

State of Hawaii  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Division of Boating and Ocean Recreation  
Honolulu, Hawaii

February 22, 2019

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii  
Land Board Members:

Oahu

Land Board Members:

**SUBJECT: TERMINATION OF CONTRACT NO. IFB-18-001-01, WITH COCONUT WIRELESS LLC dba COCONUT WIRELESS CONSTRUCTION FOR REPAIR OF THE STREET LIGHTING AND ELECTRICAL SYSTEMS AT OAHU DISTRICT FACILITIES**

**SUMMARY:**

This submittal requests that the Board find Coconut Wireless LLC dba Coconut Wireless Construction (“Coconut Wireless”) to be in breach of the Contract No. IFB 18-001-01 for failure to perform work required under the contract and terminate the contract. See **Exhibit A**.

**FACTUAL BACKGROUND:**

The Division of Boating and Ocean Recreation (DOBOR) issued an Invitation for Bids for the repair of street lighting and electrical systems for its facilities on the island of Oahu, Hawaii. Coconut Wireless was the lowest responsive and responsible bidder and awarded Contract No. IBF-18-001, and a contract was executed. Notice to Proceed was issued on October 11, 2018. Coconut Wireless has failed to complete assigned work orders and meet the terms of the contract despite numerous attempts on the part of DOBOR to work with them to address the deficiencies. See Exhibit B. DOBOR has given clear work orders to Coconut Wireless, but Coconut Wireless has failed to perform the work and provide required documentation.

Currently, minimal electrical repairs have been made and the following facilities are in desperate need of service:

- Ala Wai SBH – numerous street lights are inoperable and some slips are without electrical power.
- Haleiwa SBH – numerous street lights are inoperable.
- Heeia Kea SBH – numerous street lights are inoperable.
- Keehi SBH – numerous street lights are inoperable.

**Item J-4**

- Waianae SBH – numerous street lights are inoperable and some slips are without electrical power.
- Maunaloa Bay Ramp – street lights are inoperable.
- Keehi South Side Ramp – street lights are inoperable.

By letter dated January 15, 2019, the Chairperson informed Coconut Wireless that Coconut Wireless failed to perform work required under the contract and provide required documentation and had 14 days to cure. To date, Coconut Wireless has not performed the work or submitted the required documentation, nor has Coconut Wireless communicated with the Chairperson or DOBOR regarding how Coconut Wireless intends to cure the breach.

Immediate repairs are needed to ensure public health and safety when using the facilities. According to the State Procurement Code, HRS Chapter 103D, DOBOR is unable to solicit for bids or award a new contract to make the necessary repairs while this contract still in place. As soon as the contract is terminated, DOBOR will immediately solicit for bids in accordance with HRS Chapter 103D and enter into a new contract to make immediate repairs to the electrical systems within the facilities to ensure public health and safety.

RECOMMENDATIONS:

DOBOR respectfully requests that the Board:

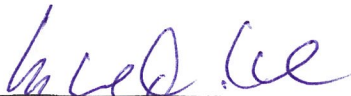
1. Find that Coconut Wireless, LLC dba Coconut Wireless Construction breached Contract No. IFB-18-001-01 by failing to perform, including failing to do the required work under the contract and not providing required documentation.
2. Terminate Contract No. IFB-18-001-01 effective immediately.

Respectfully submitted,



Edward R. Underwood  
Administrator  
Division of Boating and Ocean Recreation

APPROVED FOR SUBMITTAL



Suzanne D. Case  
Chairperson  
Board of Land and Natural Resources

Attachment:

- A. Letters to Coconut Wireless, LLC

DAVID Y. IGE  
GOVERNOR OF  
HAWAII



STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA  
FIRST DEPUTY

DEAN D. UYENO  
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

BOR-O 114.19

January 15, 2019

Via Certified Mail, Regular Mail,  
And E-Mail [towerguy426@yahoo.com](mailto:towerguy426@yahoo.com)

Joseph S. Bakos, Owner and RMR  
Coconut Wireless, LLC dba Coconut Wireless Construction  
330 Saratoga Road #89380  
Honolulu, Hawaii 96830

Dear Mr. Bakos,

This letter is to inform Coconut Wireless, LLC that Contract No. IFB-18-001-01, Repair of the Street Lighting and Electrical Systems at Oahu District Facilities will be terminated for failure to perform if you do not complete the Project Assignments listed below and referenced in our November 7, 2018 and December 18, 2018 letters in accordance with the terms of the contract within 14 calendar days of receipt of this letter. The work orders that must be completed within 14 calendar days are as follows:

- A1 (Keehi Trailer Lot Lights)
- A3 (Ala Wai Lights)
- A4 (Waianae Lighting)
- M6 (Maunalua Bay Lighting)
- H7 (Haleiwa Lighting)

The scope of work for each of the above Project Assignments have been clearly conveyed to you in writing and no further information or action by the state requested by you shall be a justification for not completing the work within 14 calendar days.

