

County of Maui Water
Supply

BOARD OF WATER SUPPLY
COUNTY OF MAUI
CAPITAL PROGRAMS COMMITTEE MEETING

Held at HGEA Conference Room, David K. Trask, Jr.
Office Building, 2145 Kaohu Street, Wailuku, Maui,
Hawaii, commencing at 9:00 a.m. on April 9, 2001.

REPORTED BY: LYNANN NICELY, RPR/RMR/CSR #354
IWADO COURT REPORTERS, INC.

A P P E A R A N C E S

COMMITTEE MEMBERS:

Howard Nakamura, Chairman
Peter Rice
Jonathan Starr

STAFF PRESENT:

David Craddick, Director
Mike Quinn, Fiscal Officer
Herb Kogasaka, Engineering
Miles Fujinaka, Engineering
Howard Fukushima, Corporation Counsel
Fran Nago, Board Secretary

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MR. NAKAMURA: I would like to call the
meeting of the Capital Programs Committee of the Board
of Water Supply, County of Maui, to order. It's
Monday, April 9, 2001. We're meeting in the HGEA
conference room, David Trask, Jr., office building,
2145 Kaohu Street, Room 207, Wailuku, Maui. Present
here today are committee member Peter Rice and myself,
Howard Nakamura, the Chairman; also Board of Water
Supply member Jonathan Starr, Director David Craddick,
Fiscal Officer Mike Quinn, Herb Kogasaka and Miles

Fujinaka from engineering, board secretary Fran Nago, and Sally Raisbeck.

We have no minutes to approve today. Item IV, testimony from the public. Is there any testimony from any member of the public on items either on the agenda or not on the agenda?

MS. RAISBECK: Mr. Chairman, I had a question. I notice --

MR. NAKAMURA: Could you identify yourself, please.

MS. RAISBECK: Sally Raisbeck. I live in Wailuku. And I wondered, the first item on the agenda, the exploratory well within Camp Maluhia, there wasn't an amount given for how much would be transferred. And I also wondered, is there a plan for development of wells up in that area assuming on the hypothesis the exploratory well shows good water? What is the plan for developing wells north of the present wells?

MR. NAKAMURA: Okay. I would suggest, Sally, that when we get to this item, the director can explain the request and at that time if you have any questions, we will provide you the opportunity to ask them again, if that is okay with you.

MS. RAISBECK: Thank you.

MR. NAKAMURA: Okay. Any other testimony? If not, let's move on to V, items before the committee. Item A, Director'S Report 01-03, request for funds for an exploratory well to the north of Kupaa Wells No. 1 on state land in Maluhia leased by the Boy Scout camp. Mr. Craddick?

MR. CRADDICK: Actually, this request is not a request for funds. The funds are already part of the budget. It's just called Kupaa Well in there. And what we're doing, as the report says here, our consultant is saying that he doesn't think we can get much more water from the area of North Waihee that we purchased from Wailuku Agribusiness, so we're trying

to keep going further north, spreading the pumping out and this is just the next increment in doing that. It's still developing the North Waihee aquifer which was the plan that the board approved back in 1996.

MR. NAKAMURA: The amount, Mike, was \$500,000, as I recall.

MR. QUINN: That's right, Mr. Chairman. It was \$500,000 appropriated for the Kapaa Well under the Iao portion of the capital improvement budget for fiscal year 2001.

MR. NAKAMURA: And David, your proposal is to transfer the entire amount; is that correct?

MR. CRADDICK: Yes.

MR. NAKAMURA: Okay. Any questions from members of the committee?

MR. RICE: Yeah. So do we know what we're budgeting for this exploratory well?

MR. CRADDICK: Half million.

MR. RICE: But that's for the whole process of drilling exploratory wells, a half a million.

MR. CRADDICK: Yeah.

MR. RICE: Is it to go to bid or is the bid documents prepared for that or how far along are we?

MR. CRADDICK: No, we haven't done anything yet.

MR. RICE: So we haven't even begun the process.

MR. CRADDICK: Right.

MR. RICE: So with the transfer of the money, then we would prepare some specs for that exploratory well project and we would go out to bid.

MR. CRADDICK: Right.

MR. RICE: That's right.

MR. NAKAMURA: Anything else, Peter? I have another -- I have a question. It somewhat relates to what I think Sally was starting to get to and that is, what is going to be the process? You know, you make specific reference to a location, but has there been an actual study of the area by either yourself or the department or Dr. Mink to identify the most desirable location for an exploratory well?

MR. CRADDICK: Not really, no.

MR. NAKAMURA: So your reference to a specific site, is that -- at this point is that appropriate or is that premature?

MR. CRADDICK: I don't think there is any specific site in there.

MR. NAKAMURA: You made reference to the proposed site as located in state land which is leased by Maluhia Boy Scout Camp.

