

MINUTES

DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAI'I
WATER BOARD MEETING
June 28, 2005

DWS HILO OPERATIONS CENTER CONFERENCE ROOM

MEMBERS PRESENT: Mr. Ivan Mochida, Chairman
Mr. Loren Heck, Vice-Chairman
Mr. Thomas Goya
Ms. Paula Helfrich
Ms. Millie Kim
Mr. Bernard Konanui
Mr. Riley Smith
Mr. Bruce McClure, Director, Department of Public Works
(ex-officio member)

ABSENT: Ms. Sandra Scarr, Water Board Member
Mr. George Wilkins, Water Board Member
Mr. Milton D. Pavao, Manager, Department of Water Supply
(ex-officio member)
Mr. Christopher Yuen, Director, Planning Department
(ex-officio member)

OTHERS PRESENT: Ms. Amy Self, Deputy Corporation Counsel
Ms. Katherine Garson, Deputy Corporation Counsel
Mr. Brad Saito, Intern with Corporation Counsel's Office
Mr. Ralph Kanetoku, Partner, KPMG LLP
Mr. Jean-Michel G. Pourny (10:03 a.m.)

Department of Water Supply Staff:

Mr. Quirino Antonio, Jr., Deputy Manager
Mr. Glenn Ahuna, Engineering Division Head
Mr. Clyde Young, Mechanical Engineer, Operations Division
Mr. Richard Tsunoda, Waterworks Controller
Mr. Richard Sumada, Assistant Waterworks Controller
Mr. Lawrence Beck, Water Resources & Planning Branch
Mr. Finn McCall, Water Resources & Planning Branch

CALL TO ORDER - Chairman Mochida called the meeting to order at 10:00 a.m.

STATEMENTS FROM THE PUBLIC

See Statements from the Public at the end of the meeting.

APPROVAL OF MINUTES:

ACTION: Ms. Kim moved for approval of the Minutes of the May 24, 2005, Water Board Meeting; seconded by Mr. Smith and carried unanimously by voice vote.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA:

ACTION: Mr. Heck moved to add to the Agenda, Addendum Items NORTH KONA "6B" JOB NO. 2001-785, CONSTRUCTION OF THE WAIAHA PRODUCTION WELL AND SUPPORTING FACILITIES, AND 6a(A) KAU, JOB NO. 2000-765, PAHALA 0.5 MG CONCRETE RESERVOIR; seconded by Mr. Konanui and carried unanimously by roll call vote (Ayes; 7 – Mss. Kim and Helfrich, Messrs. Goya, Heck, Konanui, Smith, and Chairman Mochida; Absent: 2 – Mr. Wilkins and Ms. Scarr).

AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2004:

Mr. Ralph Kanetoku, Partner, from the accounting firm of KPMG LLP presented their audit report of the Department for the year ended June 30, 2004. Their recommendations had to do with the Department's monitoring and collection of delinquent accounts. Their firm felt that this area should improve over the next year because of the Department's hiring of a Collections Officer in the second half of the fiscal year.

Mr. Sumada reported that Mr. David Mellom, the person hired, has been actively submitting delinquent accounts to the collection agency and has been going out in the field to shut off water when necessary and collecting on accounts himself. He has been doing a very good job, and the collection process has improved a great deal since he joined the Department. Mr. Sumada feels confident that the Department has complied with the "gist" of the management letter.

The Board raised questions on whether the waiting period of 180 days before turning accounts over to the collection agency is appropriate. Ms. Garson noted that the Department's practices are covered by the Rules and Regulations and allows a timeline for which adequate notice is given to customers and gives them an appeal process. Changing this process would require a rule change.

Chairman Mochida asked about the water service sign-up process because oftentimes, a person's marital status may change and the Department may not be aware, when a person comes in to apply for service, if they had been a customer in the past and had a poor credit rating. He suggested requiring maiden names on applications.

The Board thanked Mr. Kanetoku for his presentation. Mr. Kanetoku left the meeting at approximately 10:15 a.m.

