

MINUTES

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

October 26, 2021

Via Zoom/Host Location: Department of Water Supply, 345 Kekūanaō‘a Street, Suite 20, Hilo, HI

MEMBERS PRESENT: Mr. William Boswell, Jr., Chairperson
Mr. Eric Scicchitano, Vice-Chairperson
Mr. Michael Bell
Mr. David De Luz, Jr.
Mr. Steven Hirakami
Ms. Julie Hugo
Mr. Benjamin Ney
Mr. Keith K. Okamoto, Manager-Chief Engineer, Department of Water
Supply (ex-officio member)

ABSENT: Mr. Kenneth Sugai, Water Board Member

OTHERS PRESENT: Ms. Diana Mellon-Lacey, Deputy Corporation Counsel

Department of Water Supply Staff

Mr. Kawika Uyehara, Deputy
Ms. Candace Gray, Waterworks Controller
Mr. Kurt Inaba, Engineering Division Head
Mr. Gregory Goodale, Chief of Operations
Mr. William O’Neil, Jr., Water Service District Supervisor II
Mr. Eric Takamoto, Operations Division
Mr. Warren Ching, Energy Management Analyst

- 1) CALL TO ORDER – Chairperson Boswell called the meeting to order at 10:00 a.m. A roll call was taken for Water Board Members in attendance. Seven members were present: Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Hugo, Mr. Ney, Mr. Scicchitano, and Chairperson Boswell.
- 2) STATEMENTS FROM THE PUBLIC - none
- 3) APPROVAL OF MINUTES:

MOTION: Mr. Ney moved for approval of the Minutes of the September 28, 2021, Water Board Meeting; seconded by Ms. Hugo.

Mr. Hirakami asked if the Board is also furnished with Executive Session Minutes, not as public record, but when he served on the Board of Appeals, they sent out Minutes on Executive Session for the members to have a record of what they said during the Executive Session as a reminder.

Ms. Mellon-Lacey stated that it has not customarily been handled that way on this particular Board. (Mr. Hirakami thanked her for the clarification.)

ACTION: Motion was carried by roll call vote: Ayes: 7 - Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Hugo, Mr. Ney, Mr. Scicchitano, and Chairperson Boswell; Absent: 1 - Mr. Sugai.

4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA - None

5) POWER COST CHARGE:

Departmental power costs from all power sources increased since the last Power Cost Charge rate was determined. The Department proposes to increase the Power Cost Charge from **\$1.85 to \$2.15** per thousand gallons as a result of this increase. Power cost charges over the past two years were as follows:

<u>Effective</u>	<u>PCC</u>
June 1, 2021	\$1.85
December 1, 2020	\$1.71
August 1, 2020	\$2.01
February 1, 2020	\$1.90
October 1, 2019	\$2.00
June 1, 2019	\$1.96

A Public Hearing will have been held prior to this Board meeting to accept public testimony on this change.

The Manager-Chief Engineer recommended that the Board approve the increase of the Power Cost Charge from \$1.85 to \$2.15, effective November 1, 2021.

MOTION: Mr. Scicchitano moved for approval of the recommendation; seconded by Mr. Ney.

Mr. Hirakami thought it was unusual that out of the tens of thousands of water users, there is no public testimony. It seems surprising with this being the largest increase in a couple of years. He expected at least a couple of people would ask what it is for. He also asked if there is a way to do a sliding scale on power cost charges for commercial users, such as hotels. Visitors may not have the same thoughts on conservation as islanders. He thought that if there was a different commercial rate, the hotels would encourage conservation and put signs up in the bathrooms to please conserve “our most precious resource.” He wondered if there was a way to adjust it so commercial users like hotels would have a higher rate.

The Manager-Chief Engineer replied that part of that may be addressed with the upcoming rate study and looking at different categories of use and different rates. That might be a topic for discussion during that time as well.

Mr. Ney stated that if he was not mistaken, the Power Cost Charge is a pass-through cost to the consumer. It is not like it has a profit margin that adds to it. He thinks if the Department did a sliding fee scale, it would be putting it on the other rate payers to accommodate that and he did not think that should be the intention. It is a pass-along cost and the Department does not derive revenue from it, so he would say no to any adjustment on that.

Chairperson Boswell stated that the way he understood it, the hotels, in particular, are on master meters and their cost of water is more than it is for a single-family, 5/8-inch meter. The rates are exponentially different, based on the size of the master meter. A single-family residential meter is the cheapest water you can get in the islands.

The Manager-Chief Engineer replied that was correct. It is based on the size of the meter, which is how the water rates are currently set up, based on meter size and consumption rate blocks. There is an escalating rate block structure that essentially encourages conservation. The Board’s points are well

taken. Going back to what Mr. Ney said, this Power Cost Charge is a fee that was established by the Board because of the fluctuations in the electrical utility costs. At one point, the Department was caught far behind when it was only able to adjust the power cost on an annual basis. It is now every two months where the Department has the flexibility to follow fluctuations in the electrical utility's costs in a timely manner.

