

MINUTES

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

April 26, 2022

Puna Conference Room, 25 Aupuni Street, Suite 1501, Hilo, HI, and ICT (Interactive Conference Technology)

MEMBERS PRESENT: Mr. David De Luz, Jr., Chairperson
(Via ICT) Mr. Steven Hiramami, Vice-Chairperson
Mr. Michael Bell
Ms. Julie Hugo
Ms. Kea Keolanui
Mr. Stephen “Kawena” Lopez
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: Mr. Kawika Uyehara, Deputy
(Via ICT) Ms. Candace Gray, Waterworks Controller
Mr. Kurt Inaba, Engineering Division Head
Mr. Warren Ching, Energy Management Specialist
Mr. Gregory Goodale, Chief of Operations
Mr. William O’Neil, Jr., Water Service District Supervisor II, DWS Waimea
Mr. Eric Takamoto, Operations Division

PRESENT AT PUNA Ms. Diana Mellon-Lacey, Deputy Corporation Counsel
CONFERENCE ROOM: Ms. Janet Snyder, Information & Education Specialist II
Mr. Dean Takamine, Information Systems Support Technician I

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

ACTION: Mr. Lopez moved for approval of the Minutes of the March 22, 2022, Public Hearing on the Fiscal Year 2023 Operating and Capital Improvement Budgets; seconded by Mr. Ney and carried by roll call vote (Ayes: 7 – Mr. Bell, Mr. Hiramami, Ms. Hugo, Ms. Keolanui, Mr. Lopez, Mr. Ney, and Chairperson De Luz; Absent: 1 - Mr. Sugai.)

ACTION: Mr. Lopez moved for approval of the Minutes of the March 22, 2022, Water Board Meeting; seconded by Mr. Ney and carried by roll call vote (Ayes: 7 – Mr. Bell, Mr. Hiramami, Ms. Hugo, Ms. Keolanui, Mr. Lopez, Mr. Ney, and Chairperson De Luz; Absent: 1 - Mr. Sugai.)

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

5) **WATER RATE STUDY**

Water rate consultant, Harris & Associates, was contracted to determine water rates for the Department for the study period Fiscal Years 2023 to 2027. At its March 22, 2022, Board meeting, the Water Board approved the Department's request for a rate proposal with the first adjustment effective July 1, 2022, and the second adjustment effective July 1, 2023. The rate proposal included a rate increase of 9.5% for Standby and Consumption Charges for the next two (2) fiscal years, effective July 1, 2022 to June 30, 2023 and July 1, 2023 to June 30, 2024. The water rate schedule associated with the proposed 9.5% rate increase was presented to the Water Board in March at its regular meeting and it is being circulated again for the Water Board's review at this month's regular meeting. Before water rates are changed, the Water Board is required to conduct a public hearing.

The Manager-Chief Engineer recommended that the Board conduct public hearings on the Water Rates on **May 24, 2022**, 6:00 p.m. Hawai'i Standard Time, at the West Hawai'i Civic Center, Building G, 74-5044 Ane Keohokalole Highway, Kailua-Kona, Hawai'i, and **May 25, 2022**, 6:00 p.m. Hawai'i Standard Time, at the Aupuni Center Conference Room, 101 Pauahi Street, Suite 1, Hilo, Hawai'i, to accept testimony on the proposed rate increases.

ACTION: Mr. Ney moved for approval of the recommendation; seconded by Ms. Keolanui and carried by roll call vote (Ayes: 7 – Mr. Bell, Mr. Hirakami, Ms. Hugo, Ms. Keolanui, Mr. Lopez, Mr. Ney, and Chairperson De Luz; Absent: 1 - Mr. Sugai.)

6) **ESTABLISHMENT OF PERMITTED INTERACTION GROUP RE: CAPACITY EXPANSION:**

Per discussion during the March 22, 2022, Water Board meeting, the Water Board intends to discuss and deliberate the creation of a Permitted Interaction Group to investigate matters related to capacity expansion of service areas pursuant to Hawai'i Revised Statutes, Section 92-2.5(b)(1).

Chairperson De Luz asked if he could have a Motion.

MOTION: Ms. Keolanui moved; seconded by Mr. Ney.

Chairperson De Luz asked the Manager-Chief Engineer to provide an update in regards to this item and give some insight to refresh the Board.

The Manager-Chief Engineer stated that this agenda item resulted from last month's meeting where there was some discussion on evaluating possibilities for the Department to expand capacity or extend its water infrastructure. At that time, it was suggested that a Permitted Interaction Group (PIG) could be established, which is basically a subset of the Water Board that could convene and discuss this particular topic. He asked if Ms. Mellon-Lacey was able to expand on the process to create a Permitted Interaction Group.

Ms. Mellon-Lacey stated that according to Hawai'i Revised Statutes, Section 92-2.5(b)(1), the Board can have a group of two or more members of the Board, but less than the number of members that would constitute a quorum, to investigate a matter relating to official business of the Board, provided that the scope of the investigation and the scope of each member's authority are defined at a meeting of the Board. The purpose of the Board's discussion today would be to define what this group would be responsible for and then any findings or recommendations they may have as a result of their investigation would have to be presented to the Board at a regular meeting. If there is anything needed to be voted on as a result of the

deliberation and the information they provide, it would have to be done at a third meeting. A minimum of three meetings is needed to accomplish this. She asked if there were any questions.

The Manager-Chief Engineer stated that there was an interest in system expansion in areas not currently served and asked Ms. Mellon-Lacey if that was specific enough.

Ms. Mellon-Lacey replied that it would be best if specific areas could be identified for this group because that is very broad, unless it could be given a bit more presence, for instance, if it is limited to determining how much expansion, in general, the system could take. She recalled at the last meeting, there was a specific interest in the Puna area.

