

County of Maui Water  
Supply

BOARD OF WATER SUPPLY  
COUNTY OF MAUI  
CAPITAL PROGRAMS COMMITTEE MEETING

Taken at the David K. Trask, Jr., Building, 2145 Kaohu Street, Room 205, Wailuku, Maui, Hawaii, commencing at 10:30 a.m. on May 16, 2001.

Reported By: Rachelle Primeaux, CSR #370

ATTENDANCE:

Members Present:

Howard Nakamura, Chair  
Peter Rice

Others Present:

Mike Nobriga  
Jonathan Starr  
Kent Hiranaga

Staff Present:

David Craddick, Director  
Fran Nago, Secretary  
Howard Fukushima, Corporation Counsel  
Ellen Kraftsow, Planning  
Mike Quinn, Fiscal Officer  
George Tengan, Engineering  
Herb Kogasaka, Engineering

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CHAIR NAKAMURA: It's exactly 10:30. I would like to call the meeting of the Capital Programs Committee of the Board of Water Supply to order. It's Wednesday, May 16th, 2001, 10:30 a.m. in the HGEA conference room, Room 205, David Trask Building in Wailuku.

In attendance we have Committee Member Peter Rice and myself. And Board Members Jonathan Starr, Mike Nobriga, Kent Hiranaga, Counsel Howard Fukushima, Director David Craddick, members of the staff and Sally Raisbeck. Okay. First item of business is approval of the minutes of January 11, February 8th and April 9th. Since we have only two members of the committee, I would ask Mr. Rice if he had any comments.

MR. RICE: No. I move for approval of the minutes.

CHAIR NAKAMURA: Okay. Can we do this by consensus, Mr. Attorney.

MR. FUKUSHIMA: Yeah, because you guys have a small group.

CHAIR NAKAMURA: By consensus, the minutes have been approved. Next item, is there any testimony from the public on either matter on the agenda or a matter that is not on the agenda? Sally, I guess I keep having to look at you for public testimony.

MS. RAISBECK: Sorry. No, Mr. Chairman.

CHAIR NAKAMURA: Thank you. First item under Roman Numeral 5 is Director's 01-14, approval of the funds for construction of Kapaakea water line replacement. This is a project on Molokai. The information has been circulated. David or Herb, can you review this project?

MR. CRADDICK: Yeah. This is the project that wasn't on the current year's budget for construction, and I guess Adolph Helm was concerned about it moving ahead a little more quickly. And I believe we're to the point where we can bid it out, Herb.

MR. KOGASAKA: Yes, if it's approved, we can advertise. We are going to try and advertise next

week.

MR. CRADDICK: So we will be able to move forward we believe this year if you want to do it, otherwise, it will just be put on the budget for next year.

CHAIR NAKAMURA: Any questions, Peter?

MR. RICE: Mr. Chairman, Adolph expressed some concern about this being done quickly or us moving quickly on it, but it wasn't included in our projects for the current fiscal year. Is there a reason for that, do we know why, we just missed it?

MR. CRADDICK: No, it was in design.

MR. RICE: Okay. So it was in design. So it's not like brand-new?

MR. CRADDICK: No.

MR. RICE: I don't know any reason to wait unless somebody -- I haven't heard any objections to the project. I don't know of any reason to wait. If we start it now, we will carry it over into the budget for next year anyway, right?

MR. QUINN: Well, it is -- it's the issue of whether we can encumber the money this fiscal year. Because we do have it in the proposed CIP budget for next fiscal year, so it's a timing issue right now. We're getting close to the end of the fiscal year. I'm not sure. Are we going to be able to encumber the money this year, Herb?

MR. KOGASAKA: There was intent that we could, but that will be like just at the last minute.

MR. RICE: I thought we had to enter a contract to encumber money; is that right?

MR. KOGASAKA: Yes, that's correct.

MR. RICE: Are we that close?

MR. KOGASAKA: If we advertise. And we can rush it to the contract provided nothing goes wrong.

MR. RICE: But I mean if we move for approval of the project, and we recommend approval of the project, it goes to the Board next week and the Board approves it and we don't encumber it, but we've included it in the budget for next year, what's the difference; no difference, right?

MR. QUINN: I just want you to be aware that it is in next year's fiscal budget.

