

MINUTES

DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAII
WATER BOARD MEETING
August 24, 2004

ROYAL KONA RESORT - DISCOVERY ROOM

MEMBERS PRESENT: Mr. Earl T. Nakashima, Chairman
Mr. Thomas Goya
Ms. Pamela Hons
Ms. Sandra Scarr
Mr. George Wilkins
Mr. Milton D. Pavao, Manager (ex-officio member)

ABSENT: Mr. Ivan Mochida, Vice-Chairman
Mr. Loren Heck, Water Board Member
Mr. Bernard Konanui, Water Board Member
Mr. Leonard Tanaka, 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) - 10:09 a.m.
Ms. Brenda Ford
Ms. Virginia Isbell (10:40 a.m.)

Department of Water Supply Staff:

Mr. Quirino Antonio, Deputy Manager
Mr. Glenn Ahuna, Engineering Division Head
Mr. Kurt Inaba, Engineering Division
Mr. Dennis Lee, Chief of Operations
Mr. Richard Tsunoda, Waterworks Controller
Mr. Richard Sumada, Assistant Waterworks Controller
Mr. Keith Okamoto, Water Quality Control and Assurance Branch
Ms. Mae Kise, Water Quality Control and Assurance Branch (10:08 a.m.)

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

STATEMENTS FROM THE PUBLIC:

1. Ms. Brenda Ford:

CHAIRMAN NAKASHIMA: Good morning.

B. FORD: Good morning.

CHAIRMAN NAKASHIMA: Could you state your name and your organization, if any.

B. FORD: My name is Brenda Ford. I represent myself, and I'm coming back to provide some information on sodium content in the water in South Kona. A few months ago -, let me just back up and say that I'm one of the Neighborhood Watch coordinators for Neighborhood Watch; and one of the other coordinators contacted me and said "I can taste salt in my water." This is in South Kona, and I'm making an assumption here it's Keeki Wells A through D that are involved in the South Kona area. There are other wells down there; but, anyway, and so I sent out a general broadcast question to the Neighborhood Watch coordinators and said please tell me if you can taste salt in your water. And I said let me give you a real non-scientific test if you want to find out if there's salt there--freeze an ice cube and taste the bottom side of the ice cube when it's frozen. So in the last two months, I have received five responses; and three of them indicate they could taste salt in the water. One of them is on Hakanui Street, one of them is on Middle Keeki Road, and the spigot across the street from the Manago Hotel on the highway is producing salty water. That spigot is being used by people in Kona Paradise because they're not on the water system, and they're having to truck their water in--maybe not this week; it's been a little rainy down there. I sent a letter a few months ago to the Water Department requesting several things because we had an older population in North and South Kona--a lot of retired people, a lot of elderly people that are local. There's a higher incidence of medical problems such as diabetes and high blood pressure. I testified previously that the Water Department needs to be producing information on the sodium content. The chloride content for all of us who've had some basic chemistry--chlorides can be produced from several different sources. Sodium, as in sodium chloride, is the common table salt or sea salt that we consume in our food; and unfortunately, sometimes in our drinking water. The drinking water needs to be very low in sodium so that the food that we eat that has sodium in it can be flushed -, the sodium content can be flushed through our body. I know that I have to take diuretics again to get the sodium out of my system. I'm not able to flush it out unless I provide bottled water to myself, which I do--bottled water having almost a negligible amount of sodium in it. In the letter that I sent to the Water Department, I requested several things. One that all the wells in the County be tested for sodium content, and that be annually provided as information to the Water Board and to the public, and I also recommended -, and that was refused on the grounds of cost. I asked for the South Kona wells to be tested. That was refused on the basis that sodium is checked every three years. It was checked in 2003 despite the fact we now have customer complaints -, four or five customer complaints, that we can taste the salt in our water. The Water Department has refused to test the water down there to find out what the sodium content is, much less provide public information so that we can deal with it. Whether that means we buy an individual RO unit for our homes or buy bottled water, we, as a community, are kept in ignorance -, deliberately kept in ignorance as to what is going on with our water system. Those of us, like myself, who have medical problems that we can attribute to sodium really need to have current information. I'm not talking daily; but, you know, if it was annual, that would be sufficient. Unfortunately, since I asked for those questions, I also found out that the last water report to the Water Board was on the well -, hold on, let me quote this from the letter, make sure I give you accurate information. I was told in this letter that all the wells had the test performed for EPA standards and State Department of Health. Of course, the EPA doesn't have a standard for sodium and so they weren't testing it. And they were told that only the Halekii Well and Keeki Well D supplied South Kona. Farther down the letter, they then advised me that Well D has been offline since May 2004 and should be back online at the end of July. We don't know if it is. But that's the well that's providing salty water. And we don't know at what level the sodium is being produced.