Mr. De Luz thought this actually goes a bit deeper in a separate conversation, and should be watched, when time-of-day electrical use comes into play. Perhaps DWS would be able participate in time-of-use rates in regard to water usage. That could coincide with the DWS' extensive work, through its Energy Management Analyst, Mr. Warren Ching, in regard to how it impacts demand charge. By using some modeling and working with the utility, there might be opportunity there. It is further down the road, but something to consider to see how the Department can help people be more responsible in managing their water use.

The Manager-Chief Engineer agreed that is a terrific point. The smart electrical meters will provide more information and will help the Department manage its energy use. Any programs the electrical utility may have to offer the Department to work together would definitely be a benefit. He thanked the Board for its valid points and appreciated the discussion.

ACTION: Motion was carried by roll call vote (Ayes: 7 - Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Hugo, Mr. Ney, Mr. Scicchitano, and Chairperson Boswell; Absent: 1 - Mr. Sugai.)

6) SOUTH HILO:

A. **VEHICLE BID NO. 2020-04, FURNISHING AND DELIVERING VEHICLES TO THE DEPARTMENT OF WATER SUPPLY - REQUEST FOR TIME EXTENSION:**

The vendor, IK Motors, Inc., dba Kama'aina Motors, is requesting a contract time extension of 45 calendar days for Parts A & G. The delivery of the vehicles is being delayed due to shipping issues brought on by the COVID-19 pandemic. Declined production in the industry resulted in more infrequent barge sails from San Diego, California, to Hilo, Hawai'i. These delays are beyond the control of the vendor. *Note: There are no additional costs associated with this time extension.*

1st time extension – 63 calendar days Parts A & G (*Building delay due to micro-chip shortage*)

2nd time extension – 45 calendar days Parts A & G (*Shipping delays caused by pandemic*)

The Manager-Chief Engineer recommended that the Board approve a contract time extension of an additional 45 calendar days for Parts A & G to IK Motors, Inc., dba Kama'aina Motors, for VEHICLE BID NO. 2020-04. If approved, the contract completion date will be revised from November 16, 2021, to December 30, 2021, for Parts A & G.

MOTION: Mr. Ney moved for approval of the recommendation; seconded by Ms. Hugo.

Mr. De Luz stated that he could attest to the difficulties the vendor is experiencing. His business has had 2021 vehicles on the dock on the west coast for almost two months, and they are actually shipping the 2022's before the 2021's. The challenge is even when they do have a confirmed shipping, if there is an inter-island connection, he joked it is better to go to Las Vegas and put your money on the line. It is horrendous and from his understanding, this will go through the supply chain side and it will start hitting the fourth quarter and go into the first and second quarter of next year. Although he will be recusing himself from this vote, he assured the Board that every dealer is making every attempt, but it is beyond theirs or their manufacturer's control.

Chairperson Boswell and the Manager-Chief Engineer thanked Mr. De Luz for his insight.

ACTION: Motion was carried by roll call vote (Ayes: 6 - Mr. Bell, Mr. Hirakami, Ms. Hugo, Mr. Ney, Mr. Scicchitano, and Chairperson Boswell; Recusal: 1 - Mr. De Luz; Absent: 1 - Mr. Sugai.)

7) NORTH KOHALA:

A. JOB NO. 2021-1177, HĀWĪ #2 BOOSTER C REPAIR:

This project consists of furnishing all labor, materials, tools and equipment necessary to replace one (1) booster pump assembly; replace selected portions discharge piping, chlorinate the pumping assembly; and complete an efficiency test; in accordance with the specifications.

Bids for this project were opened on October 7, 2021, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount
Beylik Drilling & Pump Services, Inc.	Non-Responsive
Derrick's Well Drilling & Pump Services, LLC	\$89,000.00
Jas. W. Glover, Ltd.	No Bid
Water Resources International, Inc.	\$122,450.00

Project Costs:

1) Low Bidder (Derrick's Well Drilling & Pump Services, LLC)	\$89,000.00
2) Contingencies (10.0%)	<u>\$8,900.00</u>
Total Cost:	<u>\$97,900.00</u>

Funding for this project will be from DWS' Energy CIP. The contractor will have 240 calendar days to complete this project. The Engineering estimate for this project was \$125,000.00.

Booster History:

Hāwī #2 Booster C:
Original Installation: March 1997

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2021-1177, HĀWĪ #2 BOOSTER C REPAIR, to the lowest responsible bidder, Derrick's Well Drilling & Pump Services, LLC, for their bid amount of \$89,000.00, plus \$8,900.00 for contingencies, for a total contract amount of \$97,900.00. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

MOTION: Mr. Ney moved for approval of the recommendation; seconded by Ms. Hugo.

The Manager-Chief Engineer stated that there are three boosters at the facility, and this is the third one to be repaired. The other two were repaired in recent history. He asked if there were any questions.

Mr. Ney commented it is great that the bid amount came in under or near the engineer's estimate.

ACTION: Motion was carried by roll call vote (Ayes: 7 - Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Hugo, Mr. Ney, Mr. Scicchitano, and Chairperson Boswell; Absent: 1 - Mr. Sugai.)

