

## MINUTES

DEPARTMENT OF WATER SUPPLY  
COUNTY OF HAWAI'I  
WATER BOARD MEETING  
May 24, 2005

### ROYAL KONA RESORT, RESOLUTION ROOM

MEMBERS PRESENT: Mr. Loren Heck, Vice-Chairman  
Mr. Thomas Goya  
Ms. Paula Helfrich  
Ms. Millie Kim  
Mr. Bernard Konanui  
Mr. Riley Smith  
Mr. George Wilkins  
Mr. Milton D. Pavao, Manager (ex-officio member)

ABSENT: Mr. Ivan Mochida, Chairman  
Ms. Sandra Scarr, Water Board Member  
Mr. Bruce McClure, Director, Department of Public Works  
(ex-officio member)

OTHERS PRESENT: Ms. Katherine Garson, Deputy Corporation Counsel  
Mr. Bennett Mark, representing Mr. Christopher Yuen, Director,  
Planning Department (ex-officio member)  
Mr. Roger Dilts

#### Department of Water Supply Staff:

Mr. Quirino Antonio, Jr., Deputy Manager  
Mr. Glenn Ahuna, Engineering Division Head  
Mr. Daryl Ikeda, Acting Chief of Operations  
Mr. Richard Tsunoda, Waterworks Controller  
Mr. Richard Sumada, Assistant Waterworks Controller

CALL TO ORDER - Vice-Chairman Heck called the meeting to order at 10:07 a.m.

#### STATEMENTS FROM THE PUBLIC

1) Mr. Roger Dilts

Mr. Dilts stated that he was present, representing himself; however, he has served as president on the Kona Coffee Council and is friends with the president of the Kona Farm Bureau and also works with the Kona Farmers Alliance. He had worked with Mr. Milton Pavao throughout

1999/2000 on the establishment of agricultural (ag) rates and installation of backflow preventers, along with Mr. Mike Watanabe of the Department. He has recently had, in the community, several people complaining about the forms everybody received in the mail for renewal of ag rates. Nobody is really upset about this, other than questioning the amount of paperwork and the necessity of it. Once you obtain your general excise license, you have your number forever. The other thing of showing necessity to farm and other things, he realizes there is a need to have, in the bylaws and rules, an annual renewal because conditions change. There is a need to have a mechanism so that this rate can continue. However, ag rates are actually the second tier, unless that has changed significantly. Last year where there was significant rainfall in the Kona area, coffee farmers did not use as much water, so they paid more for water rates than other people. Many farmers asked the purpose of having to reapply. He mentioned that he was one of the first to install a backflow preventer because he supports the program and understands its purpose. It is a good tradeoff to get the ag rates. He is an established Kona coffee farmer, living on Kamehameha Schools land, and is dedicated for the next 10 years in agricultural use. He asked why the Department would want four pages of documentation to keep track of for the next 10 years when he has fulfilled all the necessary obligations. One of the farmers had commented to him that if the DWS has nothing better to do than file all these papers, who is looking after the budget. People were also wondering if this was sent to everybody or if it is just a random check. They felt it would be a good idea to conduct it at random. His request today was to make sure the Department maintains ag rates and also to bring to the Board some comments he has heard from the South Kona community about this paperwork and if it is necessary.

The Manager agreed the paperwork has been a pain for the Department, but it results from discussions with the Board. When the Board was going through revisions of the Rules and Regulations of the Department, there was a provision to renew ag rates yearly. There was a huge discussion on how to determine eligibility for ag rates. The General Excise License was one process that was put in place. In hindsight, it has been as much an inconvenience for staff. It has caused a lot of concern among staff. He gets at least one call a week about this issue. At some point, it should be brought to the Board to see what kind of reasonable revisions can be made to avoid excessive paperwork, both on the customers as well as staff.

In response to Vice-Chairman Heck's question if this is done universally, the Manager replied it is given to everybody that wants to receive the ag rates. It is not done randomly.

Mr. Dilts thought about something along the lines of changing the rules to make it random or to have farmers liable to notify DWS if anything changes in their practices. He realized it would probably have to be a rule change because the way it is being done now is in the rules.