MR. CRADDICK: Well, that state land goes all the way to Kahakuloa.

MR. NAKAMURA: It's all leased by the Boy Scouts?

MR. CRADDICK: No. But this area here going all the way to Makamakaole Stream is leased by the Boy Scouts, which is a pretty big area. So somewhere in that area.

The state had already planned to do a well back in 1989 or '90 in the area a little bit closer to Makamakaole Stream than what we're planning on doing. But there was already one well planned for that area. And we would expect the state would probably still go forward with that well next year because it's in their budget and still hasn't been knocked out, so we

would expect the state to go forward with that well next year.

MR. NAKAMURA: Okay. Mr. Rice?

MR. RICE: You referenced the board's approval of this drilling plan in 1996. Would that have been based on some study that was done in that area?

MR. CRADDICK: I believe it was, yeah, Mona Kiyo had done some kind of study.

MR. RICE: So the board wouldn't have made a decision to place that area in the drilling expansion without having some background as to water availability there, right? Or no?

MR. CRADDICK: Well, again, this is part of North Waihee aquifer, so pretty much anywhere you drill, you're going to get water. It's just a matter of how much you're going to get. This is all -- we've developed 4, a little bit over 4 right now in half of North Waihee aquifer and now we're trying to get the other 4 in the other half of North Waihee aquifer. But the plan all along was always to develop 8 from North Waihee.

MR. NAKAMURA: Anything else, Mr. Rice? Mr. Starr?

MR. STARR: I'm interested to hear the number 8 because I've certainly heard that USGS feels that 4 is the max that we're going to long term get out of North Waihee. So there is definitely some dissention about it. But I do agree that it's good to spread the pumping out, so I do feel we're going in the right direction by moving this out to Maluhia.

I do have a problem, though, you know, this is something that I see over and over again is that we're calling this an exploratory well. And I kind of would like a little bit of background from the director why we call it an exploratory well because we're looking to drill a well that we're going to use for production. And that's good because we need the

water, but I would like to have a bit of understanding why we keep calling them exploratory wells until they hit water and then we call them a production well. I would be much happier if we were saying the words we're drilling a well that will hopefully add water to our system, which is what we're really trying to do.

MR. CRADDICK: We wouldn't know that until the well is drilled. We would have to get test information to find that out. I'm not going to sit here and tell you I know right now what the well is going to produce and what the water quality is.

MR. STARR: I just don't want to create any kind of misleading, you know, misleading belief that this is a scientific experiment. This is an attempt for us to spread out the pumping and to utilize a resource out there.

MR. KOGASAKA: One of the tests that's conducted is the production of the well itself, so we pump it at various rates. We do a step test where you pump it like 500 million gallons per day increment, or 500 gpm, I'm sorry, and then we do a sustained pump test to see what it's effect is on the chloride and other levels.

MR. STARR: And then we decide how --

MR. RICE: But just to clarify where Jonathan is going, but if we pick the wrong site and it's dry, we've wasted -- I shouldn't say wasted because we've got -- but it's a half million dollar --

MR. CRADDICK: You've got an exploratory hole then.

MR. RICE: You've got a half a million dollar risk. And that's not necessarily bad. Because wherever you drill, it's a half a million dollar risk. Hopefully you've done the geological work in advance so that it's not a bomb.

MR. STARR: My belief to my limited knowledge

we are drilling in the right place. It's really going to be a question of whether we're going to get, you know, a half or one million gallons out of it. And the real question is, you know, over long term that's 20, 30, 40 years, whether, you know, how much we're going to get out of the whole thing or whether we're going to have to cut that back. I don't think anyone knows that, but, you know --

MR. CRADDICK: You're only going to find out by doing these wells and testing them.

MR. RICE: But there is some science to it. You're picking a spot based on some knowledge, right?

MR. CRADDICK: Mainly the rainfall in North Waihee.

MR. NAKAMURA: So just so there is a clear understanding, semantics aside, the procedure of the department is to drill a well that they hope to be ultimately a production well and you would then test it to determine whether or not in fact it can be a production well.

MR. CRADDICK: That's correct.

MR. NAKAMURA: What about Mr. Starr's question about the 4 and the 8? Can you clarify that, David?

MR. CRADDICK: Again, I don't know if they're talking about the portion of North Waihee that we bought from Wailuku Ag -- I mean, I myself have always told the board we would only get 4 from that area. I know when we were in the negotiations for purchasing, Wailuku Ag tried to lead the board to believe you could get 8 from that area, but I don't think there is any studies that showed you ever could have gotten 8 out of that area there.

MR. NAKAMURA: My recollection is basically the same, that we talked about 8 in the context of the entire what is called North Waihee. Perhaps the confusion is because -- partly because the first two

wells are identified as North Waihee wells. However, I think the director has been consistent in identifying 8 as the capacity for the entire aquifer and in maintaining that the portion that has been developed to date has a capacity of 4.