The Manager-Chief Engineer turned it over to the Board for further discussion and asked if those wanting to speak could raise their hand on Zoom so the Chairperson can acknowledge them before speaking to help in the taking of Minutes.

Chairperson De Luz noted that Mr. Lopez and Mr. Hirakami raised their hand and turned the floor over to Mr. Lopez first.

Mr. Lopez asked if there are any specific areas known that could benefit now from the Water Improvement District. From the last meeting, he took it more to be a presentation to the Board to understand the process of how it is done and using that data, maybe launch into a list of candidate districts. He was unsure whether there was something “shovel ready” to go out and investigate or whether it is to educate the Board on the process.

The Manager-Chief Engineer explained that there are existing mechanisms to expand in areas not currently served, and Mr. Lopez may be familiar with some that the Department has done on the west side through Council-initiated Improvement Districts. That is something a presentation could be done on. The Department may not always know where the needs are and the Board Members could bring their knowledge of the needs in their areas. He hoped this discussion might lead to something like Ms. Mellon-Lacey spoke of, where certain areas could potentially be looked at further and narrowed down by the Permitted Interaction Group to two or three specific areas they want the Department to further investigate.

Chairperson De Luz stated that there are a couple of Board Members, especially Mr. Hirakami, who has a drive and energy and will be continuing on the Board after this year. He has a huge interest and understands the needs in his district. He asked Mr. Hirakami if he could give some insight.

Mr. Hirakami stated that there is definitely a need in Puna, looking into the future and the proliferation of wastewater cesspools in the two-mile-wide swath starting from on Fern Forest and coming down to Kaloli Point. A lot of people have been putting money and effort into their own private wells, which is good for now; but there are studies that show the rate of when the effluent leaves the surface and enters the groundwater, which is within minutes. Instead of people putting money into their own private wells, if the County could develop an Improvement District, everybody could benefit. He knows where the needs are in Puna; but in Kohala, there might be other needs, or there may be similar needs in Kona or Ka‘ū. The duty of the Permitted Interaction Group would not only be to study the interest in Puna, but also to identify areas around the island that could benefit from Improvement Districts. Once areas are identified, it will be our duty to take the initiative and present it to the County Council to provide capital improvement districts where they could be possible. The first step is to get the vehicle; and once that is set, then it will be in another court. This Permitted Interaction Group is mostly an investigative group that will look into areas of need, identify the best methods to get the infrastructure there, and improve the customer growth because his observation is that [system] growth has been slow and has not kept up with

population growth, especially in the Puna area. He added that he would be willing volunteer on the Permitted Interaction Group.

Mr. Ney stated that when this discussion came up, a lot of it had to do with funding constraints and the inability, financially, to fund expansion projects and there would be no return on investment if it were done. In Kohala, the infrastructure is fairly well servicing people, but he thinks most of the complaints from his district have been that it is very hard to get an additional meter or sizing-up the meter. He has had clients go in to talk to the Department of Water Supply and they had a shared meter and they sub-metered all of their lots past that master meter. They wanted separate meters, but the reasoning behind not being able to get an additional meter was their consumption numbers had to be lower, which they thought, from a standpoint of making money, was a silly argument. He would like to see how the Department can expand capacity with the existing infrastructure, especially in his district, and what can be done to allow for more water meters and the like. As he thought back on the last meeting, most of it just had to do with having to establish revenue streams to be able to fund expansion, which the Department does not have at that moment.

The Manager-Chief Engineer noted that there are several good points being made and asked Ms. Mellon-Lacey if those are valid reasons to establish a Permitted Interaction Group. What he is hearing from Mr. Hirakami is an assessment of potential areas of expansion, and from Mr. Ney, capacity expansion within existing systems.

Mr. Ney added that if a Permitted Interaction Group is created, it would require an interface with people on some of their concerns and involving people that have the desire for County water but have not been able to get it and how it would be promoted and have the public participate.

The Manager-Chief Engineer stated that he did not think a Permitted Interaction Group is restricted to Board Members only and can include members from the public to participate as well. He asked Ms. Mellon-Lacey for guidance on the limitations.

Ms. Mellon-Lacey stated that there can be non-Board Members participate in the Permitted Interaction Group. It could also opt to hold meetings in various districts to gather input from the public. The only restriction for Board Members is it has to be less than a quorum of the Board. For this Board, there would have to be four Board Members at a maximum. You could have non-Board members or people that you bring in, as needed, that have expertise or knowledge in specific areas. That comes from how the scope of the investigation is defined. The requirements under the Statute are that you have to define the scope of the investigation and the scope of each member's authority at a meeting of the Board, and that is what needs to be accomplished today.

The Manager-Chief Engineer asked if it would have to include who the additional parties are.

Ms. Mellon-Lacey replied that it would allow members of the Permitted Interaction Group to decide how they want to gather more information, who they want to talk to, and make additional people members of the Group, but they could tap people strictly to get information from them, if they are willing to participate, or they could decide to hold public meetings in various areas since Mr. Ney was mentioning input from the public; they could decide to hold those as a group. The only limitation is they cannot make any final decisions. Everything has to be brought back to the full Board. That is the idea: what the scope of the investigation is and what the authority of the members would be. These are the things the Statute requires to be decided in advance of going out and having the blessing to go and do its work.