So, in my opinion, the letter that I received was pretty much a non-answer. It did not achieve any of the requests that I had requested in that we still have no idea what the sodium content is in the South Kona Wells. The Water Board does not know what's going on. It's my opinion that you were not advised that Well D was offline and Well B was pumping the water. And the Water Department seems to be one of the few public utilities that gets a customer complaint and says well, we'll test the well somewhere between 12 and 24 months; and we'll let you know in arrears what the problem was a year ago. I think this is poor customer service. I think it's unhealthy. We've already had the Board order the Water Department to put in a notice for the North Kona situation last May that was very, very informative. And I think the medical profession, at the very least, and the public should know what our sodium content is, especially since in South Kona, we have complaints of too much sodium. For those members of the Board that don't have a high salt, high content of sodium in their water and think that maybe this is a non-issue for you, you might want to consider that on the Hilo side of the island, you've got lead pipes producing lead in your water; and that's potentially very damaging, mentally, to your children, as their brains are growing; and we have a sodium problem on our side of the island. It's the same type of a problem. The system needs to be fixed, and system fixes are not short term fixes. We need new wells, we need fixes in some of our distribution lines; all of that can be done over a period of time. But in the interim, we need to know what is going on and we need the Water Board to understand what is going on so the Water Board can helpfully and hopefully provide a fix to these problems so that they don't continue. Thank you.

CHAIRMAN NAKASHIMA: Thank you Ms. Ford. I think when we have on the Agenda, a Water Quality Issue, that's 9(A), and we'll bring it up.

S. SCARR: Can we bring it up earlier in the Agenda?

CHAIRMAN NAKASHIMA: Yeah, we'll adjust that when we come back -. Thank you very much.

APPROVAL OF MINUTES:

ACTION: Mr. Goya moved for approval of the Minutes of the June 22, 2004, Public Hearing on Proposed Operating and Capital Improvement Budgets for Fiscal Year 2004-2005; the Minutes of the July 27, 2004, Public Hearing on Proposed Rule to be added to the Department of Water Supply's Rules and Regulations; and the Minutes of the July 27, 2004, Regular Water Board Meeting; seconded by Mr. Wilkins and carried unanimously by voice vote.

APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA

None

ACTION TO MOVE AGENDA ITEM UP:

ACTION: Ms. Scarr moved to move Agenda Item 9(A), Water Quality in South Kona Area, up on the Agenda; seconded by Mr. Wilkins and carried unanimously by voice vote.

SOUTH KONA:

A. **WATER QUALITY IN SOUTH KONA AREA:**

The Manager started off by updating the situation with the wells. Back in May of this year, Kei Well D went down, which is the well that feeds the South Kona area. Kei Well D is part of the high-level aquifer, which that aquifer that is being impounded by a barrier parallel to the ocean that has been spoken of many times. The normal chlorides in Well D is like rain water--less than 10 parts per million. When that well went down, the Department activated the other wells it has in that area, in which the chlorides are about 180 to 200 parts, which is really not that great. When you talk about taste, there is a big difference between rain water and the wells in Kei.

Ms. Scarr asked what portion of that chloride content is sodium.

The Manager replied that he was not sure, but that he had staff members present today to answer those types of questions--Mr. Keith Okamoto, in charge of the Department's Water Quality and Control Branch, and also Ms. Mae Kise, Microbiologist. He continued that there would be a taste difference based on 10 parts versus 180 parts. He stressed that the water is safe to drink and meets all EPA comments, concerns, regulations, because if it did not, the Department could not serve it to its customers. Also, the Department's Mechanical Engineer has indicated that the well should be back online September 3. They have to perform a test for the motor. Fortunately, the Department had a spare motor; but unfortunately, it was lying around for seven years, therefore some testing was needed. As far as doing sodium testing, the Department is required to do it every three years. What the Department can do, and he would have to find out the cost, is test for sodium yearly on wells that are above a certain limit in chlorides, if that is something the Board wants pursued. Otherwise, the Department's obligation is every three years.

Ms. Scarr asked if that meant that the Department is required to test for sodium every three years--not just total chlorides. (Mr. Okamoto replied in the affirmative).

Ms. Scarr asked if it means sodium chloride or if it is sodium in other forms as well.

Mr. Okamoto replied that it is sodium.

Ms. Scarr asked if it could mean other forms of sodium--sodium chloride or chlorite.

Mr. Okamoto replied it could be other forms.

Ms. Scarr summarized that it could be other forms of sodium, but that the Department is required to test for sodium every three years. She suggested that, depending on cost factor, for all wells over 100 parts per million in sodium content, there would be a need for more frequent testing and public advisory.