NORTH KONA:

A. JOB NO. 2003-821, CONSTRUCTION OF KUAKINI HIGHWAY 16-INCH WATERLINE IMPROVEMENTS:

Bids for this project were enumerated in the Agenda. This project consists of the construction of approximately 9,000 lineal feet of 16-inch transmission pipeline including valves, fittings, air relief valves, connections to existing waterlines, reinforced concrete jackets and various waterline appurtenances and road restoration due to waterline installation. Funding for this project will be from DWS C.I.P. Budget. The contractor will have 270 calendar days to complete this project.

The Deputy Manager recommended that the Board award the contract for JOB NO. 2003-821, CONSTRUCTION OF KUAKINI HIGHWAY 16-INCH WATERLINE IMPROVEMENTS, to the lowest responsible bidder, E. M. Rivera & Sons, Inc., for their bid amount of \$ 2,824,000.00 plus \$282,000.00 in construction contingency for a total contract amount of \$ 3,106,000.00, subject to review as to form and legality of the contract by Corporation Counsel.

MOTION: Ms. Helfrich moved for approval of the recommendation; seconded by Mr. Heck.

Mr. Heck noted that the scope of work includes road restoration and asked general questions about how the different agencies coordinate their work, sometimes involving the State Department of Transportation (DOT).

The Deputy Manager replied that road restoration is common and that, normally, the Department of Public Works (DPW) or DOT will impose it on waterline work. Normally, there is good communication among the various agencies--for example, the DPW and DOT send this Department a list of anticipated projects with the intent to coordinate DWS' projects with theirs. There are occasions where this Department will need to do work after the pavement is done, but efforts are made to avoid it.

Mr. McClure stated that this is a County road and does not involve the DOT. His department is working on the design so that improvements to the water system will be made prior to DPW going in and redoing the road. They are going to extend the cross section between Hualalai and Palani roads--two lanes in each direction and a left turn lane down the middle. It will go from there up to where they foresee the future Alii Highway connecting.

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

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

The Board considered a request from the contractor, Isemoto Contracting Company, Ltd., for an extension of contract time of 68 calendar days due to the unforeseen discovery and backfilling of a lava tube beneath the 2.0-MG reservoir. This is the contractor's first time extension request. Staff has evaluated this request and finds that the 68 calendar-day extension is justified.

The Deputy Manager recommended that the Board grant Isemoto Contracting Company, Ltd., a 68 calendar-day contract time extension for JOB NO. 2001-785, CONSTRUCTION OF THE WAIAHA PRODUCTION WELL AND 2.0 MG RESERVOIR, extending the contract completion date from July 5, 2005, to September 11, 2005.

MOTION: Mr. Heck moved for approval of the recommendation; seconded by Ms. Kim.

Mr. Smith noted the date on Isemoto's letter being very close to today.

The Deputy Manager explained that the Department sometimes holds extension requests in abeyance. Mr. Ahuna added that there will probably be another extension request after this one, but this one had to be dealt with because the deadline was July 5, 2005.

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

KAU:

A. **JOB NO. 2000-765, PAHALA 0.5 MG CONCRETE RESERVOIR:**

The Board considered a request from the contractor, Isemoto Contracting Co., Ltd., for a contract time extension of 280 calendar days due to the cave beneath the reservoir that was uncovered by the contractor on August 24, 2004. The State Historic Preservation Division (SHPD) ordered the contractor to stop work due to the presence of petroglyphs in the cave. The Department of Water Supply (DWS) has completed work in accordance with the SHPD requirements and received clearance to resume work on May 6, 2005. Due to the delay, the contractor had to remobilize their equipment to the project site and could not schedule that until May 31, 2005.

This would be the first time extension to the contract. Engineering staff has reviewed the request and finds that the 280 calendar days are justified.

The Deputy Manager recommended that the Board grant this extension of contract time of 280 calendar days to Isemoto Contracting Co., Ltd., for JOB NO. 2000-765, PAHALA 0.5 MG CONCRETE RESERVOIR. If approved, the contract completion date will be extended from January 31, 2005, to November 7, 2005.