8) MISCELLANEOUS:

A. MONTHLY PROGRESS REPORT:

Mr. Ney asked about the Hala'ula Well Development, Phase 2, project. He noticed the Department's recent post on the email that the project was ready for tie-in. He asked if the project schedule is on track.

Mr. Inaba replied that the waterline portion is on track. There have been some delays as far as the well. The tank is near completion. There was a delay with the well permit, which has since been resolved, and the HELCO plans have been received. The contractor is expected to provide a revised schedule. The good thing is once the tie-ins are completed, the laterals can be transferred and customers will be on the new line.

Mr. Ney asked if, when this project is complete, it will alleviate the Department with overall costs of maintenance and energy, and resources can be devoted elsewhere.

Mr. Inaba replied that it would alleviate the Operations Division having to deal with leaks, which is the reason the water main is being changed, and it would free up the Engineering Division's inspection staff who are spending four hours on the road, return trip, to North Kohala.

Mr. Ney appreciated the email updates on the project, which helps show how things are progressing.

The Manager-Chief Engineer stated that there is going to be a sizeable water shut-off scheduled for October 28. The shut-off will be from 11:00 p.m. on Thursday, October 28, to 3:00 a.m., Friday morning, because it will be a sizeable shut-off area. Staff plans for it when there is minimal use of water and people are sleeping. He added that if the Board receives any questions from anyone from their area, to please direct them to contact the Department's office and staff can talk with them.

Mr. Ney appreciated the information. It helps to have a quick answer for someone regarding schedules, etc.

Mr. De Luz commended the Department on the Kahalu'u Shaft project. It was a tough project and goes to show the diversity of what the Department manages. Considering all that needed to be done, for example, the refabrication, re-engineering, and the contractor working with DWS, he was amazed that the project stayed within budget. He suggested, especially for new members, the Department may want to offer them to have a brief on some of the projects so they can gain insight on what the Department has gone through. Another project which has been very problematic is the Waikoloa Reservoir Earthquake Repairs. It was very unfortunate in regard to the circumstances where, if he recalled correctly, because of the need to reassess the project, there is now one reservoir that is still unfilled. It does put pressure on in regard to water capacity. Some of these details are important to know. The other area where the Department has done a really good job, and is good for new members to understand, is where some of the lower wells in Kona have issues with brackish water if over pumped and the Department has a long-term plan to address that through upgrading water transmission, etc. Since some Board Members will be ending their terms, his suggestion would be to brief the new members on major projects.

The Manager-Chief Engineer agreed that was an excellent point. Perhaps it does not have to occur at Board meetings because it would be more specific to particular Board members and their districts, but he extended an invitation to any Board member to contact the Department for individual site visits. Because of Sunshine Law, the most there can be is two Board Members at a time and it would have to

be documented and probably reported to the Board at a later date. Even with COVID going on, he thought that two Board Members on field trips is reasonable. Perhaps Mr. Bell could take a tour down the Kahalu'u Shaft and Mr. Hiramaki's interests would be in the 428 FEMA projects in Puna. He encouraged any Board Member to send an email if they chose, and something could be coordinated.

Kīlauea Recovery Community Meeting

The Manager-Chief Engineer took this opportunity to brief the Water Board on a meeting he would be attending this Thursday, October 28, 2021, with the Kīlauea Recovery Team to provide an update on some of the Department's proposed projects. He shared his screen showing the proposed projects. There are 13 projects in total.

The whole thought process behind the proposed projects is to provide an opportunity for housing and economic development in the area. A couple of major decision points utilized in this process were 1) the results of the County buy-out program because for water quality purposes, the Department did not want to reinvest in infrastructure if there will not be any use in a particular area. If you do not have enough customers on a water system, not only is it not the most prudent financial decision, but from a water quality standpoint, if you do not have water flowing, the water becomes stagnant and the resolution to that is flushing, which is basically throwing away water, which is not something the Department likes to employ. Based on the outcome of the buy-out program, it seemed like a lot of people did opt to participate in it, meaning that not many people were going back to the inundated areas. With that, the Department looked at where the opportunities were for those impacted to relocate. Puna was looked at to see where, overall, there may be general opportunities for housing and economic redevelopment. The other factor is redundancy and resiliency to see, if the Department is going to invest in new infrastructure, how can it be made so that it is more resilient, should another natural disaster take place in the area. Part of this is through loop systems instead of dead-ends. If a water main break were to occur on a dead-end system, it would kill all of the services downstream of that break. With a loop system, it can be looped around that break and still continue to provide service.

