

MINUTES

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

December 20, 2022

Liquor Control Conference Room, 101 Aupuni Street, Suite 230, Hilo, HI

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

ABSENT: Mr. Stephen Kawena Lopez, Water Board Member
Ms. Kea Keolanui, Water Board Member
Director, Planning Department (ex-officio member)
Director, Department of Public Works (ex-officio member)

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

DEPARTMENT OF

WATER SUPPLY STAFF: Mr. Kawika Uyehara, Deputy
Mr. Kurt Inaba, Engineering Division Head
Ms. Candace Gray, Waterworks Controller
Mr. Gregory Goodale, Chief of Operations
Mr. Eric Takamoto, Operations Division
Mr. Warren Ching, Energy Management Specialist
Mr. Alvin Inouye, Operations Superintendent
Ms. Sunshine Carter, Administration Division
Ms. Kaiulani Matsumoto, Contracts Technician (10:17 a.m.)

- 1) CALL TO ORDER – Chairperson De Luz called the meeting to order at 10:00 a.m. A quorum of seven members were in attendance. He asked Ms. Mellon-Lacey if, in the interests of succession, Mr. Hirakami could chair the meeting after Item No. 2. Mr. Hirakami will be Chairperson for 2023 and it would allow him, the Manager-Chief Engineer, and Ms. Carter to get to work together prior to the change-over. Ms. Mellon-Lacey stated that it could be done if the Board concurred. There being no objections, the meeting was turned over to Vice-Chairperson Hirakami.
- 2) STATEMENTS FROM THE PUBLIC – Vice-Chairperson Hirakami thanked the Chair and continued with Item No. 2. There were no statements from the public.

3) APPROVAL OF MINUTES:

ACTION: Ms. Hugo moved for approval of the Minutes of the November 22, 2022, Water Board Meeting; seconded by Mr. Ney and carried unanimously by voice vote.

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

5) POWER COST CHARGE:

Vice-Chairperson Hirakami asked if there was any testimony for this item. There being none, he continued with the agenda item.

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 \$2.87 to **\$3.04** 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>
November 1, 2022	\$2.87
September 1, 2022	\$2.75
July 1, 2022	\$2.48
May 1, 2022	\$2.34
March 1, 2022	\$2.02
November 1, 2021	\$2.15

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

RECOMMENDATION: It is recommended that the Board approve the increase of the Power Cost Charge from \$2.87 to \$3.04, effective January 1, 2023.

ACTION: Mr. Sugai moved for approval of the recommendation; seconded by Ms. Hugo and carried unanimously by voice vote.

6) SOUTH HILO:

A. JOB NO. 2020-1146, HILO OPERATIONS BASEYARD EMERGENCY GENERATOR REPLACEMENT – REQUEST FOR TIME EXTENSION:

Vice-Chairperson Hirakami asked if there was any testimony for this item. There being none, he continued with the agenda item.

The Contractor, Isemoto Contracting Co., Ltd. is requesting a contract change time extension of 48 calendar days. The Contractor was delayed due to changes to the project scope and the reasons noted below. These delays were beyond the control of the Contractor.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	8/12/2021	4/20/2022	251	Delays in receiving the building permit during transition to new permitting system.

2	4/21/2022	7/11/2022	82	Delays in receiving the building permit during transition to new permitting system.
3	7/12/2022	12/20/22	162	Additional work associated with CO#4 and CO#5 for replacement of metal paneling; additional disconnect switches; and replacement of circuit breaker and new surge protection device for caretaker's cottage.
4	12/21/2022	2/06/2023	48	Material delays associated with CO#5.
Total Days (including this request)			543	

Staff reviewed the request for contract time extension and the accompanying supporting documents and found the 48 calendar days justified. *Note: There are no additional costs associated with this time extension.*

RECOMMENDATION: It is recommended that the Board approve a contract time extension of 48 calendar days to Isemoto Contracting Co., Ltd., for JOB NO. 2020-1146, HILO OPERATIONS BASEYARD EMERGENCY GENERATOR REPLACEMENT. If approved, the contract completion date will be revised from December 20, 2022, to February 6, 2023.