ACTION: Mr. Goya moved for approval of the recommendation; seconded by Ms. Kim and 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.

overwhelming to those performing the duties as well as to those whose duties depend on the computer.

Therefore, the Department proposes to reorganize its GIS Services and CS branches. The existing GIS Services Branch will become the new Information Systems Branch in the Administration Division. The new branch will have two (2) sections, the GIS Services Section and the Information Technology Support (ITS) Section. To head the new branch is a new position, Data Processing Systems Analyst III, SR26.

The existing positions within the existing GIS Services Branch will be kept intact within the new GIS Services Section. The new ITS Section will have a Data Processing Systems Analyst II, SR24 position transferred from the existing CS Branch in the Finance Division. The new section will also include Computer Support Technicians, I-SR15, II-SR17, and III-SR19.

The existing Computer Services Branch in the Finance Division will be transformed into a new Billing Section in the Customer Services Branch of the Division. Four existing positions in existing CS Branch, namely, Computer Operator I, SR15, two (2) Data Processing Clerks, SR10, and a Data Entry Operator, SR08, will remain intact in the new Billing Section. Four existing positions, namely, two (2) Computer Programmer III, SR20, Computer Programmer II, SR18, and Computer Programmer I, SR16, will be eliminated in the transformation.

As part of the proposed reorganization, the existing Assistant Customer Service Supervisor in the Customer Service Branch will be upgraded from an SR15 to an SR16. This upgrade is necessary since the transformation described in the previous paragraph will result in an SR15 position to be located in the Branch. A subordinate position cannot have a supervisor with the same rating.

In summary, the proposed reorganization will result in four (4) new positions created, four (4) existing positions eliminated, and one position upgraded. Financially, the resultant additional annual cost of funding the positions is \$6,396.00.

In the Strategic and Business Plans, the proposed reorganization aligns with the “Issue – Staff and Management should better understand and operate within their roles and responsibilities,” the “Goal – A responsible environment is created that achieves employee empowerment, satisfaction, accountability and efficiency,” and the “Strategy – Identify core competencies for current and future needs; review/revise roles and responsibilities for Department position descriptions; and adjust and train staff accordingly.” The corresponding “Tactics” to accomplish the Strategy are listed in the Business Plan.

The Deputy Manager recommended that the Water Board approve the reorganization in the Administration and Finance Divisions and the corresponding Table of Organization charts.

MOTION: Mr. Goya moved for approval of the recommendation; seconded by Ms. Helfrich.

Mr. Heck stated that this was a good proposal, very well written and understandable, and appreciated that. In response to his question of who designed the proposal, the Deputy Manager

replied that it resulted from a collaboration with the Department's Personnel section, the Geographic Information Systems (GIS) section, and the Finance Division.

The Board appreciated the fact that this proposal is not costing the Department very much money because it involves more of shifting positions around, and no personnel will be laid off (some of the positions being eliminated have been vacant because of retirements).

Ms. Helfrich asked about training to keep up with current technology; if the GIS section will be doing everything "in-house" or if there will be new maps; and if GIS is coordinated with other counties.

The Deputy Manager replied that staff is sent to training sessions regularly. As for GIS, it is done "in-house" but there are also "shelf" items on the market that are used. The coordination is mostly with the County of Hawai'i, Data Systems Department, and not other counties within the State.

In response to Mr. Smith's question if this has passed Hawaii Government Employees Association approval, the Deputy Manager replied that it still has to go through that process. This proposal today is contingent on their approval; however, he did not anticipate any problems.

In response to Mr. Goya's question if the employees are aware of this reorganization, the Deputy Manager replied that the affected employees have been notified and have also given their input.

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

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

The proposed Operating and Capital Improvement Budgets for Fiscal Year 2005-2006 were published in the newspapers for presentation at the Public Hearing held on June 28, 2005, at 9:30 a.m.

The Deputy Manager recommended that the Board approve the proposed Operating and Capital Improvement Budgets for the Fiscal Year 2005-2006.