Chairperson De Luz recapped that the Board needs to establish the scope, and what has been mentioned is if there is opportunity for expansion of the current capacity, and identify areas that are underserved and

what it would take to provide the capacity to serve those areas. With that, because of the ruralness and size of this Island, it needs to be a little open-ended, and the Permitted Interaction Group would hopefully look at opportunities such as the low-hanging fruits, or “shovel-ready” areas, and funding sources outside of the Department’s capital funding to complement the expansion, whether it be current and/or underserved areas. The Board needs to come to a concurrence on what the purpose is and from there, have further discussion on the interaction group itself. Once this one is formed, the Department’s administration, along with Ms. Mellon-Lacey, could give further guidance. That would give some clarity as far as expectations. He asked for concurrence on the scope.

Ms. Mellon-Lacey suggested that it be stated in the form of a Motion for the scope of the investigation, and that it be seconded.

Chairperson De Luz entertained a motion.

MOTION: Mr. Lopez moved that the Board form a Permitted Interaction Group to educate, understand, and propose specific projects that blend themselves into current and existing systems that expand and/or serve the underserved; seconded by Ms. Keolanui.

Chairperson De Luz asked if there was discussion on the Motion.

Mr. Lopez stated that he liked the idea of looking for where people need water, using the Department’s current systems and not going in the direction of new wells. He did not think this particular interest group should go there.

Mr. Hirakami stated that this is an opportunity to go into communities and hold informational meetings to get feedback on specific areas, and it could also be used to research federal infrastructure grants and USDA Rural Development funding where there is a lot of opportunity. This is not to create a new wheel. There have already been Improvement Districts for water through the County such as Andrade Camp; and this would be to find out if it could be applied in new areas; but first getting the information from the public and expanding opportunities for the Department of Water Supply.

Chairperson De Luz asked if the Motion stands sufficient or whether it needed any amendments or insight. (The Secretary was asked to read back the Motion, and Ms. Mellon-Lacey was asked whether the proposed scope was within the Statute. Motion was the Board form a Permitted Interaction Group to entertain, understand, and propose specific projects that blend themselves into current and existing systems that expand and/or serve the underserved.)

Mr. Ney asked if, as part of this exploration or study of these issues, the Permitted Interaction Group would be trying to find the ability for funding--whether it be County or State kicking in because funding is going to be a major hurdle. None of these are going to get off the runway unless there is funding to do them. That is a central component to seeing these come to fruition one day. He believed that encompasses the general idea of Mr. Lopez’s Motion.

Chairperson De Luz asked if there were any further comments or questions on the Motion and whether it met satisfactorily with Ms. Mellon-Lacey.

Ms. Mellon-Lacey replied that she found it a bit fuzzy but that it may be okay. In light of the Manager-Chief Engineer’s earlier statements regarding assessment, extension of capacity, or expansion and Mr. Lopez’s introduction of addressing underserved communities, she thought, were all covered in the Motion and it is adequate.

Mr. Hirakami suggested using some of the wording already in this agenda item, which is to investigate matters related to capacity expansion of service areas.

Chairperson De Luz stated that if he understood it correctly, as long as the Board lives up to the spirit of the Motion, it will have some latitude to work in the interpretation with guidance from Ms. Mellon-Lacey and the Department. He suggested not getting hung up on the words, but more of the spirit of the intent and was assured the proper guidance will come from them. He asked if Mr. Lopez had anything else to add.

Mr. Lopez stated that he liked the conversation and thought the language of the Motion addresses everything that was discussed.

Mr. Ney asked if, for whatever reason the scope gets more narrowly defined in terms of specificity, whether that was something that could be amended later to redirect it to a more specific scope.

Chairperson De Luz replied that he believed there would be opportunity when the Permitted Interaction Group gives an update to the Board. This would be placed on an agenda and if the Board felt it needed to be firmed up, that opportunity would be there.

Ms. Mellon-Lacey stated that was correct. This is allowing a lot of room for exploration, which, at this phase, is needed because it will become clearer the more involved it gets, and information will be brought back to the Board and the Board would be able to amend and narrow the focus.

Chairperson De Luz asked if that addressed Mr. Ney's question. Mr. Ney indicated it did. Chair asked if this required a vote on the Motion on the scope alone or if it needed to include the potential members of the group.

Ms. Mellon-Lacey replied that it could be done as two separate Motions--first the scope or function and then to talk about the members because it also needs to address the scope of the members' authority.

Chairperson asked for a roll call on the Motion on the floor.

ACTION: Motion that the Board form a Permitted Interaction Group to educate, understand, and propose specific projects that blend themselves into current and existing systems that expand and/or serve the underserved was carried with seven Ayes (Mr. Bell, Mr. Hirakami, Ms. Hugo, Ms. Keolanui, Mr. Lopez, Mr. Ney, and Chairperson De Luz), and one Absent: Mr. Sugai.

Chairperson De Luz suggested a Motion to select the members of this Permitted Interaction Group with no more than four Board Members and then identify who wished to be on this group. Also, if he recalled correctly, it would also need a governance structure, or a Chair and Vice-Chair of this group.

Ms. Mellon-Lacey indicated that once the group is put together, the members could do that outside of this.

Chairperson De Luz asked who would be interested in serving on this Permitted Interaction Group.

Mr. Lopez, Mr. Hirakami, and Mr. Ney indicated they would like to serve on the Group.

Chairperson De Luz asked if one additional member wanted to join later, if that was something they could do.

Ms. Mellon-Lacey replied that it would have to be something the Board voted on if it wanted to add later.

Chairperson De Luz stated that he is attempting to get newer Board Members, only because he believes this will go into the following year and will be very productive. At the moment, there are three: Mr. Stephen “Kawena” Lopez, Mr. Steven Hirakami, and Mr. Benjamin Ney.

Mr. Hirakami asked whether it could include a member from the Department’s staff to provide technical support, perhaps someone from the Engineering Division, if that was possible.