As noted in our previous letters to you regarding this contract, you are prohibited from using subcontractors to complete the work. Certified payrolls shall be provided at the end of the 14-calendar day period, providing documentation that all employees performing the work are employed by Coconut Wireless, LLC. Certified payrolls shall be submitted during working hours to the following address:

**EXHIBIT A**

Mr. Joseph Bakos  
January 14, 2019  
Page Two

BOR-O 114.19

State of Hawaii  
Department of Land and Natural Resources  
Division of Boating and Ocean Recreation  
Oahu District Section  
4 Sand Island Access Road  
Honolulu Hawaii 96819

We also reiterate, as noted in our previous letters to you and per the terms of the contract, that all work performed under this contract shall be performed and/or supervised by Coconut Wireless, LLC personnel possessing a valid C-13 Electrical Contractor's license.

If you choose not to comply and/or do not provide the documentation within the required time as noted above the State will terminate the contract.

If you have any question, please contact Mr. James Horikawa at (808) 832-0184 or via email at [james.r.horikawa@hawaii.gov](mailto:james.r.horikawa@hawaii.gov).

Sincerely,



Suzanne D. Case  
Chairperson

c: Ed Underwood, DOBOR Administrator  
Meghan Statts, Oahu District Manager  
American Contractors Indemnity Company

DAVID Y. IGE  
GOVERNOR OF HAWAII



SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA  
FIRST DEPUTY

JEFFREY T. PEARSON  
DEPUTY DIRECTOR - WATER

EDWARD R. UNDERWOOD  
ADMINISTRATOR  
DIVISION OF BOATING AND OCEAN RECREATION

**STATE OF HAWAII**  
**DEPARTMENT OF LAND AND NATURAL RESOURCES**  
**DIVISION OF BOATING AND OCEAN RECREATION**  
4 SAND ISLAND ACCESS ROAD  
HONOLULU, HAWAII 96819

December 18, 2018

BOR-O 107.19

**COPY**

Joseph S. Bakos, Owner and RME  
Coconut Wireless LLC, dba Coconut Wireless Construction  
330 Saratoga Road #89380  
Honolulu Hawaii 96830

**SUBJECT: Invitation for Bids No. IFB-18-001-01, The Repair of the Street Lighting and Electrical Systems at the Oahu District Facilities**

This letter is to address the issues that were identified in our letters to you dated November 14, 2018 (Letter No. BOR-O 104.19), November 7, 2018 (Letter No. BOR-O 099.19) and October 30, 2018 (Letter No. BOR-O 096.19).

**Subcontracting**

As requested in our November 14, 2018 letter, you have not offered any documentation that you intend to hire or have secured employees to perform the work under this contract. Instead, we have received an email from Steven Melendrez dated November 20, 2018, which claims that the State Procurement Office was contacted and that subcontractors can be added to a contract after bid proposals have been submitted. We reiterate, as stated in our November 14, 2018 letter, that in accordance with HRS §104D-302(b) only one per cent of the total value of the contract may be done by subcontractors if they are not listed in the original bid proposal. Subcontractors cannot be added to a contract after the bid opening date.

HRS §103D-302(b) is as follows: "(b) An invitation for bids shall be issued and shall include a purchase description and all contractual terms and conditions applicable to the procurement. If the invitation for bids is for construction, it shall specify that all bids include the name of each person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the contract and the nature and scope of the work to be performed by each. Construction bids that do not comply with this requirement may be accepted if acceptance is in the best interest of the State and the value of the work to be performed by the joint contractor or subcontractor is equal to or less than one per cent of the total bid amount."