The Manager stated that the State's recommended level is 250 parts per million for chlorides.

Ms. Scarr asked what portion of that is sodium.

The Manager replied he did not know. It depends on the source.

MOTION: Mr. Wilkins stated that the Board has heard a partial response by the Manager to the complaint today, but also thinks it would be a mistake for the Board to try to devise a new policy, sitting in public as a Water Board body. He would like to make a motion that the Board task the

Department of Water Supply to come back to the Board next month with a responsive, formal policy that the Board can vote on, which will be in response to complaints from the public. Basically, he hoped that the body of that new policy would be to recognize that certain wells have increasing sodium and chloride content and/or are being more heavily tasked by development among the users of those wells and that there is a potential serious danger downstream. There needs to be an early warning system with a response plan. Motion seconded by Ms. Scarr.

The Manager stated that the Department could provide a plan to test yearly and what wells would be tested, as mentioned earlier, because of certain levels, and present it to the Board.

Ms. Scarr asked to first hear what Mr. Okamoto had to say and to gather more information before deciding what the action should be.

Mr. Wilkins stated that the substance of his motion was that the policy or plan that was brought back to the Board be a responsive plan, using the expertise of the Department. He also mentioned a \$78 salinity tester that he had bought at the American Water Works Association conference in Orlando. Has been remiss in getting together with the Department's Kona office to test the device and hoped to do it in the next month. It might make sense for those people, who are of an age or a physiology that makes them very concerned about sodium content, to be able to take samples to a trusted office or person and have the sodium contents revealed to them. This "quick" test could be logged into the Department's records.

In response to Ms. Scarr's question about the cost of sodium testing, Ms. Kise replied that a sodium test (done every three years) would cost \$5 to \$50 per sample (ballpark figure).

In response to Chairman Nakashima's question of how many wells are addressed when talking about high salinity, Mr. Okamoto replied the Keei Wells A and C, Holualoa, and the Kahaluu Shaft and Well are involved. The Manager added it is about 10 total in North and South Kona.

Ms. Scarr wondered what the relationship would be in cost between the Department's test and the one Mr. Wilkins had mentioned. If his test works, it would be very inexpensive.

In response to the Manager's questions about what type of test it is (sodium or chloride), Mr. Wilkins replied it is a salinity tester, which translates into chlorides--not a sodium test. But they say there is a general relationship in normal water between chlorinity and sodium, via sodium chlorides.

The Manager stated that staff could research if there is a relationship.

Mr. Okamoto added that staff could research what type of units are out there. Also, the tests Ms. Kise referred to are when the Department sends its samples out, they go to a certified laboratory for EPA certified analysis based on certain methods. If other types of tests are just for information and not for official certification, the Department could probably provide that information with a disclaimer.

Mr. Wilkins commented that the customers now only have their sense of taste, and that is about as informal as you can get. Anything the Department can offer would be better than that.

Mr. Okamoto stated he also wanted to find out if there were any other calls that the Department received regarding the salty taste in the water in South Kona, and it sounds like the Department really did not get any. That is usually an indication to staff--the number of telephone calls--as to how severe the situation is.

Ms. Scarr disagreed with that. People used to drinking the water would probably buy bottled water instead of calling the Department of Water Supply.

Mr. Okamoto stated that in South Kona, the customers should have been used to the water with low chlorides; and if it spiked up because of the use of the other Keei wells, he would have thought more people would have noticed. However, that is not an excuse to say the Department is not going to do anything about it.

Ms. Scarr mentioned the article that was published about the North Kona Water System so that physicians and others could take appropriate measures. She thought the same thing should be done for South Kona. The article should also mention when a well is expected to be back online. She noted that it is too late in this case as the well will be back online September 3; however, part of the policy ought to be to include that information in a public notice next time this happens.

Mr. Wilkins raised two concerns--one is bottled water - people do not complain but instead go out and buy bottled water. His estimate is that store sales of bottled water in the last 10 years has gone up by factor of 10. Those people, in essence, are voting against the Department's water system and the salinity in the water. The second is there has been an explosion of growth along Ali'i Drive--condominiums; all new customers of this Department and on a system that is already salty and will rapidly become more salty. In his background as a physicist, he recognizes the early stage of a catastrophic explosion. The Department needs to look to the future--what is the growth of the salt in the water, as it is seen today, and the nature of that growth and what it will mean in the future without near term alleviation measures and long term corrective measures.

The Manager's opinion on bottled water differed from Mr. Wilkins. His view is that bottled water is more of a convenience than a reflection on the water system. He noted that people in Hilo buy bottled water, and the Department's water system there is very, very good. It is more of a convenience, with the exception of Kona where it is because of taste. On the second point, he noted that the Department has been reporting to this Board for a number of months on its plans for Kona. The Department does recognize the problem is approaching and is doing something about it.