Mr. Wilkins commented that some Board Members have not been around long enough to know the procedures on ag reporting. He asked that the Department provide copies of the documents discussed today to the Board before the next meeting. It was decided that the forms would be sent out before the June meeting but to place agriculture rates on the Agenda for the July meeting because it will be held in Kona.

Mr. Dilts indicated that he would inform some interested organizations that this topic would be coming up in July.

APPROVAL OF MINUTES:

ACTION: Mr. Goya moved for approval of the Minutes of the April 26, 2005, Water Board Meeting; seconded by Mr. Smith and carried unanimously by voice vote.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

ACTION: Mr. Goya moved to add the Supplemental report to the Agenda; seconded by Mr. Smith and carried unanimously by voice vote.

ACTION: Mr. Wilkins moved to add Addenda Items 6(I) Indemnification Agreement for Episcopal Church, and 6(J) Professional Services Agreement for Construction of the Kokoiki 0.1-MG Concrete Reservoir to the Agenda; seconded by Ms. Kim and carried unanimously by roll call vote (Ayes: 7 - Mss. Kim, and Helfrich, and Messrs. Goya, Heck, Konanui, Smith, and Wilkins; Absent - 2, Chairman Mochida and Ms. Scarr).

SOUTH HILO:

**A. JOB NO. 2002-795, CONSTRUCTION OF THE KULAIMANO WELL DEVELOPMENT, PHASE I (WELL NO. 5007-01):**

Bids for this project were opened on May 19, 2005, at 2:00 p.m.; and following are the bid results:

<b>Bidder</b>	<b>Amount</b>
Wai'eli Drilling & Development	667,920.00
Water Resources International Inc.	669,470.00

Project Scope: This project consists of drilling, casing, and testing a well to a depth of approximately 832 feet. There are 484 services that will be serviced by this future 350-gpm well. Tax Map Key 2-8-004:003.

Project Cost:

1) Low Bidder (Wai'eli Drilling & Development)	\$667,920.00
2) Construction Contingency (8%)	<u>53,434.00</u>
Total Construction Cost:	<u>\$721,354.00</u>

Funding for this project will be from the C.I.P. budget. The contractor will have 270 calendar days to complete this project.

The Manager recommended that the Board award the contract for JOB NO. 2002-795, CONSTRUCTION OF THE KULAIMANO WELL DEVELOPMENT, PHASE I (WELL NO. 5007-01), to the lowest responsible bidder, Wai'eli Drilling & Development, for their bid amount

of \$667,920.00 plus \$53,434.00 in construction contingency for a total contract amount of \$721,354.00, and that either the Chairman or the Vice-Chairman be authorized to sign the contract, subject to review as to form and legality of the contract by Corporation Counsel.

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

Mr. Smith noted the closeness in bid prices and asked if staff was comfortable that this is a good bid. He also mentioned that Wai'eli Drilling & Development is going through some ownership changes and asked if that affects anything.

The Manager replied that it is a good bid and that Wai'eli Drilling & Development are very reputable drillers. He had heard about the ownership changes, but added that the contract will be fully bonded.

In response to Ms. Kim's question if this supplements water supply already in place, the Manager stated it does not. There is a well makai that pumps to two reservoirs and feeds back down to the area. There still are residents at a higher elevation than the tank that are fed from a spring source. This will eliminate that and provide backup to the existing well makai of the highway.

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

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**

MALAWAINA COURT

Subdivision Application No. 2003-016

Grantor: William Takaba & Cheryl Ann Takaba

E.W.O.: 2005-034

TMK: (3) 2-4-048:115

Lots: 9 Lots plus 1 Roadway Lot (had 2 existing services) Zoning: RS-15

Facilities Charge: \$38,500.00

Paid: October 18, 2004

Final Inspection Date: May 13, 2005

Water System Cost: \$33,814.00

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

ALII HEIGHTS, UNIT 2, PHASE 3  
Subdivision Application No. 2002-118  
Grantor: Towne Keauhou LLC  
E.W.O.: 2005-032  
TMK: (3) 7-7-008:por. 011  
Lots: 31 Lots plus 5 Roadway Lots  
Facilities Charge: \$165,000.00 (1 lot previously paid)  
Final Inspection Date: May 13, 2005  
Water System Cost: \$226,587.76  
Zoning: RS-15  
Paid: June 29, 2004

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.