MR. CRADDICK: I'll tell you what the difference is. We can't go to bid because there's no money appropriated for the job, so we wouldn't be able to go to bid with no money appropriated.

MR. RICE: Until the budget was approved?

MR. CRADDICK: Right.

MR. RICE: So let's approve it. Then that way we can go to bid. Herb, I don't mean rush it to the point that we're not ready, but we've got the approval to proceed and go ahead at a normal pace.

MR. QUINN: I bring that up because we will be discussing the upcoming CIP budget shortly, and I just want the Board to be aware that it is in next year's numbers, so if, in fact, it gets encumbered this year, that money will not be --

CHAIR NAKAMURA: I suppose one alternative, and I would think it's okay, would be for us to recommend to the Board that they authorize calling for bids on

the project with the understanding that the funding will be in next fiscal year's budget given the fact that timing-wise, you know, I really have a question as to whether or not you can encumber these funds by the end of the year.

If you authorize it at the next meeting, which is the 22nd, you know, it goes out to bid. The standard bid period is what, 30 days, at least 30 days? This is a half-a-million-dollar project.

MR. KOGASAKA: I think we're looking at about two to three weeks.

CHAIR NAKAMURA: Then you've got to review the bids, prepare the contracts.

MR. KOGASAKA: It's a very tight schedule, yes.

MR. RICE: But I guess I think your suggestion is a good one, Mr. Chairman, because if we don't act on it, then there is nothing they can do until the budget is approved. And that does delay the project, so we don't want to delay the project. So if we recommend now the Board going to contract and if it's complete before the year, you can encumber it. And if it's not, it's in the next year's budget. Are you comfortable with that, Mike?

MR. QUINN: Yes.

MR. RICE: Herb, are you comfortable with that?

MR. KOGASAKA: Yeah.

CHAIR NAKAMURA: Is that process acceptable, Mr. Counsel?

MR. FUKUSHIMA: I don't see a problem.

MR. HIRANAGA: Can I ask a question.

CHAIR NAKAMURA: Sure.

MR. HIRANAGA: David said we could not go out to bid unless the money is encumbered.

MR. CRADDICK: No, not encumbered. Appropriated. I believe there's a State law to that effect, and I'll leave it up to Howard if we can do it through this mechanism of just authorizing us to go to bid.

MR. FUKUSHIMA: There should be an appropriation.

MR. CRADDICK: What?

MR. FUKUSHIMA: There should be an appropriation.

MR. CRADDICK: I know. There has to be an appropriation. That's why this is here before the Board.

MR. RICE: That's what I'm saying is we appropriate the money, and if it's not encumbered, it's in the budget already for next year. And I think that Howard's procedure last year was to lump sum those capital improvements and then that you would, the Department would come and we would allocate it and manage it that way. Is that not correct, Mr. Chairman?

CHAIR NAKAMURA: Correct.

MR. HIRANAGA: What you're saying is as long as the money is dispersed this year, it's okay; it's appropriated to go to bid, but the money would be disbursed --

MR. FUKUSHIMA: No, if it's appropriated this year, it would be encumbered this year.

MR. CRADDICK: Maybe, Kent, I don't know how familiar you are with the process, but you have appropriation and encumbering and then you actually spend the money. There are three different things. There's no way the money is going to get spent this

year. The most we can hope for is that we get it encumbered this year. But we can't even get the encumbrance if it's not appropriated because we can't go to bid if it's not appropriated.

MR. HIRANAGA: When does it impact the budget?

MR. CRADDICK: I guess tomorrow.

MR. HIRANAGA: When it's disbursed or appropriated?

MR. RICE: When it's appropriated, it affects the budget because Mike has to set aside those funds. For example, correct me if I'm wrong, but if we had a lump sum of \$4 million and we appropriated 500 for this project, even though we didn't write any checks, we would only have four or five. So it impacts the budget at the time it's appropriated. We've agreed that this project takes precedent over others that may or may not be encumbered; is that correct?

MR. CRADDICK: That's correct.

CHAIR NAKAMURA: Is this right of entry issue going to impact the granting, awarding of a contract?

MR. CRADDICK: I believe we've got it all worked out with Hawaiian Homes. We had a meeting with them on that project, Waiehu Kou and upcountry, and we believe we've got it worked out with them.