### **Scheduling Work**

The following Project Assignments have not yet been completed and/or had an adequate response:

- A1 (Keehi Trailer Lot Lights) assigned on October 15, 2018 via email to Steve Melendrez. Per telephone conversation between Mr. James Horikawa of our staff and Steve Melendrez, a cost proposal to complete the work was promised to be provided the week of October 15, 2018. To date, no proposal has been received. Page v in the Notice to Bidders of the contract specifications states in part: "Unless an emergency condition exists, the Contractor shall submit an itemized proposal including the number of estimated hours to complete the repair and equipment to be used prior to starting work." You have not complied with this provision of the contract specifications.
- A3 (Ala Wai Lighting) was assigned on October 24, 2018 via email to Steve Melendrez. On November 7, 2018 you sent a subcontractor holding a C15 contractor's license to repair the street lights. We had to instruct your subcontractor to stop all work because they did not possess the required C13 electrical contractor's license. As indicated on Page viii of the Notice to Bidders of the contract specifications, all work under the contract is required to be performed by a contractor possessing a C13 electrical contractor's license. You have not complied with the contractor's license requirements of the contract specifications.
- A4 (Waianae Lighting) was assigned on October 24, 2018 via email to Steve Melendrez. To date, no site inspection has been performed to diagnose the problem and no cost proposal for the work has been received. Page v of the Notice to Bidders of the contract specifications states in part: "The Contractor shall respond to the work order within 24 hours of the issuance of a work order unless the deadline falls on a Saturday, Sunday and/or State holiday. In that case the deadline is extended to the next working day. The Contractor shall work on the project each day until it is finished (Saturdays, Sundays and/or State holidays excluded) unless the materials to perform the repairs are not available. When materials are not available the Contractor will work with the Contract Administrator for scheduling and exception to response time. Failure to inform the Contract Administrator that the materials are not available may result in a Liquidated Damages (LD) charges being assessed." You have not complied with this provision of the contract specifications.
- M6 (Maunalua Bay Lighting) was assigned October 26, 2018 via email to Steve Melendrez. To date, no site inspection has been performed to diagnose the problem and no cost proposal for the work has been received. Please refer to the above referenced Pages v and viii from the Notice to Bidders regarding response to work assignments and submission of cost proposals. You have not complied with these provisions of the contract specifications.
- H7 (Haleiwa Lighting) was assigned October 26, 2018 via email to Steve Melendrez. To date, no site inspection has been performed to diagnose the problem and no cost proposal for the work has been received. Please refer to the above Pages v and viii from the Notice to Bidders regarding response to work assignments and submission of cost proposals. You have not complied with these provisions of the contract specifications.

The failure of your company to respond on time has also been addressed in our letter dated October 31, 2018 (Letter No. BOR-O 096.19).

**Ala Wai Office Power Upgrade (IFB-17-001-03)**

Coconut Wireless shall provide the Ala Wai Office upgrade as agreed and paid for through IFB-17-001-03, Purchase Order No. CB3699. Our October 31, 2018 letter clearly stated that Coconut Wireless was to provide a schedule to complete the Ala Wai Office Power Upgrade within 10 calendar days from the date of the letter, or by November 10, 2018. To date, we have not received a schedule.

On November 21, 2018 Steve Meledrez sent an email requesting engineered drawings for submittal to HECO for the proposed work. We will not provide engineered drawings as this work was to be provided by Coconut Wireless as indicated in your cost proposal dated October 5, 2017. The first line item in your proposal clearly specifies that the labor and installation for cabling services included HECO services for power. If HECO requires drawings, it is your requirement to provide them. If your company cannot prepare the drawings, you can hire the services of an engineering firm or drafting company.

**Ala Wai Pedestals**

On October 20, 2017, you had provided us with invoice H094648957590 for thirty-eight (38) power pedestals stating that they were delivered to the harbormaster's storage area. We later found out after approving the invoice for payment that no one at DOBOR ever physically received the pedestals. During our October 15, 2018, meeting we asked you to provide us with the signed receipt showing that we received the pedestals but to date you have not provided us with one. We have also researched Ocean Distributors which you stated provided the pedestals and we have been unable to find the vendor that you used, even though you have an invoice from them. In addition to that, the invoice for the pedestals is dated September 18, 2017 but the Proposal that you provided for the Ala Wai 800 row pedestal update was dated October 5, 2017. The completed invoice is dated seventeen (17) days before you sent us the Proposal for approval and the pedestals were ordered prior to us providing the necessary approval.

We are currently in discussions with Eaton regarding the power pedestals and they will send us specifications on their pedestals as soon as the can.