MOTION: Mr. Heck moved that the Board adopt the proposed Operating and Capital Improvement Budgets for the Fiscal Year 2005-2006; seconded by Mr. Konanui.

Mr. Goya added a point of information—the budget includes a number of additional personnel. For the Board's information, they will not all be filled at the beginning of the fiscal year. In the actual operations for this current year, because of unfilled positions, the salaries and benefits are a little below forecast.

The Deputy Manager stated that the recruitment process takes a few months. In response to Mr. Goya's question of whether the different divisions are responsible for their own operating budgets, he replied in the affirmative.

Mr. Goya stated that in the monthly reporting (Financial Statements), some of the numbers being reported, as far as percentage, values are smaller. He thought it would be of more concern for the Board to see reports on the larger amounts or potential deviation from the budget rather than something under seven or eight thousand dollars.

The Deputy Manager stated that if there is a large variation in the budget items, the Finance Division will note the reason for the big difference.

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

D. MONTHLY PROGRESS REPORT:

Mr. Goya asked about Job No. 94-590, Piihonua-Kukuau 2.0 MG Reservoir & Transmission Line, because it has been on the books a long time.

The Deputy Manager replied that the land the Department is trying to acquire has changed hands a number of times. The Department, through Corporation Counsel's Office, is now in the process of condemning some of that land.

E. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

No questions.

F. MANAGER'S REPORT:

- 1) Kona Coastview/Wonderview – status reports can be found on the Department's website (www.hawaiiidws.org).
- 2) USGS Drilling Program – the depth was noted to be down to 750 feet at Hawaiian Ocean View. They have hit some hard spots. The Deputy Manager noted that he would be meeting with Mr. Gordon Tribble sometime within July, along with the Manager, regarding the Department's desire to get out of the program.

Chairman Mochida mentioned the letter of May 23, 2005, from Mr. George Tengan, Director of the Maui Department of Water, asking for \$30,000.00 reimbursement from this Department for costs for repair of the drill rig.

The Deputy Manager stated that it was denied because all three counties had to participate in the repair costs. He added that the rig was scheduled to go to Maui next, but Maui does not want the rig either. They want out of the program as well.

In reply to Ms. Helfrich's question if USGS is obligated to finish the well, the Deputy Manager replied that however slow it may be, they intend to finish that well.

Mr. Heck felt that, to some degree, it is up to the Board/Department to decide whether or not to proceed. It is costing money.

The Deputy Manager was not sure what the obligation is to HOVE to continue; however, it is up to the Board.

Mr. Konanui asked about the agreement and if a participant could arbitrarily say they no longer wish to participate.

The Deputy Manager replied that about a year ago, the rig had to undergo repairs, and \$30,000.00 was the share that each participating county had to pay. As Maui is deciding not to continue, perhaps they feel that their \$30,000.00 was spent for nothing.

Mr. Heck mentioned another factor that relates to the well at HOVE which is the potential \$6 million in funds from the Legislature for a water system. The results from this USGS well would be a benefit for what to do with that money.

Ms. Helfrich asked if USGS would welcome a friendly amendment for them to pull out and this Department hire a private contractor to finish the test well.

The Deputy Manager replied that it would mean procuring a private driller at an estimated \$1 million. USGS is costing the Department approximately \$400 thousand a year.

Chairman Mochida asked if it would help to set another time limit of maybe six months.

The Deputy Manager replied it is depending on whether or not the other counties want to let the rig stay here.

Mr. Smith commented that in regard to Maui's letter, their agreement is with USGS, so it is irregular for them to come back to another county and ask for reimbursement. They likely have no standing with getting anything back from another county. Also as far as hiring a private driller, the costs are escalating all the time, so it may be worth letting USGS continue until the rig totally breaks, however slow it may be. If they find a water source, the Department may decide whether to hire someone to dig a bit more and develop a source.

The Deputy Manager agreed with Mr. Heck's earlier comment that this well is very important in determining source and what to do if the \$6 million is appropriated for a water system.

