

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

**MEETING DATE:** September 28, 2004

**PLACE:** Hilo Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai'i

**TIME:** 10:00 a.m.

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- 1) CALL TO ORDER - 10:00 a.m.
- 2) STATEMENTS FROM THE PUBLIC
- 3) APPROVAL OF MINUTES -
  - 1) Minutes of the August 24, 2004, Public Hearing on Amendment to the Rules and Regulations
  - 2) Minutes of the August 24, 2004, Regular Water Board Meeting
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA (if necessary)  
**(Note: Addendum requires Roll Call Vote)**
- 5) NORTH KONA:

**A. TRI-PARTY AGREEMENT – WATER BOARD OF THE COUNTY OF HAWAI'I (BOARD), HAWAII ELECTRIC LIGHT COMPANY, INC. (HELCO), AND DEPARTMENT OF HAWAIIAN HOME LANDS, STATE OF HAWAI'I (DHHL):**

Through its willingness to participate in the construction of the Board's Honokohau Production Well, HELCO secured an 100,800 gpd water commitment for the expansion of its Keahole Generating Station. In order to proceed with the expansion of its Keahole Generation Station, HELCO agreed to mitigate the expansion project's impact on the community through a settlement agreement. This includes reducing use of potable drinking water by using brackish water as its primary source for the industrial needs of the project. HELCO was issued a water lease from the State of Hawai'i, Department of Natural Resources, for the brackish water use, however, subject to legislative disapproval.

HELCO is requesting approval to transfer 90% of its water commitment to DHHL for its Laiopua Project in Kealakehe pursuant to the settlement agreement. The Department has been in discussions with HELCO and DHHL which resulted in the drafting of the tri-party agreement, which complies with and supports the settlement agreement. The tri-party agreement provides for HELCO to complete its expansion project, DHHL to pursue housing for its lessees, and the Department to pursue water improvements; namely, the Palani Road Transmission project that will enable transporting water from the high level sources to our customers in the lower service areas. The tri-party agreement benefits the Department in the fact that it would be easier to provide water to DHHL's Laiopua project than it is to provide

water to the Keahole Plant and would reduce further strain on the Queen Kaahumanu pipeline in the area between Kaloko Industrial area to Keahole. (See attached proposed tri-party agreement.)

**RECOMMENDATION:** It is recommended that the Water Board approve the Tri-Party Agreement and authorize the Chairman or Vice-Chairman to execute the document subject to approval of the Corporation Counsel.

6) **SOUTH KONA:**

A. **STANDARD OPERATING PROCEDURE REGARDING SODIUM:**

At last month's Water Board meeting, staff was asked to develop an approach to address sodium level concerns in the water supply that we provide our consumers.

Attached is a proposed DRAFT STANDARD OPERATING PROCEDURE REGARDING SODIUM for review and discussion.

7) **MISCELLANEOUS:**

A. **DEDICATION OF WATER SYSTEMS:**

We received the following documents for action by the Water Board. The water systems have been constructed in accordance with the Department's standards and are in acceptable condition for dedication.

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

'IOLANI, INCREMENT IV, PHASE I (Subdivision Application No. 82-168)

E.W.O.: 2004-056

Grantor: Maryl Group, Inc. (fka Maryl Development, Inc.)

TMK: (3) 7-6-012:145

Lots: 18, plus 1 roadway lot

Zoning: RA-5A

Facilities Charge: 13 units @ \$500.00/unit                      \$ 6,500.00

5 units @ \$5,500.00/unit    27,500.00

Total                      \$34,000.00

Capital Assessment Fee: \$2,500.00

Final Inspection Date: August 9, 2004

Water System Cost: \$69,309.80

2. **GRANT OF NON-EXCLUSIVE EASEMENTS**

**BILL OF SALE**

UNIVERSITY OF HAWAII, HILO – UNIVERSITY PARK INFRASTRUCTURE IMPROVEMENTS

E.W.O.: Various

Grantor: University of Hawaii

TMK: (3) 2-4-001:por. 007 & 012 and 2-4-057:por. 025 & 026  
Facilities Charge: Various  
Final Inspection Date: Various  
Water System Cost: Various

3. **GRANT OF NON-EXCLUSIVE EASEMENTS**

**UNIVERSITY OF HAWAII, HILO – UNIVERSITY PARK INFRASTRUCTURE IMPROVEMENTS**

E.W.O.: Various  
Grantor: State of Hawai'i, by its Board of Land and Natural Resources  
TMK: (3) 2-4-001:por. 007  
Facilities Charge: Various  
Final Inspection Date: Various  
Water System Cost: Various

4. **LICENSE EASEMENT NO. 545**

**HILO SCATTERED LOTS - PIIHONUA SITE**

E.W.O.: 2002-031  
Grantor: Department of Hawaiian Home Lands  
TMK: (3) 2-3-025:014 to 017 and 047  
Lots: 17 plus 1 roadway lot  
Facilities Charge: \$71,950.00  
Final Inspection Date: September 10, 2004  
Water System Cost: \$115,955.00

5. **BILL OF SALE**

Alii Cove at Honl's Beach  
E. W. O.: 2004-077  
Grantor: Sunstone Realty Partners X, LLC  
TMK: (3) 7-5-09 & 18 Portions (Kailua-Keauhou Middle Road, Walua Road)  
Facilities Charge: To be determined  
CAF: To be determined  
Final Inspection Date: September 24, 2004  
Water System Cost: \$515,142.10

RECOMMENDATION: It is recommended that the Water Board accept these documents subject to the approval of the Corporation Counsel and that either the Chairman or the Vice-Chairman be authorized to sign the documents.

