

MINUTES

DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAI'I
WATER BOARD MEETING
APRIL 25, 2023

Department of Water Supply, Hilo Operations Baseyard, 889 Leilani Street, Hilo, HI

MEMBERS PRESENT: Mr. Steven Hirakami, Chairperson
Mr. Michael Bell, Water Board Member
Mr. Thomas Brown, Water Board Member
Ms. Julie Hugo, Water Board Member
Mr. Michael Pono Kekela, Water Board Member
Ms. Kea Keolanui, Water Board Member
Mr. Benjamin Ney, Water Board Member
Mr. Keith K. Okamoto, Manager-Chief Engineer,
Department of Water Supply (ex-officio member)

ABSENT: Mr. Stephen Kawena Lopez, Vice-Chairperson
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. Alvin Inouye, Operations Superintendent
Ms. Sunshine Carter, Private Secretary
Ms. Paulette Wilson, Temp Water Board Secretary

- 1) **CALL TO ORDER** – Chairperson Hirakami called the meeting to order at 10:00 a.m.
A quorum of eight members were in attendance.

CHR. HIRAKAMI: Okay, we'll call this Water Board meeting to order. I see we do have a quorum and we have seven members present, and we have a new member, Tom Brown, and I'd like him to introduce himself and say a little about his background.

MR. BROWN: Sure. Let's see, I've worked for the County for 31 years and retired about 12 years ago. Knew Keith when he was third or fourth highest, and it was Milton Pavao, I remember way back when I first met him and Quirino. I just termed out of the Police Commission last month, and this is going to be a lot better I hear. Keith said we don't have 20 complaints every meeting or excessive force and things like that, so it's great to be here. I look forward to working with all you folks. So, thank you.

CHR. HIRAKAMI: All right, welcome aboard. So, now we move to Statements from the Public.

- 2) **STATEMENTS FROM THE PUBLIC** – Pursuant to HRS Section 92-3, oral testimony may be provided entirely at the beginning of the meeting, or immediately preceding the agenda item.

(Note: At this time, Patrick Kahawaiolaa, provided an oral testimony on behalf of Keaukaha Community Association and representing Claymat and Keiki Kawai'ae'a, residents at 344 Lyman Avenue, Hilo, Hawaii, with regard to their water line and meter.)

MR. KAHAWAIOLAA: Aloha Chair and members of the Commission. My name is Patrick Kahawaiolaa, and I'm the president of the Keaukaha Community Association. My reason for being here, I looked through the agenda and could find nowhere where I could ask the questions that want to, however, I was asked, and appreciate the fact, saying in order for all of you to know what the issues are, to be brought here, and then maybe in the June meeting we'll be back here again in Hilo, that these things can be agendized and be properly discussed for your (inaudible).

But if I may, I'd just like to...most of you, if you don't know me, I'm the guy that concrete the water meter. I want to say that so that...I don't want nobody go behind and say that, but there were reasons why we did it. I believe there were some outcomes from what we did to raise the question as to how Native Hawaiians get treated on their lands with entities, not only the County, but not only this, the Board of Water Supply, but every entity inside of the County as it deals with Trust Lands.

So, my background is I was born and raised in Keaukaha. I left for about 25 years and went into the military, came back, and the rest is history. I am here now, based on the one subject matter that I needed, the clarification there, but there may be others, is that there was a home being built by the Department of Hawaiian Homes, and as we've been told, we've got to get everything, you know, we have to get the building permit, the planning, all that processing to get our homes built. I went through that in 1982 when I returned to building a home, to replace a home I had on a lot. However, I find that now, and it was brought to my attention by a

lessee, that she was having problems with her water meter, it was placed in the middle of the driveway. So the question to me was to the Water Department, why was a meter, if it was inspected, you know, as the house was being built, that it was allowed to be built in the middle of the driveway? That now, fifteen years later, it's causing a problem to the lessee, the native Hawaiian, because as they drive over it, I guess, the impact is causing leaks and those kinds of things.

So, these were the issues that I would want to...I'm not...right now, if I want to cast dispersions, it's going to be upon the Department of Hawaiian Homes, who were the developers. But then, there are other people that were brought into the situation, where sometimes the Water Department in that case gets to be the scapegoat, or electrical service not being provided, or different services that I've had to go through with the department when it comes to Hawaiian Homelands. I've always had a problem when I took my plans to the department of Building at the County. They have a stamp that I thought goes for everybody, except, when I looked at the stamp, it said this, "Not applicable, Department of Hawaiian Homelands." So, if they have a stamp that says my plans, why do I have to take them to Planning? Because they'd just hit it with a stamp that because it says because it's "Hawaiian Homelands." there's a question, and that's what set me on my journey to go and try to see.

So, I thank all of you for allowing me this time, and then maybe if we can, you all have an opportunity maybe to look at and find out why and how these things work because there is so much more yet to be created here. The department is going to be...this \$600 million thing of creating and getting people off the waitlist, I worry because Hawaiian Homes cannot spend \$6...and you want to give them \$600 million.

But I think there is an opportunity that the issue of water is going to...water is life. The development of both properties, Hawaii for those of you that don't know, on this island, out of the 203,000 acres that were created in the Hawaiian Homes Commission Act in 1920, 169,000 acres of that land sit here on this island. We have the biggest possibility, the need to help all our people. So, there is a lot of land to be developed. I think, again, as water is life. I think it's important that this department at least gets the heads up, and maybe with Keith were to help work toward getting this thing.

That was my whole objective, was to come here and bring those issues to you, and then maybe have clarification later in the process and how it gets done. Because process and procedures are the only way, I believe, we can operate as you as an entity and those who oversee the Department of Water Supply. There are other places that have their own oversight. Unfortunately, for me the only other oversight I have as a Native Hawaiian is the Department of Interior to overlook the State of Hawai'i. Thank you again for allowing me this opportunity.

BOARD MEMBERS: Thank you.

CHR. HIRAKAMI: Thank you very much for all your work. And going forward, yes, there is a lot of money to develop the new Hawaiian Homelands, and we definitely, as the Water Department, would not repeat the mistakes that everybody did in the past. So, thank you for your testimony.

Let the record reflect that Julie Hugo has joined us in the meeting, so now we have seven members present.

3) **APPROVAL OF MINUTES**

• **Minutes of the March 28, 2023, Public Hearing on the Power Cost Charge**

ACTION: Mr. Ney moved for approval; seconded by Ms. Hugo and carried unanimously by voice vote.

• **Minutes of the March 28, 2023, Public Hearing on the Fiscal Year 2024 Operating and CIP Budgets**

ACTION: Ms. Keolanui moved for approval; seconded by Mr. Kekela and carried unanimously by voice vote.

• **Minutes of the March 28, 2023, Water Board Meeting**

ACTION: Mr. Bell moved for approval; seconded by Mr. Kekela and carried unanimously by voice vote.

4) **APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA – None**

5) **DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND 5-YEAR CAPITAL IMPROVEMENT PROJECTS (CIP) BUDGETS FOR FISCAL YEAR 2024**

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

CHR. HIRAKAMI: Is there any discussion?

MR. OKAMOTO: Not from our side. So, this will be it. After this second reading, it'll be final and ready for adoption for our upcoming fiscal year.

CHR. HIRAKAMI: I think I should mention in the Motion that the Operating Budget for Fiscal Year 2024 is \$65,596,744.00 and the 5-Year CIP Budget for

Fiscal Year 2024-2028 totals \$185,835,000.00, so put that in the record as part of the Motion. Any other discussion?

MR. NEY: Just a quick question. Just firms up the budget, but it doesn't exclude adoption or trimming back in the future, correct, if the Board so pleases to do so.

MR. OKAMOTO: Exactly.

MR. NEY: Okay, thanks.

ACTION: There being no further discussion, Motion was carried unanimously by voice vote.