ACTION: Mr. Bell moved for approval of the recommendation; seconded by Ms. Hugo. There being no discussion, motion was carried unanimously by voice vote.

7) **MISCELLANEOUS:**

A. **DEDICATION OF WATER SYSTEM(S):**

Vice-Chairperson Hirakami asked if there was any testimony for this item. There being none, he continued with the agenda item.

The Department received the following documents for action by the Water Board. The water systems have been constructed in accordance with the Department's standards and are in acceptable condition for dedication.

1. **Grant of Easement (Water Meter)**
Grantor: Concept Construction, Inc.
Tax Map Key (3) 2-2-025: 022 (portion)
Waiākea, South Hilo, Island of Hawai'i, Hawai'i

2. **Grant of Easement and Bill of Sale**
Grantor: Meraki 9, LLC
Kealakehe Homesteads Subdivision
Subd. No. 20-001964
Tax Map Key (3) 7-4-009:072
Kealakehe, North Kona, Island of Hawai'i, Hawai'i
Facilities Charge: \$50,079.00 Date Paid: 9/13/2022
Final Inspection Date: 11/16/2022
Water System Cost: \$116,200.00

RECOMMENDATION: It is recommended that the Water Board accept these documents subject to the approval of the Corporation Counsel and that either the Chairman or the Vice-Chairman be authorized to sign the documents.

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

Chairperson De Luz asked for clarification about Item No. 1 in regards to concept and if the adjoining facilities are moving to one meter.

Mr. Inaba replied that they are not moving to one meter. It is a separate meter. The box is too large to fit in the sidewalk and is encroaching into private property.

The Manager-Chief Engineer stated that the added meter is for fire protection.

Chairperson De Luz asked Ms. Mellon-Lacey if it would be better to separate the recommendations and have separate votes rather than combine the two in one recommendation.

Ms. Mellon-Lacey stated that they are two separate systems and therefore could be separated.

Chairperson De Luz suggested to Vice-Chairperson Hiramami that the votes be taken separately.

ACTION: Ms. Hugo moved to accept the Grant of Easement for Concept Construction, Inc., seconded by Mr. Sugai and carried unanimously by voice vote.

ACTION: Ms. Hugo moved to accept the Grant of Easement and Bill of Sale for Meraki 9, LLC; seconded by Mr. Sugai and carried unanimously by voice vote.

B. MONTHLY PROGRESS REPORT:

Vice-Chairperson Hiramami asked if there was any testimony for this item. There being none, he continued with the agenda item.

Mr. Inaba provided an update on the Hala'ula Well Development Phase 2 project. Results from the water samples that were collected and sent to the Department of Health are expected next month. Once the new source report is completed, water can be put into the system. There will be a monitoring schedule the Department will need to comply with.

For the Puakō Waterline Replacement, the contract is now being routed for signatures.

Mr. Ney asked what the schedule will look like for completion after the contract is executed.

Mr. Inaba replied that the project is for one year.

Mr. Ney asked if the contractor would have difficulty staging the project and storing of materials, just because of the area down there.

The Manager-Chief Engineer replied that a pre-construction meeting will be held and the contractor will be issued Notice to Proceed 45 days after contract execution.

Mr. Ney hoped the details of the project will be scrutinized because of the scope of work.

The Manager-Chief Engineer stated that the bidders were made aware of the project scope during the pre-bid meeting, and the Department's inspector will be instructed to make sure construction goes accordingly.

Chairperson De Luz asked about the Lālāmilo 10 MG Reservoir – Planning and Design and if the Right-of-Entry is proceeding.

Mr. Inaba replied that the Department should be hearing about the Right-of-Entry after this week.

Chairperson De Luz stated if there is an emergency declaration for drought and it goes into emergency preparedness, there may be opportunities for an avenue of additional funding outside of the regular resources.