B. **GASOLINE BID NO. 2002-03, PARTS "A" AND "B" (2), FURNISHING AND DELIVERING GASOLINE AND DIESEL TO THE DEPARTMENT OF WATER SUPPLY:**

Due to the increase in gas prices, which is allowed by contract, the Department of Water Supply will be experiencing a shortage in the contract with Hawaii Petroleum, Inc. The gas

price has risen since the Water Board granted an adjustment to \$1.7568/gallon (from \$1.4668/gallon) in October of last year and added \$50,000.00 to the contract amount.

The present price is \$2.0868/gallon. An additional \$1,104.11 is required to provide gasoline for the Department's vehicles through June 30, 2004. Part "A" is to provide Unleaded Plus gasoline for the Hilo Baseyard, and Part "B" (2) is to provide Low-Sulfur Diesel for the Kona Baseyard.

**RECOMMENDATION:** It is recommended that the Board award an additional \$1,104.11 for GASOLINE BID NO. 2002-03, PARTS "A" AND "B" (2), FURNISHING AND DELIVERING GASOLINE AND DIESEL TO THE DEPARTMENT OF WATER SUPPLY to Hawaii Petroleum, Inc. The contract will increase from \$128,978.00 to \$130,082.11.

**C. STRATEGIC PLAN/ANNUAL BUSINESS PLAN:**

Information presentation to be made by the "champions" of the next three strategic initiatives and tactics listed in the 2004-2005 Annual Business Plan:

1. Mr. Richard Tsunoda - review and improve management of Department's investment portfolio.
2. Mr. Clyde Young - explore alternative internal and external funding sources for system expansion.
3. Mr. Richard Sumada - review and improve management of Department's revenues and expenses to minimize rates.

**D. PROFESSIONAL SERVICES AGREEMENT:**

Professional Services Agreement contracts for the following Department of Water Supply projects are currently being proposed. However, the projects are not listed on the Department's current 5-year Capital Improvement Projects list; therefore, Water Board approval is necessary to proceed.

1) Kulaimano Booster Station Improvements

Job No. 2004-848

Project Scope: This project consists of installing booster station and controls and appurtenances to boost well water to upper tank for improved water quality. The upper service area of Pepekeo can only receive spring water, which has corrosive properties. The lower area can receive a blend of groundwater (well) and spring water. Treatment attempts for the spring water have not completely resolved the corrosive properties of the spring water and the area exceeded copper action levels determined by the Environmental Protection Agency (EPA). The use of well water for this area would eliminate the leaching of copper from our consumers' home piping beyond EPA's action levels.

Consultant: To be determined

Construction cost estimate: \$200,000.00

2) Waimea Production Well and Supporting Facilities

Job No.: To be determined

Project Scope: This project consists of outfitting an encased deep well with a pump, piping, controls, control building, and SCADA for additional source capacity for the Waimea service area. The well is located below our existing 4 mg Clearwater Tank at the Waimea Treatment Plant. When completed this well will serve as a backup to the Parker Well and also supplement the surface source. The Department is working with the State and DHHL in an effort to create a partnership for the development of the well. The State and DHHL desires water capacity for its developments in the Waimea area. This partnership will provide for cost sharing of the development of the well.  
Consultant: To be determined  
Construction cost estimate: \$2,000,000.00

3) Ahualoa Well-Phase I

Job No.: To be determined

Project Scope: This project consists of drilling and testing an exploratory well close to our Backwash Tank in Ahualoa. If successful, a production well and reservoir will be designed and constructed to service the Honoka'a, Upper Paauilo, Upper Pohakea, and Ahualoa areas. Drilling by USGS of a monitor well in the area has shown the occurrence of high level groundwater. This proposed added source capacity is essential to the future growth of this area.

Consultant: To be determined

Estimated Cost: \$1,000,000.00

RECOMMENDATION: It is recommended that the Board approve the new projects, the professional services contracts, subject to results of the procurement process and that either the Chairman or the Vice-Chairman be authorized to sign the documents, subject to approval of our Corporation Counsel.

E. MONTHLY PROGRESS REPORT:

Review of progress report of projects.

F. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Review of financial statements and information.

G. FINANCE COMMITTEE REPORT:

Report and/or discussion.

H. MANAGER'S EVALUATION:

Attached is an evaluation form for Appointees/Managers, used by the Water Board for the yearly evaluation of the Manager.

RECOMMENDATION: It is recommended that each Board Member use the attached form to evaluate the Manager's past performance. Each Board Member shall then submit the

completed form to the Chairman, and the results discussed with the Manager under Executive Session at the next Water Board Meeting.

I. **MANAGER'S REPORT:**

1. Employee of the Quarter presentation - Ms. Susan Okamoto
2. Kona Coastview/Wonderview status
3. USGS Drilling Program
4. Kona Water Quality Progress
5. Resignation of Mr. Leonard Tanaka

J. **CHAIRMAN'S REPORT:**

**LUNCH RECESS**

**RECONVENE TO:**

K. **WATER BOARD GOVERNANCE POLICIES:**

For review and discussion

8) **ANNOUNCEMENTS:**

**Next Meeting:**

The next meeting of the Water Board will be held on October 26, 2004, 10:00 a.m., at the Department of Water Supply, Hilo Operations Center Conference Room, 889 Leilani Street, Hilo, Hawai'i.

9) **STATEMENTS FROM THE PUBLIC**

10) **ADJOURNMENT**

**If you require an accommodation or auxiliary aid and/or services to participate in this meeting (i.e., sign language interpreter, and large print), please call this number 961-8050.**

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