MR. STARR: I believe what we're seeing from USGS is that they feel that 4 is what we're going to get out of the whole thing long term.

MR. RICE: Four wells or 4 million?

MR. STARR: Four million. You know, just as Iao was looked at to theoretically on paper have a much higher sustainable yield than has been practical, they're starting to back pedal now that we're producing and we're seeing the actual results. So in any either case, I think we should go ahead with this well, this is a good project. But I for one don't want to really believe until it's proven that we're going to get another 4 million gallons out there. That's kind of where I'm getting at.

MR. RICE: Don't go projecting our --

MR. STARR: Yeah.

MR. NAKAMURA: May the record reflect that Ellen Kraftsow is present.

MR. RICE: Two other questions. So let's say that we do this exploratory well and it's a good one. What additional dollars would we then need to make it permanent, roughly?

MR. CRADDICK: One and a half to 2, would be my guess.

MR. RICE: More.

MR. CRADDICK: Yes.

MR. RICE: And then what's the time frame on completing the exploratory well to the point where we

know that it's good or no good?

MR. CRADDICK: I would say, depending on what environmental work we have to do, certainly no later than this time next year.

MR. RICE: We were talking before the meeting about the fact that when we say we're going to do a project, that sometimes the design phase of the project is -- people think, oh, we're doing the project, they think start work. Well, there is design time and approvals that are required that extend it. So a year. Okay.

MR. NAKAMURA: Sally, do you have any further questions?

MS. RAISBECK: Yes, thank you, Mr. Chairman. I wanted to ask whether Kupaa 2, which must have been drilled with part of the money because that well was drilled, Kupaa 2?

MR. CRADDICK: No, it hasn't been drilled at all.

MR. STARR: Kupaa 1.

MS. RAISBECK: Oh, Kupaa 1 was drilled. But that will be able to be pumped within the 4 million gallons a day limit that John Mink put on all of that. You won't -- with all of the ones in the North Waihee aquifer so far, you won't be exceeding 4 million gallons a day?

MR. CRADDICK: We're currently pumping I think about 4, 4 and a half, somewhere in that neighborhood right now.

MS. RAISBECK: So you are exceeding the sustainable yield.

MR. CRADDICK: No.

MR. RICE: Wait, wait, let's -- I think you need to go back to what Jonathan said. The yield of the aquifer is not yet determined. So while it might

not be 8, it might not be 4. So let's not go saying what the sustainable yield is yet.

MS. RAISBECK: I'm sorry, I was quoting Mr. Mink.

MR. STARR: Yeah, I think there was a letter from John Mink saying that he felt it would top out at 4. Let me -- I think Ellen can give us the facts.

MS. KRAFTSOW: The state defines sustainable yield of all the aquifers on the island, they find where aquifers are and what the yields are of each one. The sustainable yield as legally defined of the Waihee Aquifer is 8. However, what David is referring to and what Mr. Mink was referring to is I think it's the northern -- is it the northern portion, one portion of that aquifer, fairly extensive portion of that aquifer which our lands sits within, we shouldn't try to take more than 4. In other words, to get 8, we'll have to spread it throughout. And of course as you know, the state is reviewing all the sustainable yields to some extent. There were water budgets. So that's all that is.

MR. RICE: Right. So as to her question or comment, I thought what we said earlier we are spreading this drilling out so that we don't get stuck on that 4 million -- is that right? That was your point, Jonathan?

MR. STARR: Yeah. And the fact --

MR. NAKAMURA: Can I ask that everyone please raise your hand before attempting to speak? Sally.

MS. RAISBECK: If I could just read what Mr. Mink said, which I believe you all have in your packet. The last page of his memo, he says, "A serious misrepresentation about the sustainable yield of the North Waihee Kupaa and Kanoa wells as totaling 8 million dollars a day has appeared in newspaper reports and repeated at public hearings. The sustainable yield of 8 million gallons a day is that

proposed for the entire North Waihee aquifer system which extends from the axis of Waihee Valley to Kahakuloa Valley. The portion of the system to be exploited by the existing wells extends from Waihee Valley to the Brewer property line at the south boundary of the Makamakaole [inaudible] segment of the North Waihee aquifer system, the sustainable yield has been estimated at just 4 million gallons a day."

So I just wondered if that means that the existing wells including Kupaa and Kanoa, they should only be drawing 4 million gallons a day, so 4 and a half would be exceeding the sustainable yield.

MR. NAKAMURA: Mr. Craddick, any comments?

