

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

MEETING DATE: October 25, 2005

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

TIME: 10:00 a.m.

- 1) CALL TO ORDER - 10:00 a.m.
- 2) STATEMENTS FROM THE PUBLIC
- 3) APPROVAL OF MINUTES - Minutes of the September 27, 2005, Water Board Meeting
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA (if necessary)
(**Note: Addendum requires Roll Call Vote**)

5) NORTH KONA:

A. **JOB NO. 2001-785, CONSTRUCTION OF THE WAIAHA PRODUCTION WELL AND 2.0 MG RESERVOIR:**

Attached is a copy of a letter dated October 11, 2005, from Isemoto Contracting Company, Ltd., requesting an extension of contract time. The contractor is requesting a 28-calendar day extension to allow for the late delivery of the gas detection control panel. The supplier had originally planned to ship the control panel to our contractor on September 23, 2005. However, due to the damage caused by Hurricane Rita to the production facility, the shipping date was postponed until October 21, 2005, a total of 28 calendar days.

This is the contractor's third time extension request. Staff has evaluated this request and finds that the 28-calendar day extension is justified.

RECOMMENDATION: It is recommended that the Board grant Isemoto Contracting Company, Ltd., a 28-calendar day extension for JOB NO. 2001-785, CONSTRUCTION OF THE WAIAHA PRODUCTION WELL AND 2.0 MG RESERVOIR, from November 2, 2005, to November 30, 2005.

6) MISCELLANEOUS:

A. **DEDICATION OF WATER SYSTEMS:**

The Department 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
 HILOLANI SUBDIVISION
 Subdivision Application No. 2003-175
 Grantor: Hilolani Enterprises, LLC
 E.W.O.: 2005-090
 T.M.K.: (3) 2-2-044:041
 Lots: 43 plus 1 roadway lot
 Facilities Charge: \$232,190.00
 Final Inspection Date: 9/30/2005
 Water System Cost: \$157,466.00
 Zoning: RS-10
 Paid: January 19, 2005

2. GRANT OF EASEMENT AND BILL OF SALE
 DEED
 BILL OF SALE
 KOHANAIKI INDUSTRIAL PARK, PHASE II
 Subdivision Application No. 2000-043
 Grantor: Kona Business Park Phase II LLC
 E.W.O.: 2003-031
 T.M.K.: (3) 7-3-009:015
 Lots: 24 plus 1 roadway lot
 Facilities Charge: \$104,400.00
 Capital Assessment Fee: \$500.00
 Final Inspection Date: 10/17/2005
 Water System Cost: \$2,306,295.00
 Zoning: ML-1A
 Paid: December 4, 2002
 Paid: December 4, 2002

3. GRANT OF EASEMENT AND BILL OF SALE
 HUALALAI HEIGHTS SUBDIVISION
 Grantor: International Development Projects Ltd.
 E.W.O.: 2004-086
 T.M.K.: 7-5-017:032
 Lots: 28 plus 8 Roadway Lots
 Facilities Charge: \$11,000.00
 Water System Cost: \$275,716.00
 Final Inspection Date: 9/23/2005
 Zoning: RS 7.5 & RS 20
 Paid: 2/11/2005

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. VEHICLE BID NO. 2005-07, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY:

At its September 27, 2005, meeting, the Water Board awarded Parts A, C, and F, of the subject vehicle bid to Inter Pacific Motors, Inc., dba Orchid Isle Auto Center (Inter Pacific Motors), at a cost of \$96,172.19. After award of the bid, Inter Pacific Motors requested an exemption to the bid that the size of the engine be smaller than specified in the specifications for all of the parts (see attached letter).

Staff reviewed the request and found it to be unacceptable. Any exceptions to the specifications should have been requested before the bid opening and specified on the bidding documents per bid requirements.

RECOMMENDATION: It is recommended that the Board cancel the award to Inter Pacific Motors, Inc., dba Orchid Isle Auto Center, for Parts A, C, and F of VEHICLE BID NO. 2005-07, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY, and award the bid for Parts A, C, and F to the next bidder, Clark Automotive Group, Inc., dba Island Chevrolet at a new contract price of \$103,667.88 and that either the Chairman or the Vice-Chairman be authorized to sign the documents, subject to approval of Corporation Counsel. (Additional resulting expenditure is \$7,495.69.)

C. **MONTHLY PROGRESS REPORT:**

Submission of Progress Report of Projects by Department (see attached). Department personnel will be available to respond to questions by the Board regarding the status/progress of any project.

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

Submission of financial statements and information relating to the financial status of the Department. Department personnel will be available to respond to questions by the Board relating to the financial status of the Department.