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

Mr. Goya noted that on Item No. 1, he is listed as a lot owner in the subdivision across the street and has known the owners for years. He declared that he has no interest in this project.

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

**B. EQUIPMENT BID NO. 2005-05, FURNISHING AND DELIVERING LEAK DETECTION EQUIPMENT TO THE DEPARTMENT OF WATER SUPPLY:**

Bids were opened on May 16, 2005, and following are the bid results:

Item: Leak Noise Correlator	BIDDERS	
	Flow Metrix, Inc.	Metrotech Corporation
Bid Amount:	\$29,995.00	\$14,995.00
Delivery Time:	30 calendar days	14 calendar days

Although Metrotech Corporation had the lowest bid, the bid from Flow Metrix, Inc., will be recommended because there were numerous items in the specifications that the Leak Noise Correlator submitted by Metrotech Corporation did not meet. Among the major items were:

1. The specifications called for the main amplifier to have a frequency response, or amplification, of 20 Hz to ISM/LAN 2.4 GHz spread spectrum. The correlator submitted by Metrotech Corporation has a transmitter output power of 500 mW.
2. The specifications called for a minimum internal memory of 1,000 previous correlator runs. The correlator submitted by Metrotech Corporation has a memory of 10 correlator runs.
3. The specification called for a minimum battery life of 32 hours. The correlator submitted by Metrotech Corporation has a battery life of 12 hours.

4. The specifications called for the Field Sensing Units to have a remote access/delayed recording option for correlating in zones obstructed by concrete walls, buildings, or thick vegetation. The correlator submitted by Metrotech Corporation does not have this feature.
5. The specifications called for Special Mapping software features to be compatible with the Department's GIS system. The correlator submitted by Metrotech Corporation does not have this feature.
6. The specifications called for a laptop. The correlator submitted by Metrotech Corporation did not include a laptop.

The Manager recommended that the Board award EQUIPMENT BID NO. 2005-05, FURNISHING AND DELIVERING LEAK DETECTION EQUIPMENT TO THE DEPARTMENT OF WATER SUPPLY, to Flow Metrix, Inc., for the bid amount of \$29,995.00 and that either the Chairman or the Vice-Chairman be authorized to sign the documents, subject to review as to form and legality of the contracts by our Corporation Counsel.

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

Mr. Wilkins asked some questions about how the equipment operates, and Mr. Smith asked if the Honolulu Board of Water has similar equipment and if it is successful.

It was noted that they have had similar equipment, which has been successful; and this is a newer version.

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

RECESS: The Board took a short break from 10:35 a.m. to 10:43 a.m. to have some documents signed. (Mr. Dilts left the meeting)

#### C. NEW OPERATIONS DIVISION PROJECTS:

The following Department of Water Supply projects are not listed on the Department's current 5-year Capital Improvement Projects list:

- 1) Non-Revenue Water Loss Study, Phase I, for the city of Hilo: This project is needed to reduce Hilo's nearly 40% unaccounted for water losses. The study will help DWS develop a priority list for pipeline replacement and repair. The Department spends nearly \$1,800,000.00 annually on electrical costs for Hilo alone.

Project cost: \$300,000.00 (consultant cost). Funding will be from the Operations Division "Contractual Services" budget, fiscal year 2004-2005.

- 2) Kahaluu Shaft Bridge Crane Repair: This project is needed to get the bridge crane repaired and certified. In addition, upon investigation of the bridge crane, staff determined the gunite in the ceiling is unsafe. Large pieces of gunite (similar to concrete) have fallen and present a safety hazard for staff and equipment.

Project cost: \$190,000.00 (includes consultant and construction). Funding will be from the Operations Division "Contractual Services" budget, fiscal year 2004-2005.

The Manager recommended that the Board approve the new projects.