MR. CRADDICK: Well, again, I think everybody knows we've been trying to play catch up here since the start of this last 10 years. So right now the two North Waihee wells that came online first have the been operating 24 hours a day, each well, and we don't expect that's going to go on for the long term. We expect that one of those wells will be as a backup. Even the Kanoa well or -- yeah, Kanoa well, one of those two wells is a backup. So you're going to really have three wells functioning in there. And I think if you go on further to read what John Waihee says applying our factor for peak day and having equipment backup, you'll get about 3 and a half out of the current wells that are in there for the long term, which is less than the 4.

MR. NAKAMURA: Okay. So in summary, the intent is that the five existing wells will ultimately be utilized in a way that would produce approximately 4 MGD in that portion of the aquifer and we need to further develop the northern portion of the aquifer to potentially develop an additional 4 million gallons, "potentially" being the operative word. Okay?

MR. CRADDICK: Yes.

MR. NAKAMURA: Any further questions?

MR. STARR: Just one other thing is that the geology does change on the other side of that next gulch. So, you know, I've heard from USGS that this well we're going to drill now, this is kind of the last sure thing after there has been no, you know, there has been no test drilling and they say the rock formations may be different.

MR. CRADDICK: That's wrong. The Wailani Ranch has a well, the Maluhia Ranch Estates has a well.

MR. STARR: Those are all very small. Very, very small.

MR. CRADDICK: Still, we have information, we know where the head is and the head is enough to -- maybe can't get a million and a half gallons a day per well, but looks -- the head is higher than it is out in the Haiku area.

MR. STARR: In other words, we might, but let's just be a little bit -- you know.

MR. RICE: I think Sally's point and your point is we don't want to be pumping to exceed the sustainable yield of the aquifers. No question at all. So to that end, this drilling of this well is necessary. It's in the right place. Right?

MR. STARR: I do have another question. What's the status of the right to drill there? I understand that there is estates involved, that the Boy Scouts are involved, and that [inaudible] is involved. What permissions do we have and what do we need to get to be able to drill, and also to be able to get access to drive to that site and to be able to run a pipeline from that site to where we'll be able to connect to our system?

MR. CRADDICK: We've already got the keys from the Boy Scouts to go in and do preliminary site investigation. And we had talked with the Boy Scout executive director this morning, Brian Gray, and he

felt he'd already sent us a letter. We don't have it in our record. He said he's either going to prepare another one or send us a copy of the one he already sent. The next step --

MR. STARR: Will that letter give us what we need from them?

MR. CRADDICK: Well, it gives us enough to where we can go to the land board and get the real permission. But because it's an active lease, you actually have to get permission from the landlord, not just the lessee.

So we have done the part that we need to do on getting the information available to go to the land board and that will be one of the next steps.

MR. NAKAMURA: I think the Chair's recommendation on this item is that the committee recommend approval of the transfer of funds and request the staff to provide the board with an actual plan for how this process is to move ahead. I think there is some confusion in terms of whether it's a specific site or it's not a specific site. I believe that there needs to be some further investigation done and a recommendation made to the board as to the location of the exploratory well.

MR. RICE: I would so move.

MR. CRADDICK: Before you vote on that, I need some clarification.

MR. NAKAMURA: Basically we want to see the plan, is what I'm saying.

MR. CRADDICK: Well, you won't get the plan unless this money is approved because in the scope of work would be to come up with the plan.

MR. NAKAMURA: That's what I'm saying, we're approving the transfer. The first step being the preparation of whatever you want to call it, a preliminary plan or -- in other words, I guess what

we're saying is we don't want you to construe this as being able to run out there tomorrow with a drill rig and start, you know, drilling a hole in the middle of capital hill or wherever else. Okay. Is that -- if I have a concurrence, the committee will make that recommendation.

Okay. Next item, Director 01-05, approval for funding of Oki Place Seaside Street waterline replacement. Mr. Director.

MR. CRADDICK: This particular project is over on Molokai, isn't it, Herb?

MR. KOGASAKA: Yes.

MR. CRADDICK: Just another one of the pipeline replacement program. They are small lines there that are below the level needed to provide fire protection. It's near town.

MR. RICE: \$50,000 job?

MR. CRADDICK: No, no, that's just design.

MR. RICE: That's just design.

MR. NAKAMURA: A couple of questions, David, or Herb. Looking at the drawing, this particular system looks like it doesn't -- there is a stretch on Kamehameha V driveway that doesn't loop into the existing system; is that correct?

MR. KOGASAKA: There is a project that's under construction right now closing the gap, 12-inch pipes are connecting them from, yes.

MR. NAKAMURA: In that what seems to be an open break in the line. So then this will tie into that system.

MR. KOGASAKA: That's right.

MR. NAKAMURA: And secondly, this is the location where the Pau Hana Inn is located, isn't it?

Pau Hana Inn right on the corner there? No?

