

MINUTES

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

May 23, 2023

West Hawai'i Civic Center, Building G, 74-5044 Ane Keohokālole Highway, Kailua-Kona, Hawai'i

MEMBERS PRESENT: Mr. Steven Hirakami, Chairperson
Mr. Stephen Kawena Lopez, Vice-Chairperson
Mr. Michael Bell, Water Board Member
Mr. Thomas Brown, 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: Ms. Julie Hugo, 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. Warren Ching, Energy Management Analyst
Mr. Alvin Inouye, Water Operations Superintendent
Ms. Sunshine Carter, Private Secretary
Ms. Nora Avenue, Recording Secretary

- 1) CALL TO ORDER – Chairperson Hirakami called the meeting to order at 10:00 a.m. A quorum of seven Board Members were in attendance.
- 2) STATEMENTS FROM THE PUBLIC – Pursuant to HRS §92-3, oral testimony may be provided entirely at the beginning of the meeting, or immediately preceding the agenda item. There were no statements from the public at this time.
- 3) APPROVAL OF MINUTES:
 - **Minutes of the March 28, 2023, Public Hearing on the Fiscal Year 2024 Operating and CIP Budgets** (*Corrected the title to reflect: Public Hearing on Fiscal Year 2024 Operating Budget and 5-Year Capital Improvements Budget for the Fiscal Years 2024-2028.*)

CHR. HIRAKAMI: Look at the cover page of the minutes from the Public Hearing on March 28th, we're going to approve the title. The title on the minutes that we approved said "Public Hearing on Fiscal Year 2024 Operating Budget and 5-Year Capital Improvements," and I think we want to include that it's for the Fiscal Years 2024-2028. So, do I have a motion to approve those minutes?

ACTION: Mr. Ney moved to approve the March 28, 2023, Minutes of the Public Hearing on Fiscal Year 2024 Operating Budget and 5-Year Capital Improvements Budget for the Fiscal Years 2024-2028. Seconded by Ms. Keolanui and carried unanimously by voice vote. Ms. Hugo was absent.

CHR. HIRAKAMI: Now, we're going to move for approval of the Minutes of April 25, 2023, Water Board meeting.

- **Minutes of the April 25, 2023, Water Board Meeting**

ACTION: Ms. Keolanui moved to approve the Minutes of April 25, 2023. Seconded by Mr. Ney and carried unanimously by voice vote. Ms. Hugo was absent.

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

5) SOUTH KOHALA:

A. JOB NO. 2019-1107, LĀLĀMILO 10 MG RESERVOIR

The landowner of Tax Map Key (TMK) (3) 6-8-001:001, PR PUU PA, and the Department of Water Supply (DWS) have negotiated a proposed acquisition of the proposed Reservoir Lot which, upon execution of this Purchase and Sale Agreement, would include the execution of the Construction Right of Entry (previously approved by the Water Board at its meeting on August 23, 2022) that also includes the Staging Area for construction. The proposed Limited Warranty Deed would be granted in fee to DWS, and the proposed Water Agreement is included, which allocates 50 water units to the main parcel (TMK (3) 6-8-001:001). The basic terms of this Purchase and Sale Agreement, Limited Warranty Deed, and Water Agreement are as follows:

DWS to:

- Purchase Reservoir Lot at the Purchase Price of \$400,000.00; and
- Grant 50 equivalent water units to TMK (3) 6-8-001:001 subject to the proposed Water Agreement including a Facilities Charge Credit of \$150,000.00.

PR PUU PA to:

- Subdivide the Reservoir Lot;
- Provide immediate access to the Reservoir Lot (2.9-acre portion of TMK (3) 6-8-001:001) and Staging area (2.6-acre portion of TMK (3) 6-8-001:001 adjacent to "Reservoir Lot") via Construction Right of Entry; and
- Grant the Reservoir Lot via a Limited Warranty Deed to DWS upon completion of the Subdivision.

Staff has reviewed the proposed Purchase and Sale Agreement as well as the Limited Warranty Deed and finds that the terms above, along with the proposed Water Agreement for the 50 equivalent water units, are acceptable.

RECOMMENDATION: It is recommended that the Water Board approve the Purchase and Sale Agreement, Limited Warranty Deed, and the Water Agreement and authorizes the Chairperson or

Vice-Chairperson to execute the documents subject to the review and approval of the Corporation Counsel.

CHR. HIRAKAMI: Do I have a motion to approve?

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

CHR. HIRAKAMI: Now, we'll go to the discussion.

MR. OKAMOTO: Our apologies, we thought we were there and ready, but there are still a few items that I think we still need to resolve with the landowner, so we'll need to ask for a deferral on this agenda item.

CHR. HIRAKAMI: Okay. Before we ask for the Motion to Defer, it would be helpful if we had something like a map of where the parcel is going to be because it's a huge property, 13,000 acres of land, and showing the location and the proximity to the windfarm. Maybe we should use GIS (Geographic Information System) software.

MR. OKAMOTO: Yeah, definitely.

CHR. HIRAKAMI: With a nice map so the Board Members can actually see where it is and how big it is in relationship to the—

MR. OKAMOTO: Right. So how it normally works—it would have been part of your packet, but it wasn't ready for the packet, we would have blind-copied and emailed everybody the actual agreement for your review so you can see the actual agreement, as well. Typically, in those types of agreements, there are exhibits to show where the parcel is and the description of the parcel. But over and beyond that, we can also work on supplemental graphics to show, I think like you were kind of discussing, you know, landmarks, Puakō Beach Drive, and where this is in relation to.

CHR. HIRAKAMI: I know in prior meetings, like a year ago, I went back to the minutes, and we were talking about easements, and it would be good to show where those easements are, that we granted last year in relationship to the parcel where the water reservoir lot is. So lacking that information and receiving my packet late, I stayed up late last night and researched more than I should have on the County website.

MR. OKAMOTO: Yeah, sorry about that.

CHR. HIRAKAMI: But it was interesting because I checked out all the maps and the TMKs, and we had found out that actually the County owns a third of an acre. They own one well site. It's about an acre, but on that acre, there are three well sites that are about a third of an acre each over there, and that was interesting, and then the easements between them. It was pretty interesting research going on there. But if we had a graphic, all of the Board Members could review that, and we wouldn't have to spend the time. So, can I entertain a Motion to Defer this item?

MS. MELLON-LACEY: We have a motion on the floor right now. Do you want to withdraw your motion?

MR. NEY: Yeah, and not to dive into any specifics, but are we getting close on this because this has been kind of a moving goal line, this item?

MR. OKAMOTO: Yeah, we are getting close.

MR. NEY: Okay, I'd like to withdraw my motion and put forth a motion to defer.

MR. BELL: I'll withdraw my second.

CHR. HIRAKAMI: Okay, and you'll withdraw your second?

MR. BELL: I'll withdraw the second.

MOTION TO DEFER: Mr. Ney moved to defer Item No. 5, A. Job No. 2019-1107, Lālāmilo 10 MG Reservoir, to June 27, 2023, Water Board Meeting. Seconded by Mr. Bell.

CHR. HIRAKAMI: Do we have any discussion on the new motion? If not, I'll call for the question, all in favor of deferring this item say "aye."

ACTION: The Motion to Defer Item No. 5, A. Job No. 2019-1107, Lālāmilo 10 MG Reservoir to June 27, 2023, was carried unanimously by voice vote. Ms. Hugo was absent.

CHR. HIRAKAMI: Okay, No.6, Dedication of Water.

6) MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEM(S)

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

1. Grant of Easement and Bill of Sale

Grantor: Royal Ali'i LLC

Tax Map Key (3) 7-7-030:022

Kailua-Kona, North Kona, Island of Hawai'i, Hawai'i

Facilities Charge: \$106,253.00 Date Paid: 08/12/2021

Final Inspection Date: 04/10/2023

Water System Cost: \$153,000.00

CHR. HIRAKAMI: Is there any testimony on this item? It is recommended that the Water Board accept this document subject to the approval of the Corporation Counsel and that either the Chairperson or the Vice-Chairperson be authorized to sign the document. Do I have a motion to approve and accept this document?

MOTION: Ms. Kealanui moved for approval of the recommendation. Seconded by Mr. Kekela.

CHR. HIRAKAMI: We'll open it up for discussion.

MR. OKAMOTO: With that, I'll turn it up to Kurt, who provided you folks with a graphic of the location.

MR. INABA: This is a project for road dedication. The subdivider installed the improvements and dedicated the system over, so Bill of Sale and Grant Easement. We needed a waterline in the subdivision. They're turning it over to us, the easement over the roads.

MR. NEY: Is this the one kind of close to the ocean? Do you guys have higher standards, I guess, just kind of bring them back to—in terms of Puakō and just degradation of the line because of location?

MR. INABA: We do have when the waterline is within a certain elevation of the sea level, but this one is above that.

MR. NEY: It is.

CHR. HIRAKAMI: Any further discussion?

MR. BROWN: What's the street name? I see we have a big red name.

MR. INABA: Ho'omaluhia on Ali'i development.

CHR. HIRAKAMI: And the pink one coming out is Royal Poinciana?

MR. BROWN: Oh, looks like it's the same road then?

CHR. HIRAKAMI: Ho'omaluhia, yeah, it's Ho'omaluhia.

MR. BELL: It's a private, gated.

CHR. HIRAKAMI: Any further questions or discussion? If not, all in favor of this motion say "aye."

ACTION: There being no further discussion. The motion to approve the recommendation of accepting the Grant of Easement and Bill of Easement document was carried unanimously by voice vote. Ms. Hugo was absent.

MR. BELL: Just a general question, is this whole area fed by the well, the shaft that we looked at?

MR. OKAMOTO: Yeah, in general, that entire area is, yeah, and the Kahalu'u wells that are kind of up mauka.

MR. INABA: Kahalu'u Wells and the shaft.

MR. OKAMOTO: Yeah, and the Kahalu'u Wells that are kind of mauka of the shaft.

CHR. HIRAKAMI: Okay, we'll move on to Item B.

B. JOB NO. 2022-1186 (REBID), HARDENING OF PARKER NO. 2, WAI'AHA AND LĀLĀMILO B WELLS

This project consists of furnishing and installing power transfer switches, termination cabinets, conduit, conductors, supports, accessories, and incidentals, in accordance with the plans and

specifications. Bids for this project were opened on May 11, 2023, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount
Jas. W. Glover, Ltd.	\$581,055.00
Wasa Electrical Services, Inc.	\$463,200.00

Project Costs:

1) Low Bidder (Wasa Electrical Services, Inc.)	\$ 463,200.00
2) Contingencies (~10.0%)	\$ 46,300.00
Total Cost:	<u>\$ 509,500.00</u>

Funding for this project will be from DWS’s CIP Budget and FEMA Hazard Mitigation Grant Program. The contractor will have 510 calendar days to complete this project. The Engineering estimate for this project was \$435,000.00.

CHR. HIRAKAMI: Is there any testimony on this item? It was recommended that we award the contract for this job to Wasa Electric in the amount of \$463,200 and a contingency of 10 percent. Total project cost is \$509,500. Do I have a motion to approve?

MOTION: Mr. Kekela moved to approve the recommendation. Seconded by Mr. Ney.

CHR. HIRAKAMI: Any discussion on this?

MR. OKAMOTO: Yes. Mr. Chair and Board Members, this is actually part of our efforts for resiliency. Actually, making it easier for us to hook up the back-up generators to these particular locations.

The other important thing to note is that Warren has been working to utilize FEMA Hazard Mitigation funding, so we’re not paying the whole bill on this, but we’re paying a portion of this. So, that always helps, is that we got a FEMA coupon. So if there are any other detailed questions, Warren is available.

CHR. HIRAKAMI: So is this one of those 75/25 kind of project?

MR. OKAMOTO: Yeah, that’s the basis. But what FEMA does, is they kind of set a cap when we put in the application, and then depending on what it comes out to. So in reality, it’s not going to be an actual 75/25. It will probably be closer to maybe 50/50.

MR. CHING: Yeah, we had to cover any over-run on the initial, I guess, cost spent on the application. This application was put in 2019, so it was pre-pandemic. But yeah, we’re still doing great.

CHR. HIRAKAMI: So these are three sites, right?

MR. CHING: Three sites.

CHR. HIRAKAMI: Any other questions, comments? Hearing none. Calling for the question, all in favor of approving say “aye.”

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

C. MATERIAL BID NO. 2023-01, FURNISHING AND DELIVERING PIPES, FITTINGS, WATER METERS, FIRE HYDRANTS, BRASS GOODS, VALVES, ELECTRICAL SUPPLIES, ELECTRICAL EQUIPMENT, SCADA, WATER QUALITY EQUIPMENT, CHLORINATORS, MOTORS AND MISCELLANEOUS ITEMS FOR THE DEPARTMENT OF WATER SUPPLY STOCK

Bids were opened on May 3, 2023, at 1:30 p.m., and the following are the bid results:

PART NO.	DESCRIPTION	BIDDER	AMOUNT
1	DUCTILE IRON PIPE, PUSH-ON TYPE JOINT	Core & Main LP dba Pacific Pipe Company	\$108,000.00
2A	DUCTILE IRON FITTINGS	Core & Main LP dba Pacific Pipe Company	\$487,210.00
3	DUCTILE IRON SOLID BODY SLEEVES	Core & Main LP dba Pacific Pipe Company	\$65,720.70
4	FLANGE GASKETS	No Bids	
5	NUTS, BOLTS, AND THREADED RODS	Fastenal Company	\$71,930.20
6	COPPER TUBING	Core & Main LP dba Pacific Pipe Company	\$194,750.00
7	GALVANIZED PIPES T&C (THREADED & COUPLED)	Core & Main LP dba Pacific Pipe Company	\$101,436.30
8	METER BOXES	M & H Investment Corp. dba ICO Supply	\$47,643.00
9	METER COVERS	Core & Main LP dba Pacific Pipe Company	\$8,200.00
10	AUTOMATIC METER READING UNIT	No Bids	
11	SMART WATER METERS	Core & Main LP dba Pacific Pipe Company	\$200,432.00
12	5/8" WATER METERS	Badger Meter, Inc.	\$64,422.00
13	NEPTUNE T-10 SERIES METER PARTS	No Bids	
14	BADGER RECORDALL SERIES METER PARTS	Badger Meter, Inc.	\$5,175.26
15	1"- 2" WATER METERS	Core & Main LP dba Pacific Pipe Company	\$11,920.00
16	COMPOUND WATER METERS	Core & Main LP dba Pacific Pipe Company	\$11,755.00
17	TURBINE METERS	Core & Main LP dba Pacific Pipe Company	\$23,204.00
18	DETECTOR CHECK METERS	Core & Main LP dba Pacific Pipe Company	\$7,000.00
19	FIRE SERVICE METERS	Core & Main LP dba Pacific Pipe Company	\$63,771.00
20	FIRE HYDRANTS	Core & Main LP dba Pacific Pipe Company	\$200,671.00

