

MINUTES

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

February 27, 2007

HILO OPERATIONS CENTER CONFERENCE ROOM

MEMBERS PRESENT: Mr. Thomas Goya, Chairman
Mr. Riley Smith, Vice-Chairman
Ms. Millie Kim
Ms. Paula Helfrich (10:12 a.m.)
Mr. Dwayne Mukai
Mr. George Wilkins
Mr. Milton D. Pavao, Manager, Department of Water Supply
(ex-officio member)

ABSENT: Mr. Loren Heck, Water Board Member
Mr. Bernard Konanui, Water Board Member
Mr. George Harai, Water Board Member
Mr. Christopher Yuen, Director, Planning Department
(ex-officio member)
Mr. Bruce McClure, Director, Department of Public Works
(ex-officio member)

OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel
Mr. Steven Lim, Carlsmith Ball, LLP
Mr. Bill Brooks, Westpro Development
Mr. Sidney Fuke
Mr. Jim Quirk, West Hawaii Today

Department of Water Supply Staff

Mr. Quirino Antonio, Jr., Deputy Manager
Mr. Kurt Inaba, Engineering
Mr. Keith Okamoto, Engineering Division
Mr. Lawrence Beck, Engineering Division
Mr. Daryl Ikeda, Chief of Operations
Mr. Richard Tsunoda, Waterworks Controller
Mr. Richard Sumada, Assistant Waterworks Controller

CALL TO ORDER - Chairman Goya called the meeting to order at 10:08 a.m.

STATEMENTS FROM THE PUBLIC (*verbatim*)

Chairman Goya briefed the members that Mr. Lim was present representing the Waiaha South and Waiaha North Developer's Agreement, which was supposed to have been on the Agenda for today's meeting. The Board will allow Mr. Lim's statement from the public.

1) Mr. Steven Lim:

S. LIM: (Mr. Lim handed out February 16, 2007, documentation addressed to the Department of Water Supply.)

M. KIM: Mr. Chair, I just had a question (of Mr. Lim). Is this related to the water tank in Waiaha in Kona mauka?

S. LIM: That's correct.

M. KIM: Okay. I just was curious.

S. LIM: It's a private system being proposed for development of the Waiaha Well. It's been existing for -, it's a Water Supply well up there. Proposing to bring two legs of the water system down what we call the north leg and the south leg. Those are located north and south of the well. So one of those legs, the south well, the south leg, would run all the way down to Queen Kaahumanu Highway. We've passed out the February 16 transmittal by our office to the Department of Water Supply regarding the Agreements for this project. We had hoped that we would be on the Agenda to discuss this today; but today I am appearing to request that we be placed on the next Agenda of the Water Board, which I understand is in Kona on March 27. Is that correct?

CHAIRMAN GOYA: Correct.

S. LIM: Some of the history behind the project is that we have been negotiating this Water Agreement. I think the first time we sent a draft of the Water Agreement to the County was in November 21 of 2005. We have been going back and forth in negotiating now for a year and a half at least. The Agreement is, I think, very close to final as between the developer and the Department of Water Supply. We only have, I think the biggest issue is the developer's desire to ascertain the cost of the oversizing of the system to meet the Department of Water Supply's needs prior to starting construction. Your Rules provide that after construction, the developer will provide an affidavit of the cost, which will be certified by the Department, and then they would repay him the oversizing. In this particular case, because the developer has to rely on outside sources of funding, he is requesting that the Agreement reflect some form of a way to handle that issue up front before he starts construction and dedication of the system. I will be working with Corporation Counsel and the Department of Water Supply to see if we can resolve that issue so that it doesn't trigger any procurement concerns or any of the other issues raised by the Department. So we hope to return to you folks, and the reason why I passed the Agreement out that we submitted so far...please understand that that has not been agreed to by the Department of Water Supply. It is, however, a fairly nearly final draft so we would like to see if you could take

some time to review those Agreements so that by the time we come back in March, we can have a significant discussion or substantive discussion on the issues. This is an approximately \$5 million privately funded water project, which will be dedicated to the Department of Water Supply at its conclusion and I think would provide much needed water to the Kona community. So we would ask for your support.