I guess my question was I was just reading in the paper about the desire to basically restore and get Pau Hana Inn back in operation, and I was wondering if this improvement will be adequate to meet --

MR. CRADDICK: Actually it won't, no, it won't. They would need probably about a 12-inch line, right, Herb?

MR. KOGASAKA: Yes, but I'm not too sure where Pau Hana Inn is at.

MR. NAKAMURA: You see that one big parcel at the corner of Oki Place and Seaside Place.

MR. CRADDICK: I'm pretty sure you're correct because that one right by the page number 9, that's the pier going out. And so that is -- I would say that is Pau Hana Inn.

MR. NAKAMURA: I think it's right over there where you see that 112 fire hydrant. You see the 112 fire hydrant? I think that's where Pau Hana Inn is. So you're saying if that's the case, if they were to then go back to try to redevelop that or restore it as a hotel, they would in all likelihood have to upgrade that.

MR. CRADDICK: We can look at that and if that portion should be 12-inch, we'll make it that way.

MR. NAKAMURA: That will probably come out during the design portion.

MR. KOGASAKA: Yeah.

MR. RICE: My question related to the request on the agenda is for funding for the water replacement. The request is really for funding for the design phase.

MR. NAKAMURA: That's right.

MR. CRADDICK: It says engineering design services.

MR. NAKAMURA: And this project is in the budget, correct, Mike?

MR. QUINN: It's within the appropriation that we anticipated this budget within the pipeline replacement portion.

MR. NAKAMURA: Okay. Any other questions?

MR. RICE: Recommend approval.

MR. NAKAMURA: Okay. By concurrence, the committee will recommend approval of this project. Item C, Director's 01-06, request approval for funding for Upper Kula/Kaonoulu transmission line replacement. David?

MR. CRADDICK: This project here, there's 8" line currently in this area, and we're having problems getting water to the new tank that we just built out there. And we think that this -- by doing this improvement here, it will help with that situation.

MR. NAKAMURA: Which new tank are you referring to?

MR. CRADDICK: The one that we just put up, Waiohuli. That half million gallon tank out there. During the summertime we noticed last summer we had -- we couldn't keep it full all the time. And this is something that can be done at less cost than the Alalai tank there and reduces some friction loss on that line coming out to that Waiohuli tank.

MR. NAKAMURA: Is that Waiohuli tank shown on this drawing?

MR. KOGASAKA: No, it's not. It's beyond that -- beyond the map.

MR. NAKAMURA: Further toward Keokea?

MR. KOGASAKA: On the second map, it's shown on that --

MR. NAKAMURA: On the second map?

MR. CRADDICK: There is no second map.

MR. KOGASAKA: I'm sorry.

MR. CRADDICK: That little line bubble around there is the project and then if you look a little further down, you see the Waiohuli tank on there.

MR. NAKAMURA: So this is right above where the upper -- the old road and the new road come together, right? The upper -- I'm sorry, the upper Kula road, the upper highway and the lower highway meet.

MR. KOGASAKA: Yes, that's right.

MR. NAKAMURA: It's around that area, right? So you're saying this is kind of an incremental improvement that is occurring and leading toward getting out in the Keokea/Ulupalakua direction.

MR. KOGASAKA: Yes.

MR. NAKAMURA: Is that --

MR. CRADDICK: Yeah.

MR. NAKAMURA: So there would continue to be improvements over time to this line?

MR. CRADDICK: We would expect so, yes.

MR. KOGASAKA: Yes.

MR. NAKAMURA: So from the terminus point of this particular improvement, what is -- how big is the line?

MR. CRADDICK: Eight inch.

MR. NAKAMURA: So it's 8" until --

MR. CRADDICK: It's actually 8" all the way to the -- what is it, the Kamole tank?

MR. KOGASAKA: It reduces to a 6-inch before Kula San and 6-inch to Kamole.

MR. NAKAMURA: Any questions, Peter? Jonathan?

MR. STARR: What are you planning to put there?

MR. CRADDICK: Twelve inch.

MR. STARR: And do we need this before the Hawaiian Homes can come online?

MR. CRADDICK: No.

MR. STARR: This is independent of that or --

MR. CRADDICK: Yeah. We just -- there is a lot of farming that goes on in this walker area there and low pressure.

MR. STARR: But this has nothing to do with the Hawaiian Homes tank and the problems with that; is that correct?

MR. CRADDICK: No. Just trying to improve the line going out to the Ulupalakua area.

MR. RICE: This is part of our overall Upper Kula Road replacement project?

MR. CRADDICK: Upper Kula Road? Upper Kula transmission line, yes.

MR. RICE: Right.

MR. NAKAMURA: So this is a pure transmission line.

MR. CRADDICK: Yes. Well, I don't know, I think there is a lot of services off of it, but --

MR. KOGASAKA: Right now.

MR. CRADDICK: -- that's what it was supposed to have been. So somehow I think that other 8" line may still be in use there as the distribution line.