CHAIR NAKAMURA: Because they own the roadways?

MR. CRADDICK: Right.

MR. FUKUSHIMA: Would they be granting us a license for an easement?

MR. CRADDICK: Yes, just a license, not for an easement, just a license.

MR. FUKUSHIMA: Generally, they term them licenses for easements. That's written in the statute.

MR. CRADDICK: Okay.

MR. RICE: You don't want to get into easement problems.

MR. FUKUSHIMA: They can't grant us an easement.

MR. RICE: Right.

CHAIR NAKAMURA: So this project, the design funds were in which year's budget, the prior year?

MR. KOGASAKA: Yes.

CHAIR NAKAMURA: It wasn't in this year's budget?

MR. KOGASAKA: That's right, that's correct, it wasn't in this year's budget. It was encumbered. It was the end of last year's budget.

CHAIR NAKAMURA: So again, the idea was that you weren't going to be able to fund it this year because the design was still in the process?

MR. KOGASAKA: That's correct.

CHAIR NAKAMURA: But you've completed the design, and now you're ready to go?

MR. KOGASAKA: Yeah, we pushed it ahead a little. We pushed it along a little.

CHAIR NAKAMURA: So Mr. Rice, we would then proceed to recommend appropriation of the funds for this year with the understanding that they would be rolled over into next year's budget if they're not able to encumber the funds.

MR. RICE: I support that.

CHAIR NAKAMURA: Okay. Any other comments?  
Okay. So ordered.

MR. FUKUSHIMA: In that matter, Mr. Chairman,  
the recommendation to the Board would be to approve  
this request for appropriation?

CHAIR NAKAMURA: Right. With the understanding  
or with the caveat that it's possible that it would  
not be encumbered this year in which case we would  
roll it over into next year's budget. Okay.  
Director's 01-18, request for decision on service  
options for Ulupalakua line. Mr. Craddick.

MR. CRADDICK: Yeah, this one here, we have it  
in our budget to do something up there. And we've had  
Board Members say they want this size a line and that  
size a line. What we've done is give some options  
basically providing peak domestic flow, low fire flow,  
providing 250 gallons of fire flow along with peak  
domestic flows and then providing a thousand gallons  
of fire flow with peak domestic flows and the various  
costs.

Now, if there's some other criteria that you  
want to use in there, we're amenable to that. But  
this, you know, these are the things that we look at  
when we're doing the water line. And I suppose this  
is just doing a transmission line. If we were going  
to actually have storage along the line, I would  
suspect these line sizes would go down, so that's also  
an option that's not on here including storage, but  
then the price would go way up. The line size would  
go down, but the price would go up because of the  
storage tank and that's it. This area has been noted  
before as not on the community plan. There's those  
issues.

MR. RICE: Mr. Chairman.

CHAIR NAKAMURA: Yes.

MR. RICE: I'm supportive of the project. I just want to be sure we have the project integrated into our whole plan, and I'm not saying it's not. That's a question, and if need be, then we need to do any other design work to make sure that it's integrated and fits with our entire plan.

MR. CRADDICK: When you say our entire plan?

MR. RICE: For Ulupalakua, Ulupalakua area.

MR. CRADDICK: Well, if I can say something here.

MR. RICE: Don't put your head in any nooses now.

MR. CRADDICK: Well, I would expect the bare minimum of our plan is to provide people with their peak demands when they want it. That's like a bare minimum service, you know, 40 pounds pressure. In the Kanaio area, I think we've gone up to four weeks without water so far this year at times. The line that is in there is parts of it are plastic. Parts of it are above ground. Parts of it are below ground. It's a problem area for our guys. It's a problem area for the community out there. So if it's in our plan to provide basic service, then just what basic service do you want to provide? You know, it's an ag area. Do you want 250 gallons of fire flow? The cost is \$10,000 more to provide real fire flow. And again, this is only materials. You know, this is not the cost to dig it and put it in. This is only materials.

We had been working with Ulupalakua Ranch. They were more than happy to help dig the line on their property and our guys put it in, which is quite a bit of the area. There are other people that may be willing to participate in this on some of the laterals coming down. This includes I believe the main transmission line and the laterals. So again, this amount here is only the material for the whole job.