PART NO.	DESCRIPTION	BIDDER	AMOUNT
21	TAMPER-RESISTANT FIRE HYDRANTS	Core & Main LP dba Pacific Pipe Company	\$201,420.00
22	MUELLER FIRE HYDRANT PARTS	Core & Main LP dba Pacific Pipe Company	\$11,522.91
23	MUELLER FIRE HYDRANT EXTENSION KITS	Core & Main LP dba Pacific Pipe Company	\$13,027.00
24	M&H VALVE FIRE HYDRANT PARTS	No Bids	
25	M&H VALVE FIRE HYDRANT EXTENSION KITS	No Bids	
26	AMERICAN DARLING FIRE HYDRANT PARTS	No Bids	
27	BALL METER VALVES	Core & Main LP dba Pacific Pipe Company	\$79,742.50
28	BALL VALVE, PACK JOINT X METER COUPLING - FIP	Core & Main LP dba Pacific Pipe Company	\$55,854.40
29	COMPRESSION JOINT COUPLING	Core & Main LP dba Pacific Pipe Company	\$8,372.00
30	METER FLANGE COUPLING	Core & Main LP dba Pacific Pipe Company	\$5,623.50
31	PACK JOINT COUPLING	Core & Main LP dba Pacific Pipe Company	\$54,917.25
32	CORPORATION AND CURB STOPS – BALL TYPE	Core & Main LP dba Pacific Pipe Company	\$128,223.80
33	PRESSURE REGULATORS	No Bids	
34	HOSE BIBBS	No Bids	
35	INVERTED MARKING PAINT	Safety Systems and Signs Hawai‘i, Inc. dba Statewide Safety Systems	\$14,450.00
36	AIR RELIEF VALVES	Core & Main LP dba Pacific Pipe Company	\$52,250.00
37	SLOW CLOSING AIR/VACUUM VALVES	No Bids	
38	SILENT CHECK VALVES	Core & Main LP dba Pacific Pipe Company	\$138,156.50
39	DUCKBILL CHECK VALVES	Core & Main LP dba Pacific Pipe Company	\$125,530.30
40	GATE VALVES – 3” AND LARGER, 125# CLASS	Core & Main LP dba Pacific Pipe Company	\$77,510.54
41	GATE VALVES – 3” AND LARGER, 250# CLASS	Core & Main LP dba Pacific Pipe Company	\$137,045.24
42	AUTOMATIC CONTROL VALVES	Core & Main LP dba Pacific Pipe Company	\$2,735,602.16
43	ROTARY PUMP CONTROL VALVES AND ACTUATION	No Bids	
44	RESERVOIR LEVEL INDICATOR	TK Process Hawai‘i, LLC	\$12,614.28
45	HATCH FRAMES AND COVERS	No Bids	

PART NO.	DESCRIPTION	BIDDER	AMOUNT
46	EMERGENCY EYEWASH/SHOWER STATIONS	Safety Systems and Signs Hawai'i, Inc. dba Statewide Safety Systems	\$157,636.70
47	TOXIC GAS MONITORS	No Bids	
48	SIGNAL DEVICES	Graybar Electric Company, Inc.	\$15,825.00
49	ARC FLASH PPE – DAILY WEAR	No Bids	
50	SUPPLEMENTAL PPE	Graybar Electric Company, Inc.	\$12,802.00
51	ELECTRICAL GLOVES	Graybar Electric Company, Inc.	\$2,605.00
52	DIGITAL MULTIMETER & TESTING	No Bids	
53	ELECTRICAL SAFETY EQUIPMENT	Graybar Electric Company, Inc.	\$7,695.00
54	ELECTRICAL EQUIPMENT TESTING SERVICES	No Bids	
55	INDUSTRIAL MOTOR LEAD CABLE	Graybar Electric Company, Inc.	\$154,860.00
56	INDUSTRIAL CONTROL WIRING	Graybar Electric Company, Inc.	\$13,425.00
57	HEAVY-DUTY SAFETY SWITCH	No Bids	
58	MEDIUM-VOLTAGE REDUCED VOLTAGE SOFT STARTER	TK Process Hawai'i, LLC	\$166,193.89
59	ULH VARIABLE FREQUENCY DRIVES	No Bids	
60	VARIABLE FREQUENCY DRIVES	TK Process Hawai'i, LLC	\$3,268,314.41
61	POWER QUALITY EQUIPMENT	No Bids	
62	PAD-MOUNTED STEP-UP TRANSFORMER	No Bids	
63	SURGE PROTECTION DEVICES	TK Process Hawai'i, LLC	\$90,595.81
64	POWER MONITORING EQUIPMENT	No Bids	
65	PROGRAMMING SERVICES	Sean P. Yarbenet	\$560.00
66	PRESSURE TRANSDUCER – WELL LEVEL	No Bid	
67	PRESSURE TRANSDUCER – RESERVOIR LEVEL	No Bid	
68	PRESSURE TRANSMITTER	TK Process Hawai'i, LLC	\$4,846.46
69	FLOW SWITCH	TK Process Hawai'i, LLC	\$2,335.28
70	ELECTROMAGNETIC FLOW METER – WELL & BOOSTER	No Bids	
71	ELECTROMAGNETIC FLOW METER – RESERVOIR & PRV	No Bids	
72	REAGENTLESS CHLORINE RESIDUAL ANALYZERS	No Bids	
73	WATER QUALITY EQUIPMENT	No Bids	
74	REAGENTS AND STANDARDS	No Bids	

PART NO.	DESCRIPTION	BIDDER	AMOUNT
75	MULTISTAGE BOOSTER PUMPS	No Bids	
76	CHEMICAL FEEDER PUMP	No Bids	
77	DIGITAL CHLORINE CYLINDER SCALE	No Bids	
78	CHLORINE GAS FEEDER	No Bids	
79	MECHANICAL SEALS	No Bids	
80	MOTORS	No Bids	
81	LEGACY LEAK NOISE DATA LOGGER PARTS	Wong's Equipment & Service, LLC	\$1,967.54
82	LEAK NOISE DATA LOGGERS	TK Process Hawai'i, LLC	\$49,814.32
83	REMOTE PRESSURE MONITORING SYSTEM	No Bids	
84A	LIGHT EMITTING DIODE (LED) LUMINARIES	Graybar Electric Company, Inc.	\$4,782.75
85	INDUSTRIAL LUBRICANTS	No Bids	

For the Sections where no bids were received, staff shall seek alternative procurement pursuant to HAR §3-122-35 to procure the required materials in the best interests of the Department.

The contract period for all Parts is one year, from July 1, 2023 to June 30, 2024. All Parts are established price agreements for materials on an “As-Needed Basis.”

CHR. HIRAKAMI: And here is the one where it's an annual request for various kinds of fittings, hydrants, and stuff. We went through his last year, and I think we were overwhelmed last year, and I remember we deferred it the first time because we didn't know. So, I see this time the department came prepared with not only a summation of what company got what parts of the bid. Also, this is really helpful, this colored chart too, to actually see. Did I call for the question yet? Sorry, I'm ahead of myself. Do I have a motion to accept these Miscellaneous for the Department of Water Supply stock?

MOTION: Mr. Lopez moved for approval of the recommendation. Seconded by Mr. Kekela.

CHR. HIRAKAMI: Is there any discussion?

MR. BROWN: Chair, I have a couple of questions, if I could?

CHR. HIRAKAMI: Okay.

MR. BROWN: I have two questions. First of all, Item 11, can you have just a Smart water meter? Is that similar to Smart—like our electrical meters that HELCO recently installed?