MR. NAKAMURA: So your plan is to retain that line.

MR. CRADDICK: If we can. It's a lead joint line and we'll have to look at that whether it can be continued in use.

MR. NAKAMURA: Okay. Any other questions on this project?

MR. RICE: Is this for design?

MR. CRADDICK: That's correct, yes.

MR. RICE: Funding request is how much?

MR. QUINN: A hundred thousand. It was within the appropriations that the board approved for pipeline replacement.

MR. CRADDICK: It's that one second from the bottom.

MR. RICE: I just want to be clear on that.

MR. NAKAMURA: Roughly what would you expect the construction costs to be, about a million dollars?

MR. CRADDICK: Could be in that area. It's 4,000 feet of line, so I would expect it to be somewhere in that neighborhood. Because of the terrain and stuff like that.

MR. RICE: I would move that we recommend

approval, Mr. Chairman.

MR. NAKAMURA: By concurrence, the committee will recommend approval of this project to the full board.

Item D, Director's 01-07, approval for construction change order for Alaniu Place/Halama Street project. Mr. Director?

MR. CRADDICK: Okay. Miles, do you want to try this one here? Miles was the project engineer for that one. He knows that one I think better than any of us.

MR. FUJINAKA: On this project, there were three water meters that were not shown on the construction plans. This is a little different from the [inaudible] job. These meters were probably installed after the plans were completed. That's part of this change order.

Another part of the change order is we wanted to install a new 8" valve at one intersection. We were just going to tie into an existing T, but we decided we should be a valve at that T also.

And the bigger part of the change order is where we were going to tie into an 8" waterline on Waiohuli Street, but when the contractor dug it up it was found that it was only 4" in size and this is an 8" waterline project so we wanted to upsize that existing waterline to 8". For some reason that end of that segment of waterline on Waiohuli Street was only 4 inches, whereas the rest of the waterline going up Waiohuli Street was 8 inches.

MR. RICE: So it reduces from 8 to 4 and then ties in.

MR. FUJINAKA: Yeah.

MR. RICE: For how far?

MR. FUJINAKA: About 40 feet.

MR. RICE: We ran out of 8" pipe.

MR. KOGASAKA: Actually, the portion that we were replacing was 4" and we were extending it to -- Waiohuli waterline was 8" installed up to a point where the development ended and then tied into the 4" and our plans didn't reflect where that 4" to 8" transition took place and -- but it was -- the end result was that we had to extend that 8" 40 feet to tie into the 8". So it is a 8" loop completely around now.

MR. RICE: The amount of the change order?

MR. FUJINAKA: The total amount of the change order is \$15,797.

MR. QUINN: We're proposing that that come out of the contingency portion of the budget. And there is approximately \$476,000 left in that lump sum contingency.

MR. RICE: What was the original cost of that project?

MR. QUINN: This was a prior year encumbrance and the encumbrance was \$561,000, of which only \$7,000 roughly is currently encumbered.

MR. RICE: That sounds like a reasonable amount for a change order, Mr. Chairman. I keep forgetting to raise my hand, I apologize.

MR. NAKAMURA: That's all right. You're forgiven. Can I ask one quick question? So Mike, when you encumbered the funds from the prior year budget, basically you just encumbered the amount of the contract that --

MR. QUINN: Yeah, they were already -- we carry them over.

MR. NAKAMURA: So there was no contingency at that time.

MR. QUINN: No.

MR. NAKAMURA: I'm going to agree with my --

MR. RICE: I would move that we approve that change order.

MR. NAKAMURA: Any other comments? If not, the committee will recommend approval of the change order.

Okay. Item E, Director's 01-08, request for funding for construction of Koali pipeline replacement. Mr. Craddick.

MR. CRADDICK: Okay. On this one here, I think we talked about this before, the problems that we're having out at that Koali booster station. And the money that we're asking for here, I think about \$45,000, it was assuming that our crews do the work and it will be part of our assets once it's completed.

MR. NAKAMURA: Any questions?

MR. STARR: Where is this?

MR. NAKAMURA: This is in Hana, right, or outside of Hana.

MR. CRADDICK: Right. From the Koali booster station going up the hill a ways. Just a place where we were having a lot of breaks in the line because there is about -- I think there is about 200 pounds pressure down at the bottom of the hill there and that plastic pipe isn't holding together.

MR. NAKAMURA: So this is just a portion of the plastic line where you have the most problems. The rest of it for now is going to remain plastic.

MR. CRADDICK: Right.

MR. RICE: I think we should recommend approval. That's funding from --

MR. QUINN: Small pipeline. Almost \$79,000 remaining in that category.

MR. NAKAMURA: Okay. By concurrence, the committee will recommend approval of this request.