6) **SOUTH HILO**

A. **MAINTENANCE BID NO. 2023-05, REPAIR AND MAINTENANCE OF AIR CONDITIONING SYSTEM, WAIAKEA OFFICE PLAZA, DEPARTMENT OF WATER SUPPLY**

CHR. HIRAKAMI: Is there any testimony for this item? Seeing none. The low bidder is one bidder, and it's Oahu Air Conditioning Service, Inc. The Monthly Maintenance Amount is \$1,393.34. Total with estimated repair cost \$5,533.34. For the year, that equals to \$66,400.08. Do I have a Motion to approve the contract for Maintenance Bid No. 2023-05 to O'ahu Air Conditioning Service?

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

CHR. HIRAKAMI: Any discussion?

MR. OKAMOTO: With this one, I'll turn it over to Kurt. This is basically for our air conditioning system at the main office.

MR. INABA: So, you're probably wondering what do we do now? We do have a maintenance contract. It's coming up and will end this fiscal, so this is again just the contract to get in place, so we'll continue to have maintenance on it. We know for sure that \$1,393.34 per month is the maintenance cost, but as we all know things need repair on mechanical equipment and everything. That's an estimate. We hope we don't spend the extra on the repairs, but this is based on past history and a recommendation from the maintenance contractors. O'ahu Air Conditioning Service is actually the

current maintenance contractor. Comparing this to previous years, it's a little more, maybe nine percent more than last year, but every year there's been an escalation clause in the contract anyway. It looks reasonable, so that's why there's a recommendation to uphold.

CHR. HIRAKAMI: And they also have the option to extend, and then the increases are already reflected for 2024-2025,

MR. INABA: Correct.

CHR. HIRAKAMI: What I don't understand is this monthly maintenance amount is a guarantee, but the total with an estimated repair cost of \$5,533.34 doesn't include labor.

MR. INABA: That does include labor.

CHR. HIRAKAMI: It does?

MR. INABA: Yeah.

CHR. HIRAKAMI: It says, "For \$66,400.08 and the associated labor costs for repairs, as necessary." So the way I read it in the verbiage, it doesn't include it. It says, "and the associated," and they list the labor cost there.

MR. NEY: I'm a little confused with that too, because the way you folks aggregate this, you got \$5,533.34 = \$66,400. Is that just a contingency fund they got so they can use it?

MR. INABA: Basically, that's what it is because it's a contract. So what we did was estimated for every month; basically eight hours of repair work for the journeyman and the helper and four hours of emergency work for the journeyman and the helper. There are different clauses in the contract. One is to respond immediately versus respond within the next 24 hours, and then there are even overtime estimates. These are rates that they can charge us, so we're establishing rates. The reason why we did it this way is so that if there were another bidder, we could compare apples and apples, so that each company would have to provide their labor rates.

MR. NEY: This is more of a projection, not a fixed bill.

MR. INABA: Correct.

CHR. HIRAKAMI: So the labor is included within the \$66,400.08?

MR. INABA: Yes.

CHR. HIRAKAMI: Potentially, over and beyond the \$1,393?

MR. INABA: Yeah.

CHR. HIRAKAMI: The \$4,000 extra we need, contingency for repairs if needed, right?

MR. INABA: Correct. And to be honest, it's just an average over the year because most months we won't have one; but if there's something significant, it's going to be more than \$4,000 for that month.

CHR. HIRAKAMI: Right. This must have been approved last year.

MR. INABA: Actually, similar. No, four years ago.

CHR. HIRAKAMI: So do we have any idea of how much repairs were done over the past year?

MR. INABA: I don't have that number exactly with me, but based on what we did here, I know we estimated last time at about \$30,000, roughly. It would have covered the previous contract even before the four years. So working up to this one, we kept their bid. The way they bid it, eight hours for regular repairs, four hours for emergency, and four hours for emergency overtime. So, that's how we established this actual number.

MR. OKAMOTO: Again, it's basically a method to come up with a contract amount that the Board can approve, so if there are more repairs that need to be done, we would need to amend the contract because it will only be certified for that amount. That's what's being approved today. Like Kurt said, they based it on a monthly guesstimate of hours of regular time and overtime. But we could have done it by fiscal year guesstimate too, right, so many hours of overtime over the twelve-month period. But again, should there be other bidders, everybody is playing on the same field and supplying information to us the same way.

MR. INABA: But then, Keith, the main thing is they come in monthly and change your filters,

MR. OKAMOTO: That's the main thing.

MR. INABA: That's how they would submit their invoice. We have a checklist for the maintenance.

CHR. HIRAKAMI: Thank you for the clarification. Any other discussion?

MR. KEKELA: So any amendments would have to be approved by us again?

MR. OKAMOTO: If it goes beyond this \$66,000, yes.

CHR. HIRAKAMI: Hopefully not, though. That's a pretty big leeway.

MR. OKAMOTO: You know how it goes, as equipment gets older it'll probably be more due for repairs. Components have been replaced already in the past several years, but if it turns out to be a major component, it could eat it up quickly.

CHR. HIRAKAMI: It's a central air system?

MR. OKAMOTO: Yes.

CHR. HIRAKAMI: And it was installed when the building was built a long time ago?

MR. OKAMOTO: No.

CHR. HIRAKAMI: It's a new system?

MR. INABA: I wouldn't say new, fairly.

MR. OKAMOTO: It's newer than the building.

MR. INABA: I would say 13 years or so.

CHR. HIRAKAMI: Oh, that's not too bad.

MR. NEY: And this does not include the space systems on other buildings?

MR. OKAMOTO: No.

MR. INABA: Just for the main office.

MR. NEY: Okay.

CHR. HIRAKAMI: Any other discussion? If not, all in favor of the Motion say "Aye."

ACTION: There being no further discussion. Motion was carried unanimously by voice vote.

7) **SOUTH KOHALA**

A. **JOB NO. 2021-1171 (REBID), LĀLĀMILO B DEEPWELL REPAIR – REQUEST FOR TIME EXTENSION**

CHR. HIRAKAMI: I believe you've had time to read the supporting documents for Derrick's Well Drilling. I would entertain a Motion to approve a contract time extension for 30 calendar days to Derrick's Well Drilling and Pump Services. If approved, the contract completion date will be revised from May 15, 2023 to June 14, 2023. Do I have a Motion?

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

CHR. HIRAKAMI: Any discussion?

MR. OKAMOTO: Like you said, Mr. Chair, it's documented in the submittal from the Contract to the reasons for the delay. If there are any other technical questions, Greg's available.

CHR. HIRAKAMI: It's just a manufacturer delay, right?

MR. GOODALE: Well, actually based on the correspondence with the contractor. It was just unable to get the equipment onto the shipment. It sounds like that's been rectified, but it was just a delay due to shipping.

CHR. HIRAKAMI: And it's on the boat?

MR. GOODALE: We feel confident that...we're all familiar with all the supply chain issues that have been occurring, so it's not a big surprise to us, but at the same time, it's something we have to deal with.

CHR. HIRAKAMI: Thank you. Any other discussion? I'd like to emphasize that there were no additional costs associated with this time extension. All in favor of the Motion say, "Aye."

ACTION: There being no further discussion. Motion was carried unanimously by voice vote.

8) **MISCELLANEOUS**

A. **MATERIAL BID NO. 2022-11, FURNISHING AND DELIVERING SPARE 400HP MOTOR SET, PUMP CABLE, AND STEP-UP TRANSFORMER FOR THE DEPARTMENT OF WATER SUPPLY – REQUEST FOR TIME EXTENSION**

MOTION: Mr. Ney moved for approval of the recommendation. Seconded by Ms. Keolanui.

CHR. HIRAKAMI: Another time extension for the contractor, Derrick's Well Drilling & Pump Services. You've read the reasons for the request. It's a material shortage of stainless steel required for fabrication of submersible motor. Do I have a Motion to Extend the contract completion date for Sections 1 and 2, from January 31, 2023 to April 23, 2023, dates which already passed.

MR. GOODALE: So again, this is just another supply chain delay. But based on what the contractor requested, we felt 77 days was reasonable for them to make delivery for this.