Mr. Wilkins recognized that, but noted that the Department still does not have the easements for the new waterlines coming down from the higher elevations. That may stall the solution for two to three years.

In response to Ms. Scarr's question of how long Brown and Caldwell's study is expected to take, Mr. Okamoto replied it may be four to six months. Ms. Scarr also spoke about some portable systems that could be brought in to the Kahaluu Shaft to treat the water.

The Manager mentioned that Brown and Caldwell's study will cover what is done with the highly concentrated brine after desalination. Mr. Wilkins' suggestion of something similar to Kukio was noted by the Manager as being something that works in their situation, but will not work at the Kahaluu Shaft because of the nature of the Shaft.

Mr. Lee clarified that the Water Quality Assurance and Control Branch does chloride testing monthly at the South Kona water system. Indications on the June/July results show the distribution having a content of about 150 parts per million (ppm). Chloride, in the eyes of EPA and other regulations relating to the Safe Drinking Water Act, is regarded as an aesthetic standard; and therefore, there is no set regulation as to a maximum contaminant level. EPA considers chloride to relate to sight, taste, and odor; and does not deal with health. The aesthetic standard for chlorides is 250 ppm. The present content in the Department's system of 150 is below that standard. He questioned what kind of policy the Board would want the Department to develop because if you look at the existing chlorides in the water, he does not think that is a concern. He understands what the general public wants is notification as to the sodium content so that they may adjust their lives for that reason but did not think the Board should be establishing policy if there is only 150 ppm.

Ms. Scarr felt that there are two parts of this discussion. One is what can be done to reduce that chloride and sodium chloride content in the long run, and that is being addressed. The other part is public information. This is a public agency, and the public needs to trust it to tell them everything it knows about their water and how it might affect them. She felt that a good job was done for North Kona, and something similar is needed in South Kona. The more open this Department is in dealing with the public, the better off it will be. The policy that Mr. Wilkins is suggesting is one that is going to implement how information is gathered to share with the public. When the public calls, this Department ought to be responsive.

The Manager stated that the Department will develop a responsive plan for presentation to the Board next month and also prepare a notice that will be kept in the file, should this ever happen again.

Ms. Ford stated that she keeps hearing about the chlorine content. Chlorine is not the problem for the medically impacted person--it is the sodium.

Ms. Scarr clarified that it is not "chlorine," it is "chlorides."

Ms. Ford stated that the Department keeps talking about chlorine, but chlorine comes from more places than just sodium chloride. It is the sodium that the community is interested in. You can tell when chlorine is too high just by smell; but it is clean and sterile enough to drink. However, for those impacted by high sodium content, she thinks it is reasonable to say that the parts per million in their drinking water should not exceed 30 ppm. The "long term" fix may take up to three years, and they need "short term" fixes to deal with the problems in North and South Kona in getting rid of the sodium content. The question keeps coming up on what to do with the leftover concentrate. Right now, that is being filtered through their bodies and through the wastewater system. What is done with wastewater is it is pumped into the ground. She could not understand why getting rid of the effluent in some reasonable manner is a big problem. She reiterated that this is a medical issue.

The Manager clarified that it is the EPA that governs how this Department gets rid of the effluent.

Ms. Ford commented that we need a higher standard for the water.

Mr. Wilkins rephrased his motion as a request to the Department to come back to the Board by the next meeting with a document which recognizes the problem, proposes a higher density of monitoring techniques, and long and short term proposals for the problem.

Ms. Garson noted this as kind of a friendly amendment to the Motion; Ms. Scarr accepted the amendment.

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

SOUTH HILO:

A. **RESOLUTION NO. 04-03:**

Resolution No. 04-03 for condemnation of a portion of Tax Map Key 2-5-008:024, was introduced at the July 27, 2004, Water Board Meeting. Publication of this Resolution was made on August 16, 2004.

The Manager recommended that the Water Board adopt Resolution No. 04-03.

ACTION: Mr. Wilkins moved for approval of the Manager's recommendation; seconded by Ms. Scarr and carried unanimously by roll call vote (Ayes: 5 - Mss. Hons and Scarr; Messrs. Goya, Wilkins, and Chairman Nakashima; Nays: 0; Absent: 4 - Messrs. Heck, Konanui, Mochida, and Tanaka).