CHAIRMAN GOYA: Thank you Mr. Lim. As I said earlier, this is just a statement from the public, and there is no questioning from any of the Board Members. In receipt of your document, we realize that there has been an oversight on the part of getting this on this month's Agenda; and on behalf of the Board and the Department, I would like to apologize for the delays that getting this document and the necessary approvals agendized.

S. LIM: I appreciate it. We have had difficulties with the credibility of the project because of the delays that we have encountered--not entirely to the Department of Water Supply's fault. We had some issues that we had to resolve on our side also. I would hope, at this point, we can both move forward to working on the Agreement in earnest.

CHAIRMAN GOYA: Thank you. We -, all of us here on the Board have been fully apprised of the need for the system to be in place and connections to the existing water system to improve the reliability and quality of water in Kona. Thank you.

S. LIM: Thank you very much. I think that to the extent that the Board Members have questions...I know this is not the forum for it...or issues that they have upon reading our documents, if they could direct that to the Water Department so we could try to work on that in the interim before we come back in March.

CHAIRMAN GOYA: Thank you Mr. Lim.

(Mr. Lim left the meeting at 10:15 a.m.)

APPROVAL OF MINUTES

ACTION: Mr. Smith moved for approval of the Minutes of the January 23, 2007, Water Board Meeting; seconded by Ms. Kim and carried unanimously by voice vote.

ADDITION OF ADDENDUM AND SUPPLEMENTAL AGENDA:

ACTION: Mr. Smith moved to add Addendum Item 7(A) MISCELLANEOUS, Dedication of Water Systems, #6, Grant of Easement for waterline purposes for Ke Kailani Subdivision, and #7, Bill of Sale for Ke Kailani Subdivision; seconded by Mr. Wilkins and carried by roll call vote (Ayes: 6 – Mss. Kim and Helfrich, and Messrs. Mukai, Smith, Wilkins and Chairman Goya).

NORTH KOHALA:

A. JOB NO. 2002-805, MAKAPALA PRODUCTION WELL AND SUPPORTING FACILITIES:

The Board considered a request from the contractor, Isemoto Contracting Co., Ltd., for a 30-calendar day time extension due to continuing delays in Hawaii Electric Light Company, Inc.'s (HELCO), work to design/install power poles.

This is their sixth time extension request. Previous extensions were as follows:

- First time extension - 170 calendar days (delays in the building permit processing, modifications to the access road, and changes in the motor controls).
- Second time extension - 9 working days (rain-out days).
- Third time extension - 56 working days due to asphalt shortage and time to obtain easements.
- Fourth time extension - 59 calendar days due to Hawaii Electric Light Company, Inc.'s, problems in trying to obtain their required easements.
- Fifth time extension - 61 calendar days due to continuing delays with Hawaii Electric Light Company, Inc.'s, work to design/install power poles.

Staff has reviewed the request and finds that the 30 calendar days are justified.

The Manager recommended that the Board approve a contract time extension to Isemoto Contracting Co., Ltd., of thirty (30) calendar days from February 28, 2007, to March 30, 2007, for JOB NO. 2002-805, MAKAPALA PRODUCTION WELL AND SUPPORTING FACILITIES.

ACTION: Mr. Smith moved for approval of the Manager's recommendation; seconded by Mr. Wilkins and carried unanimously by voice vote.

NORTH KONA:

A. JOB NO. 99-754, PUAPUAA 2.0 MG CONCRETE RESERVOIR AND SUPPORTING FACILITIES:

The Board considered a request from the contractor, Willocks Construction Corporation (Willocks), for a contract time extension of 487 calendar days (**2 years and 125 days***) due to the delay in bringing HELCO power to the site as stated in their request. Part of the delay in bringing HELCO power to the site was a result of the redesign of the driveway as stated in the previous time extension request. The neighboring property, Kuakini Self Storage, was responsible for the driveway, and Department of Public Works approval was required prior to issuing plans to the contractor. Subsequently, upon obtaining the permanent power to the site, Willocks had to bring back their sub-contractors to complete the equipment installation and testing.