MR. OKAMOTO: Yeah, I guess analogy-wise similar. So in the Water industry, and maybe Greg can add on to whatever, technology is always involved in. There are different capabilities. I'm not exactly sure what (inaudible) on this part. But it is getting to the point where, you know, the customer could actually get their own information off of the meter, as well as the department.

MR. BROWN: Is this like a trial because there are \$200,000, doesn't seem like that much.

MR. OKAMOTO: Yeah, so maybe Greg can do that.

MR. GOODALE: So we do have some—so when you look at different water meters, you've got like your manual read, which is just kind of a normal dial, and we're trying to move more towards what we call an AMR system, which is a remote. But you've got to be nearby. It can't be done from, say like a cell signal. This would be more the type that would transmit that type of cell signal. They're in use in limited parts of the island. You know, that's something that's still being evaluated as far as capabilities of utilizing that island-wide. Obviously, not every part of the island can use all these different technologies. But yeah, it's a direction that maybe we're heading in certain parts of the districts.

MR. BROWN: Okay, thanks.

MR. OKAMOTO: That's a good question. I guess for the Board's awareness, is that our set-up is a little bit different from Hawai'i Electric, right, they've got power and connection to their meters. But a lot of times we don't have that same setup for our water meters. We don't have an actual electrical connection to our meter box, so those typically are self-powered within the box itself, by its own battery.

Then for cell signals and things like that, we all know our island is quite large, so that doesn't work everywhere. I don't think we've committed to any particular massive area to convert at this point yet, but I think it's something that—we put in a material bid, so should the opportunity arise where we'd like to move forward, we have a number kind of locked in, and a vendor locked in by contract.

So if you notice, these prices too, it's not exactly what we'll spend in a year on all these various items. It's something that we had to come up with a basis for them to provide us with bids, then we can compare apples-to-apples, should there be various bidders on a particular line item.

MR. BROWN: And things like price-term agreements?

MR. OKAMOTO: We're kind of setting our—

MR. BROWN: Okay. So you don't have to buy it. You can buy two or zero.

MR. OKAMOTO: Two or zero, yeah, as needed. Exactly. It's not like we have to go through an individual procurement for a particular item on this bid when we need to. We try to do this at "one shot" every year.

MR. NEY: Yeah, just to add. When we were over at the convention, we actually met the lady who was there for badger. The way this technology was described to me is they have a permanent battery that's supposed to be, I think, was like 10-year life. Whether or not it achieves that, I don't know. Going further into it, she said, "Normally you would buy the unit," and if you have very low subscriptions, I think it's like a dollar a year per meter. There are different add-ons to that subscription. You know, if you want to have it set up so you're monitoring all of the accounts in a day. I guess it transmits out in different intervals. Or you could add to your subscription, where they would actually monitor for you, as a separate service. Just to add a little more to that.

MR. OKAMOTO: It's worth going to a conference.

MR. NEY: I think you've got to sign a license agreement, or something with them too, in order to use it.

MR. OKAMOTO: These companies are good at—you know, they're progressing the industry, but again, like software, it's all other details that I think we need to work out before we commit.

MR. NEY: And basically, anywhere a cellphone can get signal, these will work, where I guess in the past, technology, that's been kind of the limitations with signal.

MR. GOODALE: One of the issues that we deal with island-wide is, in certain areas, that have overgrowth. Keeping those kinds of things cleared away is a problematic issue for, you know, the more rural areas. In the more suburban areas, where you've got multiple households, it's obviously a lot easier to keep those things clear, and that allows some of those technologies to function the way they're supposed to. But yeah, when you start to get the overgrowth so we can get here on this island, it's, yeah. You know, see something overgrown in one month.

MR. NEY: Well, for me, I think it's worthwhile to get some case study of different places they've deployed this and kind of get some feedback maybe from another water utility on how it's worked for them, and they'll probably give you an honest opinion on it.

CHR. HIRAKAMI: Kawena has a question.

MR. LOPEZ: Oh, no. I was going to comment that I was listening to the same lady in the conference. I was impressed with the benefits to the department as well as to the consumer on the technology. That's all.

CHR. HIRAKAMI: Kea.

MS. KEOLANUI: What is the protocol with the items that receive no bid?

MR. OKAMOTO: Another good question. So if you look at the end of the table, you know, per procurement Code, that we all need to comply with, and some government entities, at least legislators at that time were smart enough to figure out that it might be a possibility. So, there's options available to us. Typically what we do, if we receive no bids, we can go and solicit quotes ourselves for those items. We always try to keep it competitive and not just go to one. But that is also another option, is direct negotiations with a particular vendor. There's also replenishing procurement if we don't have any bids. Great question, though.

CHR. HIRAKAMI: I was wondering if you could include quantities. Well, just a ballpark, like how many meter boxes, how many meter coverage for 8,000, how many 5/8 water meters? I mean, just a ballpark. It doesn't have to be—even though they're not the same price, if we have the quantity, we could kind of do an average. Just to give us an idea of the numbers that they need.

MR. OKAMOTO: Good, yeah. We can have this added on.

CHR. HIRAKAMI: And I think it was mentioned in last year's meeting that if you need to go over the amount listed, that you would come back to the Board for it. How would you do it if you, say already spent \$14,000 for 50 valves and you needed more, what would you do?

MR. OKAMOTO: Yeah, so for these it's slightly different. This is kind of just to set the price. Our actual purchase falls under our O&M (Operating and Maintenance) budget. So like for an example,

like say we're looking at Item 81, Legacy Leak Noise Data Logger Parts, likely we'll exceed that \$1,967. But setting the price, as long as it's within our O&M Budget, we'll buy it at that price for whatever we need, as an "As Needed Basis." So, we won't have to come back to the Board every time one line item of this goes over and beyond. Yeah, if that makes sense.

On other contracts, specific to a particular contractual amount, if we do exceed what the Board approved, we'll have to bring it back to you folks for approval.

MR. NEY: These totals are based off like historical purchase, previous purchases and history?

MR. GOODALE: Quantities.

MR. OKAMOTO: Something, if we do have that information. If we haven't deployed that for a particular technology, and we kind of just guesstimate something, so we have a basis for bid.

MR. NEY: Okay.

MR. GOODALE: And it may represent like a historical high so that we know kind of where that mark might be. It may not be year after year the same, but it may represent just that historical.

MR. OKAMOTO: It's a balance because sometimes the vendors will probably know. Your bid might change, right, if they know they're going to sell you 500 units versus 5, but at the same time they also got to understand that we're not committed to buying 500 or 5. So that's where they've got to balance what price they provide us with on this bid. We kind of leave that up to them. But when we do know, we try to provide them with some kind of ballpark figure so that it will help us get a better price.

MR. NEY: Do you guys have inventory buildup in certain areas?

MR. OKAMOTO: Yeah.

MR. NEY: Of things you don't use frequently, and maybe overstock on certain stuff?

MR. GOODALE: We try not to carry too much surplus. I mean we try to be good about utilizing.

MR. NEY: Right.

MR. GOODALE: But also, we have to be cognizant of what we need to keep, a just in case situation.

MR. NEY: Right. Okay, yeah.

MR. GOODALE: We try. It's a balancing act. But yeah, given the fact that things can happen unbeknownst to us, we've got to be ready for it.

MR. NEY: The inventory doesn't do well on shelves; you know what I mean? If you have something sitting around for five years and you don't use it.

MR. OKAMOTO: I don't know now. Sometimes might be good to stock up certain things by the way prices go up.

MR. NEY: Because they have against, yeah.

