

MINUTES

DEPARTMENT OF WATER SUPPLY COUNTY OF HAWAI‘I WATER BOARD MEETING

February 28, 2017

West Hawai‘i Civic Center, Building G, 74-5044 Ane Keohokalole Highway, Kailua-Kona, HI

MEMBERS PRESENT: Mr. Craig Takamine, Chairperson
Mr. Russell Arikawa, Vice-Chairperson
Mr. Leningrad Elarionoff
Ms. Brenda Iokepa-Moses
Ms. Susan Lee Loy
Mr. Keith K. Okamoto, Manager-Chief Engineer, Department of Water
Supply (ex-officio member)

ABSENT: Ms. Kanoe Wilson
Mr. Bryant Balog
Mr. Jay Uyeda
Director, Planning Department (ex-officio member)
Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Amy Self, Deputy Corporation Counsel
Mr. Chad Funasaki, N&K CPAs, Inc.
Mr. Ryan Iwane, N&K CPAs, Inc.
Mr. Jeff Zimpfer, National Park Service

Department of Water Supply Staff

Mr. Kawika Uyehara, Deputy
Ms. Kaiulani Matsumoto, Information and Education Specialist
Mr. Kurt Inaba, Engineering Division Head
Mr. Richard Sumada, Waterworks Controller
Mr. Daryl Ikeda, Operations Division

- 1) CALL TO ORDER – Chairperson Takamine called the meeting to order at 10:05 a.m.
- 2) STATEMENTS FROM THE PUBLIC

1. Mr. Jeff Zimpfer

Good morning, my name is Jeff Zimpfer and I’m an Environmental Protection Specialist at Kaloko-Honokōhau National Historical Park and I’m here this morning to deliver testimony on behalf of Superintendent Tammy Duchesne. “Aloha Chairman Takamine and members of the Board. Thank you for this opportunity to provide the comments of the National Park Service to you today. The National Park Service would like to thank the Board of Water Supply and the Department of Water Supply for the work you have done updating the Water Use and Development Plan for the Keauhou Aquifer System. The National Park Service looks forward to assisting in whatever way we can to ensure the robust implementation of that plan, especially with regard to locating wells in areas that

will not impact the groundwater-dependent public trust uses and resources of Kaloko-Honokōhau National Historical Park. Through our collaboration, we believe the water needs of the residents of West Hawai‘i can be met and natural and cultural public trust resources of the area can be preserved for the use and enjoyment of future generations.”

3) APPROVAL OF MINUTES

ACTION: Mr. Elarionoff moved for approval of the Minutes of the January 24, 2017, Public Hearing on the Power Cost Adjustment, **and** the January 24, 2017, regular Water Board Meeting; seconded by Mr. Arikawa and carried unanimously by voice vote.

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA – Board accepted Supplemental Report, handed out at the meeting, for Agenda Item 7(B) Equipment Bid No. 2017-06.

5) PRESENTATION OF AUDITED FINANCIAL STATEMENTS – JUNE 30, 2016

Copies of the Department’s Audited Financial Statements for the fiscal year ended June 30, 2016, had been distributed to the Board Members. Representatives of N&K CPAs, Inc., Mr. Chad Funasaki and Mr. Ryan Iwane, reviewed the report and took questions.

Mr. Arikawa asked about Statement of Revenues, Expenses, and Changes in Net Position on Page 13. He had gone over last year’s audit, which was about \$14 million more than this year.

Mr. Funasaki explained that revenue from water sales went down from \$48.4 million to \$47.2 million. The operating loss actually decreased; however, the biggest change in net position was because of contributions in aid of construction, or contributions received for infrastructure. In 2015, it was about \$14 million; in 2016: \$17 million.

Mr. Arikawa asked about Cash Flows from Investing Activities on Page 14. He noted Purchase of Investments of \$10 million. That Purchase of Investments was not in the 2015 report.