The Manager-Chief Engineer noted that he is part of the drought committee on this island and they will explore some of those opportunities at their next meeting.

C. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Vice-Chairperson Hirakami asked if there was any testimony for this item. There being none, he continued with the agenda item.

Ms. Gray reviewed the Financial Statements for November of 2022. A lot of the line items listed on the cover sheet, the Board has seen before. What makes her happy is that the Department is moving in a positive direction. On the Balance Sheet, what she keeps an eye on is the current assets and cash and investments, and also monitors long-term debt. Looking at the net position, it remains positive. On the Income Statement, operating income is \$3.195 million and the net position is positive. On the Budget Status report, revenues, or receipts, exceeded the target of 42%. It was at 44%. Under expenditures, it is nice to see the Department is not overspending at this point.

The Manager-Chief Engineer noted the delinquencies going down and acknowledged the Corporation Counsel's Office for their efforts in assisting by sending out additional letters. It does carry some weight to have a letter come from an attorney.

Ms. Mellon-Lacey mentioned her assistant, Ms. Kayleigh Idemoto, and Ms. Britt Bailey, an attorney in their litigation section, who worked very hard on this.

Ms. Hugo asked about the history of delinquencies and write-offs. It seemed to her that \$1 million in delinquencies is a lot. She asked Ms. Gray to point her to the correct place in the Financial Statements for some information.

Ms. Gray stated that it is tied into the receivables and actually reduces the receivables. The Department has reserve accounts for non-collectibles. Instead of bringing down the greater-than-90-day delinquencies, they are focusing more on write-offs within the past few months; and this was triggered by Vice-Chairperson Hirakami's questions at an earlier meeting. The criteria is delinquencies that have reached the Statute of Limitations, over six years old. Staff is looking at the larger balances, including those greater than 90 days. Compared to 45,000 accounts, the number might not be significant; but when talking about strategy, we try to focus on areas where we bring delinquencies down quicker.

Ms. Hugo asked if delinquencies were primarily due to COVID or if it was prior to that.

Ms. Gray replied it was from prior to COVID.

Mr. Ney reiterated his previous suggestion related to accounts being opened by someone who is not the property owner. If someone rents and there is a bad waterline, the Department and rate payers bear that cost. It did not seem like a difficult fix to have the owner of that property sign off on the water service. It seems there are things that can be done to address it going forward. The other issue is the power cost charge and not chasing after it but rather to credit it back.

Upon Ms. Mellon-Lacey's caution of not getting too far from the agenda, the Manager-Chief Engineer stated that an agenda item can be added to a future agenda, called Policy for Collections.

Mr. Ney appreciated that, if it could be introduced at a future meeting, when appropriate.

Vice-Chairperson Hiramami asked what the timing is between delinquencies and water shut-off and how many past the 90 days have had water shut off.

The Manager-Chief Engineer suggested having that discussion with the agenda item mentioned above. Some of these account holders are probably no longer on the property, but the balance does not go away.

Mr. Sugai recalled a previous conversation, brought forth by Chairperson De Luz, about collective bargaining and putting money into a surplus account.

Ms. Gray stated that any surplus cash receipts will be transferred annually to the CIP reserve account, which is used for capital projects. The goal is to get it to a point where it is part of the water rate study.

Chairperson De Luz suggested, to help new Board Members, giving them a calendar as far as the next water rate study. He also recommended that the Board Members review the Department's Rules and Regulations as far as policies, and maybe take a look at it with regard to how Wastewater did theirs where the property owner is responsible. He complimented the Department on being at only 32% of their operating budget almost six months into the fiscal year.

D. MANAGER-CHIEF ENGINEER'S REPORT:

Vice-Chairperson Hiramami asked if there was any testimony for this item. There being none, he continued with the agenda item.