You know, you're talking in the multi-millions of dollars.

MR. RICE: Okay. Then I'm confused. Then why aren't we requesting appropriation for all the money then? Or is this kind of -- is this a request for a decision on the scope of work, and then you're going to come back to us with a number for the scope we choose rather than option 1, 2 or 3?

CHAIR NAKAMURA: Okay.

MR. NOBRIGA: Sorry.

CHAIR NAKAMURA: I guess that is going to require lunch being purchased by Mr. Nobriga.

MR. CRADDICK: All I can say is that what I would try and do is use employees as much as possible if we can do this if we can get assistance from the ranch in putting the thing in.

MR. RICE: See, my comment was going to be for what I consider a small difference in material costs between option 1 and 3, we would want to do option 3. But if the labor side is unknown here, then we don't know.

MR. CRADDICK: The labor side is not going to be a whole lot different on either.

MR. RICE: Then it would seem to me that we would put in option 3. It wouldn't be a discussion for, you know, the incremental.

MR. CRADDICK: One other option that you may want, you may want to see what sizing that you can get. If you can provide the fire flows out of storage rather than out of a pipeline, that's the better way to do it. But again, that's going to be like a second phase because those tanks are going to be expensive. Our guys can't put them in. The total cost of the

project may be a little bit more, but you don't have to do it right now.

You can put those lines in, and it will solve at least the problem of line breakage and things like that and put it in based on using tanks to provide the fire flow rather than the line itself.

CHAIR NAKAMURA: What size tanks are we talking about here?

MR. CRADDICK: For 250 gallons a minute, probably about a 50,000-gallon tank and using a thousand gallons a minute, something on the order of probably 100-some-thousand gallons of storage.

MR. RICE: I think, Mr. Chairman, I'm sorry.

CHAIR NAKAMURA: Go ahead.

MR. RICE: I think we need to know what you recommend is the best plan for this project. I mean, I'm a little concerned for us to say here is options 1, 2 and 3, be considering these, and then for you to say, "But I think the best way to go is to do X."

MR. CRADDICK: Here is the problem. The best way to do this is to look at this water system with the water going both ways. And if you do that, then these size of lines are what you want. But if you do that, then you get into a whole bunch of EIS issues. You know, so it's probably better not to look at what the best situation is because the best situation involves just what our previous Board Chair's concerns are, extensive environmental work.

If we're just providing basic minimum service, a thousand gallons a minute, peak domestic flows, we can do that with an environmental assessment without getting into the overall big plan for an area which has been left out of the community plan.

CHAIR NAKAMURA: Mr. Starr.

MR. STARR: Question. Out of these numbers, how much of it is a 200,000-gallon tank? It's got to be three, \$400,000.

MR. CRADDICK: Yeah, the tanks would be expensive.

MR. STARR: So most of that money is going to that one big tank.

MR. CRADDICK: No, no, there is no tank involved in this. That's only pipeline.

MR. STARR: No, your listing says 200,000-gallon storage tank for Ulupalakua lateral.

MR. RICE: On your option 3.

MR. STARR: On all your options, 1, 2 and 3 you include the 200,000-gallon tank.

MR. CRADDICK: So it does. I don't think the tank cost is in there. This is material cost for the pipeline.

MR. STARR: Okay.

CHAIR NAKAMURA: I think --

MR. RICE: That's why I was saying, I think we need to know the whole cost and I'm not opposed to the project.

CHAIR NAKAMURA: I think that the Board has supported the improvement of service to the Ulupalakua area by virtue of the fact that they made an appropriation in the present year's budget. There seems to be a certain amount of confusion in terms of a difference of opinion actually in terms of scope. I guess I would have two suggestions, one would be that perhaps that the staff come up with a specific

recommendation as Mr. Rice has suggested, including the possible consideration of the fourth alternative that David just mentioned, which may perhaps be more acceptable, although perhaps more expensive in the context of storage.

But the other possibility would be for us to hire a consultant to do kind of a preliminary plan for the area and identify the scope of work, and so that we could proceed on incremental improvements. And that was my thought initially, and I guess that somewhat continues to be my thought.

MR. CRADDICK: And I would still recommend that would be a good way to go. If we can do that, that would be a better way to go.