MR. OKAMOTO: Our apologies. We should have probably followed up with the contractor sooner because the contract completion date was back in the end of January, so we'll try to do better at following up with them a little bit sooner too, because they must have known something that wasn't going to happen by the end of January before that, I would imagine.

CHR. HIRAKAMI: The date has passed, so is the job completed? The date is up to April 17, 2023. Today is the 25th of April 2023. So we're confused on the completion date. This extension, as written, extension was to April 17, 2023, which was last week Friday. I just wanted to know if this means that the project is completed or...

MR. GOODALE: No. So based off of this, this will be accruing liquidated damages from that date, so this is the date that we were giving them to, and then from then on they'll accrue liquidated damages up until it actually arrives.

CHR. HIRAKAMI: So it hasn't arrived yet.

MR. GOODALE: Correct. But this is the amount of time we (DWS) were willing to give. That's the amount we found to be acceptable; but given the fact that it hasn't been made yet, then they will be accruing liquidated damages.

CHR. HIRAKAMI: So, we'll have to emphasize in this motion that there are no additional costs associated with this extension because it's through no fault of the department.

MR. GOODALE: The department, correct.

CHR. HIRAKAMI: I don't want this passed on to us. There's no telling when they'll get the stainless steel.

MR. TAKAMOTO: It's expected sometime this week.

CHR. HIRAKAMI: Oh, okay.

MR. GOODALE: So it should be a limited amount of liquidated damages. The amount we felt was substantiated by them was just the 77 days, but beyond that, yeah, it'll be the contractor who'd be penalized by the liquidated damages.

MR. OKAMOTO: And should there be different situations arise that he can make us aware of, you know, additional delays. I just heard that it's expecting the stainless steel still. So there could be potential for us to come back, I just wanted to provide a heads-up on that. Our recommendation here is based on what they have provided us with thus far. If they come with additional

justification, then we'll have staff evaluate it at the time. Again, no guarantees. But it has to be justified if it's anything beyond this date.

MR. NEY: One thing too, just to note, I mean it's one thing if the manufacturer delays on a normal time schedule delivery, but the timeline of the project I think really boils down to once they get release of funds from us, they need to make their procurement expeditiously. I mean, it's one thing to have the manufacturer back it up and say, "Yeah, there's a delay." But when did you put the order in, that's going to set the clock on everything.

MR. OKAMOTO: And that's typically what our staff takes a look at too, and communicates...

MR. GOODALE: We would take all those into consideration.

CHR. HIRAKAMI: And just for someone that doesn't know, how are liquidated damages calculated, by the day or...

MR. GOODALE: Yes, correct, by the day.

MR. OKAMOTO: Normally by...so if there are different liquidated damages amounts, which are typically based on the cost of the contract award amount, then they're accrued daily. I believe that our contract identifies it as calendar days.

CHR. HIRAKAMI: Calendar days. And that would be deducted from the final contract award later?

MR. OKAMOTO: Yeah. So typically how we do it is we can do it either by...because normally we don't pay them until deliverables, so we'll adjust the invoice, typically, or do a deductive change order to the account for the liquidated damages. So, there's a paper trail.

CHR. HIRAKAMI: Okay, any other discussion? Hearing none, all in favor of the Motion to Extend the time say "Aye."

ACTION: There being no further discussion. Motion was carried unanimously by voice vote.

CHR. HIRAKAMI: So, the extension is approved. Moving on to Item 8-B.

B. WATER HAULING BID NO. 2023-03, PRICE AGREEMENT TO PROVIDE WATER HAULING SERVICES TO VARIOUS LOCATIONS ISLAND-WIDE (ON AN AS-NEEDED BASIS) FOR THE DEPARTMENT OF WATER SUPPLY

CHR. HIRAKAMI: This is to accept the low bidder. The low bidding was for...so these are three separate (inaudible) on the island, and we're approving them at various rates.

MR. GOODALE: So we're accepting all three.

CHR. HIRAKAMI: Oh wait, I need to get a Motion first. Yeah, so can we entertain a Motion for the sake of discussion to approve the Price Agreement for Water Hauling Bid No. 2023-03?

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

CHR. HIRAKAMI: We're opening it up for discussion.

MR. GOODALE: Okay, the way this contract is put out is, it's put out to all eligible bidders, and the way this works is we start with the lowest price. We would call the lowest price first, and then if they're unavailable then we'd go to the next. So, this gives us a contract for all three of these that are listed here. It just gives us more flexibility; so if we run into a situation where we need water hauling at multiple locations, we have more than one contractor to be able to utilize. So, each of these contractors that are listed here will be eligible to participate for us. It makes them eligible to haul water for DWS.

CHR. HIRAKAMI: Yes, if you're paying by the hour, you'd want it close to where you're hauling, right?

MR. GOODALE: That's better, but that's not always going to necessarily...

CHR. HIRAKAMI: Why not?

MR. GOODALE: Because it's island-wide. It's not separated by district, so the expectation is wherever we have the need then they would go from wherever their location is. In this case, Island Topsoil, I believe, is located up

in Waimea; ACR Water is located in Kea'au; and then Kea'au Service is also in Kea'au.

MR. OKAMOTO: So oftentimes hauling times are due to a single source water system, where the well goes down, but it's small enough where we can accommodate the water needs by hauling, but sometimes that taxes all the resources from one water hauler. But if there's another situation somewhere else, all their trucks are busy hauling for maybe this one location, so we might have to go to the next guy to take care of a different situation. So like Greg said, this provides us with the flexibility to at least have it on contract already, where we can call somebody and they're good to go.

I believe part of our requirements for them to bid on this was that their hauler truck be certified to transport drinking water. There are other water haulers that do catchment and things like that, that may not carry that same certification. So it's not like we can just use those guys. It's a big deal for us to make sure that the water we're putting into our tanks meets all the safe drinking water requirements.

MR. NEY: Keith, this is just to smooth out logistical issues of hauling water, not so much on a competitive bid process here. You guys will try to use the lower amount. But given the proximity to location or other factors might be involved, we have some redundancy here then.

MR. OKAMOTO: Yes, so we meet procurement requirements when we put it out competitively. We lock in their rates through a contract so that they cannot six months from now make up a different rate.

MS. KEOLANUI: Yes, that makes sense. Also, looking at the factor of weather, and that water hauling, you know, they get busier as it gets dry. Because people need water hauled, especially in the Kea'au-Puna side.

CHR. HIRAKAMI: Keith, is this hourly rate from the fill station to the tank, or is it from the point of service? If let's say there's a water outage in Ka'u and you're coming from Kea'au, would the hourly rate start from Kea'au?

MR. GOODALE: Yes, it would. It starts from the time they leave their baseyard. And we identify the fill station, so it may be from one of our temporary meters that we might put in. So, that might be something the department would identify the place that's closest to that place that needs the

water. For example, when we had a situation in Laupāhoehoe, we identified a fill station in Pa‘auiilo, which was closest, and that’s where they would haul. But they would start getting paid, like on the first day, from the time they left their baseyard to the time they’re done hauling.

MR. OKAMOTO: And everything in between Pa‘auiilo and Laupāhoehoe, until they’re done.

CHR. HIRAKAMI: When we receive bids, do we receive bids from every district, like from Ka‘ū, Kona, Kohala?

MR. OKAMOTO: There’s actually only a limited amount of contractors that have that certification. There’s a lot of water haulers out there.

CHR. HIRAKAMI: But mostly Puna side, when we don’t have water.

MR. OKAMOTO: Yeah, but they’re not certified for drinking water.

CHR. HIRAKAMI: Oh, they’re not certified?

MS. KEOLANUI: It’s got to be FDA certification.

MR. UYEHARA: It’s Department of Health guidelines rules, actually when transporting from one water system to fill into public water system.

MR. OKAMOTO: So DOH does the certification.

MS. KEOLANUI: Same with like (inaudible) certified farms or restaurants that are off-grid and using water hauling services, it has to come from a certified water hauler.