MR. OKAMOTO: Yeah, so again, it's a balancing act. So Greg guys, they do keep inventory, and certain things are kind of consumables, that always get used regularly: small brass fittings, meter box, covers, you know, those things like that. But some of these special things, yeah, we won't stock them. We just want a price in case we need them. But for the stock that gets used all the time and cannot be waiting for, we usually keep those kinds in stock.

MR. NEY: We've got to, yeah.

MS. KEOLANUI: And then just commenting on Ben's comments about, you know, having things on the shelf isn't not necessarily good. I'm sure you guys have like a fifo policy, like first in/first out.

MR. GOODALE: We do keep a—that's something that's done annually. It's an inventory of our stock, so we know essentially what is the first in/first out.

MR. OKAMOTO: If it's trackable, yeah. Some of those real consumable stuff, we kind of throw, like nuts and bolts and something like that, but that's something different. We'll throw them in a bin, and then use them when you need them. Yeah, other stuff.

CHR. HIRAKAMI: And if you add up all of these 85 line items, what would it total about? Like, \$15 million, or \$18 million? Do you have a ballpark idea of what it would be?

MR. GOODALE: I don't have that answer for you.

MR. OKAMOTO: Yeah, that might be a misleading number, though, if you sum it all up.

CHR. HIRAKAMI: No, I mean it's just inventory, so we're replenishing inventory. It's just a ballpark figure.

MR. OKAMOTO: I think what a more valid question would be is our estimate of current inventory. Because again, it's not something we're committing to buy within a year. But yeah, it's something I think we've got to lean into, is maybe having—we'll continue to try and improve in certain things so that we can get to a place where we can have more—that's what I want to see at some point, is active inventory, so at any given day, you can kind of see island-wide that you have in stock. We're not quite there yet, but hopefully some time we can get to that point.

CHR. HIRAKAMI: Yeah, there are a few programs. We're dealing with the same thing too, at the school, with the inventory control, you know, getting a spreadsheet, yeah. Good.

MR. OKAMOTO: Yeah, barcode stickers, and stuff like that.

CHR. HIRAKAMI: So, good. Any other questions or comments? Seeing none. All in favor of approving this say, "aye."

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

CHR. HIRAKAMI: So now we'll go to a similar thing.

D. MATERIAL BID NO. 2023-02, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY

Bids were opened on May 4, 2023, at 2:00 p.m., and the following are the bid results:

		Grace Pacific, LLC	Jas. W. Glover, Ltd.	Puna Rock Company Limited	Hawai'i Paving, LLC
DISTRICT I:					
1A.	3/4-Inch Base Course (Cost per ton)	No Bid	\$20.95	\$20.05	No Bid
1B.	1½-Inch Base Course (Cost per ton)	No Bid	\$20.95	\$19.00	No Bid
1C.	No. 3F Rock - ASTM C33 - #57 OR #67 (Cost per ton)	No Bid	\$40.85	\$23.00	No Bid
1D.	#4 Sand (Cost per ton)	No Bid	\$48.20	\$43.95	No Bid
1E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	\$63.90	No Bid	No Bid
1F.	Cold Mix - ASTM D4215-87 (Cost per ton)	No Bid	No Bid	No Bid	No Bid
1G.	Blended Material 60% #4 Sand and 40% No. 3F Rock (Cost per ton)	No Bid	\$56.55	\$21.70	No Bid
1H.	Hot Mix - County Mix IV (Cost per ton)	No Bid	\$172.80	No Bid	No Bid
DISTRICT II:					
2A.	3/4-Inch Base Course (Cost per ton)	No Bid	No Bid	No Bid	No Bid
2B.	1½-Inch Base Course (Cost per ton)	No Bid	No Bid	No Bid	No Bid
2C.	No. 3F Rock (Cost per ton)	No Bid	No Bid	No Bid	No Bid
2D.	#4 Sand (Cost per ton)	No Bid	No Bid	No Bid	No Bid
2E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	No Bid	No Bid	No Bid
2F.	Cold Mix - ASTM D4215-87 (Cost per ton)	No Bid	No Bid	No Bid	\$177.10
2G.	Blended Material 60% #4 Sand and 40% No. 3F Rock (Cost per ton)	No Bid	No Bid	No Bid	No Bid

DISTRICT III:					
3A.	3/4-Inch Base Course (Cost per ton)	No Bid	No Bid	No Bid	No Bid
3B.	1½-Inch Base Course (Cost per ton)	No Bid	No Bid	No Bid	No Bid
3C.	No. 3F Rock (Cost per ton)	No Bid	No Bid	No Bid	No Bid
3D.	#4 Sand (Cost per ton)	No Bid	No Bid	No Bid	No Bid
3E.	Mortar Sand - ASTM C144 (Cost per ton)	No Bid	No Bid	No Bid	No Bid
3F.	Cold Mix - ASTM D4215-87 (Cost per ton)	\$184.00	No Bid	No Bid	No Bid
3G.	Blended Material 60% #4 Sand and 40% No. 3F Rock (Cost per ton)	\$176.50	No Bid	No Bid	No Bid

RECOMMENDATION: It is recommended that the Board approve the contract for MATERIAL BID NO. 2023-02, FURNISH BASE COURSE, SAND, COLD MIX, HOT MIX, AND NO. 3F ROCK TO THE DEPARTMENT OF WATER SUPPLY by Parts to the following for the amounts shown above, and that either the Chairperson or the Vice-Chairperson be authorized to sign the contract(s), subject to review as to form and legality of the contract(s) by Corporation Counsel. The price agreement shall be from July 1, 2023 to June 30, 2024.

- District I - Parts 1A, 1B, 1C, 1D, and 1G to Puna Rock Company, Limited
Part 1E, and 1H to Jas. W. Glover, Ltd.
- District II - Parts 2F to Hawai'i Paving, LLC
- District III - Parts 3F and 3G to Grace Pacific, LLC

For Parts 1F, 2A, 2B, 2C, 2D, 2E, 2G, 3A, 3B, 3C, 3D, and 3E no bids were received. Staff will seek alternative procurement per HAR §3-122-35 to secure pricing in the best interest of the Department.

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

CHR. HIRAKAMI: We'll move to discussion. Greg, again.

MR. GOODALE: So just for everybody's knowledge, District 1 is the Hilo area, District 2 is the Waimea area, Kohala, and District 3 is North/South Kona, so those are the three. Yeah, Ka'ū generally gets the material from District 1. So we have a project that requires aggregate, it's generally getting brought in from District 1.

MR. OKAMOTO: Just so the Board is aware, that might come—the understanding of who bid on what items. West Hawai'i suppliers typically bid on the East Hawai'i locations.

MR. NEY: Do we have a big truck and a pull-behind trailer in the event that you guys want to pick up materials, and go to the quarry and just load?

MR. GOODALE: We have a large, you know, full-size dump-truck. We don't have a pup trailer.

MR. NEY: Okay.

MR. GOODALE: But yeah, generally for the jobs that we're doing, I mean, we will replenish ours, what we keep in stock.

MR. NEY: Right.

MR. GOODALE: And generally when we're doing that, we use the larger dump trucks to do that. But yeah, we don't have a pup trailer.

MR. NEY: Okay.

MR. GOODALE: We've had the opportunity also to get assistance from Public Works if we got into a situation like that. But generally, the quantities that we need wouldn't require.

MR. OKAMOTO: Yeah, so usually our material quantities for these kinds of stuff is usually like patching and main repairs, not large scope, like line installation, and jobs that can be managed by a public contract work.

CHR. HIRAKAMI: Any other discussion, questions? Seeing none. All in favor of this motion say "aye."