Item F, status report on FY 2001 Capital Improvement Budget. I think that as we discussed a little bit before the meeting informally, one of our concerns is to get some feel as to, you know, how much of the capital program can be actually realistically accomplished during the fiscal year. And perhaps a good guide for that would be to review quickly the present year's budget since we're nearing the end of the fiscal year. So if we could do that, Mr. Quinn or Mr. Craddick, whoever.

MR. CRADDICK: Well, Mike, since you made this here, I'll let you explain it.

MR. NAKAMURA: Maybe you can give us an overview first, Mike, in the terms of the total amounts appropriated and what has actually been encumbered.

MR. QUINN: Just focus in right now on the pipeline replacement projects because that's -- the board just recommended approval for the projects. If you turn to the second page of the handout, the top portion, you'll see the pipeline -- the board might -- should recall we appropriated \$5,865,000 for pipeline projects. Of that amount, as of March 31, \$3,877,724 have been approved, leaving a balance of \$1,987,275 that the board has not taken any action on and remains available. Less, of course, if the board -- full board approves today's recommendations. The board just approved roughly \$211,000 worth of projects. So there is still ample funding left in the pipeline replacement portion.

And that's really the purpose of this handout here because the pipeline portion, as you know, was the portion that was a lump sum appropriation and required specific committee and board approval before

we could move forward with those projects.

MR. RICE: Mike, just a point of clarification. When you say that these were approved by the board, has nothing to do with the status of the jobs. It just has to do with action taken by the board for the budgeted amounts.

MR. QUINN: That's correct.

MR. RICE: And I think the committee wants to also know where are we with those projects that have been approved. Have they been completed and the funds expended or what status are they in their -- if they're designed, they're halfway designed, that kind of thing. So we can get a feel for how much work we can do in a fiscal year basis. I realize things go on because there is the design and then the construction and they go on from year to year, but I mean we don't have any idea where we are with some of these projects.

MR. QUINN: I have a report here. If the committee wants to, I could go into the whole -- it's based on dollars spent. It won't tell you the exact status, however, of the project. That's an engineering-

MR. NAKAMURA: Why don't we do that, Mike.

MR. QUINN: Okay. I believe every month Herb hands out a report that has the status of projects on it from an engineering standpoint. This gives you a feel for the prior year's projects as well as the current projects.

So for instance, if you take SDWA compliance projects, you can see that the prior year encumbrance was \$689,000, which in essence we have to keep tracking that money because we've encumbered it on prior year projects. And also you'll get a feeling for in terms of dates when you look at the job number on the far left-hand side.

And the amended budget is essentially the budget that you approved. For instance, in SWA

compliance, you approved \$250,000 worth of projects. So we have a working budget combining the prior year encumbrances in this fiscal year's budget. That's the working budget. And we have to track that.

And then we have spent \$244,589 on those compliance projects. We've encumbered \$488,243, leaving a balance of \$206,294. And this particular report in front of you tracks all those projects that are currently within fiscal CIP tracking schedule and they're broken down -- as the CIP budget is -- in the major categories of compliance, Iao aquifer, drought, pipeline replacement, et cetera. And of course, pipeline replacement being a rather large amount of projects in terms of both number of projects and dollar value.

So from a financial standpoint, this will give you an idea -- and then of course at the very end you'll have a grand total of how much has been encumbered and spent based on the total working budget.

MR. NAKAMURA: Mike, what is the basis of making an encumbrance? Is it something which would be under contract?

MR. QUINN: That's right.

MR. NAKAMURA: That's the only basis of an encumbrance?

MR. QUINN: That's right.

MR. NAKAMURA: So for some of these projects that go back to 1992, for example, there is still a contract outstanding on those encumbrances, there is things that are still pending then under the contract?

MR. QUINN: Apparently. I don't know what those are. I mean, maybe engineering would be able to --

MR. NAKAMURA: Actually, I think that was -- it's the Chairman's intent at a subsequent meeting to get into some of these older projects to determine whether or not they are funds that should be lapsed

and reappropriated. Because I notice there is a '92, '95, you know, I guess '92 is about the oldest. But I think there is quite a few of those and we probably need to get some handle on that.

MR. CRADDICK: You may have to go into Executive Session on some of those because like that 192, Mahinahina, is a labor dispute out there and court cases have been filed and things like that.

MR. RICE: If we look at the first, just for example, Napili Well A construction, that's done.

MR. CRADDICK: Not really, no. What happened was during the job, we decided we were going to change the controls. The controls that were put in there are pretty old, and I think they go back to the late '60s, so about 30-plus-years-old. And I think since 1994 when the well was taken out of service, I think a number of parts were used elsewhere. So in the end, we figured it wasn't worthwhile putting all that stuff back in, we might as well just replace the whole controls. And my understanding is they're supposed to arrive sometime this month and then will probably be operational next month.