Sincerely,



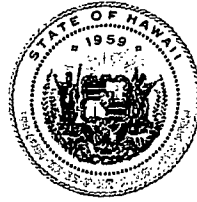
Meghan Statts  
Oahu District Manager

c: Donald Ford, DOBOR Maintenance Superintendent  
Ed Underwood, DOBOR Administrator

**SENT BY REGULAR AND CERTIFIED MAIL – RETURN RECEIPT REQUESTED**



DAVID Y. IGE  
GOVERNOR OF HAWAII



SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA  
FIRST DEPUTY

JEFFREY T. PEARSON  
DEPUTY DIRECTOR - WATER

EDWARD R. UNDERWOOD  
ADMINISTRATOR  
DIVISION OF BOATING AND OCEAN RECREATION

**STATE OF HAWAII**  
**DEPARTMENT OF LAND AND NATURAL RESOURCES**  
**DIVISION OF BOATING AND OCEAN RECREATION**  
4 SAND ISLAND ACCESS ROAD  
HONOLULU, HAWAII 96819

BOR-O 104.19

November 14, 2018

Joseph S. Bakos, Owner and RME  
Coconut Wireless LLC, dba Coconut Wireless Construction  
330 Saratoga Road #89380  
Honolulu Hawaii 96830

This letter is to address the issue of the subcontractors for Coconut Wireless for IFB-18-001-01 regarding the Repair of the street Lighting and Electrical Systems at the Oahu District Facilities. You will need to cease all work at the Ala Wai Small Boat Harbor (SBH) until we have adequate answers.

**GTH Builders, LLC dba Hale Ike Technology**

The Division has concerns about the subcontractor(s) that you have introduced to the project.

Ford, James Horikawa, Meghan Statts and yourself on Tuesday, November 6, 2018 at 8:06 PM. Mr. Todd identified the company as license holder #CT-33068. According to a Department of Commerce and Consumer Affairs, Professional and Vocational Licensing Search, **GTH Builders, LLC dba Hale Ike Technology** only holds a B, C07, C15, and C33 license. Please note, this contract requires that the contractor possess a C13 electrical contractor's license as indicated in the Notice to Bidders (Page viii) as well as the Information and Instructions to Bidders (Page I-2, Paragraph H) of the project invitation for bids.

Kaipo Jamile was identified by Michael Todd as the Project manager for Hale Ike Technology working as a subcontractor for Coconut Wireless. We have received contradictory statements from people sent to represent your company about whether they are subcontractors or employees. We were informed in the aforementioned email that a subcontractor would be performing the work. Despite the claims from the people that showed up at the Ala Wai SBH this morning, November 7, 2018, that they are in your employ, it appears that they are working for **GTH Builders, LLC dba Hale Ike Technology**. You need to show proof that documents that the representatives of Hale Ike Technology are directly employed by Coconut Wireless before they are allowed on the work site.

**Subcontracting**

Pursuant to HRS §103D-302(b), any subcontractor not listed in the contractor's bid proposal as a subcontractor may only perform up to one (1) per cent of the total contract amount. The Proposal that you signed and submitted for this contract did not list any subcontractors. Therefore, it is unacceptable to subcontract any work on this contract that exceeds one (1) percent of the total contract amount.

**Scheduling**

Scheduling of work under this contract shall be coordinated by the designated project superintendent representative from Coconut Wireless, as indicated in the Information and Instructions to Bidders (Page I-4, Paragraph R). The Division will not coordinate scheduling any work directly with your subcontractors.

**Superintendence**

Your attention is called to Page I-4, Paragraph R of the Information and Instructions to Bidders as follows:

“BIDDER'S RESPONSIBILITY TO PROVIDE PROPER SUPERINTENDENCE: The successful low bidder shall designate in writing to the Contract Administrator the name of its authorized superintendent (Superintendent), who will be present at the job site whenever any work is in progress. The Superintendent shall be responsible for all work, receiving and implementing instructions from the Contract Administrator in a timely manner. The cost for

right to suspend the work as set forth in  
the General Conditions.”

The Division will require that the project superintendent be present while any work is in progress at any job site. If work at multiple sites is ongoing simultaneously, an additional superintendent shall be identified for each site.

**Payrolls and payroll records per HRS §104-3**

Pursuant to HRS §104-3, certified payrolls for all persons performing work, including employees and subcontractors shall be submitted weekly. No invoices will be paid until all certified payroll submittals are up to date. The contractor shall also make any payroll records available for examination within ten days from the date of written request by a government contracting agency. Failure to make payroll records available within ten days, failure to provide information requested for the proper enforcement of HRS §104-3 within ten days, or falsification of any records will result in assessment of penalties pursuant to HRS §104-22(b).

Coconut Wireless LLC, dba Coconut Wireless Construction  
November 14, 2018  
Page Two

BOR-O 104.19

You have 10 calendar days to provide us with the clear documentation showing that all personnel working on any of our projects are employed by Coconut Wireless, LLC dba Coconut Wireless Construction.