This would be the fourth time extension to the contract. Previous extensions are as follows:

- 1st time extension – 91 calendar days.
- 2nd time extension – 122 calendar days (access road issue with Department of Public Works).

- 3rd time extension – 62 calendar days (access road issue with Department of Public Works still not resolved).

If approved, the contract completion date will be extended from September 30, 2004, to January 31, 2006. Engineering staff has reviewed the request and finds that the 487 calendar days are justified; and the project has been completed as of January 31, 2006. This delay in request for extension is due to non-receipt of closing documents. The reservoir has been in use since September 2004.

The Manager recommended that the Board grant this extension of contract time of 487 calendar days to Willocks Construction Corporation for JOB NO. 99-754, PUAPUAA 2.0 MG CONCRETE RESERVOIR AND SUPPORTING FACILITIES.

MOTION: Mr. Smith moved for approval of the Manager's recommendation; seconded by Mr. Wilkins.

***Mr. Inaba announced that the number of days needed to be corrected in the first paragraph of the Agenda item. It should be one year and 123 days.**

Mr. Wilkins stated that this request seems to include the extensions that have already been granted in the past, although the dates do not add up, even with the deduction of two years to one year (noted by Mr. Inaba earlier). Secondly, it seems to say that the contract is completed even with the extension that the Board is asked to grant. It is not clear to him to what extent the one year and 123 days is different from the days that were calendared in the first, second, and third time extensions.

The Deputy Manager stated that Mr. Wilkins is correct in that the project is virtually completed. In fact, the Department has been running the system since January 2006. (Mr. Inaba noted that from that time, up until September 2006, the system was in use, but there were a lot of items that needed to be cleared up, such as access.) The Deputy Manager noted that this time extension is basically a formality to finalize this so that the contractor can submit their final documents.

Ms. Helfrich wondered if it could be solved by submitting a request for retroactive contract time extension, just so it does not look so bad.

The Manager clarified that the project is not closed until everything is done. Although the reservoir was used since September 2004, there were things that needed to be cleared up. The delay is really because the contractor did not get the closing documents in to the Department. The thing to look at is that the Department has been using the system. This is just to legally close the contract.

Ms. Kim commented that each time there are cases of multiple extensions, she finds staff's explanations to be very good and feels comfortable making decisions based on them. Most times it is beyond the control of the Department.

Mr. Smith commented that staff should use their judgment and if a project is substantially complete, put it in service and let all of the paperwork follow through. He understood the Department needs to close the contract and officially grant the extension of time, otherwise, liquidated damages would be an issue. The other concern he had was in the letter from Willocks, they talk about if the extension of time is granted, then the project would have been completed January 31, 2006. Typically, the contractor's warranty is for a one-year period, so if the Board accepts this change order request, it is effectively granting that the contractor's obligations have expired. If the Department tells the Board it is fine with operating the system and it performs as the contract stated, maybe an amendment is needed to understand that the Board is accepting all of the contractor's improvements.

The Deputy Manager stated that the Department is fine with that as far as the time period and the warranty period already being up. As mentioned, the Department has been operating the system. If any discrepancies or concerns were found, they would have been pursued with the contractor.

The Manager stated that, in all fairness, if the Department wants the contractor to be fair with the Department, the Department has to be fair with them also. The Department has had "gentlemen" agreements whereby if it utilizes the facilities prior to the time, the warranty starts from then.

Mr. Wilkins asked if he was correct in understanding this gives the Department authority to pay off the contractor. (The Manager replied in the affirmative.)

Mr. Wilkins also noted that over the last two or three years, there have been rapidly accelerating time extensions mainly due to lack of action on the part of HELCO. He can appreciate the fact that HELCO is overworked, but you do not remain overworked for a period of years unless you fail to respond to the additional workload that you have. He is worried about HELCO's impact on this and other County construction jobs.

The Manager stated that HELCO has jobs scheduled at certain times; and if this Department's contractors do not meet their schedule, HELCO goes on to the next job. A lot of times, that is the cause of delays. It is not entirely HELCO's fault.