Mr. Heck stated that his observation is that USGS crew is not appearing in a timely fashion. Whatever pressure this Department could put on the performance of USGS would help. There are people in that area that are keeping track of the excuses USGS has been giving them. His advice to them is to talk with the authorities of USGS.

- 3) Kona Water Quality – preliminary report is in from Brown and Caldwell but additional studies are needed and are expected by the end of this year. In response to Mr. Smith's question of what their findings might be and if it is something the Department does not already know, the Deputy Manager stated that they would come up with recommendations on treatment/retrofitting to well/shaft.

- 4) Personnel Needs – R. W. Beck, Inc., will prepare a report; but it will not be expected by July's meeting. As for the Public Relations/Strategic and Business Plan Manager, they will give a recommendation on the position description. That new position may be presented at the meeting next month.

- 5) Water Commitments - handed out to the Board today were some data and a graph prepared by Engineering staff in response to concerns from the Board at last month's meeting. This handout involves the Kona Water System. He reviewed the graphic--the yellow line is the total capacity of the Department's wells in Kona. The projections from 2006 to 2010 show what is planned in providing additional source to the system. He directed the Board to the black line (average day pumpage of those wells). Looking at pumping, roughly 10 million gallons a day (mgd) as compared to capacity of almost 17 mgd. The short line on the bottom right represents the total number of usage for the commitments in the Kona area, which amounts to just under 5 mgd. The red line represents 1½ times the average day pumping. The short line under the green line shows the average day, plus the water commitments. The blue line is the max day, plus the commitments. From looking at the graph, the average day pumping is still way less than capacity. If the Department were to add the max day factors, it may not be okay. He pointed out that the Department is not seeing a really fast increase in pumping--it is more or less 2%. Even with the commitments the Department has, it will probably still be a 2% increase. He thought the market probably only can absorb that 2% increase per year in developments. As far as pumping, it would increase the same amount. When a couple of wells went down in this past year, the concern was how the Department would keep up. Asking consumers to conserve has helped the Department provide water to its consumers.

Mr. Goya asked if future capacity includes any arrangements or agreements with Kamehameha Investment Corporation.

The Deputy Manager replied that it does. The Department is intent in working out an agreement with them is to reduce pumping from Kahaluu Shaft. He added that it may be a good idea to produce similar graphs for all of the Department's water systems. They provide good information for staff and the Board. The biggest concern with the Kona system is what if everyone cashed in on their commitments. Those commitments have been held for a while now; and looking at how the pumpage is increasing, it is going to hold what the market can absorb. He did not think you would see any big jumps.

In response to Ms. Helfrich's question on how long the commitments are valid, the Deputy Manager replied that a water commitment can be secured initially for three years; and thereafter, the developer may ask for annual time extensions. The time extensions are not automatic. The developer needs to submit a request for a time extension and pay an additional deposit. Staff's engineers keep watch over the requests and reviews requests, through the Planning Department, for rezoning, permits, etc., and responds accordingly.

Ms. Helfrich also asked if it matches up with the new General Plan, which is quite detailed.

The Deputy Manager replied that normally, it is the Planning Department's charge to make sure developments comply with the General Plan. If there is no water available, Planning will

recommend that a project not move forward until additional water can be secured. The Water Master Plan that R. W. Beck, Inc., is preparing for this Department, it will coordinate with the General Plan.

Mr. Heck asked about water conservation notices issued by the Department.

The Deputy Manager explained that water conservation is a request for a 10% reduction in usage. If more stringent measures are needed, the next step is to issue a water restriction notice, which means 25% mandatory reduction in usage. It also requires staff's time in monitoring for compliance.

In response to Mr. Heck's question regarding what efforts the Department makes with regard to water used for landscaping in the Kona area--xeriscaping, etc., the Deputy Manager replied that the Department recommends that landscapers use plants that require less water and tries to keep usage for irrigation as low as possible. Mr. Heck thought a brochure to homeowners on ways to keep irrigation down may be a good idea in an effort to educate the public. The Deputy Manager thought that was a good idea.