SOUTH KOHALA/HAMAKUA:

A. **JOB NO. 97-684, CONSTRUCTION OF THE PUUKAPU-NIENIE BOOSTER PUMP STATION NO. 1 & NO. 2 REPLACEMENT:**

The Board considered a request for extension of contract time from the contractor, Dick Pacific Construction Company, Ltd. This is the contractor's third time extension request. Staff has evaluated this request and finds that the 61-calendar day extension is justified.

The Manager recommended that the Board grant Dick Pacific Construction Company, Ltd., a 61-calendar day extension for JOB NO. 97-684, CONSTRUCTION OF THE PUUKAPU-NIENIE BOOSTER PUMP STATION NO. 1 & NO. 2 REPLACEMENT, from August 31, 2004, to October 31, 2004.

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

HAMAKUA:

A. **JOB NO. 95-621, POHAKEA WATER SYSTEM IMPROVEMENTS:**

The Board considered a request for a fifth contract time extension of 92 calendar days from the contractor, Willocks Construction Corporation, due to delays as stated in their request. The

easement issue is still being pursued. Engineering staff has reviewed the request and finds that the 92 calendar days are justified to complete the remaining portions of the project.

The Manager recommended that the Board grant this extension of contract time of 92 calendar days to Willocks Construction Corporation for JOB NO. 95-621, POHAKEA WATER SYSTEM IMPROVEMENTS. If approved, the contract completion date will be extended from July 30, 2004, to October 30, 2004.

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

Discussion followed on the delays. The Manager updated the Board on problems encountered with a needed easement. The property owner has constant problems with the placement of a particular HELCO utility pole on his property. The contractor is very frustrated with the situation.

Ms. Scarr asked if the person thinks the Department is not compensating him enough.

The Manager replied he did not think money is the issue. The person just does not want lines crossing in front of his house.

Ms. Scarr thought it may be a good idea to have Ms. Garson draft a condemnation letter; and if the parties do not agree, show it to them. This Board has the power of condemnation, and perhaps this may get results.

ACTION: A vote was taken on the Motion. Motion was 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 for contract time extension of 62 calendar days from the contractor, Willocks Construction Corporation due to design changes as stated in their request. This would be the third time extension to the contract. Engineering staff has reviewed the request and finds that the 62 calendar days are justified to complete the project.

The Manager recommended that the Board grant this extension of contract time of 62 calendar days to Willocks Construction Corporation for JOB NO. 99-754, PUAPUAA 2.0 MG CONCRETE RESERVOIR AND SUPPORTING FACILITIES. If approved, the contract completion date will be extended from July 30, 2004, to September 30, 2004.

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

B. AGREEMENT FOR ASSIGNMENT AND TRANSFER OF KONA SOURCE AGREEMENT II WATER COMMITMENTS:

Ms. Karen M. Nii, Trustee of the Marital Trust of the Jack H. Ujimori Trust (former owner of Tax Map Key 7-5-004:009), wishes to assign forty (40) Kona Source Agreement II water commitments currently assigned to said parcel to Kanti R. Patel and Manju K. Patel, Ramesh V. Patel and Priti R. Patel, Robert Sampognaro and Kathleen Sampognaro, and Manmohan Harrai Desai, the current owners of the same parcel.

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

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

Mr. Wilkins asked if he was correct in his understanding that this land and water rights were originally sold and transferred in the early '90's and that fell apart due to bankruptcy, and the original sellers bought it back and are now trying to sell it again.

Ms. Garson replied that is her understanding of it, and they have already sold it. It belongs to the Patel party. This is a case where it should have been completed at the time of sale.

Mr. Wilkins asked if there is any question of physical availability of water to satisfy the 40 water rights.

The Manager replied they have a commitment and that it is the same parcel of land.

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

C. RESOLUTION 04-04, AUTHORIZING CERTAIN MODIFICATIONS TO THE TERM OF THE \$600,000 LOAN TO THE COUNTY OF HAWAI'I AUTHORIZED BY RESOLUTION NO. 04-02:

Resolution 04-04 seeks to modify Resolution 04-02 only to the extent that interest only be payable for the first 12 months and that the DWS loan and bond shall be payable as to principal and interest over a 5-year term beginning upon expiration of the first 12-month period, rather than as specified in Resolution 04-02 where the 5-year term began from the full disbursement of the loan.

The modification is requested to make the Water Board/DWS loan consistent with the terms of the two USDA loans for ease of administration of the three loans and the special assessments to provide for their repayment.

The Manager recommended that the Water Board adopt Resolution No. 04-04.

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

Ms. Garson stated that the attorney for the bond company had drafted this resolution, which is to make the administration of both loans a little easier. This resolution only modifies that one provision in the previous resolution that was approved by the Board.

Mr. Wilkins asked if this physically draws out the repayment period--a certain period of interest only, followed by a full principle interest series of payments.