Looking on the map and starting from the lower right--Pohoiki Waterline Improvements--that is not a loop system. It is basically to restore water to the boat ramp and Isaac Hale Beach Park. The understanding from the recovery meetings is that the boat ramp is very important to the community and Hawai'i Island as far as fishing and the ripple effects from that fishing activity. It is a high-priority project. The next one is Nānāwale Waterline Improvements. This is an example of a current dead-end water system with a large amount of spaghetti lines feeding into the subdivision. This loop system will provide opportunities for better resiliency as well as allowing people to either reduce their spaghetti lines or even have a waterline fronting their properties. This may be another area where people may have opportunities to relocate to as well. To the left of that is the Pāhoa Village Waterline Improvements. This project is to install a new Ductile Iron water main through Pāhoa Village, which is currently serviced by a 50-year-old cast iron pipeline system. Again, the Department's understanding is there are economic opportunities within Pāhoa Village. There is a new shopping center which was recently opened. Going to the left on the inset is the Kalapana Waterline Improvements. Back in the 1980's, the Kalapana lava flow inundated some of the Department's water system, causing a persistent leak at quite a significant depth because of the inundation. This project will be to replace that portion of pipe that has been leaking and bring the waterline closer to the existing finish grade. Going to the center of the screen is the Hawaiian Paradise Park Waterline Improvements. This is another resiliency-type project where there is currently a dead-end at the end of the Maku'u Hawaiian Homes subdivision. The plan is to take a waterline from that dead-end, hit Paradise Drive where there is an existing 12-inch waterline, go makai a little bit, and come across to Kaloli Drive where there is a 20-acre County parcel that has been planned for a regional park for a while. Across the street from that parcel, he believed, is

another private parcel that was envisioned for possibly some commercial development. The waterline will then go back up from Kaloli Drive to Highway 130 which will provide a loop system in that area. Then moving to Kea‘au, there are well and reservoir improvements. Part of the reasoning for this is that two wells in Kea‘au had to be abandoned because they were built substandard and were prone to subsurface contamination. This will help the Department regain the capacity that was lost with abandoning those two wells and to provide backup. Staff was able to verify the hydraulics in the system, and these new wells will also provide backup all the way to Pāhoa, if necessary so there is resiliency and redundancy between Kea‘au and Pāhoa. Similar with the ‘Ōla‘a No. 3 Emergency Transfer Switch and the ‘Ōla‘a No. 3 Well, there will be similar capabilities with those projects for resiliency during natural disasters as well as the ‘Ōla‘a No. 6 Emergency Generator. During a hurricane, what typically goes down is the utility power, and this would add to the twelve emergency generators as backup capacity.

Mr. Hirakami asked if, when Highway 132 was repaved, the waterline that went down there is still intact and if there are any plans to restore water to the area where there are a number of “kipuka,” as seen on the map. These are typically house farmlands and orchards and he wondered if any have requested water service to be restored.

The Manager-Chief Engineer replied that the Department never had a water main going down Highway 132. It went down a bit past the “triangle,” or the Highway 132/Pohoiki junction and that waterline is still live down to where it was inundated. Whomever is fronting the waterline on that short segment going down Highway 132 has service again; but the kipuka further down were never on the Department’s system. Mr. Hirakami’s question brings up a good point. One of the biggest challenges the Department sees with the waterline going down Pohoiki Road are the subsurface temperatures. Even if you go down Highway 132 now, the road graded and repaved, but on rainy days, you can see steam coming up from the surrounding areas because of the subsurface heat. Pohoiki Road actually crosses that line of fissures. The Department is trying to think of creative solutions for a buried pipe with gaskets that cannot handle temperatures greater than 150 degrees Fahrenheit.

Mr. Hirakami asked if the Department would be putting the cart before the horse by having the line go down to the harbor instead of waiting for the harbor to reopen to run the waterline. The reason is that if dredging never happens, you would have a waterline to a non-usable boat ramp. To spend all that money ahead of what is happening, as he understood it, they only allotted \$3.5 million to dredge all that sand. He knows the area, and there are millions of cubic yards to be removed and did not think you could do it with trucks or equipment to haul it out there for that allotment. He asked if the Department is willing to spend that money ahead of time before the harbor is dredged, or wait for the boat ramp to be finished because it seems like it would be a waste of resources if that ramp never opens.

The Manager-Chief Engineer replied that it is a totally valid point and is one of the challenges the Department is wrestling with. However, the understanding is that there is a commitment to restore the boat ramp and the Department is going ahead, based on that understanding. This waterline might help that decision process as well.

Mr. Hirakami stated that this is a different jurisdiction. It is State Harbors DOBOR (Division of Boating and Ocean Recreation). Their commitment to throwing money into the Puna lava flow area is really important for this community but not a priority for them. He thought there should be a firm commitment from the State before money is spent for that project.

The Manager-Chief Engineer replied that was a very valid concern and is hopefully some of the discussion points that will come from the public during the meeting.

Mr. Hirakami also mentioned that on the County buy-out program, there is an equity problem because there are people that did not have a permitted legal building and did not get valuation for their property. The people that had permitted homes got the insurance besides the buy-out and there are some people that lost their homes, never got insurance, and cannot build elsewhere. There is a severe equity problem in Puna as far as water and the need for utilities like roads and water.

Mr. Ney asked about the funding and if there is State or County money kicking in or how it is broken down.

The Manager-Chief Engineer replied that the funding is from FEMA through their 428 Alternate Procedures Program. There is good and bad to that. The good is that you can use the funding for projects that are not specifically for what was impacted by the disaster, which is why there is opportunity to use it in other areas. The bad part is you are locked in. Whatever they agree to on that original estimate is your limit. What the Department has is an estimate of \$40.2 million of which FEMA will provide 75% the Department has to come up with the rest. He has been coordinating with the County Finance Department, and they have the funding available to cover the \$10 million, or the 25% match. This \$10 million from the County is not from the County General Fund but rather, he believed, from emergency funding that came in from the State. These proposals are overprescribed--in other words, they total about \$55 million. The Department did not want to come up with a project list was short of \$40 million so it came up with this list of projects to take to the public for feedback that exceed the \$40 million.

B. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Ms. Gray reviewed the Financial Statements from September 2021. The cover sheet includes explanations for any changes that occurred which amount to \$10,000.00 and 20% or more from the prior fiscal year 2021. A lot of the explanations are similar to previous months. The Income Statement shows that the Department is still moving in a positive direction. There is an increase in consumption, although slight, but a positive sign; and delinquencies have decreased. She asked if there were any questions.

Mr. De Luz thanked Ms. Gray and praised the Department for its management of Worker's Compensation. The adjustment to reserves is significant. Another comment was to suggest, to give a better idea as the Department gets into the water rate study, is to know [asking if the Department has, by consumption, the different categories of rates to give a sense of where the increases are occurring and then, to some degree, perhaps a generic report similar to that as far as delinquencies in each category because he has a feeling that 80% of the delinquencies are within one category. That is generally how it works. It would give an appreciation and understanding and would also go to the level of service The Department provides for those rate payers. For example, one of the things the Department has, which he has no issue with, is a unilateral rate structure as it relates to hook-ups and other types of fees; and there are certain parts of the system that have significantly higher costs to manage. One of the things he believes is important to understand, going more toward policy--not necessarily to the Department--but to policy makers in the County, i.e. Council and the Mayor's Office, is when people ask why distribution cannot be increased, some of it may be capacity issues. It gives a better perspective of how the Department strives to be socially responsible for the entire island; but the reality is that your cost of service has significant impact on opportunities for improvement. Because this is a rural county, for example, if an Improvement District were to be done in HPP, would that be money well spent to deliver water to 50% of those residences as opposed to

continuing to look at providing very rural, sparsely populated areas. He was not suggesting that should be eliminated, but you have to be realistic that some of these items just economically are a burden on the Department. Once you build them, that is only half the battle. The other battle is maintenance and delivery, which adds to operating costs as the system progresses. This is not something the Department does not already deal with, but it is where he is hoping some of this information could be articulated for the Department and the Board to better appreciate 1) how revenues arrive; and 2) where the issues are in regard to rate payers and their delinquencies.

The Manager-Chief Engineer appreciated Mr. De Luz's comments. He thought a report of consumption by meter size could be developed. When going through the water rate study, if one of the findings is that the Department converts to a category type of system, plus meter size, where single-family, multi-family, commercial, and industrial could be separated out, it may provide more detailed information on the categories of use. Right now, it would only be a guesstimate on meter size. Anything 1-inch and above would typically not be residential. Most 5/8-inch meters are residential. Mr. De Luz could also be correct as far as delinquencies, that they are primarily in the 5/8-inch meter category. He thought the Department could benefit from a categorized rate structure, which is more common anyway within utilities, and would help in making better decisions down the road. He asked if Ms. Gray had anything to offer.

Ms. Gray stated that reports could be provided based on meter size; but anything else regarding a category change would need to go through the rate study process.

The Manager-Chief Engineer summarized that the Department could at least generate a report of consumption by meter size so at least the Board could be provided with that basic information on how much of the overall consumption goes through a 5/8-inch meter, 1-inch, 1½-inch, 2-inch, etc. He asked Ms. Gray to start with that and see how it goes.

Mr. Ney asked if there is any indication from the State Legislature that there might be trickle-down funding through the County to the Department of Water Supply from the Infrastructure Bill.

The Manager-Chief Engineer replied that they will probably continue to fund the State Revolving Fund (SRF) programs, although he was not sure if it would provide more funding. The States typically get a breakdown by percentage from these funds. Hopefully, what they could bring back is what they call principal forgiveness loans. In the past, there was funding that did not require payback if it was for a green project, such as energy savings; and he was hopeful for more opportunities like that, but he did not see new categories of funding. Most likely, it would be to continue the SRF funding processes that the State already has and this Department has been taking advantage of.

Mr. Ney mentioned the highlighting of aging infrastructure in water systems across the country and hoped there is more emphasis on funding being directed toward water utilities in that effort and asked that the Board be kept posted on it.

The Manager-Chief Engineer replied that he would do so.

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

The Manager-Chief Engineer provided an update on the following:

1. North Kona Wells - the Deputy reported that for this month, twelve of the fourteen sources (wells) are online or available to use, and he thanked staff for continuing to work and resolve issues as they come up.

2. COVID-19 Update - the Manager-Chief Engineer reported that things are much the same as reported last month. The Department is doing business as usual, going through the most recently implemented vaccination or testing requirement for all employees. The Department is meeting the Governor's mandate, and the Department is in full compliance.
3. Assignment of Contracts - the Deputy reported that there are about six existing contracts that are being assigned from Beylik Drilling & Pump Service, Inc. (Beylik), to Beylik Energetic Joint Venture. The Department is processing the Assignments of Agreements and all contractual obligations of the existing contracts to be carried over to this new assigned company.