Mr. Iwane explained that during 2016, transfer of cash to investments (certificates of deposit) was made; and it was not present during 2015.

Mr. Funasaki added that it is outflow of cash. Likewise, if you sold investments, you would have proceeds from sale of investments, or cash inflow.

Mr. Iwane noted that along those same lines, if you turn back to Page 11, you can actually see those investments sitting in two line items on the Statement of Net Position. Second row from the top, you have Investments of \$2 million and then more towards the middle, you have the remaining \$8 million. It is not gone; it is sitting on the books as of June 30, 2016.

Mr. Elarionoff asked about the Auditor’s Responsibility and whether it is the highest of all standards.

Mr. Funasaki replied that they use a government auditing standard.

Mr. Elarionoff asked for an explanation on Page 5, “Opinion,” where it indicates “generally accepted in the United States of America,” and under “Emphasis of Matters,” under Prior Period Adjustment, the last sentence reads, “Our opinion is not modified with respect to this matter.”

Mr. Funasaki replied that it is a clean, unmodified opinion. It means it is an opinion you would want. Under the Prior Period Adjustment, what they are indicating is that as a result of this prior period adjustment that was made for 2015, it did not impact their current opinion on the current financial statements. It means that if this Prior Period Adjustment did result in some kind of modification or qualification to the opinion, it would have been noted as such.

Mr. Funasaki continued with review of Page 44. This report on internal control, or financial reporting, is in compliance with government auditing standards. This is a required report as it relates to those standards. It describes what a deficiency is in internal control and what a material weakness is. However, N&K CPAs, Inc., does not opine on internal controls. Internal controls are assessed; and if there are any deficiencies noted during the audit, they would be highlighted in this section of the report. On Page 45, they did highlight a couple of things that were considered to be significant deficiencies in internal control. The Department's response to those findings is on the same page.

Mr. Iwane reviewed those two findings:

Page 46: Reference No. 2016-001, Improve Internal Controls Over Cash Collections – this is a repeat finding. During the audit, it was noted that the collective job duties assigned to the Waterworks Controller do not appear to be adequately segregated. Their understanding is that, by design, the Department relies very heavily on the experience and expertise of the Waterworks Controller, understandably. However, that reliance has resulted in what they believe to be inadequate segregation of duties. The risk there, related to cash collections, could provide a single person with the ability to perpetrate misappropriation of cash and to conceal it. However, they do understand that the Department has specifically designed certain detective controls to mitigate this risk. Nonetheless, because of the inherent risk related to cash, they believe it is in the best interests of the Department to build in redundant controls as it relates to cash collections that would include both adequate segregation of duties to combine with the detective controls already in place within the Department. They feel the combination will strengthen the overall internal controls over cash collections. Management has provided a response to this finding on Page 47.

Mr. Elarionoff asked about Page 45, "Department's Response to Findings" where it says "...we express no opinion on it." and yet goes on to express an opinion on the next page. On Page 46, under "Condition," it reads, "Therefore, the duties assigned to the Waterworks Controller do not appear to be adequately segregated." He felt those were kind of strong words, and yet they make their recommendation. Then on Page 47, under "Management's Response," the last sentence says, "Management feels this finding has been addressed with controls that are in place." Yet the auditors have no opinion about management's finding.

Mr. Funasaki explained that they are not issuing any kind of opinion. They are referring specifically to the response on Page 47.

Chairperson Takamine asked Mr. Sumada to comment and possibly clarify some of Mr. Elarionoff's questions on this particular issue.

Mr. Sumada stated that their comments and findings do not make sense to him, and he has asked them what they envision happening that raises their concern with the segregation of duties. They told him they are afraid that when he takes the deposit to the bank, he will have the opportunity to take money and not deposit as much as was intended on a daily basis. He explained to them that the Department has not one but two people in the Department that are looking to make sure that what the bank records as the deposit was what they had sent out. He feels the concern they have has been addressed twice. That is what is

indicated in the Department's response; however, it does not make sense to him that this continues to be raised. From the Department's perspective, it has been addressed.