The Manager noted that the document provides for a five-year term beginning on the expiration of the first twelve-month period.

Mr. Wilkins asked if the long term impact on the customers in the Improvement District might be a higher cost but lower cost up front.

The Manager replied it means higher cost up front, but lower cost in the long term.

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

SOUTH KONA:

A. **WATER QUALITY IN SOUTH KONA AREA:**

Discussed earlier.

MISCELLANEOUS:

A. **PROPOSED AMENDMENT TO RULES AND REGULATIONS:**

Public Hearings were held July 27 and August 24, 2004, in Hilo and Kona, respectively, on the proposed Rule 4-13 Acceptance of Existing Private Water Systems. The proposed rule lists situations in which the Water Board will not accept existing private water systems as well as listing all of the requirements that must be met in order for the Water Board to accept private water systems.

The Manager recommended that the Water Board adopt the proposed amendment to the Rules and Regulations.

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

Ms. Scarr thanked the Department for having going through the process of figuring out how this could be done. This will really make a difference to certain subdivisions in North Kona and probably some in South Kona.

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

B. **MONTHLY PROGRESS REPORT:**

In response to Ms. Scarr's question if there were any problems the Manager wished to point out, he replied there are problems with the Pohakea Water System project, as discussed earlier; and there are also ongoing problems with the Kawaihine Tank replacement project (approved materials for

painting inside of new concrete tank). The Board will see the contractor for this project coming back for extension of contract time.

After discussion on the Board's displeasure of repeated contract time extensions, the Manager again gave his assurances that a contractor does not want to request contract time extensions unless absolutely necessary. It is their goal to go in, get the job done, and move on to their next project. Some things, however, are beyond their control, which is usually what the Board reviews in the contractors' letters.

Ms. Scarr commented that it is also the Board's job to help them complete their projects.

C. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Ms. Scarr mentioned something she noticed in last month's audit report--that there is \$10,635,565 in customer deposits payable from restricted assets on the balance sheet. What went back was less than 10%.

The Manager stated that what went back are those that are not related to the facility charge. Customer deposits, example; when connections are done for contractors, etc.

Ms. Scarr noted that the flow is less than 10% so the Department retains about 90% of that. She wanted to flag that for the Board and for the Finance Committee. She and Mr. Tanaka wanted to have a further look at that cash because they think it is an asset for use in development.

The Manager stated that what the Department was thinking about was when emergency projects come up that are not on the C.I.P. list but need to be done, this account could be tapped into to have them done.

Ms. Scarr added it could possibly be for other types of projects as well.

D. FINANCE COMMITTEE REPORT:

Ms. Scarr stated that she has not had the chance to work on this. They may need expertise from a financing expert (perhaps the person mentioned by R. W. Beck, Inc., at a previous meeting who works on the west coast with utilities.) She asked that the Board give her time to speak with Mr. Tanaka and perhaps they could contact that person. The Manager cautioned that if there is any fee involved, it needs to go through the Procurement channels.

(Mss. Ford and Isbell left the meeting at 11:14 a.m.)

E. STRATEGIC PLAN/ANNUAL BUSINESS PLAN:

Informational presentations were made by the "champions" of the next three Strategic Initiatives and Tactics listed in the 2004-2005 Annual Business Plan as follows:

- 1) Kurt Inaba - his task is to provide staff training to improve competencies skills. At the previous meeting, Mr. Okamoto spoke about business processes. Mr. Inaba stated that he will need to work with Mr. Okamoto to identify where training needs are and have it documented. This

process requires whatever kind of training--whether it be in-house or outside, and continuing to provide necessary training. Documenting business processes means documenting daily jobs. There is a lot to accomplish, but it needs to be done one step at a time.

Ms. Scarr mentioned someone who has worked for the Department 30 years and retires and people remaining do not know what that person did.

The Manager stated that as of now, there are Civil Service position descriptions (PD's), but they are very vague. Business processes really help. Somebody new could have a look at it and get an idea what is going on.

Mr. Wilkins commented that position descriptions are usually written by someone not in that field and know little about the particular job.

The Manager stated that PD's are being revised. (Mr. Inaba added that they are still general.) These business practices are more specific.

Ms. Scarr recalled Mr. Lee's earlier comments about cross training and thought that was very helpful.

The Manager spoke of the Honolulu Board of Water's "Quest" program. They are taking a huge step in cross training or modifying the way they operate and had tremendous consultations with their unions, Civil Service, and also Legislature. This Department will be able to learn from their process.