Chairperson Boswell asked if that meant there is a name change coming up for Beylik.

The Deputy replied that it is a joint venture - Beylik Energetic Joint Venture.

The Manager-Chief Engineer added that they were bought out by Goodfellow Brothers and Beylik Energetic Joint Venture is a subsidiary of Goodfellow Brothers; therefore, whatever corporate issues they have to deal with right now is basically how they are accommodating Beylik's contracts. His understanding is that if they have changes on the corporate side, this may change again; but at this point, that is the current valid entity.

4. Laupāhoehoe Deepwell B Repair (Job No. 2021-1162) – Cancellation of Bid - the Deputy reported that there was a protest filed after the award at last month's meeting. After legal review, the protest was sustained; therefore, the solicitation was cancelled. At this point, the Department is revising the bid specifications and documents and plans to rebid the project.
5. Employee of the Quarter - 3rd Quarter of 2021 - the Manager-Chief Engineer announced that the Employee of the Quarter for 3rd quarter of 2021 is Mr. William O'Neil who is the District Supervisor for South Kohala, which includes from Hāmākua through Waimea, Kukuihaele to Waipi'o Valley, Lālāmilo Water System, which serves the resorts like Mauna Lani, Hāpuna, Mauna Kea Beach, Kawaihae Harbor, and all of the system in Kohala, Hāwī, Makapala, which is quite a large area. The most recent hat William was wearing was that of the Department's Chief of Operations until Mr. Greg Goodale was brought onboard; and William continues to help Greg come up to speed.

Mr. Goodale stated that William has been a great asset to him and has done so much more than helping him in his new position. He has the respect of everybody within the Operations Division and has done great strides in working with others throughout the entire water system and done a phenomenal job. Everyone works well with William and he has been able to accomplish a lot. He is not one of those who will come out and tell you all of that, which makes it even better to be able to acknowledge someone like him. He congratulated William on a job well done.

The Manager-Chief Engineer stated that one of the recent examples of the benefit of having William (having been with the Department for 25 years) and building relationships, is they attended a meeting regarding the Pu'ukapu Hawaiian Homestead recent fire. He knows the system out there and knows the people; and even though it had nothing to do with the Department's system, they attended as stakeholders in the area. He asked if William would like to say a few words.

William thanked everyone for their support, from the Operations Division and throughout the Department. It was a great learning experience and he had a chance to interact with a lot of people that he does not normally interact with such as IT, Contracts, Finance Division, and Engineering. To have a great rapport now with the administrative and managerial experience, puts Operations and the Department in a good place.

D. ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON FOR 2022:

Chairperson Boswell asked who would like to take the lead on this.

Mr. De Luz asked if it was being opened up for discussion or nominations.

Chairperson Boswell replied that he was looking for somebody to begin.

Mr. Ney asked who was going out at the end of this year. (It was noted that Chairperson Boswell and Vice-Chairperson Scicchitano have their terms ending at the end of this year.) Mr. Ney stated that David De Luz, Jr., would have the most experience in time on the Board. He realized he is very busy; but his suggestion would be for him to lead the Board as he is the most informed.

Mr. De Luz stated that although he would not mind, he believes in successorship. Because he only has one more year left on the Board, he believes in having the opportunity for the Chairperson to do multiple years and also have the Vice-Chairperson be in training, primarily because it makes for a smoother transition in regard to the administration. Because of that, what he would like for the Board to consider is Mr. Steven Hirakami as Chairperson, primarily because of his experience in his current position and also as a community leader and his depth in serving on other boards. I believes Mr. Hirakami brings tremendous opportunity and capacity for that leadership role. He indicated to Mr. Ney that he considers it an honor but thinks it would be a disservice for this Board because he will be terming out next year. In that regard, he would like to nominate Mr. Steven Hirakami as Chairperson.

Chairperson Boswell stated that he appreciates Mr. Hirakami's time on the Board but if Mr. De Luz could hang on for one more year and hold down the Chairperson position, there will be two slots opening up when he and Mr. Scicchitano leave at the end of the year; and that is a pretty decent percentage of members on the Board. Within that one-year time, and if Mr. Hirakami would be Vice-Chairperson, he thinks the Board would be covered extremely well; and then as new players come together and a new team is assembled, the new Chairperson for the longer term may be in one of those two seats.

Mr. Hirakami concurred with that.

Mr. Ney stated that he would go with his original proposal unless there is an issue or time constraint on Mr. De Luz's schedule.

Ms. Mellon-Lacey noted that there was no formal Motion made. A formal Motion needs a Second and then discussion can take place.

Chairperson Boswell thanked Ms. Mellon-Lacey for that as he was looking at a format to start with.

Ms. Mellon-Lacey suggested a formal Motion and a Second, followed by discussion.

Chairperson Boswell entertained a Motion to go into the election of the Chairperson and Vice-Chairperson for the calendar year 2022.

MOTION: Mr. Ney so moved; seconded by Mr. Scicchitano.

Chairperson Boswell stated that he would like to have the conversation up to now incorporated into this conversation.