Mr. Wilkins reiterated that it is the future he is worried about, and not the past.

Mr. Inaba mentioned that this delay was because of the redesign of the driveway, and HELCO's schedule was thrown off as a result.

Chairman Goya commented that this job has been on the Monthly Progress Report for a while. It is listed as "job complete" and is under budget. At this time, it is more of a formality.

AMENDMENT TO MOTION: Mr. Smith amended the Motion to add the understanding that by approving this item, this change order request, that the Department of Water Supply is also accepting the improvements that the contractor has completed because the warranty period has expired; seconded by Mr. Wilkins and carried unanimously by voice vote.

Mr. Mukai asked if something like this happens where it has not been formally accepted as completed but the Department is using the facility, what would happen in the case of third-party lawsuits and who would be responsible.

Mr. Inaba replied that until the closing documents are submitted, there is an inspection date and a final acceptance date when they submit all of their closing documents; and they are required to have their insurance active over the project. He was not sure what way a claim would go.

Ms. Garson stated that it would probably be disputed. It depends on whatever the contract terms were about, such as risk of loss, etc.

Mr. Mukai commented that it may be something the Department would want to look at in the future if the Department uses systems before final acceptance.

The Deputy Manager stated that this was a valid comment, and the Department would need to watch those kinds of situations in the future.

ACTION: A vote was taken on the Motion, as amended, carried unanimously by voice vote.

MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

The Department has 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. **BILL OF SALE**
HUALALAI ELDERLY HOUSING PHASE 3 PROJECT
Seller: Hualalai Elderly Housing Phase 3 Limited Partnership
TMK: (3) 7-5-010:084
E.W.O.: 2006-043
Facilities Charge: \$137,500.00 Paid: 9/28/06
C.A.F.: \$1,000.00 Paid: 9/28/06
Final Inspection Date: 1/28/07
Water System Cost: \$51,080.00

2. **GRANT OF EASEMENT AND BILL OF SALE**
Subdivision Application No. 97-118
KEAHOLE HEIGHTS, PHASE II
Grantor: Keāhole Gardens Limited Partnership
TMK: (3) 7-3-054:010
E.W.O.: 2005-083
Lots: 13
Facilities Charge: \$34,845.00 Paid: 5/9/06
Final Inspection Date: 2/16/06
Water System Cost: \$74,593.00

3. **GRANT OF EASEMENT AND BILL OF SALE**
 KAPUAHI STREET (PORTION OF LOKAHI MAKAI, PHASE 2)
 Grantor: Sonny Ventures, LLC, by Westpro Holdings, LLC, its Manager
 TMK: (3) 7-3-010:050
 E.W.O.: 2004-070
 Final Inspection Date: 3/13/06
 Water System Cost: \$449,639.00

4. **GRANT OF EASEMENT AND BILL OF SALE**
 KAKAHIKA STREET (PORTION OF LOKAHI MAKAI PHASE 1 & PHASE 2)
 Grantor: Sonny Ventures, LLC, by Westpro Holdings, LLC, its Manager
 TMK: (3) 7-3-010:054
 E.W.O.: 2004-095 (Phase 1) & 2004-070 (Phase 2)
 Final Inspection Date: 3/8/05
 Water System Cost: \$470,122.25

5. **GRANT OF EASEMENT AND BILL OF SALE**
 KAKAHIKA STREET EXTENSION (LOKAHI KA‘U)
 Grantor: Seascape Development, LLC, by Westpro Holdings, LLC, its Manager
 TMK: 7-3-010:054
 E.W.O.: 2007-009
 Final Inspection Date: 2/13/07
 Water System Cost: \$226,963.80

6. **GRANT OF EASEMENT (for Waterline purposes)**
 KE KAILANI SUBDIVISION
 Grantor: Mauna Lani Resort (Operations), Inc.
 TMK: (3) 6-8-022:039 portion

7. **BILL OF SALE**
 KE KAILANI SUBDIVISION
 Seller: Ke Kailani Development LLC
 TMK: (3)6-8-022:039 portion

The Manager 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.