- 2) Quirino Antonio - his task is to review/improve employee recruiting process to account for current and future core competencies. To accomplish that, there are actually six tactics; but he went through first three because they will be the ones staff will be trying to pursue this first year. Number 1 is to identify personnel requirements for each division's benefit having supervisors and employees having a clear picture of each person's duties and responsibilities, which will lead to efficiency and multi-tasking. Second, secure approval for personnel changes. The Table of Organization needs to be in line with the Department's goals and strategies to achieve maximum benefit. The third tactic is to hire additional staff to assist the Department's Personnel Section. An additional clerk will help push the necessary paperwork to hire additional personnel needed (in other areas of the Department). The Department's Personnel Section will be performing a lot of functions in the next few years because of this strategic and business plan. That section is getting overwhelmed with this additional work, and he felt the need to proceed with additional needs in the Personnel Section. An example would be that they are still working on the Strategic and Business Plan Manager and Public Relations person. Additional tasks may be added to that position just to relieve Personnel with the duties they have been doing the past several years; example, their responsibility for the Department's safety program. It is a really big thing in this Department. The Safety Committee is active in making sure the Department's employees work within a safe environment. This is taking a lot of their time. Another example, earlier this year, the Board approved the creation of a Contracts Technician, which will greatly improve operations. The first step was to advertise the position within the Department. No one applied; therefore, it has gone out to Interdepartmental and public recruitment. The closing date was a couple days ago, so the outcome remains to be seen. Civil Service should be forwarding a list of qualified names for the Department to choose from.

They may also have to schedule a qualifying exam, so it may take another couple of months. One of the things he will be looking at is the set of recruitment requirements that was done a couple of years ago. These procedures comply with Civil Service and union requirements. It is a good document, but it will be looked at to see if it could be improved. He stressed the need for the Department to comply with Civil Service and contract requirements; but on the other hand, does not want to give away our administrative rights as far as hiring procedures. In the annual Business Plan, to measure our progress in our tactics, we had identified two key performance indicators (KPI's). The first KPI that will be looked at is on Page 14 in the Business Plan, "Beginning 2006, reduce customer complaints by 10% per year. The second indicator is, "Beginning 2005, reduce work order backlogs by 10% annually."

Ms. Scarr was not sure how Civil Service impacts the Department's hiring. She asked if it has to consider residency in Hawai'i. Has come up with other boards.

The Deputy Manager replied that union involved is to ensure the Department's existing employees who have seniority are considered or have some kind of preference. It also has to comply with Affirmative Action--Equal Opportunity rules.

Ms. Hons mentioned previous discussion on hiring a public relations person from outside (independent).

The Deputy Manager replied that it was considered, but opted not to because someone within the Department would be available more immediately. Also, someone from outside means procuring that person. It may become complicated, and you would not end up with the same person each time.

The Manager added that even though you employ someone inside, it does not stop the Department from going outside for special purposes. The one that is planned to be on staff will perform more tasks internally.

Ms. Scarr mentioned the fact that other agencies put out a lot of public information and that would be something good for this person to do, such as the information on the South Kona water, discussed earlier today. She did not find that this Department tells the public much about its business.

The Deputy Manager mentioned the Department's website, which is up and running, www.hawaiiidws.org. He asked that the Board take a look at it and provide feedback.

Mr. Wilkins asked about subsidized education support--example, so many hours per week, an employee may be excused to get a scholarship.

The Deputy Manager mentioned sabbatical leave provided for in the Civil Service rules. If it will benefit the Department and is related to the person's job, it is looked upon favorably.

- 3) Dennis Lee - his task is to identify and outsource critical competencies that are needed on an infrequent basis. Mr. Lee stated that his goal is to have employees achieve customer satisfaction and best class status. A couple of examples relate to professional services. In Operations, energy savings became very important, and they needed to hire a professional to

assist with that. Therefore, they had an energy savings contract drawn up. Engineering had in incident where they had to do landscaping, so they put that on their professional services contract. Another example would be the Board may need assistance in financing. These are things that need to be done on an infrequent basis, and usually these examples relate to professional services contracts. This also relates to Strategy #3, which is to identify and outsource critical competencies that are needed on an infrequent basis. The plan of action is to seek input from other divisions, in which the start date is October 4th. They need to bid out and award contracts, hopefully before the end of the year. After all that is done, they need to update program requirements, which is usually before the end of the fiscal year. The total cost is \$320. \$300 is for labor, and \$20 is for material costs. It does not cost very much. The \$300 actually could be way less than that. He did not know how to cost this thing out because it is more a matter of staff getting together to decide what is needed.

Mr. Wilkins asked if this Department has a blanket purchase agreement. The Department's Material bid was mentioned--it falls under the procurement procedures.

F. **WATER BOARD GOVERNANCE POLICIES:**

Ms. Garson stated that she was expecting more feedback from the Board on the policies and was not sure if the Board ever discussed it. It was noted that some members were absent today and perhaps it would be a good idea to postpone discussion until a later time.