MR. RICE: But that would be a change order because there will be additional cost.

MR. CRADDICK: No, no, that's already --

MR. RICE: So there is no other financial obligation, it's just not -- we're waiting for parts to come in.

MR. CRADDICK: Right. I don't believe there is any other financial obligations.

MR. RICE: Are the contactors done?

MR. CRADDICK: Oh, yeah, that's all done. Looks pretty sharp, too.

MR. NAKAMURA: I guess the concern is I think pretty clear because if you go to the grand total, you have the so-called working budget which is a total of the present year's capital projects together with the prior year encumbrances, totals \$23 million. And expended and encumbered to date this year is about 10, and that leaves a balance available of 12. It's a pretty big remaining balance. And I'm not sure how much we're going to -- how much more we're going to be expending or encumbering by the end of this year. I would suspect a couple million maybe at the most. I think that's part of the concern that the committee has is to really understand this.

MR. RICE: If I'm missing something, tell me. And then following up with what the Chairman said is that then we have all these projects yet to be done, effectively \$12 million worth of projects, and we're going to go ahead and budget for more projects in this coming near year.

MR. CRADDICK: No, we lapse any stuff at the end of 12 months that we can't get done. The state law allows 18 months, but we just ourself, to keep track of things better, we lapse them at the end of 12 months. So if -- I mean, this \$12 million is -- and whatever you can set aside from next year's budget is all we have for the CIP. So --

MR. NAKAMURA: So in all likelihood, there will be a fair number of projects that will have to be lapsed and reappropriated in the '02 budget.

MR. QUINN: I would think so.

MR. NAKAMURA: Any other comments? Mr. Rice? Mr. Starr?

MR. STARR: I think it would be great to have a workshop to go through all of this. I know I'm confused by a lot of this.

MR. NAKAMURA: I think there is a lot of projects, I don't know that we can go through them

individually, how long it would take to go through them individually, whether or not it would be worthwhile. But I think we should perhaps start by looking at some of the ones that are very old and just get a better feel for those. And maybe we could do that at our next meeting, set aside the morning at least.

MR. CRADDICK: That's in May you're talking about?

MR. NAKAMURA: Our next meeting -- next committee meeting, whichever that happens to be.

MR. CRADDICK: Okay. Because that decision is already going to have to be made which ones are lapsed for the budget by then. So what you're looking at then -- well, I'm not sure what you're going to be looking at then because it's going to change radically from --

MR. NAKAMURA: When do we take final action on the budget?

MR. QUINN: Well, perhaps it would be appropriate to do it at the workshop or whenever the board -- how the board wants to handle this upcoming budget. We plan on submitting that to the full board I think in the April meeting, so soon after that it would be a good idea to have a workshop or a committee or however the board wants to handle it.

MR. NAKAMURA: So perhaps when the board and however they decide they are going to do it, takes up the capital program's budget for the next fiscal year, that would be a time to perhaps, as Member Starr suggested, have a workshop and go into projects in detail, especially some of the past projects. In addition to the new projects.

Mr. Rice?

MR. RICE: I wonder if, Mike, can you just pull out all of the projects that are going to lapse? It's obvious a lot of them are. And just sort this differently and pull out all the lapsed ones so that then we can look at the active ones and the list would

be reduced greatly and it would probably make it a lot easier for us to review in two segments.

MR. QUINN: Pull out the ones that we think will lapse?

MR. RICE: Yeah, you know, 95 percent of the ones you're going to pull out any way at this point. It's April, right? And then we're going to look at a much smaller list, so then we can look at the lapsed to be put back in the budget as a separate group and then we're looking at everything that's active in a separate review. And it might be easier for David and staff to explain that way and people to follow.

MR. CRADDICK: Yeah, that's what I was trying to explain. If you set up a workshop on this list and then a bunch of it is missing because we've already lapsed it or expect to lapse it for the budget.

MR. NAKAMURA: We would have to order lunch, dinner, and breakfast. Okay. That's a good idea.

MR. RICE: Then the stuff that's lapsing, we're going to be saying well, it's still a valid project to be recommended for the coming year. The committee is going to review those and make recommendations.

MR. NAKAMURA: Okay.

MR. STARR: I have a question on one item. What's the Iao water treatment plant Memcor filter that's encumbrance -- what's that --

MR. CRADDICK: Where are you reading that?

MR. STARR: Right in the middle of that page one.

MR. CRADDICK: Good question. I don't know. Probably nothing.

MR. NAKAMURA: I guess that justifies having a workshop. Any other questions? Peter?

MR. RICE: No, Mr. Chairman.

MR. NAKAMURA: Okay. Anything else, David?

MR. CRADDICK: No.

MR. NAKAMURA: Okay. If not, the meeting is adjourned.

(WHEREUPON, the meeting was adjourned at 10:00 a.m.)

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