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

In answer to questions about Item No. 1, the Manager stated that the leak detection equipment just approved will be used in this effort. The anticipated savings alone will be a good example of getting the "best bang for your buck."

Mr. Wilkins asked that when a consultant is in place for this contract, he would like to have a chance to talk with someone representing the company on this island to ask them some questions on a matter not related to the Department of Water Supply. (The Manager replied it is okay, as long as they do not charge this Department for it.)

Mr. Goya asked about Item No. 2 and how much the report is on.

The Manager replied that it is yearly. The source is 600 feet underground, and it is moist down there; therefore, the gunite is falling from the ceiling and poses a hazard. If the pumps break down, the crane is the only way to get it out.

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

D. **MONTHLY PROGRESS REPORT:**

Mr. Heck asked about the reference on Page 3, Waiohinu Houselot 0.3 MG Reservoir, that the layout is being done with the exploratory well project (Job No. 2000-758, Waiohinu Well Development). He also asked if the layout starts at the time that the Environmental Assessment (EA) is completed or if it is done in conjunction with getting the property.

The Manager explained that the reason for that is because if you put the well in the wrong place, you have a hard time laying out the reservoir. It is better to master plan it ahead of time, but they are still two separate projects. The layout was done before the EA.

Mr. Ahuna added that this is State land, and as a condition of the Board of Land and Natural Resources before they granted the Executive Order, the Department was required to do an EA.

E. **DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR 2005-2006:**

Mr. Tsunoda reported that the Budgets are being advertised in the newspapers on May 27 and 29, 2005; and a public hearing is scheduled for June 28, 2005, at 9:30 a.m., prior to the 10:00 a.m.,

Regular Water Board Meeting (meeting place is Hilo Operations Center). The Budget includes a power cost adjustment of 13 cents per thousand gallons.

Mr. Goya asked for clarification if the Budget assumption is for full employment.

The Manager replied in the affirmative.

Mr. Goya asked for an update on the status on dealing with Kamehameha Schools/Bishop Estate because it does have ramifications to the budget.

The Manager stated he would cover that under his report later in the meeting.

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

Mr. Goya asked that staff explain the cash investments so that the new Board Members understand it is not a surplus fund.

The Manager explained that it may look like the Department has a lot of money, but a lot of it is restricted funding. Some of it is developer's contributions--for example, if a developer contributes to a certain reservoir or a project--the monies cannot be used for anything else except what it is earmarked for.

Mr. Sumada pointed out the back of Page 2 of the Financial Statements. On the bottom half of the page, he has detailed the restricted funds and what they are for. The only monies that have not been allocated to a project or committed in some other way is the C.I.P. Reserve Fund - \$1.9 million; the Facility Charge Fund - \$6.2 million; and the Water Commitment Deposit Fund, \$8.1 million.

The Manager added that the Facility Charge Fund ultimately goes into the C.I.P. funding that provides for construction projects, so in a sense, it is kind of restricted.

Ms. Kim asked what happens with unexpended balances of the restricted funds, if there are any, and if there is flexibility to put them into C.I.P.

Mr. Sumada replied that if there is any money left over after a project is complete, it is put back into the C.I.P. Reserve Fund for distribution to future projects.

Mr. Goya asked staff to explain the priority in the C.I.P. Budget when staff gets together to plan it.

The Manager explained that he meets with the Deputy Manager, the Division Heads, and their key staff to plan the C.I.P. They initially came out with \$35 million but it was reduced to \$15 million. There is not enough money to do everything. The prime consideration is meeting regulations from the State Department of Health because they come with fines if not complied with. Next is reliability of the system to the customers and areas where there are a lot of leaks.

Mr. Wilkins mentioned the Hilo area having a 40 to 50 percent water loss rate and asked if that is acceptable. The industry average is 20%.

The Manager replied that he had questioned that figure when it came from the Operations Division. He did not think it was 40%. The Department's goal is 12 to 15%.

Mr. Wilkins also mentioned the budget items for the Water Board, shown on Page 3. It makes the Board look expensive.

Staff explained that things like State Revolving Fund (SRF) loans are placed in that area because documents are signed by the Water Board Chairman. It is merely for accounting purposes.