The Manager-Chief Engineer provided some background information. Every year, the auditors are hired to look over the Department's processes and review, in accordance, or compare, with the national standards. Their job is to see if, in their opinion, there are any weaknesses in those processes. If they see a weakness, their job is to report it to the governing body, which is the Water Board. At the same time, the Department has the opportunity to respond to their opinion and say although they have identified that as a weakness, here is what the Department disagrees with because it has these things in place. The bottom line is that it is presented to the Water Board as the auditor's review of the Department's processes, and the Department has the opportunity to provide its response. The Water Board can take that information and either agree more with the auditor and have the Department implement the recommendation, or ask Mr. Sumada what he has in the process right now to address the concerns presented by the audit. The positive part here is that there are only two findings in this audit.

Mr. Elarionoff stated that his question was about that. If the auditor is stating that the finding was not adequately addressed, why not have an opinion on what the Department's response was.

The Manager-Chief Engineer asked N&K CPAs, Inc., to explain how they go through their testing.

Mr. Funasaki explained that part of the audit is understanding the Department's procedures--the various transaction cycles, receipts, disbursements, payroll, the major transactions--and they assess the design and test the controls that are in place. As noted in the report, they actually did look at the detective controls that are implemented by the Department and noted that they did not find any deficiencies. He could look at 100% of them and maybe come out with no errors. But the reason for this finding is not to insinuate that anything is happening, but more of preventing it from happening in the first place. He compared it to having a lock and alarms on your house. The alarm is used to detect something after it happens. The lock is to prevent something from actually happening. It is only the auditor's responsibility to communicate the deficiency. How the Department or management wishes to proceed is their decision.

Mr. Elarionoff stated that he understood it better, and it was fine with him.

Mr. Arikawa commented that this was also in the 2015 report, which he had with him. Management's response was the same. It is not based on an error they found, but just an opinion they gave. Mr. Sumada had gone through the same thing, "management feels that this finding is adequately addressed," the same as this year. The Board agreed last year that it was fine. As to the second management response, those are two different things. This one is about contract payables. The other is about cash.

Chairperson Takamine stated that he was sure this firm is very reputable and he was sure they conduct audits on different departments throughout the State. Based on management's response, he asked if that was typical across the different departments on cash collecting and not way off base as far as their practices.

Mr. Funasaki replied that it depends. If you have a large enough amount of people, you can adequately segregate, and he does not see it very often as it relates to State or a larger entity. There are all sorts of different ones, and a lot of them relate to controls and not just receipts. There is something on disbursements as well, the approval process, or the review process. They see those as well. A lot of it is centered around the design and the process; those checks and balances.

Ms. Lee Loy recognized their role here is really identifying a risk and seeing that the appropriate checks and balances are in place and the Department's response. What is challenging for the Water Board is that

when a recommendation is offered, there is no dollar amount associated with it. There is a cost involved with taking on an opinion and trying something. The Department and the Board have to balance a lot in the economics of delivering the water, paying its employees, etc. She appreciates what the Department is doing is almost cross-training to a certain extent, but utilizes what it has. Perhaps at some future date, when the budget allows, there might be an option to look into what is being recommended. For now, she feels the checks and balances are in place, but realizes this will keep coming up because it is a best management practice the auditors are evaluating.

Mr. Arikawa agreed and also thanked the auditors for their report.

The Manager-Chief Engineer added that this line of thinking is also tied into management's response. With Mr. Sumada's staff and his multiple layers of detection, it was felt that those controls are adequate. To otherwise have preventative controls would mean additional resources, such as personnel. It is not that the management fully disagrees with the recommendation.

Mr. Arikawa thought it was a great recommendation in any case. He shared his property management company's experience whereby they implemented a no cash policy seven to eight months ago, which became effective January 1 of this year. Only bank checks or money orders would be accepted. They had been thinking about implementing the no cash policy for some time, even though they had their checks and balances in place. It has been two months, and the tenants have gotten used to it. They only accept cash for minor transactions.