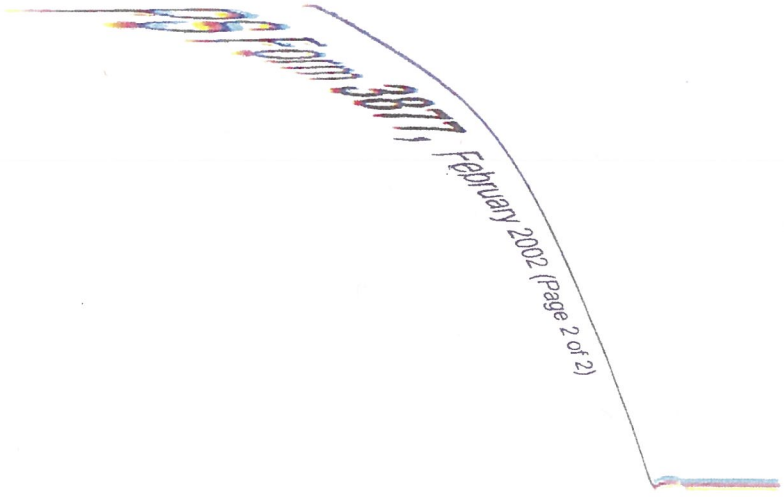
Sincerely,



Meghan Statts  
Oahu District Manager

c: Donald Ford, DOBOR Maintenance Superintendent  
Ed Underwood, DOBOR Administrator

**SENT BY REGULAR AND CERTIFIED MAIL – RETURN RECEIPT REQUESTED**



February 2017, February 2002 (Page 2 of 2)

DAVID Y. IGE  
GOVERNOR OF  
HAWAII



**STATE OF HAWAII**  
**DEPARTMENT OF LAND AND NATURAL RESOURCES**  
**DIVISION OF BOATING AND OCEAN RECREATION**  
4 SAND ISLAND ACCESS ROAD  
HONOLULU, HI 96819

SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA  
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
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CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAIHOHOKAI ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

EDWARD R. UNDERWOOD  
ADMINISTRATOR

BOR-O 099.19

November 7, 2018

Steven Melendrez, PMO  
Coconut Wireless, LLC dba Coconut Wireless Construction  
330 Saratoga Road #89380  
Honolulu Hawaii 96830

This letter is in response to your email dated October 28, 2018 sent at 7:50pm, regarding roles and responsibilities of the Division of Boating and Ocean Recreation (DOBOR) and Coconut Wireless, LLC (CW) involving Contract No. IFB-18-001-01 (the "Contract"). The purpose of this letter is to clarify the issues you raised about the roles and responsibilities under the Contract.

**Scheduling**

Only DOBOR shall have responsibility for assigning project priority. Outstanding projects shall be completed in the following order:

1. Keehi Small Boat Harbor (SBH) lighting proposal
2. Ala Wai SBH lighting replacement
3. Waianae SBH lighting replacement
4. Heeia Kea SBH lighting replacement
5. Maunalua Bay lighting replacement
6. Haleiwa SBH lighting replacement

Please be aware that the work schedule for DOBOR Oahu Maintenance (OM) personnel is 6:30am to 3:00pm. Please ensure that your employee schedules correspond to these hours. As discussed in our October 15, 2018 meeting, CW employees are not authorized to conduct any work without at least one DOBOR OM employee present and supervising the work onsite. Please note that some DOBOR OM employees must return to the Keehi base yard by 3:00pm and that work may need to cease before 3:00pm.

As discussed in the October 15, 2018 meeting and as required by the Contract, CW must provide the Estimated Time of Arrival (ETA) for all CW employees who will be performing work under the Contract at least 24 hours in advance in order for DOBOR to schedule its staff accordingly.

**Lighting Repairs**

For all lighting repairs under the Contract, CW must first identify lamps that are not working. CW shall then replace non-working lamps with a 24-watt or 150-watt LED direct replacement lamp. Satisfactory LED direct replacement lamps will only be those that are supplied by the State or by CW. DOBOR is in the process of procuring 1,000-watt LED direct replacement lamps and will provide such lamps to CW when they are available.

If an LED direct replacement lamp does not work, CW shall use the next available LED direct replacement lamp and inform DOBOR of the broken part by email. CW shall not dispose of any broken or non-working LED direct replacement lamps without approval from DOBOR.

**Drawings**

As a reminder, and as discussed in the October 15, 2018 meeting and referenced in the October 30, 2018 letter, electrical drawings are available at all SBH offices. Should you require access to these electrical drawings, please come to a SBH office during business hours (7:45am to 4:00pm), excluding state holidays, to review the drawings.