Ms. Hugo asked Ms. Mellon-Lacey if she was looking for specific names.

Ms. Mellon-Lacey replied that was correct. At this point, there should be a specific Motion for Chairperson and Vice-Chairperson to be done together or separately.

Chairperson Boswell asked how that could be done collectively so everyone gets a chance for input.

Ms. Mellon-Lacey replied that if someone makes the Motion, example, for Chairperson, and there is a second, then you have discussion. Either that Motion would remain or it would be amended.

MOTION: Chairperson Boswell moved that David De Luz, Jr., be Chairperson and Steven Hirakami be Vice-Chairperson; seconded by Mr. Ney.

Mr. De Luz thought it was a little unusual, having one Motion for two positions. It can be done though, and now the Board would be in the discussion period.

Mr. Scicchitano stated that it is the same position he and Chairperson Boswell were in previously and supports the recommendation.

Ms. Hugo voiced her support.

Mr. Ney agreed and indicated to Mr. De Luz that he did not mean to congest his schedule any more than it already is but thinks he is the best guy for the position.

Mr. De Luz stated that it was not so much that, but rather, more from the thought of establishing successorship. As long as that is established and allows for newer members to come on board, it does make for a more informed Board and helps with the administrative side because, as a fiduciary board, the contracts need to be signed by the Chairperson and/or the Vice-Chairperson so it is a significant leadership and fiduciary responsibility and takes quite a bit of time and effort to learn that. He added that he would be honored to serve as Chairperson, if that is the pleasure of the Board; but at the same time with the understanding that continually look to bring aboard Mr. Hirakami and other newer members of the Board into that leadership capacity.

Chairperson Boswell asked Ms. Mellon-Lacey where to go from here, or whether to have the Secretary take a roll call vote.

Ms. Mellon-Lacey suggested seeing if there are any other nominations. If none, then a Motion needs to be made to close nominations and then a roll call vote can be taken.

Chairperson Boswell asked if there were any other nominations.

Mr. Bell asked if Mr. Hirakami is willing to serve.

Mr. Hirakami stated he is willing to serve as a Vice-Chairperson.

ACTION TO CLOSE NOMINATIONS: Mr. Scicchitano moved to close nominations; seconded by Ms. Hugo. Motion was carried by seven ayes: Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Hugo, Mr. Ney, Mr. Scicchitano, and Chairperson Boswell; and one absent: Mr. Sugai.

Ms. Mellon-Lacey stated that a Motion is needed to vote on the proposed candidates.

The Manager-Chief Engineer mentioned that if he was not mistaken, in the past, there might have been some concern about open voting and he was not sure if a Motion could be made for open voting or emailing their votes to the Secretary, or if that was only be if there were multiple nominations.

Ms. Mellon-Lacey replied that she did not see in the rules where the Board cannot do an open vote.

Mr. De Luz stated without reservation or any objection, if that is stated, then it allows members to give insider input to that degree, in regard to a roll call versus a ballot count.

Ms. Mellon-Lacey stated that it would be up to the pleasure of the Board.

Chairperson Boswell entertained a Motion to elect David De Luz, Jr., for Chairperson, and Steven Hirakami for Vice-Chairperson, based on the outcome of a roll call vote.

MOTION: Mr. Ney so moved; seconded by Mr. Scicchitano.

Ms. Mellon-Lacey asked if there was any discussion. There being none, Chairperson Boswell asked for a roll call vote.

ACTION: A roll call vote was taken on the Motion to elect David De Luz, Jr., as Chairperson, and Steven Hirakami as Vice-Chairperson. Motion was carried by seven (7) ayes: Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Hugo, Mr. Ney, Mr. Scicchitano, and Chairperson Boswell; and one (1) absent: Mr. Sugai.

Mr. De Luz clarified that Chairperson Boswell and Vice-Chairperson Scicchitano have two more meetings to finish out for 2021.

Chairperson Boswell stated that he has enjoyed his time on the Board so much, he would not miss the last two meetings.

The Manager-Chief Engineer thanked all of the board members and apologized that perhaps a better job could have been done with providing the Board with a mechanism for the election of Chairperson and Vice-Chairperson. He believed in the past, it was subject to the Board's discretion on how they wanted to do it, and the Board has always had good discussions.

Mr. Ney asked if there is a chance of transitioning back to physical meetings in the future or if there is some sort of timeline for it. He had some experience with in-person meetings when he first came on the Board and it was a good excuse to get out of Kohala for the day. He asked if the Board could be kept posted on when that might be transitioned back.

The Manager-Chief Engineer indicated that he would keep the Board up to date.

E. EXECUTIVE SESSION REGARDING OPEN LITIGATION:

The Board anticipates convening an executive meeting for the purposes of discussing the legal rights, duties and liabilities of the Board concerning open litigation against the Board, as authorized by Hawai'i County Charter Section 74.6 and Hawai'i Revised Statutes ("HRS"), Section 92-4 and 92-5(a)(4). The Board wishes to have its attorney present, in order to consult with the board's attorney on its questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities pursuant to HRS Section 92-5(a)(4). A two-thirds vote of the members present,

pursuant to HRS Section 92-4, is necessary to hold an executive meeting, provided that the affirmative vote constitutes a majority of the board.