Mr. Smith asked if all the wells are integrated.

The Deputy Manager replied that all of these wells can tie in to the Department's system. The Department is looking at establishing corridors from some areas into other areas of the water system to provide for better service ability.

Mr. Smith commented that what might be more representative is if the graph showed the actual max day pumping.

The Deputy Manager indicated that the peaks and valleys of monthly pumpage would be good information. This graph is representative of the total year in pumpage. There might be some seasonal changes in monthly pumpage.

- 6) Agricultural Rate Renewal – forms were given to the Board prior to this meeting. An Agenda item on Agricultural Rate Renewal will be placed on the Agenda for the July meeting.

G. CHAIRMAN'S REPORT:

- 1) Follow-up to Ms. Scarr's survey – deferred since Ms. Scarr was not here to present her findings.

STATEMENTS FROM THE PUBLIC

This item was taken up before the Executive Session to afford Mr. Jean-Michael G. Pourny a chance to address the Board.

Mr. Pourny asked if the Department has a wasting water penalty fine system. For instance, when driving around, you may see water crossing the road at the same place more than once. Obviously,

people are not conserving. There is an area in Hawaiian Acres where he drives by often and observes water crossing the road from residential runoff.

Ms. Kim wondered if it could be coming from a spring source.

The Deputy Manager commented on the penalty system. There is no formal penalty system. This problem may be a water leak on someone's property. The Department could send someone to investigate, upon request. If there is no leak and a customer is just wasting water, they could be asked to watch their usage.

Mr. Tsunoda added that the water rates are designed to address wasteful consumption. The more water used, the higher the rate block consumption charge on the Water Rate Schedule.

In response to Mr. Smith's question if anyone in Hawaiian Acres is on the Department's system, the Deputy Manager replied that some of them along the highway are on service, and some of them extend their "spaghetti lines" to their homes.

Mr. Pourny asked if the Department collects deposits up front.

The Deputy Manager replied that the Department collects a deposit when a person signs up for service, and this deposit is refunded after one year if the customer shows good payment habits.

Mr. Pourny asked what the procedure is for someone to apply for water service in Hawaiian Paradise Park--to get water down to the homes.

The Deputy Manager replied that County service is available to those along the highway and to the fire station. The Department has an agreement with the Hawaiian Paradise Park Association whereby they are not allowing the spaghetti lines. They will not permit this Department to install a service for someone that is located further down the roads because they do not want the spaghetti line situation. The Association has been told that should someone want water on their street, they could submit a plan showing an extension and then dedicate that line to the Department so it could operate that line.

RECESS:

The Board took a recess from 11:10 a.m. to 11:20 a.m.

H. EXECUTIVE SESSION:

ACTION TO ENTER EXECUTIVE SESSION: Mr. Goya moved that the Board enter into Executive Session to discuss the following item; seconded by Mr. Heck and carried unanimously by voice vote. (The Board entered Executive Session at 11:21 a.m.)

- 1) *Department of Water Supply and Water Board of the County of Hawai'i vs. Lillian Matsumoto, et al.; Civil No. 05-01-080K*

The purpose of this executive session is to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as they

relate to this agenda item, as authorized by Hawai'i Revised Statutes, Sections 92-4 and 92-5(a)(4).

(Executive Session ended at 11:47 a.m.)

ACTION: Ms. Helfrich moved for approval of Corporation Counsel's recommendation in Executive Session; seconded by Mr. Konanui and carried unanimously by voice vote.

ANNOUNCEMENTS:

Next Meeting:

The next meeting of the Water Board will be held on July 26, 2005, 10:00 a.m., in the Royal Kona Resort, Resolution Room, 75-5852 Ali'i Drive, Kailua-Kona, Hawai'i.

ADJOURNMENT

ACTION: Mr. Heck moved for adjournment of the Meeting; seconded by Ms. Kim and carried unanimously by voice vote. (Meeting adjourned at 11:50 a.m.)

Secretary

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