MR. UYEHARA: And just to note for the Board, the contracts are two years. so until 2025. It helps lock in those prices..

MR. NEY: Well, that’s quite a spread if they did a comparative review of these costs, and like, wow, it’s like almost double from lower bidder to higher bidder.

MS. KEOLANUI: These are just the hours, is there also a contract for the water? How does that work?

MR. GOODALE: It's our water, so they wouldn't get charged anything extra because it's all coming from within DWS water system. If we were having to buy it from somebody, God forbid, that might be different. But in our case, we're obviously going to take the water from one of our existing systems.

MR. UYEHARA: We would typically meter that too, from our system to another system, just for our records.

MS. KEOLANUI: For our records.

MR. GOODALE: Recordkeeping purposes, just as Kawika said. We still keep track of it because it all goes through our meter, so we may use just a temporary meter, just as a way for us to keep track of the total amount of water that went from whichever system to the system that's in need.

MS. KEOLANUI: Yeah, definitely more unique than what we've seen. Because when we use these services for farm or something like that, then we're paying per gallon, and then they're just tacking these prices into that.

MR. NEY: And I'm curious, to account for the discrepancy, I mean how much discrepancy is there overall with usage and unaccounted loss? What would you say that is on average? Is it just a small amount, Keith?

MR. OKAMOTO: Can you repeat the question?

MR. NEY: Like the unaccounted discrepancy, if you had a, you know, accounting curb, like who's taking water from...is there wide discrepancy or is that small?

MR. OKAMOTO: It kind of depends on the system. So different systems have larger discrepancies than others, typically the older ones, the water loss...the easiest way to look at it is how much water you pump versus how much water you sell. But in between all of that, there are a lot of things that come into play, right? We could be losing water through leaks, or you could have meters that are not 100 percent accurate. There could be theft, people stealing from a hydrant, and things like that. I don't know if I'm answering your question. So that's why we want to meter it because that's part of our auditing of our water losses. Because it would look like one system, we've lost 100,000 gallons today; oh, but we hauled that 100,000 gallons from

Pa'auilo to Laupāhoehoe that's why. But at least we can account for that. The other daily discrepancies are what we'd have to think about.

MR. NEY: Yes, it's much broader than just the hauling.

MR. OKAMOTO: Yes.

MR. KEKELA: Are you folks in contract with these guys now?

MR. OKAMOTO: Just with the one now.

MR. GOODALE: Yes, that was one thing I was going to mention. This actually represents a better bid because we ended up with three, and last time we ended up with one, so this actually gives us more flexibility, having more bidders. This is a situation that represents additional bidders entering into the pool.

MR. BROWN: Greg, you know the overtime hours, I see that's listed for all three vendors, is that something that occurs regularly, like you got to do it on Sundays or after hours?

MR. GOODALE: Yes. Just to give you an example based on what's currently going on, we were hauling water to Ocean View seven days a week right now, just in order to keep up with the demand. So weekends are considered overtime. If you ended up in a situation where there was a real high demand and you had to even haul after hours, that would also be considered an overtime rate. It really just depends upon the circumstance. What we try to do is estimate how much they need to haul based on consumption and the demand for that system.

So, it may be a matter of whether they have multiple trucks to haul. If it's a really small system, they may not need as many trucks to keep up with the demand. But in certain circumstances, if it's very high demand, they may, like I said, in Ocean View, they're hauling seven days a week, so both Saturday and Sunday are considered the overtime. But if we could keep up with it, just doing it Monday through Friday, then we wouldn't incur the overtime hours.

MR. BROWN: The reason I'm asking is...you know, I look at the...okay, overtime is time and a half, right? So, like say for Carnor Sumida, okay, they have a 50 percent increase in what they have to pay their driver, at least,

and then their rate goes up 13 percent; and then Island Topsoil, they go up 18 percent. Kea'au Service is really cut-and-dry, they go up 50 percent, right? And even if I go back and look at O'ahu Air Conditioner, their emergency OT journeyman and helpers are like 50 percent more. So, I'm wondering if that would be a problem because they're only going up at such a small percentage. They won't come out because they're going to lose money every time they have overtime, you know. Unless I'm missing something...I don't know if it's our problem or not.

MR. GOODALE: It's our problem in that we're the ones that obviously end up having to pay that rate, but we don't have any say-so as to how they determine how to set up their rates for their bid. So ultimately, it's their responsibility to pay whatever rates they're paying their workers. The reality is I've...and I've only been here a short time so anybody else could chime in, but we haven't seen anyone reject the call when we've had the need. They've shown up. As a matter of fact, in certain circumstances we've had three different sites at one point in time where needed, and they still produced, they got the trucks there. So yeah, what you're bringing up as far as the discrepancy in terms of the rates, we didn't see them backing away from the job because of whether it was overtime related or just straight time related.

MR. OKAMOTO: This is the rate we're paying the contractor. It's not the same as what they're paying...

MR. BROWN: The driver. Right.

MR. OKAMOTO: This rate, I have to believe is factoring in other things, like the vehicle usage, fuel. I think they probably have their own various business models on how they came up with this rate.

MR. NEY: Does this stipulate a weekend? Not that we would try to call them on the weekend or holidays.

MR. GOODALE: The overtime rate would take into consideration the weekends, holidays, or even after hours.

MR. OKAMOTO: Beyond their normal work...

MR. GOODALE: Yes, normal business hours.

MR. KEKELA: Since you mentioned that you guys are hauling daily to Ocean View, is that for future vision I guess, is there a way that the department can kind of be the team to get it to haul water, strictly just for the department?

MR. OKAMOTO: That's something that has been considered, so I think every now and then we need to take a look at that. That's a good point. It's just that if we don't have the need then we have to find extra work for them to do if we have the bodies. So that's always a concern, you know, we don't want idle hands not being productive. Good point.

And the other point I did want to make too, is typically when we have to resort to something like this, we also have a public information outreach and request conservation as part of our efforts.

CHR. HIRAKAMI: When are these haulers doing the Ocean View, right now? Is one of these people doing Ocean View?

MR. GOODALE: Yes. Yes, ACR Water is currently hauling for Ocean View.

MR. NEY: Makapala.

MR. GOODALE: Yes.

CHR. HIRAKAMI: Is that because our well is down, or our pump is down?

MR. GOODALE: Correct.

MR. OKAMOTO: Makapala, too.

MR. GOODALE: Makapala too.

CHR. HIRAKAMI: Is there a repair order for Ocean View?

MR. GOODALE: Greg Goodale: Yes.

CHR. HIRAKAMI: It's in repair right now?

MR. GOODALE: Correct.

MR. OKAMOTO: It's in process.

CHR. HIRAKAMI: It's in process.

MR. NEY: And Makapala and North Kohala have been hauling for quite some time.

MS. KEOLANUI: This might be a Candace question, but how much do we spend annually on water hauling?

MR. OKAMOTO: How much...what single well sources go down...

MS. KEOLANUI: Estimated.

MR. NEY: Rough estimate.

MS. GRAY: How much did we spend so far? Actually, I don't have that number, but I believe it may be a few hundred thousand dollars.

CHR. HIRAKAMI: So the water we haul, we don't recover that cost through the meter right, through the uses? Like, through the regular water charges?

MR. NEY: I guess it's absorbed by the customers.

CHR. HIRAKAMI: Do we recoup 100 percent or 80 percent? We don't recoup the whole amount. It costs more to haul water than what we charge out of the meter, yeah?

MR. OKAMOTO: Yes, it's just built into our operating expense that basically establishes our water rates. So it's absorbed by the rest of our customers, yeah. It's just part of doing business. Part of our business is to provide continuous water to the community.

CHR. HIRAKAMI: It's a great service. I remember doing a job in Kalapana, where it was out for...

MR. OKAMOTO: We try not to overflow the tank.

MR. KEKELA: So is it the burden on the customers in the entire County or just from the well you had the water company haul to?