Mr. Elarionoff explained that his questions today were not to question anyone's integrity but only to help him understand so he could make an informed decision.

Mr. Iwane reviewed the second finding on Page 47, 2016-002, Property Account for Contract Retainage. This is identified as a significant deficiency in terms of control and financial reporting and pertains to the retainage amounts, or amounts kept out from progress payments related to construction contracts. The criteria are that the retainages should be recorded as a liability of the Department when the corresponding construction work has been incurred. During the audit, they noted that the retainage payable totaled \$514,000, and \$573,000 were not recorded as a liability of the Department as of June 30, 2016 and June 30, 2015 (two separate years). During the audit, management corrected the beginning balance and made an adjustment to correct the 2016. From their understanding, it was just an oversight. The effect would be failure to properly accrue the retainages and could result in an understatement of both construction in progress, capital assets, and accounts payable. Their recommendation was to implement procedures to ensure that the retainages are properly accrued. Management's response to that finding is also on Page 47.

Ms. Lee Loy asked if the Department is solid in its pro rata share in the ERS retirement fund.

Mr. Funasaki replied that his understanding, that is correct. Mr. Iwane added that on Page 42, as far as the amounts contributed, his understanding is yes; however, the Department's share of that total pension liability is actually determined by an actuary. The ERS prepares its formulas and come up with the proportionate share of that liability. He believed that another auditor looks at it and actually issues a report on the findings.

The Manager-Chief Engineer brought the Board's attention back to the second part where it said "oversight on our part." To clarify, the Department did not account for it this way because it was thought it was being done correctly the whole time. Only this past year, it was found that it is supposed to be considered a liability. As soon as it was found out that it should be taken care of another way, it was

corrected. However, although it was corrected, they still had to report it to the Board that the finding was made.

Mr. Funasaki noted that management made the necessary adjustment in 2016.

Ms. Iokepa-Moses went on record to say that the Board appreciates Mr. Sumada, because in this huge report, for the auditors only to find two small things is an outstanding accomplishment on his part. Board members and the Manager-Chief Engineer agreed.

(Messrs. Funasaki and Iwane left the meeting at 10:50 a.m.)

6) HĀMĀKUA:

A. **JOB NO. 2011-971, KAPULENA WELL DEVELOPMENT PHASE 2 AND SUPPORTING FACILITIES:**

The contractor, Jas. W. Glover, Ltd. is requesting a contract time extension of 123 calendar days. This is the first time extension request for this project.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	02/19/2017	06/22/2017	123	Inclement and unworkable weather conditions (5 working days) and excess delays obtaining the Building Department permit (additional 116 calendar days)
Total Days (including this request)			123	

The contractor's time extension request of five (5) working days is in concurrence with the Department's tally of reported agreed upon rain-outs. The 116 additional calendar days is requested due to excess delays in obtaining the building permit (158 calendar days in total).

The Manager-Chief Engineer recommended that the Board grant this contract time extension of 123 calendar days to Jas. W. Glover, Ltd., for JOB NO. 2011-971, Kapulena Well Development Phase 2 and Supporting Facilities. If approved, the contract completion date will be extended from February 19, 2017, to June 22, 2017.

MOTION: Mr. Arikawa moved for approval of the recommendation; seconded by Ms. Iokepa-Moses.

Mr. Inaba explained that there was a requirement for the Department to revise the plan due to the building permit process, which contributed to the delay. It needed to go back to the consultant for revisions and wet stamps. This was something that was out of the control of the contractor. Also, there were more rain-out days; however, they were not accounted for during this period because of the time extension for the building permit.

ACTION: Motion was carried unanimously by voice vote.

7) MISCELLANEOUS:

A. DEDICATIONS:

The Department received the following document for action by the Water Board. The water system has been constructed in accordance with the Department's standards and is in acceptable condition for dedication.