Ms. Mellon-Lacey stated that the Permitted Interaction Group could, in the course of its investigation, draw upon all of the Department’s resources to get the information they need and if the Group needs special help, for instance, clerical help to put something together, the Department would be obligated to provide that. She asked the Manager-Chief Engineer if that would pose a problem.

The Manager-Chief Engineer replied that it would not pose a problem. Staff are here to provide support and he has seen it happen where the Board elected to have staff be a part of a Permitted Interaction Group. If the Group wished to give anyone a call, staff will always be available. Also, providing administrative support as far as drafting notes is possible.

Mr. Hirakami volunteered Ms. Keolanui for that function. (Ms. Keolanui was agreeable to that.)

Chairperson De Luz recapped that there is, in the Motion, to have four Board Members become a part of this Permitted Interaction Group: Mr. Stephen “Kawena” Lopez, Mr. Steven Hirakami, Mr. Benjamin Ney, and Ms. Kea Keolanui. He asked for a Motion.

ACTION: Ms. Hugo so moved to approve Steven Hirakami, Kea Keolanui, Stephen “Kawena” Lopez, and Benjamin Ney for the Permitted Interaction Group; seconded by Mr. Hirakami and carried by seven Ayes (Mr. Bell, Mr. Hirakami, Ms. Hugo, Ms. Keolanui, Mr. Lopez, Mr. Ney, and Chairperson De Luz); Absent: Mr. Sugai.

Chairperson De Luz asked if Ms. Mellon-Lacey and the Manager-Chief Engineer would be contacting the four members of the Group on the next steps.

The Manager-Chief Engineer replied that was correct.

Ms. Mellon-Lacey suggested elections be done now that the members have been selected, of a Chair and a Vice-Chair because the Statute does call for the scope of members’ authority to be defined at a meeting of the Board.

Chairperson De Luz suggested giving the Group the maximum capacity as far as the interaction to decide, and governance and leadership could be a motion that, at the minimum, there is a Chair and a Vice-Chair and a Secretary or recording individual within the four and allow the group to decide who those individuals would be. He asked if it would be sufficient for them to have that governance set up before they proceed, with those three minimum positions.

Ms. Mellon-Lacey replied that was adequate because it is defining the scope of authority for the group.

Chairperson De Luz stated he would like to give the Permitted Interaction Group the capacity to interact and discuss that, which he thought would be more appropriate. Without objection, he suggested someone make that Motion that this Permitted Interaction Group is authorized by this Board to form and that they will need a Chair, Vice-Chair and, at the minimum, a reporting secretary, from within the four members of their Permitted Interaction Group.

ACTION: Mr. Lopez so moved; seconded by Mr. Ney and carried by roll call vote (Ayes: 7 - Mr. Bell, Mr. Hirakami, Ms. Hugo, Ms. Keolanui, Mr. Lopez, Mr. Ney, and Chairperson De Luz, and one Absent: Mr. Sugai.)

Chairperson De Luz thanked the Board members for the productive outcome of this and looks forward to reports and action at a later time.

7) **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 \$2.02 to **\$2.34** 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> |
|------------------|------------|
| March 1, 2022 | \$2.02 |
| November 1, 2021 | \$2.15 |
| June 1, 2021 | \$1.85 |
| December 1, 2020 | \$1.71 |
| August 1, 2020 | \$2.01 |
| February 1, 2020 | \$1.90 |

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 \$2.02 to \$2.34, effective May 1, 2022.

ACTION: Mr. Ney moved for approval of the recommendation; seconded by Ms. Keolanui and carried by roll call vote (Ayes: 7 - Mr. Bell, Mr. Hirakami, Ms. Hugo, Ms. Keolanui, Mr. Lopez, Mr. Ney, and Chairperson De Luz; Absent: 1 - Mr. Sugai).

8) **DEPARTMENT OF WATER SUPPLY PROPOSED AMENDED OPERATING AND 5-YEAR CAPITAL IMPROVEMENT PROJECTS (C.I.P.) BUDGETS FOR FISCAL YEAR 2023:**

The Department's Fiscal Year 2023 Amended Operating Budget, totaling \$61,711,853, and 5-Year C.I.P. Budget for Fiscal Year 2023-2027, totaling \$176,400,000 has been distributed for the Board's review.

A public hearing was held prior to this meeting to accept testimony. The Board may change either Budget or adopt them as presented over two readings.

The Manager-Chief Engineer recommended that the Board approve the Department's Amended Fiscal Year 2023 Operating and C.I.P. Budgets on this first of two readings.

ACTION: Mr. Lopez moved for approval of the recommendation; seconded by Mr. Ney and carried by roll call vote (Ayes: 7 - Mr. Bell, Mr. Hirakami, Ms. Hugo, Ms. Keolanui, Mr. Lopez, Mr. Ney, and Chairperson De Luz; Absent: 1 - Mr. Sugai).

9) SOUTH KOHALA:

A. **JOB NO. 2022-1187, WAIMEA WATER TREATMENT PLANT SLUDGE REMOVAL:**

This project generally consists of furnishing all labor, materials, tools and equipment necessary to remove and dispose of settled sludge from the Waimea Water Treatment Plant 2.7 MG reservoir, for a period not to exceed one year.

Bids for this project were opened on April 14, 2022, at 2:30 p.m., and the following are the bid results:

| Bidder | Bid Amount |
|------------------------|-------------------|
| 2B Environmental, Inc. | \$0.26/Gallon |

The Manager-Chief Engineer recommended that the Board award the contract for JOB NO. 2022-1187, WAIMEA WATER TREATMENT PLANT SLUDGE REMOVAL, to the lowest responsible bidder, 2B Environmental, Inc., for a unit price of \$0.26 per gallon, on an as-needed basis with a total contract amount not to exceed \$100,000.00, and 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. The sludge removal contract shall be from July 1, 2022, to June 30, 2023.