**Coconut Wireless's Responsibilities**

CW inquired about the height of light poles at the Ala Wai SBH; this is not a contractual obligation on DOBOR's part, and it shall be CW's responsibility to perform any measurement-taking or other miscellaneous work that is not a DOBOR obligation. Joseph Bakos, CW Owner, signed a proposal on January 13, 2018, which provides:

The undersigned, having carefully examined the local conditions and all available records and information covering conditions which may affect the cost of the work to be performed, and having carefully examined the Plans and Specifications, and other contract documents, hereby proposes to furnish and pay for all materials, tools, equipment, labor and other incidental work necessary to Repair the Street Lighting and/or Electrical Systems at the Oahu District Boating Facilities, as required or called for in this Proposal, all according to the true intent and meaning of the Notice to Bidders, Proposal, SPO.

Thus, Mr. Bakos's signature indicates that CW has already examined the poles at Ala Wai SBH and that any further work in regards to pole measurements any of the SBH facilities is the sole responsibility of CW.

CW also requested that DOBOR provide the part numbers for any defective components; this is also not a contractual obligation in DOBOR's part. CW is solely responsible for identifying any part numbers or other identifying information for replacement parts. If CW prefers to have a recommendation for replacement components, DOBOR engineers can provide a list of references to contact. CW will be responsible for contracting with and hiring any consultants not contemplated in the Contract. Please note that Section Q, Paragraph three on page I-4 of the Contract provides as follows:

It is the bidder's responsibility to check the availability of all materials before bidding. The bidder shall select sub-contractors and suppliers who can warrant

availability and delivery of all specified or qualified materials to assure project completion within the specified time. The successful bidder must assume all risks for completing the project by the specified date. There shall be no extension of time for any reason except for delays caused by acts of God, labor disputes involving unions, or actions of the State. If for any reason the project falls behind schedule, the Contractor shall at its own cost, take necessary remedial measures to get the project back on schedule, i.e., working overtime, air freighting all materials, etc. In addition, if the Contractor fails to fully complete the project by the completion date, Contractor will be required to make the facility usable at its own cost.

CW was awarded a past contract with DOBOR. The cost of repairs to the lighting for the previous contract never exceeded \$7,000.00 per repair. DOBOR used the amounts from the previous contract to establish a cap of \$10,000.00 per repair for the Contract. CW shall monitor the cost of the project so that it does not exceed the \$10,000.00 per repair limit. Please be aware that exceeding the \$10,000.00 limit could be considered a breach of the Contract and could subject CW to penalties, including, but not limited to, termination of the Contract.

DOBOR can assist in setting up traffic cones or barricades in the areas where you need access. Please identify the areas where you need cones or barricades set up and the time frame that you need access and provide this information to DOBOR staff at least 24 hours before you need cones set up. Please be aware that Section V on page I-4 of the Contract provides as follows:

The Contractor shall conduct construction operations with due regard to the convenience and safety of the public at all times. No materials or equipment shall be stored where it will interfere with the safe passage of public traffic. The Contractor shall provide, install, and maintain in satisfactory condition, all necessary signs, flares and other protective facilities and shall take all necessary precautions for the protection of the work and the convenience and safety of the public. The Contract Administrator shall have the right to suspend the performance of the work in accordance with sub-section 7.20 - Suspension of Work of the General Conditions.

If you have any questions or would like to discuss this matter further, please feel free to send me a letter at the above address.

Sincerely,



Meghan Statts  
Oahu District Manager

c: Edward Underwood, Administrator  
Donald Ford, Maintenance Superintendent

**SENT BY REGULAR & CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

DAVID Y. IGE  
GOVERNOR OF HAWAII



SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA  
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DIVISION OF BOATING AND OCEAN RECREATION

**STATE OF HAWAII**  
**DEPARTMENT OF LAND AND NATURAL RESOURCES**  
**DIVISION OF BOATING AND OCEAN RECREATION**  
4 SAND ISLAND ACCESS ROAD  
HONOLULU, HAWAII 96819

BOR-O 096.19

October 30, 2018

Joseph S. Bakos, Owner and RME  
Coconut Wireless LLC, dba Coconut Wireless Construction  
330 Saratoga Road #89380  
Honolulu Hawaii 96830

This letter is to address a few issues that have arose since our Notice To Proceed meeting on October 15, 2018.