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

CHR. HIRAKAMI: Moving right along, we'll move to Monthly Progress Report.

E. **MONTHLY PROGRESS REPORT**

CHR. HIRAKAMI: Is there any testimony for this item? Seeing none. We'll turn it over to Keith.

MR. OKAMOTO: And I'll turn it over to Kurt.

CHR. HIRAKAMI: There you go. Hand it off.

MR. INABA: We're anticipating starting Puakō really soon. We've been getting communication from the contractor and the supplier that they've been requesting from the manufacturer for shipment of the materials, but that hasn't been confirmed. I think that's a cause of priority; you know, kind of waiting on that. But if they can confirm the shipment date, they'll have a better idea of the actual arrival date of the materials. I know it was anticipated next month; at this point, it hasn't shipped yet. That's kind of the main one.

I know for Kilauea/Keawe, Downtown Hilo, basically right now the contractor is working on sewer laterals. So they'll be working on the sewer laterals getting the new ones installed so that the old sewer line would be out of the way, and then our new waterline can go in on that. It's kind of important for the inter-departments and the contractor to do it in the most efficient way to get the improvements done.

MR. OKAMOTO: And maybe, if you can give me an update on Iki Place.

MR. INABA: Yeah, Iki Place, we went to the Finance Committee meeting on May 16, and that was to approve that Improvement District to go to full Council. That one there, the Improvement District is a short waterline. I believe that would extend on this road, and it's really just to provide a Water System meeting our standards for 18 lots. Currently, they're getting their service from Māmalahoa Highway, so all these customer lines, we call it spaghetti lines, basically from the meter down to their properties. We (inaudible) made it that way.

MR. OKAMOTO: So Iki Place parallels Māmalahoa, the mauka Māmalahoa Road, and it has some connection ultimately to Kaiminani.

MR. INABA: Not Kaiminani, the Hualālai Vistas.

MR. OKAMOTO: Hualālai Vistas. That's where our trunk-line comes down from the mauka side?

MR. INABA: Yeah, Makamae Street. There's a side road that branches off that main trunk-line, going south towards the Iki Road, and it ends right at that Homestead Road, so they're going to extend it from there into this short subdivision. And again, I believe it's like nine lots on either side. It's really a short road.

MR. NEY: On the Puakō line, it's exactly where that line starts. I mean, it ends at the end of the road, right? But like when you go down to Puakō, right by the transfer station, the road splits?

MR. INABA: Yeah.

MR. NEY: It goes over to Hapuna or 69 Beach. I know there are some meters over on the south side of the park, kind of off to the side of Puakō Drive. Is that going to be replaced also?

MR. INABA: No, so this project here is pretty much from the boat ramp area.

MR. NEY: Okay, boat ramp all the way down.

MR. INABA: Yeah.

MR. NEY: I was just curious, you know, where you're going to start at, you know what I mean? You have issues with that line, and it's like, are you cutting out enough of the cancer down there?

MR. INABA: I think there has been a couple on that other side, that's the Waimea side.

MR. NEY: Okay.

MR. INABA: But I think we attributed it to the customers. Anyway, that's an issue with the customer's irrigation system.

MR. OKAMOTO: Irrigation.

MR. NEY: Oh, okay. Okay, thank you.

CHR. HIRAKAMI: Okay, going back to the Iki Place. Is there a starting place for creating an Improvement District? Is there like a guideline? Who do you start with?

MR. OKAMOTO: But my understanding is, and Kurt correct me or add on to whatever, there's more than one way to do an Improvement District, but this one, in particular, the Council initiated the Improvement District. Typically, members of the public would kind of communicate with their Councilperson. We'll get involved—typically when a resolution is passed, to move it forward, I guess they evaluate it and see if this is a worthwhile consideration. Then we typically have to do like a preliminary engineering work, to provide the Council with an engineering report; and I guess some of the numbers on how this would work out, so they can see what the potential assessment may be is going to be to each property owner. That's how ultimately it gets paid for. We typically partner with USDA so that we can get a 75/25 split, 75 percent grant so that the homeowners would only have to pay 25 percent of the construction cost back to the real property assessment. So long story short, that's typically how it works and how we've seen it happen with Water System Improvements for us. I know there are other ways, I think.

MR. INABA: I'd like to mention, the Council initiated it. There's also the community association, I guess would be, that they could initiate this. I'm not too familiar with that. There's a different requirement in terms of the percentage would—from the impacted lots, that would have to vote for it. One is, I think, 50 percent plus one, and the other one 60 percent plus one.

MR. OKAMOTO: Council initiated this one?

MR. INABA: I think so; I believe so. But in this case, I know—you look at it, 16 out of 18, we're already in favor.

MR. OKAMOTO: And ultimately, everybody in that area has to pay that assessment; and if not, I don't know what the penalties for default are. That's kind of a County finance thing.

MS. MELLON-LACEY: Or it can actually be, you know, like real property tax, you don't pay property tax.

MR. INABA: It's taken from the lien.

MS. MELLON-LACEY: And increase your sale.

MR. OKAMOTO: Lose your property.

MR. INABA: Foreclosure. I don't have the right term.

CHR. HIRAKAMI: So I asked that question for the benefit of the Permitted Interaction Group, which is still active. Pono, are you taking notes?

MR. KEKELA: I couldn't join remember?

CHR. HIRAKAMI: But you still can meet with the Council person on that. You can still arrange community meetings with the Council person. That was the purpose of asking that, how can Improvement Districts be done? Especially, there are subdivisions in Puna that are getting really filled. Where, ten years ago it wouldn't be feasible because of so many empty lots, but now that there are so many lots together, it might be the time to do it, especially with the waterline, with FEMA, going right through the subdivision.

MR. OKAMOTO: Again, so that would be part of our assessment. If there was that movement forward, then that would be part of our engineering report. It's kind of like a feasibility type thing.

CHR. HIRAKAMI: Right.

MR. NEY: This has to be more for like an association, you know, like dues and CC&Rs. You know, it could be for non-association. Communities, too. So if you're not in agreement with saying this going forward, are you just kind of—say it does move forward, and you're like, “Well, as a homeowner, I don't want to bear all these costs,” they can't really wiggle out if they all agree to—if it passes.

MR. OKAMOTO: And it goes through Council action and public hearing requirements, and all of that stuff, so there are opportunities for the—

MR. NEY: To appeal or to protest. Because that happened in Honoka'a when they put the sewer line, legally they were required to hook up to the sewer line, bear the cost and then pay a monthly fee, and a lot of people were like, “This isn't financially feasible for my situation.

MR. OKAMOTO: There are differences. Like, the County puts in a sewer on their own CIP (Capital Improvement Projects), I think it's a different situation than an Improvement District.

MR. NEY: Right.

MR. OKAMOTO: I think Lono Kona was an Improvement District.

MS. MELLON-LACEY: That was an Improvement District. People were happy to do it there because they were (inaudible) governmental funds. So, sometimes there are incentives.

MR. NEY: To do it.

MS. MELLON-LACEY: Yeah.

CHR. HIRAKAMI: Don't have to hook up if it's from a CIP improvement.

MR. NEY: I mean, it's like the Kawaihae Village, sorry, not to prolong this issue. They don't have the funds, so they've been getting grants and stuff, you know, for them to comply with the EPA, with their sewer.

CHR. HIRAKAMI: Kurt, is that it? Any other questions?

MR. OKAMOTO: Does the Board have any questions on any particular projects? And again, feel free to email us if it didn't come to your mind today, but anytime you want any updates from us, shoot an email to Nora, and we'll get it to the right person.