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

The Manager-Chief Engineer stated that this is an annual maintenance contract to deal with the by-products of the Waimea Water Treatment Plant. For the Board's information, the last fiscal year, the awarded amount was 24.7 cents per gallon. Staff evaluated this current bid and found that it was reasonable and approval is recommended.

Mr. Hirakami asked if the sludge being removed is a by-product of the treatment or if it is removed before the treatment as a sludge from the reservoir itself. It sounds like the sludge would not be a by-product of the treatment.

The Manager-Chief Engineer replied that it is a by-product. As part of the treatment, we settle out the solids in the raw water and collect those solids in a sludge lagoon separately, and that is part of the treatment process. That sludge needs to be taken care of.

Mr. Hirakami asked if it is before it is treated, chlorinated, and delivered.

The Manager-Chief Engineer replied that was correct. It is part of the treatment process to filter out the solids and it is prior to the disinfection with the chlorine and ammonia.

Mr. Hirakami asked if this is because the Waimea Reservoir is open air.

The Manager-Chief Engineer replied, yes, it is surface water, coming from a stream. Whatever is in the raw water needs to be filtered out.

Mr. Hirakami asked if there is any way to reduce the sludge before it gets into the reservoir.

The Manager-Chief Engineer replied that what happens is in the 50-million-gallon reservoirs that are the raw storage water, whatever is heavy enough gets settled out at the bottom already. There is no other pre-treatment filtration. A part of the treatment process is a coagulation and sedimentation in the treatment plant. Part of the treatment process is to add a chemical compound to assist with the coagulation of the solids in the raw water. It settles out and the main treatment process is through the membrane filtration system which gets it to the point where it is clear, clean, and all that needs to be done is add chlorine and ammonia for bacteriologic disinfection. He asked the Deputy if he wanted to expand on the treatment process.

The Deputy stated that the sediment and silt comes from the streams to the open reservoirs and there is some settling within the open reservoirs. As that raw water gets to the treatment plant, it has gone through the coagulation and flocculation process which helps to settle the larger particulates out through the chemical reaction with the coagulant and the organic materials. As it runs through the treatment plant, it runs through membrane filtration units where the pore size on those are minuscule so any type of other sediments stick to those membrane filtration filaments. Through normal operations at the plant, that has to be backwashed to clean it and in that backwash cleaning process of the membrane filters, this by-product of the sediment in the water is put into the sludge lagoon below the plant and we have to throughout the year we have to always maintain low levels in that sludge pond. After the water is run through the membrane filters, it goes through the chlorination and chloramination process before the water goes into the finished water reservoir before going out to distribution.

Mr. Lopez asked what the disposition of the sludge is and if it is environmentally safe.

The Manager-Chief Engineer replied that the disposition is the organics and silt that would typically occur in the stream. The Department keeps an eye on the watershed to make sure there is no potential contamination activities mauka of where the intakes are.

Mr. Lopez asked what would be done with the sludge and where it will go.

The Manager-Chief Engineer replied that it this contractor will take it to a sewage treatment plant. There has been talk in the past about drying it out, and there was a drying bed but it is not as effective as was hoped, partially due to the conditions in the area. The understanding is that if it is dry enough, it could be used as top soil or other land application. In response to Mr. Lopez's question of whether there is any adverse effect to the sewage treatment plant by introducing this amount of sludge, he replied there is not.

Chairperson De Luz stated that these are all great questions. This is going to come up a little later, but the Board will be going back to in-person meetings so this is one facility that perhaps the Department can work to do a site visit by the Board. It is quite intriguing. They have done significant upgrades and he is excited to see the new RFP for the second 50-million-gallon reservoir repair. A site visit will give members a better understanding of what this physical operation looks like.

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

B. JOB NO. 2020-1160, PARKER #2 DEEPWELL REPAIR – REQUEST FOR TIME EXTENSION:

The Contractor, Beylik/Energetic A JV, is requesting a contract time extension of 21 calendar days, due to delays to the discharge head manufacturing, which was beyond the control of the Contractor.

Staff reviewed the request for the time extension and the accompanying supporting documentation and found only 14 calendar days to be justified. *Note: There are no additional costs associated with this time extension.*

1st time extension – 63 calendar days (due to fabrication of new column pipes and discharge head not specified in original contract documents) *approved at the 12/21/2021 Water Board Meeting*
2nd time extension – 14 calendar days

The Manager-Chief Engineer recommended that the Board approve a contract time extension of 14 calendar days to Beylik/Energetic A JV, for JOB NO. 2020-1160, PARKER #2 DEEPWELL REPAIR. If approved, the contract completion date will be revised from May 2, 2022, to May 16, 2022.

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

The Manager-Chief Engineer explained that this a delay beyond the contractor's control due to the manufacturing process. For some general education for the newer Board Members, the discharge head is the elbow that turns the vertical pipe of the well coming out of the ground into a horizontal pipe that is on the surface. The discharge heads are not all the same and if you have existing pipe that you have to tie in to match up with, the dimensions have to be exact and manufactured on a case-by-case basis.

ACTION: Motion approved by roll call vote (Ayes: 7 - Mr. Bell, Mr. Hiramami, Ms. Hugo, Ms. Keolanui, Mr. Lopez, Mr. Ney, and Chairperson De Luz; Absent: 1 - Mr. Sugai).

10) MISCELLANEOUS:

A. SERVICE BID NO. 2022-07, HAUL AND DELIVER ONE-TON CHLORINE CYLINDERS AND 150 LB. CHLORINE CYLINDERS TO VARIOUS LOCATIONS ISLANDWIDE (ON AN AS-NEEDED BASIS):

This project consists of furnishing all materials, labor, transportation, tools, taxes, machinery, and equipment necessary to collect 20-foot containers from harbor; offload chlorine gas cylinders from the container; and deliver chlorine gas cylinders to various locations in accordance with the specifications. The bidder will provide services on an as-needed basis.