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

1. North Kona Wells – the Deputy reported that ten out of fourteen sources are in use or available to use. Hualālai Well, which was reported on last month, has been put out to bid for repair. After last month's meeting, the Palani Well megger reading was zero. There is a problem with the motor, and it is advertised for bids. Award for both projects will be in January 2023. Ten sources are adequate to service North Kona. He also mentioned the Kona Low weather system where there were issues last night during a power outage. Staff worked through the night to maintain water service to North Kona. Ms. Hugo asked about contingency plans, noting the presentations by the County Auditor at two past meetings. The Manager-Chief Engineer stated that there was a requirement for a written plan that covers the entire island. The Department is also working on one for each of its 23 water systems. Chairperson De Luz mentioned the complexity of the water systems. He encouraged the Department, either on its Fiscal Year end or Calendar Year end to do

an annual report to the public in general so they can appreciate the complexity of the systems, and even to policy makers. The Manager-Chief Engineer mentioned the discontent from some in North Kona but relayed that staff work really hard to keep water running. Some people may get upset, but the Department is taking a proactive approach.

2. Retirees of the Department of Water Supply for December 31, 2022

- Four retirees were acknowledged at this meeting. The Deputy began with Mr. Jay Mende, Geographic Information System Analyst II. Jay has been with the Department since 2005. He was not present today. He is responsible for GIS maps and various diagrams, as needed, and sometimes on short notice. He always comes through and will be missed. Mr. Inaba mentioned that he has relied on Jay a lot and he leaves behind big shoes to fill.
- Mr. Goodale announced that Mr. James O’Keefe, Electronics Technician, Operations Division, is retiring. James started in October of 2009 and has 13 years with the Department. He is one of two Electronics Technicians and worked with SCADA (Supervisory Control and Data Acquisition) and the upgrade of hand-held radios to digital. His knowledge sometimes makes you want to scratch your head because it is so hard to understand. James could not be here today as he is already travelling. He will be missed.
- The Manager-Chief Engineer announced that Administration’s Clerk II, Ms. Susan Okamoto, is also retiring. She is the face of the Department and is always pleasant and professional. She began in 1998 and has 24 years of service and institutional knowledge. This is another big loss for the Department. She falls under the supervision of Ms. Sunshine Carter. Susan will be missed and is wished well in her retirement.
- Lastly, Ms. Doreen Jollimore, Secretary, is retiring; and this is her last Water Board Meeting. She will make 30 years with the County, of which all but seven months were at the Department of Water Supply. She started with DWS in 1993 and is another employee with institutional knowledge. The Board has mentioned several times that there are a lot of employees who have stayed on a long time with DWS. The Manager-Chief Engineer mentioned that the Minutes will probably not look the same after this and may become verbatim.

E. EXECUTIVE SESSION: MANAGER-CHIEF ENGINEER AND DEPUTY EVALUATION AND COMPENSATION FOR CALENDAR YEAR 2022:

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.

ACTION: Mr. Ney moved to enter into Executive Session; seconded by Ms. Hugo and carried by roll call vote (Ayes: 7 – Mr. Bell, Ms. Hugo, Mr. Kekela, Mr. Ney, Mr. Sugai, Chairperson De Luz, and Vice-Chairperson Hirakami, and Absent: 2 – Ms. Keolanui and Mr. Lopez).

(The Board entered Executive Session at 11:07 a.m. and ended at 11:58 a.m.)

F. MANAGER-CHIEF ENGINEER AND DEPUTY EVALUATION AND COMPENSATION FOR CALENDAR YEAR 2022:

Vice-Chairperson Hirakami asked if there was any testimony for this item. There being none, he continued with the agenda item.

Vice-Chairperson Hirakami stated that during Executive Session, the Board had discussion about the evaluations of the Manager-Chief Engineer and Deputy and compensation and asked if anyone wished to make a Motion.