MR. OKAMOTO: The whole. All our customers. Just like they pay for the air conditioning repair at the main office, it's spread throughout all our customers.

CHR. HIRAKAMI: Wow, that's a lot of (inaudible) Any more discussion on this? That was a good discussion. I'll call for the question. All in favor of this Motion, say "Aye."

ACTION: There being no further discussion. Motion was carried unanimously by voice vote.

C. RENEWAL OF CONTRACT FOR MAINTENANCE AGREEMENT-SOUTH KOHALA, HAMAKUA, AND LAUPAHOEHOE SITES (BRANTLEY CENTER, INC.).

CHR. HIRAKAMI: So the total contract for the three sites...I guess there are 41 sites, and these are all our water tanks in the surrounding area. This is landscape maintenance, I would assume. This is to award the contract to Brantley Center in the amount of \$96,899.88. Do I have a Motion to approve this maintenance agreement?

ACTION: Ms. Keolanui moved to approve the Motion. Seconded by Mr. Kekela.

CHR. HIRAKAMI: Any discussion?

MR. OKAMOTO: Yes, real quick. Again, primarily for the newer Board Members, this is something we go through annually. The special thing behind this is, I'm not sure if some of you know of the Konno decision, the Supreme Court decision, where basically if there's a civil service position, you cannot contract it out. But there's exceptions, and one of the exceptions is to a type of organization such as Brantley Center. The caveat is though, if we discontinue this service, we cannot go back to them. And we will have to now employ groundkeepers to cover these 41 sites.

MR. NEY: So it's like a grandfather clause kind of.

MR. OKAMOTO: Kind of, yeah. I don't know if that's the legal term, but basically that's the situation we're in. They've done satisfactory work all these

years. As a matter of fact, I think Greg can... correct me if I'm wrong, but I think it's the same price as current year.

MR. GOODALE: Current and even...so this is the same price for three years running. So yeah, they haven't increased their cost for doing this work over the last three years.

MR. OKAMOTO: But the good part is it's almost like community service too, this organization. So us hiring them is actually doing their workers a good thing too, so we'd like to continue this. If you have any questions?

CHR. HIRAKAMI: Any other discussion? Seeing none. All in favor of the Motion say "Aye."

ACTION: There being no further discussion. Motion was carried unanimously by voice vote.

D. JOLENE C. GONSALVES, \$10,708.34 WRITE-OFF FOR ACCOUNT #09029664-14 (TMK 1-4-051-061), CIVIL NO. 3RC08-1-349

CHR. HIRAKAMI: You've read the discussion here in the notes, but it's recommended for a Motion to Approve the write-off of \$10,708.34 due on Jolene C. Gonsalves account. Do I have a Motion to Approve?

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

MS. GRAY: As part of our efforts to reduce our greater than 90-day delinquency balances, this is one of those accounts that's included in that. It's gone through the collection process, all the way to a judgment being filed against the customer. There was actually only one payment back in 2009. Of course, this is a delinquency that's been on the books for a long time, and it's been recommended by our...we do need to request approval for any write-offs that are \$10,000 or more. This is why this is on the agenda for your approval today.

MR. NEY: I don't think this sits well with anyone here, looking at why these bills aren't paid. These have gone through like adjudicated, a civil process in court, and they got a judgment against them saying, "You're liable for this." I

mean, they made one payment. But do we have other tools to pursue this? I was telling Keith that I knew someone who had a credit card debt, and they took it as far as wage garnishment and saying, "Hey, pay us." I mean, to me we're writing off two big bills and that's going to be every other customer's responsibility to bear someone who's just not paying what they owe. I'm just curious if we really exhausted the possibility of getting this paid. Did we go far enough on it?

MR. OKAMOTO: Diana, would you be able to.

MS. MELLON-LACEY: I think that when you have accounts that are this old, we can't go back in time to determine what was done or not done, I don't think. I think it precedes Candace's tenure, maybe many people's tenure here. You know, I think that you could have a policy for all the things that you're going to do, and I know our collections...our work in our office with the department has been really ambitious. But once something is this old, we're not going to have success now. We're going back to 2009.

MR. KEKELA: Is there a way for us to do an adjust instead of it being a \$10,000 limit, maybe a little lower?

MS. MELLON-LACEY: Well, I think the thing is this, when you carry large receivables, your books, and if you know that's not something you can collect, then you're painting a false picture, which we don't want to do. I think, at least, probably for the past year. I think Mr. DeLuz was asking about what the collectibles are, what could we really do, what could we expect. So I think this is, correct me if I'm wrong, Candace, but I think we're trying to clean those books up of, you know, these old outstanding things that we can't collect.

Going forward, I think it would be appropriate, and I think we brought this up for the Board to have a meeting, where we put collection policies on our agenda, look at what they are, and maybe tighten up some of the things that we're doing with our policies. These are so old that I think there's not going to be anything we could really do. If we had a judgment and weren't able to collect on it, it's not going to be anything if the company's gone out of business and these things have gotten this far.

I know it's hard, but there's no point in carrying it forward. You're better off cleaning up your books. Then going forward, monitor your books very

carefully and look at your policies. But these old things, it's not going to do us any good. It's better to get our books to look after.

MR. NEY: I think we need to get a better process of collection. If you can't collect the bill, then we refine that process to go, "Hey, do go back to court and garnish a hundred bucks out of their paychecks until this is paid?" Honestly too, you're looking at a timeframe of like a decade to pay the bill off, right, at a hundred bucks a month.

MS. MELLON-LACEY: Right.

MR. NEY: But just so there's not a repeat of this, because again, this is a lot of costs that all the customers are absorbing.

MS. MELLON-LACEY: And you're absolutely right, but I think the way to look at this going forward, given the age of these, is these steps you take for the accuracy of your books. Then the pro-active part is what you want to do with looking at your collection policies, and what expect to see and how often you expect your collections to be reviewed, and perhaps the Board wants a regular report or quarterly report on collectibles. It involves an ongoing kind of diligence once you clean it up. You're not going to get anywhere; as hard as it is to swallow this, it's not going to get more collectibles. It's just not.

MS. KEOLANUI: And it sounds like the policies that we do have, they've already gone through, you know, going to Court. And there was a lot of, from reading this, it sounds like there was a disagreement in the rates and what happened. Going back a decade to argue that would be impossible.

MS. MELLON-LACEY: We wouldn't be able to. We can't really get anywhere with that. I think it's lessons learned. The lesson the Board should take is, if you're concerned, put this on, look at your collection policies, and going forward, come up with what you want to see happen. If somebody misses one month, put it on a payment plan like this, "What do you want to do? How proactive do you want to be."

CHR. HIRAKAMI: I don't think they talked to us though to voice non-payment. It already went to court, was adjudicated, and the judgment was in our favor. It's out of our hands.

MS. MELLON-LACEY: No, no, that's true but that's for this. But what I'm saying is the collection policies that you have in place now. How far do you let people get behind before you shut them off? How aggressive are you? When do you turn them over to the collection agency, and what are these policies?

MR. NEY: I guess this is more of a legal question. Once the judgment is made, we have to pursue it, but if they're not making good on it, we need to go back to court and say we need more tools to collect this bill. That's where I think we didn't pursue it enough.

MS. MELLON-LACEY: Well, I don't know what happened, but I don't think you could do much about that one.

MR. NEY: I get it.

MS. MELLON-LACEY: But you're right, monitoring. Just because you get a judgment, everybody thinks that's a wonderful thing that's going to solve their problem because you've got to be able to actually get the person to pay you the money. You mentioned garnishment. Garnishment is one way.

MR. NEY: It's a tool. Credit card companies do all the time to people.

MS. MELLON-LACEY: Yes. Well, you may be able to get liens on property if you pursue it aggressively. But, not for these two cases.

MS. KEOLANUI: And then that goes back to our current policies and discussing that in a future meeting, about how we can adjust it so that we don't have these same types of issues moving forward.