Bids for this project were opened on April 14, 2022, at 1:30 p.m., and no bids were received. Staff will seek alternative procurement per Hawai'i Administrative Rules (HAR) §3-122-35 to secure pricing in the best interests of the Department.

The Manager-Chief engineer added that the Department will continue to seek quotations to get some level of competition to ensure we are getting a good price for the service.

Chairperson De Luz asked if, administratively, the Department has the ability to award or if it has to come back to the Board.

The Manager-Chief Engineer replied that the process is gone through administratively; but what we can do is place it on the agenda to update the Board on what the final amount is.

Chairperson De Luz stated that his understanding is that State Procurement, in this particular situation, does allow the flexibility to be awarded by administration. He would appreciate the FYI so the Board knows what the decision are.

**B. DEPARTMENT OF WATER SUPPLY TABLE OF ORGANIZATION -
PROPOSED REVISIONS:**

The Department recognizes the need to revise its current Table of Organization to support its mission. As such, the Department proposes the following revisions:

- 1) ENGINEERING DIVISION:
 - a. Add one (1) each of the Engineering Support Technician (EST) I, II, III, and IV to a new Technical Support Services Section in the Engineering Branch (Chart III-A).
 - b. Add one (1) each of the EST I and IV to the Technical Support Services Section in the Water Resources and Planning Branch (Chart III-B).
 - c. Add one (1) each of the EST I and IV to the Technical Support Services Section (formerly called Records Section) in the Water Quality Assurance and Control Branch (Chart III-C).
- 2) OPERATIONS DIVISION:
 - a. Add one (1) each of the EST I, II, III, and IV to a new Technical Support Services Section in the Engineering Services Branch (Chart V-A).
 - b. Add one (1) Custodian/Groundskeeper II and two (2) Custodian/Groundskeeper I to a new Custodial Unit of the Building and Reservoir Section in District II – Portion of North Hilo, Hāmākua, North and South Kohala (Chart VII-C)
 - c. Add one (1) Custodian/Groundskeeper I to a new Custodial Unit of the Building and Reservoir Section in District III – North and South Kona (Chart VIII-C).

Engineering Support Technicians perform duties that are a combination of inspection, testing, surveying, drafting, design, and other engineering-oriented functions. Custodian/Groundskeepers perform duties to clean and maintain Department-owned or controlled property, structures, and grounds.

These proposed positions will provide career opportunities and help the Department work towards its vision of being an industry leader and an employer of choice.

The Manager-Chief Engineer recommended that the Water Board approve the proposed revisions to the Table of Organization.

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

The Manager-Chief Engineer gave credit to Mr. Hiramami for putting the buzz in his ear on the thought process behind at least the Engineering Support Technician proposals. The Department has had challenges in recruiting for its civil and mechanical engineering (EST) positions, a County-wide and State-wide challenge. The Engineering Support Technicians have lower qualifications and could provide great support to the engineering staff. If some of the tasks that the engineers are doing can be done by the ESTs, it would allow the engineers to do higher level technical work and still accomplish their project management. He turned it over to the Deputy to expand on the other positions that are being proposed.

The Deputy stated that the Table of Organization charts illustrate the proposed positions. Per the Department's Rules and Regulations, the Board has the power to establish new positions. For the Engineering Support Technicians, on some of the charts, there are a couple of positions already

established. The thought is to create a series of I, II, III, and IV positions in each of the branches within Operations and Engineering to provide entry-level recruitment efforts and also provide career progression opportunities for those coming in at the entry level position. The minimum qualification for the EST I is a high-school diploma; and with the II, III, and IV positions, that education is still the same but there are years of experience that go up with the position number. The goal is to improve recruitment efforts and provide career progression opportunities within the Department. Some of the current ESTs are able to perform technical tasks to help other staff within their divisions get the job done. For the Custodian/Groundskeeper II and I positions, the proposed structure is what is currently at the Hilo Baseyard. It is proposed to make it consistent across the Department and have that structure within the Building and Reservoir sections.

Mr. Lopez stated that in the way the language is presented, he sees 16 positions and asked if it were true that 16 positions are being created. He also asked if this is a modification to an organizational chart and/or are these budgeted, approved positions and if they still need to go through Human Resources and Council.

The Manager-Chief Engineer replied that the first step in the process is because the Board is the governing body, the Board's approval is sought first to make these changes to the workforce structure. They are all new positions but that does not mean there will be warm bodies in all positions. We like to provide opportunities for progression within the Department. What happens is someone will come in at the lowest level; and as the need arises or their experience grows, they have opportunities to move up the ladder. The yearly operational budget, for which a public hearing was held today, includes personnel. Right now, the Department is losing engineers and cannot fill them, which is why this new tactic is being used by adding EST positions because there may be opportunities for bright students that have graduated high school but may not have the funds available to get their engineering degree.

Mr. Lopez asked if the positions are budgeted.

The Manager-Chief Engineer replied that they are not. First, approval is needed from the Board and then they can be budgeted. They can be recruited as soon as they are created because there is enough budget to recruit since the Department has lost engineers.

Mr. Lopez asked if they have to go through the County.

The Manager-Chief Engineer replied that this still needs evaluation and approval from County Human Resources after the Board approves it. The Department has already touched base with them so it is not something that would be totally rejected by the County HR.

Mr. Lopez asked if this budget is reviewed by the County Council, as are other departments.

The Manager-Chief Engineer replied it is not.

Mr. Ney asked if this is to alleviate the attrition problem the Department has been having and if salary is something HR will determine.