Mr. Sumada stated that the 2004 Financial Statements were audited, and the auditors will present their report to the Board at its June 28, 2005, meeting. Copies of the report and management letter will be sent to the Board with the Agenda.

**G. MANAGER'S REPORT:**

- 1) *Kona Coastview/Wonderview status* - nothing further to report from last month.
- 2) *USGS Drilling Program* - the drill rig is down to a depth of 620 feet at HOVE. They are putting in a 10-inch casing to 380 feet so it will not collapse. Problems with caves have been alleviated by plugging them up with cement. Work is progressing, and they are no longer having problems with cuttings. Mr. Heck added that although the rig keeps breaking down, the crew is optimistic they will be down to the bottom, next month.
- 3) *Hawaiian Ocean View Estates (HOVE)* - the \$6 million State appropriation for water development for HOVE looks promising and would be allocated to the County of Hawai'i, if it comes through. Representative Herkes thinks the Governor will release the funds. When it comes, the Manager is sure the Mayor will ask this Department to look after it. If and when that happens, the Department will need to schedule a meeting with the community to find out exactly what they want to do so that when the consultant is procured, the Department will have a clear idea of what the \$6 million is to cover. Also, the Department should wait until the USGS test well is completed because if water levels are not good, they may want to reconsider if they want to spend that money. At that point, they would have to consult with a geologist to see if it is feasible. One of the concerns was HELCO's ability to supply power. Mr. Wilkins suggested that the Manager keep in mind having discussions with the Superintendent of the Volcanoes National Park who might be willing to work with the DWS on easements through to HOVE. If the Ocean View well does not develop, it might be a route to the Waiohinu Well at essentially a constant altitude across to Ocean View.

Mr. Goya relayed a message from Mr. George Tengan, Manager of the Department of Water Supply on Maui. He has been very frustrated regarding the drill rig's availability for them, and he is no longer interested in the USGS program at all. He is looking for support from this Board to cover his costs. The Manager clarified that as long as the rig is on this island, this Department pays 100% of the cost. The other jurisdictions only pay when it is on their island. He may be referring to the contribution made by the three counties of \$30 thousand for the repairs after this round of drilling. This Department has already made a commitment that after HOVE, it will not participate in the program because it will only be able to drill to 1,000 feet.

- 4) *Kona Water Quality* - Brown & Caldwell, the consultant conducting the study on treating water from the Kahaluu Shaft, is looking at alternative ways to dispose of brine. After questions from Mr. Wilkins on the EPA regulations on proper disposal, the Manager stated that the Department of Health would be the best agency to approach on that subject. The Manager answered some questions from Mr. Smith on sodium content in the water from the Kahaluu Shaft. EPA considers it a secondary, or aesthetic, standard. The State recommends that 250 parts per million (ppm) is allowed. The Shaft water is mostly at 180 ppm but peaks at 320 ppm. Mr. Smith stated that he understood the DWS sent out notices in the Keauhou area regarding the water quality. The Manager stated that it was some time ago and was also sent to people in the medical profession. He added that is why the Department is actively pursuing projects to alleviate taking water from the Kahaluu Well. Ms. Garson stated that the notification by the Department was not legally required but was more a courtesy. In response to Mr. Heck's question if the Department received much reaction from people in the area, the Manager replied there was great reaction from a small amount of people. Mr. Wilkins mentioned some portable reverse osmosis units for under the sink that can be found at places like Costco for a relatively low cost.
- 5) *Kamehameha Investment Corporation* - the Department is working with them because they have three wells in the Keauhou mauka area. The Department is in the midst of negotiating an agreement whereby the Department gets some of that water and they develop it. Talks are also on oversizing some of their plans so that this Department can also enjoy some benefit. When this agreement is ready, it will be brought to the Board for approval. This goes back to the Department's ability to bring on more supply to reduce pumping from Kahaluu Shaft. In response to Mr. Goya's question about whether storage and transmission are being considered and what the timetable is, the Manager replied that it is all included. Construction should take about two years.
- 6) *Hawaii Water Works Association Conference* - this conference moves from island to island; and this is the year for this Department to host it. Preparations have started to hold it October 5, 6, and 7, 2005, at the Hilton Waikoloa Village. The Department may be asking some Board Members to moderate some of the sessions and is planning to have a session on the role of the Board.
- 7) *American Water Works Association, Hawaii Section, Annual Conference May 11-13, 2005*  
Ms. Kim thanked the Department for the experience of attending this conference. She found it to be quite educational on the water industry. Mr. Goya commended Mr. Ahuna for his presentation on Adverse Site Conditions on the Big Island and how lava tubes affect tank sites. He thought it might be beneficial if Mr. Ahuna could present a condensed version of it to the Board. It was decided to schedule it for a Board meeting after the Budget is adopted, but sometime before the end of the year. Ms. Helfrich stated that she looks forward to working with Mr. Ahuna on the Water for People program.