**Communication**

Effective immediately all phone calls to Coconut Wireless shall be inform you that we have emailed a project assignment or if there are any changes to the issued project assignment. The State will provide a summary of those phone call in an email. Most of our communication shall be documented through email. This is due in part the issues we are having regarding miscommunication and the need to document the discussion so that there is no question of what was discussed.

The State and Coconut Wireless needs to spell out the complete words in the emails. The use of contractions or abbreviations is great for social media, but it can cause misunderstandings for business communication. The use of acronyms that have become part of the vernacular such a such as "LED" (Light Emitting Diode), "PDF" (Portable Document File) "DOBOR" (Division of Boating and Ocean Recreation) should be used. If one of the parties has recently called an acronym out in a previous email or communication it should be used. We do not want to have either party guessing about the meaning of any communication.

**Project Assignments**

The State will email the PDF of the electrical drawings of the harbors as soon as they are available. The Ala Wai Harbor electrical drawing was emailed on October 25, 2018. Our DOBOR Engineers are working on finalizing the balance of the drawings. As a reminder, during our October 15, 2018 meeting with you and Steven Melendez, you were both informed that the drawings were available at all of the harbors. The DOBOR representatives that attended that meeting were myself, Don Ford and James Horikawa.

The State is also asking Coconut Wireless to email photographs of electrical components that were worked on during a Project Assignment in JPEG (Joint Photographic Experts Group) format. This is especially important for the parts that we cannot easily see like the street lighting fixtures. The other reason we need the documentation is so that the engineers can identify the components should we need their services.

Steven Melendrez claimed that the Ala Wai Harbor light repair (Project Assignment A3) is too large and will exceed the ten thousand-dollar (\$10,000.00) limit on Project Assignments for IFB-18-001-01. The project assignment is to replace all burnt out street lights and not to do anything else. We fail to see how it is possible to come that that conclusion without performing on site diagnosis. If that statement is true, perhaps we need to re-evaluate the current contract.

Regarding Project Assignment A3, we remind Coconut Wireless that the response to a work order shall be within twenty-four (24) hours as was discussed and agreed upon in our October 15, 2018 meeting. You have exceeded the response time and we still do not have an Estimated Time of Arrival (ETA) for your workers. Page V of the solicitation states: "The Contractor shall respond to the work order with twenty-four (24) hours of the issuance of a work order unless the deadline falls on a Saturday, Sunday and/or State holiday. In that case the deadline is extended to the next working day. The Contractor shall work on the project each day until it is finished (Saturdays, Sundays and/or State holidays excluded) unless the materials to perform the repairs are not available. When materials are not available the Contractor will work with the Contract Administrator for scheduling and exception to response time. Failure to inform the Contract Administrator that the materials are not available may result in a Liquidated Damages (LD) charges being assessed.

As a State agency it is our responsibility to ensure compliance with OSHA regulations. As noted previously and vis telephone communication any Coconut Wireless employee that is not properly attired shall be asked to leave the work site. The State will not accept any invoice that has that employees time while not properly attired. If that employee thinks that showing up without being properly attired will satisfy the requirement of the twenty-four (24) hour response time, please correct that employee. It does not satisfy the requirement for Coconut Wireless to respond within twenty-four (24) hours.

The text describing the street lighting Project Assignments A3, A4 and A5 is deliberately vague. The number of failed lights generally changes from the time that Oahu Maintenance gets the work order from the harbors to the time a contractor is at the site. Oahu Maintenance will have a representative at the site and will show the Coconut Wireless employees the problem area(s). We will also show Coconut Wireless employees the locations of the photocells or the controls for the lighting. Coconut Wireless shall turn on the controls and identify the lights that are not working. If Coconut Wireless can repair a light by changing the lamp, then the lamps shall be changed to LED lamps. We have a stock of 24-watt and 150-watt LED lamps that can be used.



They are mogul screw direct wired lamps. Unless there is a safety concern, we do not need to have the ballast removed.

**Ala Wai 800 Row Power Pedestals**

The State requires that Coconut Wireless produce the power pedestals. We have paid you in February. Please give the State the date that you will furnish the pedestals within ten days from the date of this letter. Please note that Don Ford is cited as the person that told Coconut Wireless to buy the pedestals invoiced to Mr. Arnold Keawe (Invoice No. HO94648957590). Don Ford was not consulted about the pedestals and did not recommend them. The power pedestals purportedly ordered by Mr. Arnold Keawe are not compatible with other pedestals used in our harbors and are unacceptable. Don Ford has provided Coconut Wireless with the specifications for proper power pedestals to be ordered. This information was also given to Mr. Keawe prior to him ordering the incorrect pedestals on his own volition.