The Manager-Chief Engineer replied that these are all Civil Service positions that are already established, not just within the County of Hawai'i, but State-wide. They all have SR ratings and classifications which have associated pay ranges assigned to them. They are established outside of this Department. It is a uniform State-wide pay scale, negotiated with bargaining units.

Mr. Ney asked if there is something the Department could do in the future for incentivization, perhaps helping people obtain their engineering degree, to retain employees over the long term.

The Manager-Chief Engineer replied that is always the challenge with the Civil Service system. The pay ranges are set. Some things currently being evaluated by the County Human Resources are shortage differentials for certain classifications--one of them being the Civil Engineer class. Shortage differential is basically an add-on to the base salary due to situations such as what we are facing now. This Department has been active in participating with the University of Hawai'i College of Engineering and also has summer internship programs for positions in engineering, accounting, and human resources. The Department also has the flexibility to create these series with the approval of the Board; and hopefully, that will look more attractive than somewhere where they may not have the same opportunity for growth and promotions within.

In response to Mr. Hirakami's question of whether these entry-level positions are all full-time, the Manager-Chief Engineer replied they are.

Mr. Hirakami mentioned his experience where they have graduates working part-time; and they are valuable in the classroom. They can continue to pursue their teaching degree. The Department might want to consider part-time positions to entice high-school graduates by earning money while they pursue their engineering degree.

The Manager-Chief Engineer stated that the Department does have its student helper positions.

Chairperson De Luz applauded the Department for its ingenuity. It is unusual for civil service with regard to DWS having the ability to create these positions on the Table of Organization without having a budget and a specific need. The latitude is really encouraging. On the opposite end, because the Department needs to comply with the Civil Service HR and their collective bargaining contracts, in one way, they have flexibility, but they still need to be compliant. Mr. Hirakami's comments were also very encouraging. There being no further questions, he asked for a roll call vote.

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

C. **MONTHLY PROGRESS REPORT:**

Mr. Inaba updated the Board on the Lālāmilo 10 MG Reservoir project. This project is out to bid and will be brought to the Board at next month's meeting.

Mr. Ney asked about the Waikoloa Reservoir No. 1 Earthquake Repairs, which was a terminated project where the contract did not meet performance. He asked if \$1.2 million was paid out on that in terms of progression and schedule of progression.

Mr. Inaba replied that was correct, but the termination was not necessarily that the contractor did not meet the performance. The scope had changed substantially and an agreement with the contractor could not be reached.

Mr. Ney asked if, in an instance where a project gets stalled mid way through, would it be where we are not spending money in terms of what we have, or getting a bang for the buck.

Mr. Inaba replied that the project has been submitted for additional FEMA funding through the Hazard Mitigation Grant Program, which will be up to 75% funding, so it is significant.

Chairperson De Luz asked if it was correct that this scope had changed due to updated data from the geophysical work and there is going to be substantially more work to be performed.

Mr. Inaba replied that was correct. What happened was the initial design went out to bid with all of the information from the survey after the reservoir was drained, around the 2012 time period. Over time, after the project design was completed, it had to go through FEMA requirements and an environmental review process. The Department also had to go through the State of Hawai'i Department of Hawaiian Home Lands to get some of their additional property for the embankment of the reservoir to increase and stabilize the embankment. During that period, without the water in the reservoir, the concrete panels started to creep back so what was initially evaluated for design, the panels started to lift because they started to push against each other, and it was starting to crack and was significantly different from the initial survey of the condition. This now has to be addressed in a different manner, not as was specified in the plans. The contractor did some of the geotechnical work outside of the reservoir and were discovering other field conditions that were unforeseen. There was quite a bit of scope change.

Chairperson De Luz stated that this is a major reservoir that, once back online, it will give the Department quite a bit more capacity. It has a history, and is one of the reasons he knew the Manager-Chief Engineer would plan a site visit so the Board could get a better perspective on the scope of this project.

D. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Ms. Gray reported that the Financial Statements for March 2022 review the last month of the third quarter for current fiscal year. Cash and Investments has been added for this month; and it decreased 22% compared to the previous year, primarily due to payouts for construction and repair contracts as well as electric bill payments. She asked if there were any questions.

Chairperson De Luz commented that he realized how the Department does its Schedules; but in regards to the Income Statement, essentially, power charge increases are actually unfavorable. That might be a footnote, but he understood how it calculates on a spreadsheet. Technically, it is unfavorable. It makes it easier when someone from the public reviews it, they will not mistake that it goes with the increase in the power cost charge.

Ms. Gray agreed.

E. 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, of the fourteen wells in North Kona, eleven are operating--one less than last month. Earlier this month, Kalaoa Well went offline and is being evaluated by Operations staff with the contractor. An update with more specifics can be provided next month. He mentioned appreciation for the Kona staff who are adjusting the system as necessary to ensure customers' needs are met.
2. COVID-19 Update - the Manager-Chief Engineer stated that as everyone is aware, the mask mandate has been lifted. Weekly reminders are still sent to staff, reminding them of ways to stay vigilant and maintain best practices. If there is exposure or a COVID positive, the Department relies on the CDC and Department of Health guidelines for isolation/quarantine. In response to

Mr. Hirakami's question of how many staff are estimated to be masking, now that it is optional, he guessed about 20% in the main office. For Customer Service staff who interact with the public, most of them are wearing masks. Signs are still up encouraging mask wearing, even though it is not required. This will be kept on the agenda for the foreseeable future.