1. GRANT OF EASEMENT AND BILL OF SALE

Ali'i Beach Estate III – SMA 314 (CPR)

Grantors: Capuzzu, Woodland, Lundrigan Survivor Trust, Suppes 2010 Trust, et al.

Tax Map Key: (3) 7-6-017:006

Facilities Charge: \$16,500.00 Date Paid: 12/01/2015

Final Inspection Date: 9/11/2014

Water System Cost: \$22,300.00

Capital Assessment Fee: \$1,500.00

The Manager-Chief Engineer recommended that the Water Board accept this document subject to the approval of the Corporation Counsel and that either the Chairman or the Vice-Chairman be authorized to sign the document.

ACTION: Ms. Iokepa-Moses moved for approval of the recommendation; seconded by Mr. Arikawa and carried unanimously by voice vote.

B. **EQUIPMENT BID NO. 2017-06, FURNISHING AND DELIVERING PORTABLE MESSAGE SIGNS TO THE DEPARTMENT OF WATER SUPPLY:**

Bids for this project (two each, portable message signs) were opened on February 27, 2017, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount	Delivery Days
Safety Systems and Signs Hawaii, Inc.	\$38,332.34	60
GP Roadway Solutions	\$46,098.20	60
Road Safety Services and Design LLC	Non-responsive	
Signs Hawaii	Non-responsive	

Equipment Costs:

1) Low Bidder (Safety Systems and Signs Hawai'i, Inc.) \$38,332.34

Funding for this project will be from the Department's Operating budget. The contractor will have 60 calendar days from the contract execution date to deliver the products.

The Manager-Chief Engineer recommended that the Board award the contract for EQUIPMENT BID NO. 2017-06, FURNISHING AND DELIVERING PORTABLE MESSAGE SIGNS TO THE DEPARTMENT OF WATER SUPPLY, to the lowest responsible bidder, Safety Systems and Signs Hawaii, Inc., for their bid amount of \$38,332.34, subject to the review as to form and legality of the contract by Corporation Counsel.

MOTION: Ms. Iokepa-Moses moved for approval of the recommendation; seconded by Mr. Elarionoff.

The Manager-Chief Engineer explained that the Department felt it was prudent to procure its own variable message boards for times such as the North Kona water restriction, where it borrowed from the Department of Public Works and from the State of Hawai‘i, Transportation Department, Highways Division. The effectiveness of the signs was seen first-hand. The Department has received favorable bids for this equipment. This will be the first time for the Department to purchase this type of equipment.

ACTION: Motion was carried unanimously by voice vote.

C. UPDATE RE: NATIONAL PARKS SERVICE’S PETITION TO DESIGNATE KEAUHOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:

The Manager-Chief Engineer reported that on February 14, 2017, the Commission on Water Resource Management (CWRM) voted to deny the petition with eight (8) conditions provided by CWRM staff. The Department concurred with that decision and is okay with the eight action items. He reiterated, for the record, that it was never about the Department of Water Supply (DWS) against the National Park Service. DWS understands they had their mission. DWS only felt that designation of the aquifer was not warranted; and, apparently, the Commission staff and the Commission decided the same way. DWS can now continue doing what it needs to do to provide safe drinking water.

In response to Ms. Iokepa-Moses’ question of whether that was the final chapter in this and DWS can move on, the Manager-Chief Engineer replied, at this point, he believed so. He was not sure if the petitioner has any other intentions to pursue it further. He did not know what other avenues are available if they still want to pursue this designation, or if there are opportunities for them to appeal the decision. Nothing has been seen thus far. If something comes up where the Department needs to be involved again, it will do so.

Chairperson Takamine thanked the Board for their hard work, and to previous Board members that were involved in this issue and thanked the Department’s staff and management for addressing all of the requests from CWRM. It has been a long and arduous journey.