(Note: At this time, Mr. Okamoto, introduced Nora Avenue, the new Water Board Secretary, to the Members of the Water Board Commission.)

CHR. HIRAKAMI: We'll go to Review of Monthly Financial Statements.

F. **REVIEW OF MONTHLY FINANCIAL STATEMENTS**

CHR. HIRAKAMI: Is there any testimony for this item? If not, we're going to bring on Candance.

MS. GRAY: We have the Financial Statements for April 2023, and like I've said before, most of the changes that you noted were on previous financial statements. I do want to just point out that I did add something, a list, which is related to the Audit Report (see Page 8 of the Monthly Financial Statements). This is relative to page two of your coversheet, we talked about Construction Work In Progress and the decrease of \$27.4 million, after reporting our fiscal year end adjustments. We're transferring our Construction Work In Progress to our Capital Asset accounts. So this list is just a little bit more detailed of what makes up that number. So, it's relative to the Audit Report that was presented to us. Yeah, I know, there was a request to have a list provided that showed the In-Service date, just so you can have an idea of the timeline between the In-Service date and the adjustment. Other than that, if anyone has any questions?

CHR. HIRAKAMI: I noticed the delinquency went up over \$24,000 over 90 days. We've had several discussions on strategies to reduce this. I want to point out on page 25 of the Minutes of the last meeting:

“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.

MR. OKAMOTO: Yes. What we can do is put it on our future agenda to provide information to the Board on our collection and delinquency Policies and shut-off and whatever.”

CHR. HIRAKAMI: So, that's come up several times in discussions, but I've never seen it on an agenda. Could we make sure that we kind of make it be on the agenda, so we can at least we can discuss it openly, find out and create some strategies to kind of see what we can do to reduce the—for sure, yeah. Because there was a lot of discussion on it too. You know, last month we approved writing off two \$10,000 accounts. The discussion was really long, and we always say, “Hey, we've got to build strategies to prevent this kind of stuff.” I think the sooner we do it and the less delinquent there are, the more chances we have of collecting it. So, I think that might be a good discussion to have.

MR. OKAMOTO: Yes, we will put it on. We weren't ready this month.

CHR. HIRAKAMI: Okay.

MR. NEY: But the quick—the easy fix, and I kind of reiterated this many times, the property owner have to be a guarantor of the account because that hasn't ever been done. Anyone can go just open an account because they're the tenant at a place, but that shouldn't be the case.

MR. OKAMOTO: Yeah, and so we can discuss that further when we're on the agenda. So yeah, definitely. Yes, Kawena?

MR. LOPEZ: On this item also, where it says, “Water leaks,” and it attributes it to, so we could balance it, section that states “consumer water.” So if this water leaks, a portion that we forgive, if somebody has a 50 percent credit, right? That's what this is.

MS. GRAY: It could be. It could be pending processing of a leakage adjustment application. So, it would fall into that 90-day category.

MR. LOPEZ: So it could be something you would petition for, the water leak adjustment, but it hasn't been granted yet. It could show up in your report.

MS. GRAY: Yes.

CHR. HIRAKAMI: Any other questions for Candace?

MR. NEY: Just observation, HELCO went up—the Power Cost Adjustment was 33 percent total, the last increase last year. It’s on page three, I believe. Anyway, do you see that leveling off a little bit, Keith, or do you see that trend still going up?

MR. OKAMOTO: And I think that would probably be better answered during our Energy Report, which is actually further down the agenda. Wren seems to be nodding, so I think he can address that with the Energy Report.

CHR. HIRAKAMI: So, let’s move on to the Manager-Chief Engineer’s report.

G. **MANAGER-CHIEF ENGINEER’S REPORT**

The Manager-Chief Engineer to provide an update on the following:

1. North Kona Wells
2. Department of Water Supply Energy Report

MR. OKAMOTO: Yes, and regarding the Kona Wells, as previously, I’ll have Kawika provide an update.

MR. UYEHARA: Okay, so for this month, North Kona Wells’ situation, we have 10 out of our 14 operating. So again, seeing four that are down: Hualālai, I think the status is we removed the pump already broken, and we need to approve equipment submittals; Palani, in the process of taking out the pump and motor, and that one looking around July for its repair completion. The other two, Wai’aha, which is again on the legal side; and Makalei, where we are pushing developer again to get us a schedule on their repairs. They have other things they’ve got to deal with, but this one we’re going to focus on the repairs. So, next month we’ll be able to get a better update on that repair schedule.

MR. OKAMOTO: And we’re kind of hoping, you know, just on a side note on the Makalei side of things, is that there will be some real progress being made. Maybe some pause in the past was because of perhaps the ownership changed, but now that—I think that’s been finalized. And there is the new owner for the development, Nan, Inc.

CHR. HIRAKAMI: Who is that?

MR. OKAMOTO: Nan, Inc.

MR. UYEHARA: Okay, thank you.

MR. OKAMOTO: Thanks, Kawika.

CHR. HIRAKAMI: Thank you. And I think we’ll go to the Energy Report. I think we have a handout.

MR. CHING: Yes, I’m sure you have a handout of the Energy Report. As always, feel free to interrupt if you have any questions as I go through it. Just going to do a little overview of the report itself.

So Power Cost, First Quarter 2023, was a bit over \$5.6 million, which was up 3.3 percent, in the same quarter of 2022. Compared to the previous quarter, is down 11.6 percent. Water Consumption and Energy Use, Water Consumption First Quarter 2023, it was a bit over 2.1 billion gallons, down 7.2 percent, compared to the same quarter of 2022; compared to the previous quarter, it was down 8.7 percent.

MR. BROWN: I have a question.

MR. CHING: Yes?

MR. BROWN: What do you attribute to that decrease in, I mean, of course, less water usage, but anything in particular?

MR. CHING: You know, nothing that I can think of or that is apparent. It could possibly be more raining on the Kona side, less irrigation. That's kind of a big user on the Kona side. But other than that, maybe—yeah, it's kind of cyclical. Yeah, nothing jumped out.

MR. BROWN: All right. Thank you.

MR. CHING: And so total energy tends to follow in water consumption. So First Quarter 2023, it was almost 13.5 million kWh, just down 8.7 percent from same quarter last year; compared to previous quarter, it was down 11 percent. And yeah, you can kind of see it in the figure below.

Moving on to the next page. Hawaiian Electric, we have 157 accounts broken down into three separate rate schedules, as seen in Table 1. So average Hawaiian Electric energy rate, First Quarter 2023 was about \$0.396 per kWh, up 10.7 percent from the same quarter last year; compared to the previous quarter, it was down 1.6 percent. So demand charge from Hawaiian Electric, First Quarter 2023 was the same, \$20.50/kW, same as the previous quarter, same as the previous year. And I guess this might be a good place to go over, I guess, Power Cost.

MR. NEY: Yeah, I'm just trying to square this because over here you say you got 33 percent increase from the previous year, and I'm just trying to see that it reflects the same in terms of looking at the graph here. But hopefully we're seeing the—I mean, that's a substantial amount, that 33 percent.

MR. CHING: That's 33 percent of our total?

MR. NEY: Is that the total Power Cost for the year? Is that what it represents?

MS. GRAY: That is. That's correct. I mean, we have been making the adjustments more frequently, compared to the 5-year.

MR. CHING: Okay. But I guess, in general, for Hawaiian Electric purposes, we are seeing it plateau a little bit. We had a jump in 2022, I think that was because things were opening up then. And then oil prices jumped, the demand for oil started going up and the supply was still short from the pandemic. And so, yeah, if you look at page 2, Hawaiian Electric Energy Rate, it did peak about the

Second/Third Quarter 2022. But we're seeing it flatten out. Going forward, hopefully, it stabilizes a little bit.