3. Employee of the Quarter (1st Quarter of 2022) - Mr. Inaba announced that Ms. Terri Lyn Yoshioka is Employee of the Quarter for the first quarter of 2022. She was not present at the meeting today, but she works at the Department's Microlab as an Engineering Support Technician II. Last year, the Engineering Support Technician III retired and was responsible for all of the water quality data that is submitted to the Department of Health (DOH) to ensure the Department is in compliance. Ms. Yoshioka stepped in and is taking on all of the challenges. She did not have much training in that area, and he is very appreciative of the work she has been doing and the effort she is putting in. She is also training a Data Processing Clerk and continues to do her previous duties at the same time, which is purchasing and procurement activities for the Microlab. The Manager-Chief Engineer added that part of the Department's primary mission is to provide safe drinking water. It has to meet EPA and DOH requirements for safe drinking water, and there is a lot of data involved, not only in collecting, compiling, segregating, but also putting it all together for submission to DOH. That is a large part of what Terri Lyn is now responsible for; and if that does not get done, the Department gets into trouble with the regulatory agencies, so it is not a menial task. It is high level as far as the adverse impacts to the Department. It is a heavy responsibility and we are happy she has embraced it and is doing very well, plus she is a very nice person. Chairperson De Luz asked about service acknowledgements, years of service. The Manager-Chief Engineer stated there were a lot of those, but not all compiled. However, the staff on the Zoom screen today, compiled, would be a couple hundred years of experience. Chairperson De Luz stated that one of the things of interest would be to look at the Department's average tenure within its organization, which goes to creating some incentive in recruitment, but it also goes to the fact that he is part of the review committee for the Employee of the Quarter program and sees a lot of employees who go above and beyond. If they need to get it done, it does not matter if it is a part of their job description or not. In Terri Lyn's case, she bears that on her shoulders; and the fact that the Department has 23 separate water systems makes it more critical with regard to having them tested and the results compiled. He thanked her for a job well done.

**F. EXECUTIVE SESSION REGARDING POTENTIAL DISPUTED SETTLEMENT -
JOB NO. 2016-1056, WAI'AHA DEEPWELL REPAIR, DISTRICT OF NORTH KONA:**

The Board anticipates convening an executive meeting for the purposes of an attorney-client confidential discussion regarding the above-entitled matter.

Pursuant to Section 92-5(a)(4) Hawai'i Revised Statutes, the purpose of the executive meeting is to consult with the Board's attorney on questions and issues pertaining to the Board's duties, privileges, immunities, and liabilities. A two-thirds vote is necessary to hold an executive meeting, provided that the affirmative vote constitutes a majority of the Board.

ACTION: Mr. Ney moved to enter into Executive Session; seconded by Ms. Hugo and carried by roll call (Ayes: 7 - Mr. Bell, Mr. Hirakami, Ms. Hugo, Ms. Keolanui, Mr. Lopez, Mr. Ney, and Chairperson De Luz; Absent: 1 - Mr. Sugai).

(Executive Session began at 11:46 a.m. and ended at 12:12 p.m.)

G. CHAIRPERSON'S REPORT:

Chairperson De Luz asked Mr. Hirakami if he could work with staff on calendaring updates to the Board once the Permitted Interaction Group gets underway so it gives opportunity for the Board to keep it on track. There is a time limit for its work, and perhaps Ms. Mellon-Lacey could go over that when they have their organization meeting. The second thing that Mr. Hirakami could follow through on with the Manager-Chief Engineer is to work with him to agendaize management's annual evaluation and the format. It is important to be timely with that and whether there is further work on the Board's side or vice-versa. The third suggestion is to calendar the Board elections of Chairperson and Vice-Chairperson for November to ensure there is a smooth transition because he is in his last year on the Board as well as one other Board Member (Mr. Sugai). Perhaps Ms. Mellon-Lacey could communicate with the Mayor's Office to ensure Board Member vacancies are filled timely so as not to impede the business of the Board.

11) **ANNOUNCEMENTS:**

1. **Next Meeting:** - the next meeting of the Water Board will be May 24, 2022, 10:00 a.m.
2. Chairperson De Luz asked the Manager-Chief Engineer to give an update that this will be the Board's going back to face-to-face meetings and where the meeting location will be.

The Manager-Chief Engineer reported that the Department's plan is to go back to full in-person meetings, which was the format prior to COVID. The venue scheduled for May is the West Hawai'i Civic Center, Building G; and moving forward, the Secretary will be able to schedule venues accordingly for Hilo and Kona and try to figure out when an appropriate time would be for a site visit to the Waimea Water Treatment Plant. It would probably coincide with a regular board meeting in Waimea. Details will be presented to the Board in the near future once an appropriate date is worked out. In response to Mr. Lopez's question of whether a hybrid format will be used. The Manager-Chief Engineer replied that today is a hybrid meeting, and it was found to be a challenge, logistically, because this Department does not have the audio/visual capacity such as Council has. The next meeting will be 100% in person. Chairperson De Luz added that the Department would be working towards ensuring there are east and west Hawai'i meetings and they would be working on availability of public sites. He added that this should have come under his Chairperson's report, but he would recommend, especially for newer members of the Board, that if they have an interest in a particular matter or would like a site visit, to get that request to the Manager-Chief Engineer as soon as possible because some of them may need more planning and could fall within the next calendar year, which is fine, but for planning purposes, to get those requests in as soon as possible.

12) **ADJOURNMENT**

ACTION: Mr. Ney moved to adjourn the meeting; seconded by Ms. Hugo and carried by roll call (Ayes: 7 - Mr. Bell, Mr. Hirakami, Mr. Lopez, Mr. Ney, Ms. Hugo, Ms. Keolanui, and Chairperson De Luz; Absent: 1 - Mr. Sugai).

(Meeting adjourned at 12:19 p.m.)

APPROVED BY WATER BOARD
MAY 24, 2022

Recording Secretary