Mr. Elarionoff stated that the ahupua‘a name for this area is Kahawai‘ole. If you break down the word, Kaha to scratch, as in erosion, Wai means fresh water, ‘Ole means there is none, which means there are no streams in this whole area here. The water went underground and into the ocean; not above ground.

Ms. Lee Loy thanked staff and the Department’s former and current Deputy Corporation Counsels, Ms. Kathy Garson and Ms. Amy Self. Ms. Self brought her expertise from the Planning Department to this Board, which helped tremendously.

Mr. Arikawa recognized and thanked Mr. Zimpfer who has been here all along the way.

D. EXECUTIVE SESSION RE: NATIONAL PARKS SERVICE’S PETITION TO DESIGNATE KEAUHOU AQUIFER AS A GROUND WATER MANAGEMENT AREA:

No executive session was held.

E. **MONTHLY PROGRESS REPORT:**

Mr. Arikawa asked when the Paukaa Waterline Relocation project would be expected to start. It was explained that after the contract is executed, Notice to Proceed is issued, so it can be expected in two to three months.

Mr. Elarionoff asked about the Waikoloa Reservoir No. 1 Earthquake Repairs, Tree Removal Plan Submittal. It was explained that the reservoir is adjacent to Department of Hawaiian Home Lands (DHHL) property which is labeled a conservation district. The embankment remediation will encroach into their lands. When trees are removed, a plan has to be submitted for review and approval.

F. **REVIEW OF MONTHLY FINANCIAL STATEMENTS:**

There were no questions on the monthly financial statements.

G. **DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND 5-YEAR CAPITAL IMPROVEMENT PROJECTS (C.I.P.) BUDGETS FOR FISCAL YEAR 2018:**

The Department's Fiscal Year 2018 Operating Budget, totaling \$54,178,000.00 and 5-Year C.I.P. Budget for Fiscal Year 2018-2022, totaling \$72,200,000.00, have been distributed for the Board's review.

The Manager-Chief Engineer recommended that the Board approve a public hearing to be held on Tuesday, March 28, 2017, at 9:45 a.m., prior to the Water Board's regular meeting, to accept public testimony regarding the Department's Fiscal Year 2018 Operating and C.I.P. Budgets.

ACTION: Mr. Arikawa moved for approval of the recommendation; seconded by Ms. Iokepa-Moses and carried unanimously by voice vote.

H. **MANAGER-CHIEF ENGINEER'S REPORT:**

The Manager-Chief Engineer reported on the following:

Senate Bill 635 and House Bill 636 are for a water conservation rebate program. This is an initiative made by the Fresh Water Council that is moving through the Legislature. The Department will have to consider budgeting for a rebate and come up with some kind of program for qualifying appliances such as sprinkler systems, low flow toilets, Water Sense washers, etc. Funds will be available through C.I.P. reserves in the budget that was just passed earlier in today's agenda. For added information, the Honolulu Board of Water Supply has had a rebate program in the past. The plan is to have some kind of inspection done to ensure the appliances are installed. As this moves forward, the Board will be briefed on the Department's plans.

Mr. Arikawa asked if that would fall under the State instead of the County similar to the energy conservation, whereby when you purchase a refrigerator that qualifies for a rebate, it comes from the State.

The Manager-Chief Engineer replied that they will provide matching funds. The Senate has a \$500,000 figure to be appropriated to the Counties pro-rated based on population. If you notice, more of the burden is shifting to the Counties; however, he would rather this Department have control over it because they are the Department's customers.

Mr. Elarionoff asked about the rationale behind extra compensation because if they install water-saving appliances, they save on the water.

The Manager-Chief Engineer replied it is an incentive for people to replace their fixtures. Part of the Legislative bill will be to provide reports to track whether the rebate actually turned into something positive. It is a pilot project, and, therefore, if it does not look like it is effective, they could possibly cut funding.

Mr. Arikawa asked if it would require hiring another person to do the tracking.