CHAIR NAKAMURA: What would be your off-the-top-of-your-head estimate of what might be involved? Because you folks have most of the information or a lot of the information, you know, to do kind of a preliminary engineering study, Herb, to come up with a plan and cost estimates, 25, 30,000?

MR. KOGASAKA: I had estimated about 30,000.

CHAIR NAKAMURA: To do a preliminary plan?

MR. KOGASAKA: Yeah.

CHAIR NAKAMURA: Preliminary engineering plan?

MR. KOGASAKA: Yeah, that would be my estimate.

MR. CRADDICK: I think another thing, the key thing in this is going to be what the Board's position is. You know, what is it that you want to do? Do you want to provide basic service and say what you've considered to be basic service, and then I think everything else will fall through from that very quickly. But if there's a concern that because you provide basic service that 8 or 10 more meters might

get approved or a couple of people might be able to do a family subdivision or even a bigger subdivision, I don't know. You know, we have the problem that this area is not part of the community plan. So if you start doing a major plan, you get into a problem with the community plan issue. If you stick to some criteria of what you call basic service, then it makes it very simple for us. It's going to make it simple for the person who has to do the study.

CHAIR NAKAMURA: The Upcountry Community Plan makes no reference to this area at all?

MR. CRADDICK: No, because it's bifurcated. Part of it is in Kihei, part of it upcountry.

CHAIR NAKAMURA: Jonathan.

MR. STARR: Yeah, my own belief is if we're going to do it, I think we have to do it because the system does not function there. We have people, you know, who have service, but it doesn't work. If we do it, we should do it right. You know, it's crazy to open the ground and put pipes that are insufficient in, and then whenever someone comes to us, you know, we have to say, well, you upsize the pipe now, you know, or else we have to give them a, you know, an exclusion from the rules that we would kind of meet ourselves from doing it right the first time.

My own feeling is that it should be looked at from engineering-wise, it would be fairly large pipes. The planning issue isn't really our issue. We're not the ones who can stop growth. We're just trying to deliver water.

CHAIR NAKAMURA: Except in the context that we're mandated by the Charter to comply with the general plan or the community plan. David.

MR. CRADDICK: I think that's why I'm asking, you know, if you want to go something beyond providing basic service, I think providing basic service, you

still have to go through the environmental process, but it's much simpler for us because there's no grandiose scheme there other than providing basic minimal service. And it's what your criteria for basic minimal service is. We know most of the areas up there are 250-gallons-a-minute flow. There's ag. We know there's commercial areas up there, the store, the office. There are some commercial areas out there.

We can leave the tank if somebody does that subdivision, they have to put in the tank if the basic line is there providing that basic service, so if you want a recommendation from me, the recommendation is option 3, don't do the tanks. Wait for these theoretical subdividers if they come. I'm not so certain -- all that certain they're going to come, but if they do, let them put the tanks in.

CHAIR NAKAMURA: When we talked about doing a preliminary engineering study earlier, Herb, did you have a scope of work, did you ever develop a scope of work?

MR. KOGASAKA: I don't recall specifically, but I --

CHAIR NAKAMURA: Would it be possible to develop a quick scope of work before the Board Meeting on Thursday, next Thursday, do you think that's possible?

MR. CRADDICK: Again, you know, without knowing what kind of service we're trying to provide, what is the scope of work, I don't think we could even tell somebody what the scope of work is.

MR. KOGASAKA: Is this to review or come up with the various options and recommendations basically from the consultant, right?

CHAIR NAKAMURA: Right, as to what the improvements should be.

MR. RICE: I think your suggestion is the right one, Mr. Chairman.

CHAIR NAKAMURA: Okay. Any other comments?

MR. RICE: Okay. By consensus, the Committee will recommend to the Board we request the Department to undertake a preliminary engineering study to identify the most desirable alternative or improvements to the system, incremental improvements to the system I would say, and if possible, if we could present a scope of work together with that recommendation, it would be appreciated. And if necessary, Herb, give me a call, and I would be happy to sit down with you and look at that. Okay.

Any other business to come before the Committee? If not, the meeting is adjourned.

(The meeting adjourned at 11:00 a.m.)

IWADO COURT REPORTERS, INC.

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