#### H. **CHAIRMAN'S REPORT:**

Mr. Wilkins handed out an updated version of the water commitment summary that they turned in last month. This includes, not only Tax Map Key #7, but all other districts of the island. It emphasizes the fact that the uncashed water commitments for Tax Map Key #7 absolutely dominate the problem for the entire island by almost a 10 to 1 ratio. He finds that it needs monthly updating because of the flux of trading and transferring between developers.

MOTION: Mr. Wilkins proposed to make a motion asking the Department to deliver to the Board, in July, a summary description, statement, and projection of the problem of unused water commitments on the entire island. The magnitude, the origin, how they are administered, how they are paid back as they are converted into development rights, and the future that can be expected--how to work out from under this huge number of commitments. He would leave it to the Department to decide what the Water Board Members need to know in order to understand and face the problem of unused water commitments.

Vice-Chairman Heck asked if the Motion is for a summary of the unused water commitment problem and if it is islandwide.

Mr. Wilkins replied it is a summary of the problem of the unused water commitments to be delivered to the Board in July. It should be islandwide because the Board represents the island. But it is focused strongly on District 7.

SECOND TO THE MOTION: Mr. Smith seconded the Motion for discussion purposes.

Vice-Chairman Heck summarized that the Motion is to have a summary of the problem of water commitments for the island prepared for the July 26, 2005, Water Board Meeting.

Mr. Smith asked for some clarification of how the water system works. One question was if water commitments would come with zoned property if a landowner has that zoned property.

The Manager replied that water commitments do not necessarily come with it. In Kona, for example, the Department is currently allowing a maximum of 50 units per zoned parcel without some sort of participation in development of a source. Unfortunately, the bulk of these are from agreements that were made many years ago that the Department has no choice but to honor. He assured the Board that the Department will not honor them if it puts any kind of detriment on existing consumers. The Department will honor them if these developers work with the Department to ensure what they do will not affect anyone else. Although they are outstanding, the Department has some control over whether they are given or not.

Ms. Garson suggested that this item be placed on an Agenda in order to have a discussion on water commitments.

Mr. Wilkins clarified that his intention was to request that the DWS to put together a document which informs and educates the Board on the many dimensions of the problem. Whether it goes on the Agenda would be based on what the Board collectively decides, having read that report. He mentioned that he has a County generated computer listing of all water commitments for the entire island, and there are two columns called "commitment date" and "expiration date." Some of the commitment dates are as early as 1980, and some of the expiration dates are as early as 1994. It would appear that they have been expired for 11 years, and yet they are still shown as active commitments.

The Manager stated that developers extend their commitments by putting up their deposits (\$150.00 per year, per commitment). Most of them have kept up with their deposits.

The Deputy Manager explained that it may be that the report Mr. Wilkins referred to may not be up to date. As far as the report the Board wants to have presented in July, he will need to check with Engineering Division's schedules but could probably give the Board a preliminary report at the June meeting on whether or not staff can prepare the report by July.

Mr. Wilkins stated that a preliminary report would be acceptable in July. It would be a start in educating the Board. There is so much that the Board should know that it does not know.