ACTION: Mr. Smith moved for approval of the Manager’s recommendation; seconded by Ms. Helfrich and carried unanimously by voice vote.

B. WATER RATE STUDY:

At the January 23, 2007, Water Board Meeting, the Board took action by a duly processed motion not to consider a rate change “at this time.” The Motion was based on R. W. Beck, Inc.’s,

conclusion that rates do not need to go up for at least three (3) years. In addition to the motion, the Department would like to provide closure for the rate study and document it in a report normally provided by the consultant. The Department also would like to update the Strategic Plan and see if any proposed action or decisions resulting from the update would impact the rates.

The Manager recommended that the Water Rate Study be finalized and the consultant be directed to complete the Final Report of the Water Rate Study and that the Department proceed with the Strategic Plan update and report back to the Board any proposed cost impacts.

MOTION: Mr. Smith moved for approval of the Manager's recommendation; seconded by Ms. Helfrich.

Chairman Goya noted that the direction for the consultant to take now is to work on having the Strategic Plan updated so the Department can plan appropriately for the next five years or so.

The Deputy Manager indicated that the names of qualifying individuals for the Personnel Information and Education Specialist are forthcoming this week or next week.

Chairman Goya commented that he has been the champion of this position from the beginning, and it is "communications" that should be emphasized from the Water Board and the Department to the community and its customers.

Mr. Mukai asked if the release of the Board's decision last month with regards to no rate increases has to wait until after this Personnel Information and Education Specialist person is on staff. He was concerned with getting the word out because the Board decided on the rates in January.

The Deputy Manager stated that the Department would not have to wait for that.

(Ms. Kim left the meeting at 10:37 a.m.)

ACTION: A vote was taken on the Motion. Motion was carried unanimously by voice vote.

C. **MONTHLY PROGRESS REPORT:**

Mr. Wilkins asked about the status of Job No. 2004-857, Kalaoa Deep Well Emergency Repair, and if the replacement pump is to be upgraded according to an agreement a couple of years ago with a local developer.

The Deputy Manager replied that the developer has proceeded with the upgrade of that well. He asked if Mr. Inaba had an idea of when it would be on line.

Mr. Inaba stated that they were hoping to get that on the Agenda for this Board Meeting; however, there are some issues that need to be cleared up, such as disinfection of the well. There are only a few more items needed to get it on the Agenda for next month's meeting.

Mr. Wilkins conveyed that it is a subject of considerable discussion with residents in that area because they remember when the submersible pump failed but by chance had an emergency connection that could be made to the Queen Liliuokalani Well. He commented that they seem to be only one more failure away from carrying their water in buckets.

The Deputy Manager stated that, fortunately, those other wells were on line that the Department could rely on. The Department is actually using the Queen Liliuokalani Wells (QLT) already. They have been in production for several years now; and in fact, the Department has repaired it a couple of times already. The Department also has the Honokohau, Hualalai, and several other wells it could rely on. He was even surprised that, with the Kalaoa Well, the QLT and even the Honokohau well did go offline and the Department was able to sustain itself. Primarily, the Department does have some storage that helps through emergency situations.

The Manager stated that he had to object to the use of the words like “carrying water in buckets.” Comments like that are really not in the best interests of the Department. The last time the Department had issues with the wells, the Department’s Kona personnel manipulated the system so that water was restored within a matter of hours. He is very proud of the staff in Kona.

Mr. Wilkins also agreed with the Manager’s commendation of the Kona staff, and he should be proud. It is just that the weekend when the submersible pump failed, there was a period of some hours, almost a day, when it did appear as though they drained their storage tanks. That might be as bad as the overstatement he made.

The Manager added that the personnel in Kona is well trained and know the system really well. They would do their best to make sure everyone has water.

Mr. Smith asked when this incident happened and how many people were without service and how long they were out of water.

The Manager replied that it was three years ago, and they were without water for about two hours.

Mr. Smith commented that for the size of this island and for how widespread the service zones are, when he reads about situations on Oahu where they do not have water and it is a community of 25,000 people without water, that concerns him. But being out of water for two hours and this Department having water tankers available for the community so their emergency needs can be addressed, he thinks this Department is doing a wonderful job.