**Ala Wai Office Power Upgrade**

The scope of work for this project was established at a meeting at the Ala Wai Harbor Office between DOBOR representatives Meghan Statts, James Horikawa, and Corey Fujioka and Coconut Wireless representative Arnold Keawe. The scope of work for this project was understood and agreed upon by all members present at the meeting and clearly identified in the cost proposal dated October 5, 2017 signed by Steven Melendrez. The scope of work included the installation of additional power outlets and associated wiring and conduits within the harbor office (a diagram of the layout and location of the outlets was provided at the meeting). The scope of work also included upgrade of the existing electrical service equipment at the harbor to accommodate the additional power outlets and also provide for additional capacity to service a future split air conditioning system. It was understood and agreed the Mr. Arnold Keawe of Coconut Wireless would provide a cost proposal for the additional work, which included coordination with and obtaining service from Hawaiian Electric. This cost proposal was provided on October 5, 2017 and notice to proceed was given on the same date.

The State has been waiting since before July 2018 for you to start this work. After notice to proceed was given for this project, we were told by Steven Melendrez that Coconut Wireless was waiting for Hawaiian Electric to schedule the work. James Horikawa asked Hawaiian Electric for the status of the request by Coconut Wireless for the Ala Wai power upgrade. Hawaiian Electric indicated their most recent record of worked performed at the Ala Wai was a few years ago and was for the work related to the harbor docks, not the office. The Hawaiian Electric representative suggested that the State ask Coconut Wireless for the name of the engineer at Hawaiian Electric that Coconut is working with. Please provide the name of the engineer at Hawaiian Electric that Coconut Wireless was working with on this project so that we can contact that person.

As the work outlined in the cost proposal dated October 5, 2017 was invoiced and paid on February 23, 2018, we will not make any provisions for any additional costs that Coconut

Coconut Wireless LLC, dba Coconut Wireless Construction  
October 31, 2018  
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Wireless believes are required to complete the work. We recommend that Coconut Wireless pursue any recourse, with regard to any additional costs that will be incurred over the amount that has already been paid by DOBOR, with Mr. Arnold Keawe who we were told by Mr. Joseph Bakos of Coconut Wireless was the individual who prepared the original cost proposal, although it was signed by Mr. Steven

Melendrez whom we presume approved the cost. Please update us on the status of this project and provide a schedule for completion of the work. The most recent status update that we have with regard to this project is in the email on May 6, 2018 from Steven Melendrez. In that email we were told that the work would be done in the first week of July and that did not happen.

Coconut Wireless has ten calendar days from the date of this letter to provide a schedule for the Ala Wai harbor power upgrade. Failure to provide a schedule will be interpreted as a refusal to do the work, which may be grounds for termination of the current contract.

Sincerely,



Meghan Statts  
Oahu District Manager

c: Donald Ford, DOBOR Maintenance Superintendent  
Ed Underwood, DOBOR Administrator

**SENT BY REGULAR AND CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

- Waianae SBH – numerous street lights are inoperable and some slips are without electrical power.
- Maunalua Bay Ramp – street lights are inoperable.
- Keehi South Side Ramp – street lights are inoperable.

By letter dated January 15, 2019, the Chairperson informed Coconut Wireless that Coconut Wireless failed to perform work required under the contract and provide required documentation and had 14 days to cure. To date, Coconut Wireless has not performed the work or submitted the required documentation, nor has Coconut Wireless communicated with the Chairperson or DOBOR regarding how Coconut Wireless intends to cure the breach.

Immediate repairs are needed to ensure public health and safety when using the facilities. According to the State Procurement Code, HRS Chapter 103D, DOBOR is unable to solicit for bids or award a new contract to make the necessary repairs while this contract still in place. As soon as the contract is terminated, DOBOR will immediately solicit for bids in accordance with HRS Chapter 103D and enter into a new contract to make immediate repairs to the electrical systems within the facilities to ensure public health and safety.

RECOMMENDATIONS:

DOBOR respectfully requests that the Board:

1. Find that Coconut Wireless, LLC dba Coconut Wireless Construction breached Contract No. IFB-18-001-01 by failing to perform, including failing to do the required work under the contract and not providing required documentation.
2. Terminate Contract No. IFB-18-001-01 effective immediately.

Respectfully submitted,

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Edward R. Underwood  
Administrator  
Division of Boating and Ocean Recreation

APPROVED FOR SUBMITTAL

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Suzanne D. Case  
Chairperson  
Board of Land and Natural Resources