Mr. Goya stated that he disagreed with the motion because of the use of the word "problem" It is only an interpretation of a perceived problem. Until the Board has more information, it should not be called a problem. He also felt that this puts an undue burden on the Department just to explain that there is no shortage, the Department is committed to its existing customers, and that in time, the Department/Board will work to address these water rights to ensure that everyone is appropriately served.

Mr. Wilkins mentioned that it was based on the Manager's concern. It may not be a concern in Hilo and some other districts, but it is of enormous concern in his district.

The Manager appreciated Mr. Goya's suggestion. He has had heard rumors from Kona that there is a crisis, but there really is no crisis.

Mr. Heck suggested amending the Motion to "preliminary report."

Ms. Kim recommended withdrawing the Motion in view of the Deputy Manager's earlier suggestion.

Mr. Wilkins was okay with Mr. Goya's suggestion and stated that it could be called an educational document.

The Manager stated that this could be presented under the Manager's Report.

MOTION WITHDRAWN: Mr. Wilkins withdrew his motion, expecting that it will be included in the Manager's Report for July; Mr. Smith withdrew his second. (Mr. Smith added that this assessment should address water commitments islandwide.)

**I. INDEMNIFICATION AGREEMENT BY THE WATER BOARD AND THE DEPARTMENT OF WATER SUPPLY OF THE COUNTY OF HAWAI'I AND THE EPISCOPAL CHURCH IN HAWAII; ONUULI, SOUTH KONA, HAWAI'I TAX MAP KEY (3) 8-1-005:008:**

Attached to the Addendum was a copy of the subject agreement that allows the Episcopal Church of Hawaii (Church) to erect a locked gate at the entrance.

The Manager recommended that the Board approve the Indemnification Agreement, subject to approval by the Corporation Counsel, and that either the Chairman or the Vice-Chairman be authorized to sign the document.

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

J. **PROFESSIONAL SERVICES AGREEMENT:**

A Professional Services Agreement contract for the following Department of Water Supply project is currently being proposed. However, the project is not officially listed on the Department's current 5-year Capital Improvement Projects list.

**CONSTRUCTION OF THE KOKOIKI 0.1-MG CONCRETE RESERVOIR**

Project Scope: The scope of work for this project includes the topographic survey, design, preparation of plans and specifications for the construction of the 100,000-~~million~~ gallon reinforced concrete reservoir, onsite work involving grading, paving, perimeter fence and offsite work involving water main installations.

DWS Job No. 2003-815

North Kohala, Hawai'i

Consultant: To be procured

Construction Cost Estimate: \$700,000.00

Approximately \$350,000.00, previously funded by the Puakea Bay Ranch for this project, has been held in a restricted interest bearing account. The balance of the funding will be from the Department's C.I.P. funds.

The Manager recommended that the Board approve this new project, the professional services contract, subject to the procurement process and that either the Chairman or the Vice-Chairman be authorized to sign all the necessary documents, subject to the approval of the Corporation Counsel.

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

A misprint was noted in the size of reservoir in Item No. 1. It should be 100,000-gallon reservoir.

Mr. Wilkins asked if a 100,000-gallon reservoir would be enough, with the increasing development in North Kohala.

The Manager explained that it is just for that subdivision. There is no demand other than that area. Chalon International is planning improvements further west but are planning theirs on storage.

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

## ANNOUNCEMENTS:

### Next Meeting:

The next meeting of the Water Board will be held on June 28, 2005, in the Hilo Operations Center Conference Room, 889 Leilani Street, Hilo, Hawai'i, as follows:

1. 9:30 a.m. - Public Hearing on the proposed Fiscal Year 2005/2006 Operating and Capital Improvement Budgets
2. 10:00 a.m. - Regular Water Board Meeting

## STATEMENTS FROM THE PUBLIC

None.

## ADJOURNMENT

ACTION: Mr. Smith moved for adjournment of the Meeting; seconded by Mr. Goya and carried unanimously by voice vote. (Meeting adjourned at 11:53 p.m.)

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Secretary

The Department of Water Supply is an Equal Opportunity provider and employer. To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14<sup>th</sup> and Independence Avenue, SW, Washington DC 20250-9410. Or call (202) 720-5964 (voice and TDD)