Ms. Scarr suggested holding a special meeting, or spend at least an hour on this topic at an upcoming meeting. It was decided that the Board deal with the other Agenda items for the September 28, 2004, Water Board Meeting in Hilo, break for lunch, and reconvene to spend time on the policies in the afternoon.

Discussion followed on meeting places in Waimea in the event the Board ever wished to change a meeting place--Waimea cited as a half-way point for most. Upon Ms. Scarr's suggestion, the secretary will check Waimea's YMCA meeting room.

G. **MANAGER'S REPORT:**

- 1) **Kona Coastview/Wonderview status** - Council passed the final reading on August 18. After the Mayor signs, the contractor will be given Notice to Proceed.
- 2) **USGS Drilling Program** - Mr. Tribble reports that they plan to move the rig in two weeks. They are looking into reducing the funds for this Department since the rig has been idle for so long.
- 3) **Kona Water Quality Progress** - The Manager reported that staff met with another individual, along with Ms. Garson, on using another corridor to bring water down to from the higher elevations. This one could probably happen fastest--maybe 1½ years. He recapped some things the Department is negotiating for to alleviate the problems: Makalei (on the extreme north end), Hina Lani, two (2) corridors with one individual, another corridor with the individual just mentioned, working at the Kahaluu Shaft (procuring a consultant to develop another well that is already drilled--Keopu; KIC has three (3) wells above Keauhou that the Department wants to partner with. In South Kona, the Department is working hard to get the well back online

(scheduled for September 3). When that water comes back, the water quality will greatly increase (it is four parts per million, which is exceptional quality).

Recalling earlier discussion today about the study to be done by Brown & Caldwell on treatment at the Kahaluu source, Ms. Scarr thought it might be a good idea to have Brown & Caldwell make a presentation to the Board. She also mentioned a group of organizations that is sponsoring candidate forums for Mayor, Council, U.S. Congress, etc., to be held in West Hawai'i. She is on the panel that puts together the questions; and one of the questions submitted to the Mayoral candidates was, "What public information should be available about negotiations entered into by the Department of Public Works and the Department of Water Supply on private agreements with land holders and private agreements with other entities"? She felt this question is coming from the suspicion that as negotiations are ongoing between these departments and unnamed individuals, that there is some kind of "hanky panky" going on. She wanted to ensure that whatever this Department is doing is well within its legal bounds in terms of confidentiality as opposed to public information.

Ms. Garson expressed surprise by that because all agreements have to be presented before the Board, so they are all public record. The Board or the public may express their concerns; however, no one has ever done that.

Ms. Scarr added that she was surprised by it also.

Ms. Garson added that in this most recent negotiation the Manager spoke of earlier, there is nothing in writing yet; but when it is put in writing, it will come to the Board.

Mr. Wilkins commented that it stems from previous Administrations that have left people to be extremely suspicious of things where they do not have clear knowledge.

The Manager gave his assurances that this Department works very hard to ensure that what it does is legal. He added that Ms. Garson would never allow anything not legal to happen.

Ms. Garson added that she encourages the Board to review agreements brought before it and may suggest revisions or raise concerns. Ultimately, it is the Board's decision whether or not to proceed with anything.

- 4) **Financial Management System** - In response to Ms. Hon's question about this, the Manager reported that Harris Computers has been making a sincere effort to support the Department. This may be the result of the Department's threats to get out of the contract, but they have been more responsive. In the meantime, the Department is waiting to see how the County's new program will work once they change over.
- 5) **Public Information Meeting** on the Kuakini Highway 16-Inch Waterline Improvements (DWS Job 2003-821) and Construction of Kuakini Highway Improvements (DPW job) August 31, 2004, 6:00 p.m. in the Kealakehe Intermediate School Cafeteria. The Department be utilizing the County's resources through Mr. Peter Hendricks in the Mayor's Kona office.

H. CHAIRMAN'S REPORT

Chairman Nakashima stated he is pleased with the progress that has been made with the Business Plan, and also the Kona Coastview/Wonderview project is in good shape.

ANNOUNCEMENTS:

- A. **Next Meeting**: The next Water Board Meeting will be held on September 28, 2004, 10:00 a.m., at the Department of Water Supply, Hilo Operations Center Conference Room, 889 Leilani Street, Hilo, Hawai'i.

STATEMENTS FROM THE PUBLIC

None

ADJOURNMENT

ACTION: Ms. Scarr moved for adjournment of the meeting; seconded by Mr. Wilkins and carried unanimously by voice vote. Meeting adjourned at 12:08 p.m.

Secretary

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