Ms. Mellon-Lacey advised Chairperson Boswell that since two Executive Sessions are scheduled, the Board could do what it had done previously and consider them both at once (see Action below).

F. EXECUTIVE SESSION: MANAGER-CHIEF ENGINEER AND DEPUTY EVALUATION FOR CALENDAR YEAR 2021:

The Board anticipates convening an executive meeting to consider the evaluations of the Manager-Chief Engineer and Deputy for its annual performance review, as authorized by Hawai'i County Charter Section 7-4.6(d) and Hawai'i Revised Statutes ("HRS"), Sections 92-4 and 92-5(a)(2). The Board wishes to have its attorney present, in order to consult with the board's attorney on its questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities pursuant to HRS Section 92-5(a)(4). A two-thirds vote of the members present, pursuant to HRS Section 92-4, is necessary to hold an executive meeting, provided that the affirmative vote constitutes a majority of the board.

MOTION: Ms. Hugo moved that the Board go into Executive Session to discuss Items 8E and 8F, the open litigation as well as the Manager-Chief Engineer and Deputy evaluations for calendar year 2021; seconded by Mr. Scicchitano.

Ms. Mellon-Lacey asked if there was any discussion.

Mr. Hirakami asked if the Manager-Chief Engineer and the Deputy would be present in the first Executive Session but not in the second.

Ms. Mellon-Lacey stated that it would be one Executive Session with two components--one about open litigation and the other regarding the evaluation. It was done last month.

Mr. De Luz stated that Mr. Hirakami raised a good point in regard to the second Executive Session topic. In the past, it has been the Board's purview and the Manager-Chief Engineer and the Deputy have been asked to be a part of that conversation, or at least the Manager-Chief Engineer; but it is the purview of the Board to decide whether to have the discussion exclusive of the Board and/or invite the Manager-Chief Engineer.

Chairperson Boswell preferred to keep it the way it has been done in the past and have the Manager-Chief Engineer and the Deputy be a part of it. He did not see it as particularly private.

Mr. De Luz concurred but wanted to ensure credence is given to Mr. Hirakami's insight and make sure everyone else is on board with it.

Mr. Hirakami stated that the way he understood it is that they were in the session while discussion was about the evaluation. Today's session will be about sensitive pay scales; and in his experience, his board would leave him out of that part of the discussion and only have him present for the evaluation portion. However, he is new to this Board did not lean either way, but was merely making a point of order.

Mr. Ney did not have any objections to having the Manager-Chief Engineer participate and preferred to have the Executive Sessions consolidated in order to move the meeting along. If any of the other Board Members have reservations about that, they could voice it.

Chairperson Boswell commented that it seemed like a difficult Executive Session to get into.

Mr. De Luz suggested the Board first go into the topic of litigation and then the Board could always decide whether or not they would like the Manager-Chief Engineer to participate in the second topic.

Ms. Mellon-Lacey mentioned that there is a Motion to have the two Executive Sessions consolidated and either a vote will be taken on that or amended.

Ms. Hugo stated that she could withdraw her Motion and Mr. Scicchitano could withdraw his second if he wished.

Mr. Scicchitano preferred to keep the Motion and move into Executive Session for both topics as Chairperson Boswell had recommended was done in the past. He saw a value in having both the Manager-Chief Engineer and the Deputy in both sessions.

Mr. De Luz called for the question.

ACTION: Motion that the Board go into Executive Session to discuss the open litigation as well as the Manager-Chief Engineer and Deputy evaluations for calendar year 2021 was carried by roll call vote (Ayes - 7, Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Hugo, Mr. Ney, Mr. Scicchitano, and Chairperson Boswell; and one absent: Mr. Sugai.)

(Executive Session began at 11:27 a.m. and ended at 12:31 p.m.)

G. MANAGER-CHIEF ENGINEER AND DEPUTY EVALUATION FOR CALENDAR YEAR 2021:

Chairperson Boswell stated that the Board has deferred any action at this time on this matter until the Board receives additional information from Human Resources, and will be on the calendar [agenda] for next month.

H. CHAIRPERSON'S REPORT:

Chairperson Boswell stated that this was one of the best meetings yet. Everybody worked together and really worked through some issues. He sees strengths building up in the future people on the team, and it is awesome. It is a pleasure working with everyone and he looks forward to coming back in November.

9) **ANNOUNCEMENTS:**

1. **Next Meeting:** - November 23, 2021, 10:00 a.m., via Web Conferencing

10) **ADJOURNMENT**

ACTION: Ms. Hugo moved to adjourn the meeting; seconded by Mr. De Luz and carried unanimously by roll call vote (Ayes: 7 - Mr. Bell, Mr. De Luz, Mr. Hirakami, Ms. Hugo, Mr. Ney, Mr. Scicchitano, and Chairperson Boswell; and one absent: Mr. Sugai.)

(Meeting adjourned at 12:35 p.m.)

Recording Secretary

APPROVED BY WATER BOARD NOVEMBER 23, 2021