MR. OKAMOTO: Yes. What we can do is put it on a future agenda to provide information to the Board on our Collection and Delinquency Policies, and shut-off and whatever.

CHR. HIRAKAMI: I have a question. This account was open for just a year and a month. How many gallons is \$10,000?

MR. BROWN: That's a lot, especially in those days.

CHR. HIRAKAMI: Where'd the water go?

MR. NEY: Read the meter.

CHR. HIRAKAMI: Through the meter.

MR. NEY: Someone's property.

MS. GRAY: This customer did apply for a leakage adjustment, but it was denied, and apparently from what I gather, the leak wasn't fixed.

CHR. HIRAKAMI: So, we actually removed the meter.

MS. GRAY: We did.

MR. OKAMOTO: Yes, after a period of time, but by that time it had accrued upward to \$10,000.00 worth of bills.

MR. NEY: I'd like to point out this wasn't the time when Keith was at the helm either.

MR. OKAMOTO: Again, I think it would be good discussion at a later time so we can at least tell you where we are, and we definitely wouldn't mind hearing your thoughts on maybe improvements for other things related to our current policies.

CHR. HIRAKAMI: Okay, any other discussion? Regrettably, calling for the question. All in favor of this Motion say "aye."

ACTION: There being no further discussion. Motion carried unanimously by voice vote (Ayes 6 - Mr. Bell, Mr. Brown, Ms. Hugo, Mr. Kekela, Ms. Keolanui, and Chr. Hirakami; Noes 1 - Mr. Ney; Absent: 1 -Mr. Lopez).

E. CTS EARTHMOVING INC., \$10,684.99 Write-Off For Account #88050130-10, (TMK 7-4-004-000), Civil No. 3RC13-1-712K

Here's another one. Almost the same dollar amount. Another write-off for account. Before we start discussion, I'd like to get a Motion to Approve the write-off of \$10,684.99 due on CTS Earthmoving Inc.'s Account. Do I have a Motion?

ACTION: Mr. Kekela moved for approval; seconded by Ms. Hugo.

CHR. HIRAKAMI: Discussion. Candace, again.

MS. GRAY: Again, similarly, this account has been on our books as delinquent for a while. This company is no longer in business. Actually, this is for just one billing period. So, we've never received any payment for this account. Because the company is no longer in business, and we received a recommendation that it's deemed uncollectible. So we're requesting to write this account off, as well.

CHR. HIRAKAMI: So they opened this account under this CTS, which was dissolved way prior to this, according to the DCCA finding. He was just using CTS Earthmoving as a legal name, but if you check the DCCA, it was disbanded, and the name was removed. You know, Twigg-Smith is a big name in Hawai'i politics, with the newspaper industry. This is in a trust, Christian Twigg-Smith, his Trust is the one that... This is amazing. The last one was \$10,000 worth of water in one year, and this is two months. That \$10,000, I just can't believe that you would have that much water usage or water loss in just two months.

MR. OKAMOTO: Kurt might have some background, so this wasn't so much a water leak situation. I think it was water for construction, and that's why that amount.

CHR. HIRAKAMI: Because it was out of a contract with the Water Department back in 2009, for the Palani Road transmission project. He was the contractor for that, right? I remember that.

MR. OKAMOTO: Yes. We had some issues too with that project when the company folded.

MR. INABA: He had three large projects going on at that time all in that area. One was our project, one was the Palani Well project, and one was the Ane Keohokalole Highway. He was a sub on that project, too.

MR. NEY: Quick question. The power of the lien. That's something, as a contractor, basically the only thing we have to basically throw against someone if they don't pay us. How would you make a lien? I guess lien on the business. I can see if accounts attached to a TMK, you could put a lien,

and then upon the sale of the property, they're going to go, "Whoa, we got a lien we've got to take care of." How would you address that on a party that doesn't have a tangible asset if we had to do that?

MS. MELLON-LACEY: Well, if you don't have a tangible asset, what are you going to get a lien on? I'm sorry, I don't really follow.

MR. NEY: Have you folks ever had to utilize a lien?

MR. OKAMOTO: No.

MS. MELLON-LACEY: I filed a lien on property on someone. Or even tangible property, you may be able to, depending, you know. But if they don't have anything...I mean in this case, since this company...it appeared was involuntarily dissolved, that's like a bankruptcy. He probably had a lot of creditors, you know.

MR. NEY: The point I'm making though, it might be harder to resolve balances when you don't have something to come after.

MS. KEOLANUI: I think that goes back to the policy discussion. I'm just curious, do we have different policies for private consumers and customers and businesses, or is it the same for both?

MR. OKAMOTO: Yeah, it's the same for both.

MS. KEOLANUI: There would also be notifying DCCA, Better Business, or something like that in having some kind of set of steps in there that we'd take to kind of report the business owner so that they can know for future creation of businesses.

MS. MELLON-LACEY: And obviously there's different risks because this company ran up in two months, what someone else did in a year, based on what they needed to use for their business. So this may go to what we're requiring for deposit, for collateral. So those are all things that...

CHR. HIRAKAMI: So they had a contract with the department, right? Did they complete the project satisfactorily?

MR. INABA: Yes. as far as construction, yes. We did have issues closing, and like you said, they had collectors after them. We worked with the bonding company, and issues, I know, payment went actually to subs directly.

CHR. HIRAKAMI: This bill, did it occur before his last payment was given to complete the project? Could this have been taken from his contract? I don't know when the completion of his contract was. Liberty Mutual, who was the bonder of this thing? They lost close to \$700,000.00 on claims against this company right here. So, they lost out big time. I was wondering if the County had any way of recouping that from the project.

MR. INABA: I'm not sure. Again, I'm not quite sure exactly which contract this one was for, which construction project, because I think it was being used at that same time, we were trying to close out a bunch of those projects after the recession.

MR. NEY: We would send the bill to the bonding company in an event like that, correct?

MS. MELLON-LACEY: Well, if they didn't complete the work, we could go to the bonding company; but if they didn't pay their water bill, you can't go to the bonding company.

MR. OKAMOTO: That's a separate issue.

MR. NEY: I'll tell you what though, I've only...sorry, not to stray off subject, I only have once that someone didn't get us a final payment on a project. And my office manager is pulling her hair, and I said, "Just have our attorney send a threat letter saying, 'Hey, you pay us or we'll lien.'" Boom, I've never seen a check delivered so fast, so it does work. But I've never had to take anyone to court. Those are the tools we need to utilize, though, to get some of those collections, I think.

MS. MELLON-LACEY: And I think too, you have to act quickly. You can't wait ten years and start to try to do something because your best bet, don't let it get out of hand.

CHR. HIRAKAMI: Yes, let's get that on the agenda and discuss how we're going to move forward. But as far as what's here today, the Motion is to write

off the \$10,684.99. And I'm going to call for the question. All those in favor say "aye."

CHR. HIRAKAMI: Any oppose?

MR. NEY: "Aye" with reservation, and if you can revise the last one. But thanks.

ACTION: There being no further discussion. Motion carried unanimously by voice vote (Ayes 7 - Mr. Bell, Mr. Brown, Ms. Hugo, Mr. Kekela, Ms. Keolanui, Mr. Ney, and Chr. Hirakami; Absent: 1 -Mr. Lopez). (Note: Mr. Ney voted *kānalua* then "aye.")

F. MONTHLY PROGRESS REPORT

CHR. HIRAKAMI: Is there any testimony for this item. Seeing none, we'll turn it over to Kurt.

MR. INABA: There may be one thing to note, we did receive confirmation that at least for the materials that we ordered, and it's just the initial estimated of material arrival date is June, so it's not as long as we might have expected. But then again, that's just from the supplier's side. They're trying to confirm that with the manufacturer. So, we'll get that information. Once we confirm that or get an update on that day, we'll go back to the community. From there, we'll go back to the community to update them on the schedule.

MR. NEY: A quick one, do you guys take a review of the material take-off? Just to make sure, like you guys are missing a whole bunch of fittings on this, just so there's no unnecessary.