Chairperson De Luz suggested that the motions for evaluation and for compensation be segregated and made two motions as follows:

MOTION/ACTION #1: Chairperson De Luz moved that the evaluation exceeded the expectations for the Manager-Chief Engineer and the Deputy for Calendar Year 2022 and suggests that the Board take that separate from the compensation; seconded by Ms. Hugo and carried unanimously by voice vote.

MOTION/ACTION #2: Chairperson De Luz moved that the compensation for Calendar Year 2023, January 1 to December 31, upon discussion and evaluation primarily based on evaluation, that the Board recommend approval for the Manager-Chief Engineer of a salary of \$13,845.00 per month and the Deputy of a salary of \$13,150.00 per month; seconded by Ms. Hugo and carried by roll call vote (Ayes: 7 – Mr. Bell, Ms. Hugo, Mr. Kekela, Mr. Ney, Mr. Sugai, Chairperson De Luz, and Vice-Chairperson Hirakami; Absent: 2 – Mr. Lopez and Ms. Keolanui.)

Ms. Mellon-Lacey stated that the two outgoing Board Members can hold over another 90 days or until a replacement is found for their district; therefore, Chairperson De Luz and Mr. Sugai can continue to come to the meetings until then. They both agreed to continue on the Board for that period. Mr. Hirakami will assume the position of Chairperson in the new year.

Vice-Chairperson Hirakami then turned the meeting back over to Chairperson De Luz.

(Ms. Hugo left the meeting at 12:05 p.m.)

G. CHAIRPERSON'S REPORT:

1. Discussion on upcoming Water Board Schedule – Chairperson De Luz recommended that the Board will have an opportunity to discuss this further with the Manager-Chief Engineer and to gather more information to come back to the Board next month; but it is his understanding that would not constitute a Sunshine Law violation for the Chair and Vice-Chair to have that conversation.

Ms. Mellon-Lacey stated that was correct.

Mr. Ney added that the conversation should involve Board Members from other districts.

Chairperson De Luz stated that administration could give whatever report is needed so there is more hard data to have a more productive discussion.

Ms. Mellon-Lacey suggested the Board consult with the DWS Rules and Regulations regarding the date on when the Board meets.

The Manager-Chief Engineer stated that upon review of Mr. Lopez’s letter, he proposed the suggestion of four east side, four west side, and four virtual meetings for next year. The hybrid situation would be a challenge.

Ms. Mellon-Lacey stated that even if the Board meets virtually, it still has to provide a location that the public can come to in order to attend the meeting. Under Sunshine Law, you cannot completely eliminate a physical location.

Chairperson De Luz stated that, because Mr. Lopez was the person who introduced this topic, further discussion should be postponed until he can take part. He also suggested that if the Board wishes to have a site visit, that it give the Department six months’ notice as there are preparations for that type of meeting. It was decided to place this on the January 24, 2023, Water Board agenda and for it to be its own separate agenda item rather than part of the Chairperson’s Report.

Mr. Ney stated that when the meetings were all virtual, he did not feel connected and prefers the in-person setting. Vice-Chairperson Hiramami agreed. He also preferred in-person meetings and does not mind travelling to West Hawai‘i.

2. Chairperson to Report on Matters of Interest to the Board – Chairperson De Luz stated that he has enjoyed his term on this Board; and of all of the boards and commissions he has sat on, this is his favorite. He wished everyone a happy holiday season.

8) ANNOUNCEMENTS:

1. **Next Meeting:** - The next meeting of the Water Board will be **January 24, 2023, 10:00 a.m.**, at the **Department of Water Supply, Hilo Operations Conference Room, 899 Leilani Street, Hilo, Hawai‘i.** Chairperson De Luz stated that for those who are not familiar with the Department’s baseyard office, it is the last building on the left on the road leading to the Hilo Landfill.

9) ADJOURNMENT

ACTION: Mr. Sugai moved to adjourn the meeting; seconded by Mr. Ney and carried unanimously by voice vote.

(Meeting adjourned at 12:18 p.m.)

Recording Secretary

APPROVED BY WATER BOARD

(JANUARY 24, 2023)