E. **WAIAKEA OFFICE PLAZA LEASE AMENDMENT NO. 1 - STATE OF HAWAI'I, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS:**

The State of Hawai'i, Department of Commerce and Consumer Affairs, is a tenant at the Waiakea Office Plaza, leasing 546 square feet of office space. This lease amendment provides for the following lease terms and monthly rents:

July 1, 2004, to June 30, 2005	\$982.80 (\$1.80/sf)
July 1, 2005, to June 30, 2006	\$1,037.40 (\$1.90/sf)

RECOMMENDATION: It is recommended that the Board approve Lease Amendment No. 1 for the State of Hawai'i, Department of Commerce and Consumer Affairs.

F. **RATE BLOCK THRESHOLDS:**

As requested by the Water Board at their last month's meeting, this item is being included in this Agenda for discussion and/or action. See attached sheet for threshold limits and corresponding rates.

The Block Thresholds and corresponding rates are commonly referred to as inverted block rates. It is structured to promote conservation of water and discourage waste since the more water is used, the more expensive it is per 1000 gallons. It should be noted also that

projected revenues depend in part by the inverted block structure. Modifying the Block Thresholds will have an effect on future revenues.

G. FUNDING AGREEMENT WITH UNITED STATES GEOLOGICAL SURVEY:

Funding Agreement with USGS will be discussed and Department personnel will be available to respond to questions by the Board regarding the status/progress.

H. PROPOSED REVISION TO SERVICE LATERAL INSTALLATION CHARGES FOR STATE RIGHT-OF-WAYS:

Currently, the fee to install a service lateral connection for a 5/8-inch meter on State right-of-ways pursuant to our published Water Rates is \$4,600.00. This is a flat rate fee and applies to either side of the highway regardless of the location of the pipeline. The actual cost the Department incurs for a service lateral connection on State right-of-ways, which crosses the highway, is averaging \$25,002.46 islandwide. This average includes the cost to do the design and plans as required by State Highways. The specific district cost averages are: Hilo-Puna, \$22,095.25; Hamakua-Kohala, \$16,200.00; and Kona, \$26,792.50. For every service lateral connection, the Department provides on State right-of-ways, which crosses the highway, we are losing an average of \$20,402.46. To revise the fee we charge to our prospective consumers for service lateral connections on State right-of-ways, the Water Rates need to be changed through the public hearing process. An alternate revision, which would provide our prospective consumers greater flexibility, is to allow them to contract on their own for the design and plans and for the construction of the service lateral connection, providing that the construction is done by a licensed contractor. In this case, we would perform the wet tap to the pipeline and provide inspection of the construction to assure conformance to our Water System Standards. To assure fairness to residents alongside a State Highway, this alternate revision should apply to either side of the highway, regardless of where the pipeline is.

RECOMMENDATION: It is recommended that the Board agree in concept to the above proposed alternate revision to our published Water Rates and that staff prepare a draft amendment to the Water Rates for the Board's review at the November 2005 regular Board meeting and that public hearings for this purpose be scheduled in 2006.

I. EXECUTIVE SESSION:

The Board anticipates convening an executive meeting regarding the following case, pursuant to Section 92-5(a)(4), Hawai'i Revised Statutes (HRS), as amended, for the purpose of consulting with its attorney on questions and issues pertaining to the 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.

- 1. Attorneys, BAUMAN, LOEWE & WITT, claim for subrogation on behalf of The Hartford and John & Irene McCulloch regarding damages to Unit #A103, Kaulana at Kona.*

J. **MANAGER'S REPORT:**

- 1) The Manager will provide a report/update of the construction/status of the Kona Coastview/Wonderview Improvement District project.
- 2) The Manager will provide an update on the status of the projects undertaken by the USGS Drilling Program and will discuss participation in the Program in general.
- 3) The Manager will provide a report on Kona water quality and various steps being undertaken to improve said water quality, including the obtaining of corridors from various developers/private landowners.
- 4) Employee of the Quarter presentation

K. **CHAIRMAN'S REPORT:**

Chairman to provide comments and/or information relating to matters of concern to the Water Board.

7) **ANNOUNCEMENTS:**

1. **Next Meeting:**

The next meeting of the Water Board will be held on November 22, 2005, 10:00 a.m., in the **Waimea Community Center** (adjacent to Waimea Ball Park).

8) **STATEMENTS FROM THE PUBLIC**

9) **ADJOURNMENT**

The meeting place is accessible to persons with disabilities. If you require use of an auxiliary aid or other access accommodation, please contact Doreen Shiota at 961-8050 as soon as possible or at least 5 days prior to the meeting.

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