Mr. Wilkins stated, for the record, that he was not trying to place any blame on the personnel in Kona. They are doing a fantastic job. He remembered contacting the Manager during that outage and learned that one long term employee of the Department remembered a normally unused water valve that allowed a reconnection of water to the Palani area. He was really glad that the Department has people like that on staff.

(Messrs. Brooks and Fuke left the meeting at 10:40 a.m.)

D. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Chairman Goya appreciated the Department's efforts in filling its vacancies. He noted the Department is getting new engineers on board.

The Deputy Manager announced another engineer would be starting work on March 1, 2007. When asked if they are from local areas, he replied that Mr. Quitariano, whom the Board met last month, is from Oahu. The person starting in a couple of days is from this island.

Some discussion followed on whether the Department is still short on engineers. The Deputy Manager noted that there are about four unlicensed engineer positions may have to start being filled to start the training process. Chairman Goya mentioned a type of analyst position to free up the engineers.

The Manager added that vacant positions are a dynamic thing. As time goes along, the Department finds it may need certain types of personnel so it will never be exactly as listed. An example would be that after the Department had one of its staff meetings, it was discovered there may be a need for a land agent.

In response to Mr. Mukai's question about an accounting term on the Financial Statements, Mr. Sumada replied that "financial imprest" means petty cash funds.

E. MANAGER'S REPORT:

1) Report on negotiations with Kamehameha Investment Corporation

The Department has been in contact with Mr. Kauhane, and staff is working on figures to present to him. As mentioned previously, they are going on two simultaneous tracts. They are developing their system, but they still want to work with this Department, which is good. Chairman Goya asked that the Department stay in close negotiations with them because of the importance of water in that region. Because they own most of the land, getting easements would be a little easier than trying to put a water system along a busy highway.

2) Report on status of the Palani Road Transmission Waterline project

The Manager indicated that Mr. Lawrence Beck received the appraisal for the required easements that the Department is working with private landowner in getting. He will be forwarding those appraisals to the landowner and start securing the easements. If that goes well, the project will possibly go out to bid this summer. The estimated cost is \$15 million, to come out of the \$25 million General Obligation Bond.

Also, in talking about projects in Kona, the Deputy Manager stated that the Senate Bill No. 1596 before the Legislation is still alive. It was cut back from \$12 million to \$6 million, but the Department can use whatever monies come out of that. If worse comes to worse, the Department could use some of that money on this project or other projects that are online for North Kona.

Chairman Goya asked if the two projects can be combined together or occur simultaneously to provide water to the Hawaiian Homes project.

The Manager stated that what the \$6 million will buy will just complement this project.

- 3) Mr. Smith asked about the status of repair of the Clearwater Reservoir.

Mr. Ikeda stated that the cleaning was completed February 26, 2007. During the initial inspection, some cracks were found. In order to do the repairs, since the reservoir was shut down, the Department contracted out to have the sediment cleaned from the bottom. There was 10 inches of sediment. Now that the cleaning is complete, the Department will contract out to have divers come in and repair the Clearwater Reservoir.

In response to Mr. Smith's question about the cleaning methods, Mr. Inaba replied that there are disinfecting procedures for the divers that go into the tank. Mr. Ikeda added that there are actually robotics that go into the tank, which are controlled from the outside. The Department will be provided with a video on their findings.

Mr. Smith stated that he has not noticed anything different in his water.

- 4) Mr. Smith asked about the Kona Coastview/Wonderview project and if there were any remaining items.

The Manager stated that everybody is connected.

The Deputy Manager stated that the Department has not heard any concerns so far regarding the project. Only, some of the residents, because it is an Improvement District, there may be a few that already had gone delinquent as far as their assessments. For the Board's information, there is another Improvement District in the works for the Puukala Subdivision in North Kona. It is a smaller subdivision (about 80 lots) and is still before the County Council for approval of the Resolution.

In response to Mr. Wilkins' question as to whether streets have been restored in Coastview/Wonder view subdivisions, the Deputy Manager replied that the paving was done; and that was one of the items that needed to be approved before final acceptance.

