable was a good forum where cultural practitioners could share such stories with the community.

- 3) 2016 Water Board Meeting schedule – The Board by consensus approved the Board meeting schedule for next year.
- 4) Recognition of Employee of the Quarter – The Deputy announced that Water Board Secretary, Janet Snyder, was this quarter's honoree, and read the nomination letter written by Ms. Snyder's immediate supervisor, Private Secretary, Doreen Jollimore. Ms. Snyder thanked Ms. Jollimore, who has supported her every single day; Ms. Snyder said how enjoyable and fun it has been to work with the Board.

I. CHAIRPERSON'S REPORT:

No report.

10) ANNOUNCEMENTS:

1. Next Regular Meeting:

The next meeting of the Water Board is scheduled for 10:00 a.m. on November 24, 2015, at the West Hawai'i Civic Center, Community Center, Bldg. G, 74-5044 Ane Keohokalole Hwy, Kailua-Kona, HI.

2. Following Meeting:

The following meeting of the Water Board will be held at 10:00 a.m. on December 15, 2015, at the Department of Water Supply, Operations Center Conference Room, 889 Leilani Street, Hilo, HI.

11) ADJOURNMENT

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

The meeting adjourned at 12:08 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.