The Manager-Chief Engineer replied hopefully not. Although for the Department, if people use less water, that means less revenue for the Department overall; for the island and State, conserving fresh water is just the right thing to do. If possible, he would like to focus that effort on the areas that need it the most, such as the leeward side of the island. He added that the details have not yet been worked out.

Ms. Lee Loy commented that this incentive to conserve water then changes water sales for the Department. The Board may need to revisit this in its water rate plan to keep up enough resources to improve overall infrastructure.

The Manager-Chief Engineer agreed and added that this is not a done deal. The Board may elect not to participate. However, as he mentioned, prevention and protection of the resources is key not only for us, but for future generations.

Chairperson Takamine agreed that it is the right thing to do, and what the Department has to do is really look at energy-saving initiatives, that could offset these costs at the same time.

The Manager-Chief Engineer also reported on one of the action items heard from the State Water Commission numerous times, and that is the Department's role in protecting the watershed. He plans to have an agenda item for next month's meeting for the Board to discuss ways to provide funding for watershed protection.

Ms. Lee Loy mentioned the Open Space Fund. The County has purchased shoreline properties but has yet to purchase in the watershed areas.

The Manager-Chief Engineer reported on the current Kona Water Restriction. Four out of the seven mauka wells were down; at the end of January, one was put back online. On February 16; however, another well went down, bringing it back to three operational. The water restriction is still in place. He asked Ms. Matsumoto to detail the Department's efforts.

Ms. Matsumoto stated that the Department reissued its water restriction notice and did some more radio spots. The Department also worked with Civil Defense to utilize its Blackboard messaging system. The Deputy added that the message signs, borrowed from the Department of Public Works and from State Highways were placed along Queen Ka'ahumanu and Māmalahoa highways. The Board will see some contract award items for well repairs at its next meeting.

The Manager added that some are in progress, such as Wai'aha Well.

Mr. Arikawa commented about protecting the watershed, which came about during the CWRM meeting. A commissioner had mentioned the rapid ohia death and how it would affect the watershed. It may be too early to get statistics on but is something to keep track of.

The Manager-Chief Engineer replied that if the Department creates some kind of funding, it would want to have a proper MOU (Memorandum of Understanding) in place to ensure it is used in a beneficial and efficient way.

CHAIRPERSON'S REPORT:

Chairperson reported on the Pacific Water Conference. The highlight of his trip was the presentation by the Manager-Chief Engineer and Mr. Richard Horn regarding the Lālāmilo Wind Farm. It was a very well attended presentation and the Manager-Chief Engineer did a great job representing the Department. He also noted that the Deputy was on a panel with officials from other States in which he represented this Department very well.

In speaking with some of the Board Members from the Honolulu Board of Water Supply, they offered site visits if anyone were to be on Oahu on their own time and wanted to learn about their issues. That might be something to look at in the future, and possibly vice-versa.

The Manager-Chief Engineer mentioned the Fresh Water Initiatives Council that he serves on and they have a tentative date set for March 16 to take some of the Legislators to the Halawa Shaft. If any of the Board members are available, he could ask if they could participate.

8) **ANNOUNCEMENTS:**

1. **Next Regular Meeting:**

The next meeting of the Water Board is scheduled for March 28, 2017, at the Department of Water Supply, Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai'i. Meeting will be preceded by a Public Hearing at 9:45 a.m. for the Fiscal Year 2018 Operating Budget and 5-year Capital Improvements Budget for the Fiscal Years 2018-2022.

2. **Following Meeting:**

The following meeting of the Water Board is scheduled for April 25, 2017, at the Department of Water Supply, Operations Center Conference Room; 889 Leilani Street, Hilo, Hawai'i

ADJOURNMENT

ACTION: Mr. Arikawa moved to adjourn the meeting; seconded by Elarionoff, and carried unanimously by voice vote. Meeting adjourned at 11:20 a.m.

Recording Secretary