Chairman Goya asked if the Department has a "lessons learned" document or report that could be useful in working with other communities that are considering Improvement Districts.

The Deputy Manager stated that other communities were probably watching this one to see how it went, and that is why there may be more of a push for Improvement Districts, such as Puukala Subdivision. That subdivision started almost the same time as Coastview/Wonderview and had its problems as well. Recently, there was a newspaper article about Councilman Ikeda wanting to push for a Kaumana City Improvement District. Here in Hilo, there are subdivisions without water. That matter is still being deferred.

Mr. Smith asked if the Department would write up some kind of critique to the Council, outlining how this project went, detailing any concerns, what worked, what did not work.

The Deputy Manager replied it could be done.

Mr. Wilkins felt that the Department deserves a complete press release on this project. It did good work in the Coastview/Wonderview area.

5) Mr. Smith asked for an update on the Automatic Meter Reading (AMR) installation.

Mr. Sumada reported that staff finished installing the first 2,200 meters in Hilo and Kona, most of them in Kona. They are still being tested for the actual transmissions into the vehicle unit and then the transfer from there to the billing system. Work on that has been a little slow because the bugs are being worked out. It is still in progress and not complete at this time.

Mr. Smith asked what the level of service was from the manufacturer since they made a lot of claims that they were the best.

Mr. Sumada replied that Neptune Technology Group (Neptune) contracted out the actual installation of the equipment in the ground to a company called Island Landscaping. Neptune had represented that they wanted to have all of the meters installed over a period of six weeks. That did not happen. It took about three months. The information that the Department received from the installers, which was vital to the Department's billing system, came in sporadic and incomplete. There were problems with that transfer. It did not go smoothly. For the most part, the equipment is working okay. It is just that the timeframe was not as they had represented, and information was not as complete as they indicated.

The Manager stated that in hindsight, the Department did the right thing by starting out small. The Department envisioned problems like integration into the billing system. He is glad this started out a little at a time. It was a good learning experience. When the Department goes in for the next incremental installation, it will be better prepared. He noted that these meters are fast and safe to read.

The Deputy Manager mentioned that because of the delays, there is one area where it caused a delay in billing. They are now being billed for four months instead of two. If the Board Members receive any feedback from the public on this issue, it is due to the AMR. He added that Mr. Sumada and Ms. Hudman have been going out in the field to ensure that these installations were done properly.

Mr. Smith commented that it would be good for staff to update the Board, especially for those who will attend the American Water Works Association (AWWA) National Conference in Toronto, because representatives from the vendors will be there; and they need to get accurate feedback from the Board.

The Deputy Manager stated that there are other companies that are out there that may also come with their recommendations.

The Manager stated that the reading capabilities of the equipment is fantastic. The only problem was the coordination with their subcontractor and the integration into the billing system.

- 6) Mr. Smith also mentioned he is usually in the neighborhood of the Department's Waimea office and sees the tapping team practicing after work hours.

The Manager stated he has allowed some work time for practice, if their schedule allows it. This competition is very important. It is the first time this island will be represented at the AWWA national competition since its inception.

F. **CHAIRMAN'S REPORT:**

Chairman thanked Mr. Wilkins for coming to the meeting. He noted that a replacement for Mr. Wilkins' district is still not in place.

He reiterated his previous comments about changing the Department's motto to something like "Water, our most precious resource." As soon as the Public Information and Education Specialist is on board, the process of working on that can begin.

ANNOUNCEMENTS:

1. **Next Meeting:**

The next meeting of the Water Board will be held on March 27, 2007, 10:00 a.m., in the Royal Kona Resort, Resolution Room; 75-5852 Alii Drive, Kailua-Kona, Hawai'i.

Ms. Helfrich mentioned that she will not be able to attend next month's meeting in Kona.

STATEMENTS FROM THE PUBLIC

None.

ADJOURNMENT

ACTION: Mr. Smith moved for adjournment of the Meeting; seconded by Mr. Wilkins and carried unanimously by voice vote. (Meeting adjourned at 11:03 a.m.)

Secretary

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