MR. OKAMOTO: We'd do it if we need to, but if we typically don't need to, at some point there's a whole accounting of the materials, especially when it comes to billing, or us paying them. But until that point, we leave it on them to order what they need to order for the project. Certain things we'll require submittal before they even order.

MR. NEY: Well, that's their due diligence.

MR. OKAMOTO: Yes, but standard items that are on an approved material list, that's part of our overall water system standards. We don't typically ask for submittals on those.

MR. INABA: We don't ask, but we often see stacks of submittals that are really unnecessary. It's already approved on our approved material list, but certain suppliers will insist on having it submitted. So, then it takes time from our guys to get approval for each material.

MR. NEY: I'm just saying in the general sense of getting jobs done on time. I can see a contractor saying he's not going to over-order because he doesn't want to spend more than he has to kind of situation.

MR. INABA: But we'll typically also see their invoice too, when they order the material. Especially if they're going to have a lot of materials sit for a while, they will ask for payment for materials on hand. At that time, we go and inspect and make sure we count that they have that amount that they're asking.

MR. NEY: Okay.

MR. OKAMOTO: Overall, we try to be fair with contractors. We want them to order materials and not wait until the last minute; but because of that, we have provisions in our GRCs to pay them for materials ordered, as long as they're secured and not out in the open where it could be stolen. And like Kurt stated, our inspectors will go and actually inventory the material that we will be billed for, is present and accounted for on site. Sometimes they could have some perfectly good stock that they have left over from another job, so that won't be on the material invoice that they've just requested from this current project, but it's still a good product.

So, with all those kinds of things, we try to give the contractor their method and means. We try not to get involved with that unless we have to. We're primarily concerned with the finished product and paying for the finished product. Our guys have other things to do than try to track them every step of the way. But anyway, good questions. We also did want to say, there's progress being made on Hala'ula. I don't know if Kurt has anything to update.

MR. INABA: We confirmed there were a couple of revisions to the New Source Report we submitted and confirmed that was received by the

Department of Health, hopefully any day now. I hope I don't regret saying that.

MR. OKAMOTO: Everything is ready to rock and roll. Pump water, put it in the tank, and feed the community; but before you do that, the Department of Health has to approve it. So, we're close.

MR. NEY: It's just good to see progression. Parker Ranch, what's the status on that?

MR. INABA: I was just going to bring that up. So, we did meet with them and discussed that we will be bringing an agreement to the part of the property. They should be bringing it next month.

MR. NEY: Good.

MR. OKAMOTO: So progress there, too.

MR. INABA: Yes, for sure on that one. Any other questions? I know we're doing a lot of work in Ben's district. Well, downtown Keawe. Again, we're participating with Public Works on that one.

CHR. HIRAKAMI: We're still continuing to probe for the existing utilities. Currently, I know they're probing for the waterlines now.

MR. NEY: It's good to get these things in use, in commission, I guess would be the term, for the matter of depreciation, then we don't have these things that get held up right at the end. Yeah, so good.

MR. OKAMOTO: And Puna has a lot of stuff in the pipeline, no pun intended, but a lot of things to deal with the 2018 lava flow. As you can see, in every district, the great part about this department and board is we get to move projects forward based on need and priority, so I want to thank you all. It's shown in our CIP updates that that's the case, and it's not a political way of deciding which projects to get done.

CHR. HIRAKAMI: It's nice to see more in the Puna side coming up.

MR. INABA: There's a lot going on. A lot is in the preparation stage, I want to say, referring to the planning side. That's for the FEMA 428 Projects.

MR. OKAMOTO: We'll just leave the verbiage the same, just make it red.

MR. INABA: We've been in discussion for all of the projects actually on that list, but it includes one that gets getting ready to advertise the EA, really, is the Pohoiki, road and waterline project, which includes 137 also along the beach road at Pohoiki. That one is furthest along and prioritize. We do have in the works the Kea'au wells project, the HPP waterline, Nanawale waterline, the Pahoia town, and the Post Office road waterline.

CHR. HIRAKAMI: You know, on the 137, the improvement, in the past FEMA hasn't required for the improvements to be in the same...because they don't understand lava. They want it to be exactly the same level. Does that mean they to go through PP (Paradise Park), sorry, the old road, are they going to allow to go on top of the...well, that just changed because they finally got it because years ago they wouldn't allow any improvements unless it was in the same exact location, and everything, which is really ridiculous.

MR. OKAMOTO: They're getting better. I think they still have room for understanding.

CHR. HIRAKAMI: Well, we need more lava for them to understand that lava is different. It's faster than (inaudible).

MR. OKAMOTO: Well typically, just for the board awareness, is we struggled with FEMA for other past events. It's hard to challenge the turnover, too. You know, the guys who come in during the disaster are typically not the guys around when we're doing the repair projects.

CHR. HIRAKAMI: Right.

MR. OKAMOTO: So that's part of the frustration. But you're absolutely right, that lava is something totally different that doesn't happen anywhere else in the United States.

CHR. HIRAKAMI: Yeah, they really have very little understanding of that kind of disaster. So on their Emergency Fund there was like (inaudible). Because one of the efforts was that to say, "If we got to go back, this is what it's going to cost." And then they say, "Well wait, what?" They realize that that's really not feasible to do.

MR. OKAMOTO: Take 137 back...

CHR. HIRAKAMI: Well, it would be red hot by the time you get to that (inaudible).

MR. OKAMOTO: You'll have 50-foot cuts.

MR. INABA: I mean, that section, the average is 50, right?

CHR. HIRAKAMI: I was just interested in that because it didn't make any sense with their understanding of lava flows. But that's good to know, yeah.

MR. OKAMOTO: And the other part about the lava, it doesn't just come and go.

CHR. HIRAKAMI: Yeah.

MR. OKAMOTO: It's an ongoing event for a period of time. It's not like a hurricane, tornado, or other events that hit and then pau, and then you can start recovery. So lava, I forget how long this one lasted.

CHR. HIRAKAMI: Oh the 30-something years, but the fact is that Kalapana they couldn't restore the roads, the infrastructure, or anything because the lava was ongoing. Because the episode in 2018 was so radical, that they estimated it wouldn't come back for another 30 or 40 years, and they started putting money back into Pohoiki and Kapoho, but Kalapana is still out, from all those days we're waiting and waiting. All of our FEMA funds are spent outside of Kalapana into buying Ahalanui and Pohoiki Park and all of that. You know, it's kind of like, from a Puna guy, and especially Kalapana is my district, you see some of the FEMA funds, restoring some of the infrastructure that we lost down there, too. But anyway, that's on the sidenote. Thank you.

MR. INABA: We do have one of those projects, basically replacing a waterline that was leaking, which was 13 or 15 or so feet down, that we can't get to.

CHR. HIRAKAMI: Oh, yeah. Is it right at that intersection?

MR. OKAMOTO: Yeah, so we're going to be bringing it closer to the surface. Just for you, Steve.

CHR. HIRAKAMI: My house is right down the road. We didn't lose service. We lost just for a little while. The lava covered that intersection, and it was very brief. The Water Department came, and above ground, and gave us a temporary meter, so at least we got water restored in a quick time. But the water was really good. Thank you for the update.

Any other questions? If not, we're going to Item G. Review of Monthly Financial Statements.

G. REVIEW OF MONTHLY FINANCIAL STATEMENTS

MS. GRAY: Yes, this month we have the March 2023 Financial Statements, and you have your Balance Sheet, your Income Statement, and your Budget Status Report. This was your Budget Status Report. Most of the explanations listed on your coversheet for accounts that changed \$10,000 and 20 percent or more from the prior fiscal year were on the report.

I believe in this month, one item of explanation that was added was in regards to the accrued interest payable, which increased \$132,309, and this was attributed to our SRF and USDA loans that we received proceeds for some of our projects.

I'm going to the third page, on the explanation, I'll just point out the delinquency of the greater than 90-day category is still below \$1 million.

MR. NEY: Excuse me, that's reflective of the write-off what we wrote off today?

MS. GRAY: No. That's not included yet.

MR. NEY: Okay, that's not. Oh, you're really jumping to conclusions.

MS. GRAY: No, that's as of March.

MR. NEY: Okay. Okay, good.

MS. KEOLANUI: You said, 90 days?

MR. NEY: Ninety days plus.

MS. GRAY: Yeah.

MR. NEY: Is that outside of the long-term category? Is this less than 90 days or more than? Sorry.

MS.GRAY: Right

MR. OKAMOTO: It's the long-term one.

MS. GRAY: As far as the Budget Status Report, I think it's where we're at the end of the third quarter of the year, I think we are doing fairly well as our receipts or revenues are in excess of our target of 75 percent; and our expenditures are under the 75, total is 63 percent as compared to revenue. So that's just a high level overview. Yeah, if you have any questions, please let me know.

CHR. HIRAKAMI: How come you didn't highlight the major interest revenue? That's a substantial increase, but you don't have a...

MS. GRAY: Well, I've had that on for a while, and that continues.

CHR. HIRAKAMI: Yeah, that 1.75 is not the interest on the checking account but on the CDs, right?

MS.GRAY: No, it's actually the checking account.

CHR. HIRAKAMI: Checking account, still yet?

MS. GRAY: The CDs, right now we're getting four percent over a one-year investment. You know, I expect for the next fiscal year that we'll have another increase in that category.

CHR. HIRAKAMI: Okay.

CHR. HIRAKAMI: We're moving to Item H, Manager-Chief Engineer's Report.

H. MANAGER -CHIEF ENGINEER'S REPORT

MR. OKAMOTO: Alright, and we'll turn it over to Kawika for Item No. 1.

MR. UYEHARA: Okay. So, for this month our North Kona Well update status, same as last month. We have 10 of our 14 North Kona sources in use or available to use. So the ones that are down and under repairs: Palani Well, issued a Notice to Proceed, and right now completion is June of this year; Hualalai Well, issued a Notice to Proceed in early April, so that one is anticipated to be completed in July this year; Makalei Well, we're still waiting for the schedule on the repairs from the developer, but maybe we'll have also have another meeting with the developers again this Friday, so we'll get more updates hopefully on that, and repair requirements on the well agreement, and Waiaha is on the legal side. So, any questions? Thank you.

MR. OKAMOTO: Thanks, Kawika. And after that is the fun part, acknowledging an employee of the quarter. Our employee of the quarter for first quarter 2023 is Mr. Dillon Kodama, Mechanical Engineer II, so he knows all the well repairs, that's part of the team that oversees the projects, the material bid for the pumps and motors, a whole bunch of other stuff I'm probably missing. We'd like Greg to say a few words about his outstanding employee.

MR. TAKAMOTO: Yeah, I nominated Dillon because he is a true asset to the department. He does not hesitate to volunteer for us; when an emergency comes up, he's the first one to volunteer to take ownership of the project. He's willing to do whatever it takes to do whatever it takes to get the job done.

MR. OKAMOTO: So a little bit of background on Dillon. I'm old enough to be a year younger than his father, something like that, yeah. So, I've known his father from college days; his father is actually from Hilo. But Dillon grew up on O'ahu, yeah, but fortunately for us, grandpa and grandma still live here, so we were able to hire Dillon away from Honolulu to work on the Big Island. It's very fortunate that the department was able to find someone like him to come work here.

CHR. HIRAKAMI: Dillon, you got three minutes for your acceptance speech.

MR. OKAMOTO: Three minutes.

CHR. HIRAKAMI: Tell us where you graduated, your degrees, where you went to school, and how you got here.

MR. KODAMA: Okay, I didn't know I had to give a little speech. I didn't even know I got this until yesterday. I grew up in Honolulu since I was small, so I got a family. Went to the University of Portland, graduated Mechanical Engineering. I graduated in the pandemic, so I heard about this from Keith, and then I applied. I've been working since 2021.

CHR. HIRAKAMI: Well, welcome. You've got a great career ahead of you. You're so young, and a great career. Thank you for joining. We were just talking about the engineering shortage here, not only in our State but on our island and in our department. So, welcome aboard.

MR. GOODALE: I just want to point out really quick, I know Eric said Dillon is one that will come and do whatever. Recently we had a well go down at Laupāhoehoe, and Dillon was right on it. It ended up only being down for a night and a day because got in there, was working with the contractor, and got that thing. We were afraid we were going to be hauling water to that site for a long time, and through the diligence of Dillon, he was on it. He got the contractor back up running, and yeah, that well site got going within a day. I mean, I really give a lot of credit to Dillon for that. We've got a lot of good folks in our department, but we want to give credit where credit is due. So thank you, Dillon.

MR. OKAMOTO: Well deserved.

CHR. HIRAKAMI: Nice to honor our outstanding employees. It's due, and the enthusiasm.

MR. NEY: Nice to see people move back to Hawai'i, from Hawai'i to come back to work for us.

MR. OKAMOTO: We actually have Eric, Dillon, and Mary, who's just a dynamic threesome, mechanical engineers in Operations; and Warren is another bright, young engineer that we were able to...very fortunate. We could use more, though, if anybody knows. All right, and that concludes my section, Mr. Chair.

CHR. HIRAKAMI: Thank you, and then I'll go to my report.

I. CHAIRPERSON'S REPORT

CHR. HIRAKAMI: I just want to say how stoked I was last meeting to go down. It was really exciting to go down and try out and go to the center of the earth and see the water. I didn't realize how shallow it was. The Halawa Well has a similar tram that goes down there, but the well there is like bottomless. It's really pretty. But same thing, ride down the tram and then going to the center of the earth is pretty amazing, so really enjoyed that. I'm looking forward to the next trip, where are you going to take us next time?

MR. OKAMOTO: Yeah, I don't know. Anybody...

MR. INABA: Just as exciting as that.

MR. OKAMOTO: Yeah, one thing that we thought that might be of interest is in Ka'u, Alili Tunnel or Mountain House.

CHR. HIRAKAMI: That's beautiful. The more we understand about how water is delivered on this island, the more better we serve on this board, so I'm looking forward to trips like that.

MR. OKAMOTO: Or if you guys have any other ideas, please let us know. Shoot it out, email.

MS. MELLON-LACEY: So, I just want to say I trained Tom. He had read the minutes and all, and he was really upset that he missed this trip, so I told him that maybe if he asked you, he could get a private tour.

MR. OKAMOTO: Yeah, we can definitely have a private tour.

CHR. HIRAKAMI: Because you and another member came and moving out, we had to convene the meeting.

MR. OKAMOTO: Yeah, you get to go.

CHR. HIRAKAMI: So another person can arrange it all.

MR. OKAMOTO: Limited, yeah? We can talk...whatever. So, who didn't go?

MR. NEY: Ken didn't go.

CHR. HIRAKAMI: I'd like to say thank you to Paulette. Paulette has done a wonderful job of filling in. This is her last meeting.

BOARD MEMBERS: (Applause)

CHR. HIRAKAMI: I got her cell number, so if...

MR. OKAMOTO: Need to, please.

CHR. HIRAKAMI: So please do keep in touch. Kept me signing things.

MS. WILSON: Yeah.

CHR. HIRAKAMI: Thank you for your service, Paulette.

MS. WILSON: Thank you.

BOARD MEMBERS: (Expressed appreciation)

CHR. HIRAKAMI: And then we go on to...that concludes my report.

(10) ANNOUNCEMENTS:

1. **Next Meeting**: May 23, 2023, 10:00 a.m., at the West Hawai'i Civic Center, Room B2, 74-5044 Ane Keohokalole Highway, Kailua-Kona, HI.

(11) ADJOURNMENT

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

(Meeting adjourned at 11:17 a.m.)

Recording Secretary

APPROVED BY WATER BOARD
MAY 23, 2023