MR. NEY: Just as long as we're covering our actual, the cost. Utility has to pay, and the adjustments are covering, so we're not in the negative on this thing. Because in the past, I think that was the case, right, Keith? Just that there are some checks and balances there.

CHR. HIRAKAMI: There's good news in the morning paper.

MR. OKAMOTO: Oh, yeah.

CHR. HIRAKAMI: Because they're renegotiating the contract, the price of electric provided to them is going to go down. They're going to pass that on to their customers, which will definitely affect our rates.

MR. NEY: Steve, does that have to do with the solar project up Waikōloa?

CHR. HIRAKAMI: Yeah, all the contracts. They're renegotiating their contracts with Geothermal, and solar and wind power providers.

MR. OKAMOTO: Just for the Board's awareness, because it is related to energy, so I don't have to worry about it. But yeah, so like what Steve-mentioned, some of the old contracts are like legacy type contracts, where they had to tie it to—I don't know if that's like transfer, you know, avoided cost. So not exactly what the power producer could sell it at, it was based on the price of oil, even though the power producer couldn't sell it cheaper. So, that is great news. I haven't read that article yet. But that should help us.

CHR. HIRAKAMI: Yeah.

MR. OKAMOTO: That's one of—I believe we are their largest customer on island. We still have that distinction.

CHR. HIRAKAMI: I think that's a State initiative too, to go green by a certain target.

MR. OKAMOTO: Yeah. I think that's related, but it still—maybe it is. I don't know how directly that is tied to their specific contract that they have with their power producer.

CHR. HIRAKAMI: Well, solar is really helping. Because we got that land area—Waikōloa project is huge, so that's why it really affects the overall price. We still use oil. We shut down the last—I think in Hawai'i, we shut down the last coal burning plant on Oahu. But the more we move to cheaper energy, but yeah. And it's all to do with the storage.

MS. KEOLANUI: Yeah. Hawai'i Electric also has an RFP out for solar in the Hilo area. It's a pretty large—

MR. OKAMOTO: It's got to be large.

MS. KEOLANUI: It is a very large project that they are proposing. There are a lot of politics against it, as well. It's awful.

CHR. HIRAKAMI: When the Lālāmilo Well, that 10 million gallon well comes on, it's right next to the windfarm. Will the power be directly distributed from the windfarm, or will it still go through HELCO?

MR. INABA: Part of it, it's blended out. The windfarm provides power to eight wells, with HELCO power also included. So it's a blend, it's a mix. And because how the wind can instantly stop, they always have to have HELCO power. Wells got to be running.

MR. OKAMOTO: What keeps the wells running, and it still needs power.

CHR. HIRAKAMI: Yeah, right.

MR. OKAMOTO: So the big part is that—what the big tank will do, is act like our battery, right?

CHR. HIRAKAMI: Yeah.

MR. OKAMOTO: So we can still buy the cheaper power even if our pump is not needing it at that time.

CHR. HIRAKAMI: Right.

MR. OKAMOTO: Yeah, so that's the plan.

MR. NEY: Oh, it's a limit, right, on the consumption side. It doesn't export back power.

MR. OKAMOTO: No. They're not buying anything from us.

MR. NEY: Yeah, it's not like you're making anything off of this,

MR. OKAMOTO: If they do get it, they're getting it for free, which they don't complain about.

MR. NEY: Right.

MR. INABA: There's a switch that basically doesn't allow them to feedback. It's a really tiny— instantaneous, so they try to shut that off. They may see something on the meter.

MR. NEY: If there's a backhoe, they would just hire something.

CHR. HIRAKAMI: Will that be the first project in Hawai'i, where directly they get energy to feed the energy use of the well? Because I haven't heard of it.

MR. OKAMOTO: I think for wells, it might be in Hawai'i.

CHR. HIRAKAMI: For wells, yeah?

MR. OKAMOTO: I think Honolulu has a different pump, hydro storage thing with their reservoirs, open reservoir. But for wells and an actual enclosed portable water tank, this might be the first.

CHR. HIRAKAMI: Oh, that's exciting.

MR. NEY: It's better where it's sunny all day, because that's what the thing is with PV Solar, it's only efficient when you have sunlight. In other areas, it might not be quite as—like Hilo side, I don't know what the weather, you know, how that's going to perform over the long term when you get those rainy days.

MR. OKAMOTO: So ultimately, again, our hope is that in the long run that is going to affect our energy footprint, and actually what we pay for electrical utility.

CHR. HIRAKAMI: Right.

MR. OKAMOTO: But now we're going to be paying the lower windfarm rate, which overall will reduce our energy cost, which can then be passed on to our customers.

CHR. HIRAKAMI: Exciting. Any more questions?

MR. CHING: We still have couple few pages. Yeah, I guess we can just go over to page 4. So I just wanted to highlight, and I think we all kind of know, Hawaiian Electric, we rely on them exclusively, for our well sites.

So, just wanted to highlight some of the generators we have on the island. We have them all around the island. We place them in strategic critical sites. But yeah, you can see them in the figure and the table. Yeah, so we have a few.

Also, some new business, we are waiting for another 1,000-kW generator, which is already under contract, and we're expecting that in 2024.

MR. OKAMOTO: That's the one associated with the Kīlauea 428 alternate procedures?

MR. CHING: Yes. Yeah, the public assistance from FEMA, so that one we're getting some assistance through FEMA. Also, per the earlier agenda item, we are looking to install transfer switches, which just make it quicker, easier, to switch over to the generator power.

Moving on. Okay, so we've been working on this Solar Photovoltaic (PV) Project. Finally got to commercial operations. But just to recap, we put solar PV at five different offices/baseyards, and this project utilizes the Power Purchase Agreement (PPA), similar to Lālāmilo. The terms can be seen on Table 2, so it's a 20-year term, at a rate of \$0.19 per kWh, fixed for the 20 years. And so where we see the savings, is really the difference between the Power Purchase Agreement rate and the Utility rate, and you can see that in Table 3, but that's where the savings come in.

Looking at the figure below, the green chart shows, I guess, the percentage of energy that's coming from the PV, through PPA, versus how much energy is coming from the electric utility. We started commercial operation in January, so it's like a partial month, and then actually starting in March, we got all five sites online. Yeah, we're getting this going. And the cost savings, you can see the figure below that.

MR. OKAMOTO: One thing I do want to mention, with the Power Purchase Agreement, besides how we utilize, and this PV system, not only, you know, the savings at a lower rate than the electrical savings it also brings stability. So it's easier to help us budget finance and not have to do our cost

adjustments because our rates are fixed versus the fluctuating based on oil today. So what I'm also hopeful for is better rate stability, rather than relying on oil.

MR. NEY: I mean, you figure, 15 years what oil rates going to be, that we're getting for \$0.19, that's great.

MR. OKAMOTO: Yeah, hopefully.

MR. NEY: They must be selling it for \$0.15. I mean, this is a lease, right?

MR. CHING: It's a lease. Basically, they own the PV system.

MR. NEY: Right.

MR. CHING: They maintain it. They operate it. We just purchase the power from them.

MR. NEY: Right.

MR. CHING: So they're like almost like another source of energy for us.

MR. NEY: I never really understood the formula on how they make money because they still got to have a profit. That's good for us, though.

MR. CHING: Alrighty, and then the last page, just some ongoing projects. So we closed up the solar PV, started commercial operation there. And then just also working on an energy study, just to benchmark DWS energy use. We'll try to come up with more energy savings projects, mainly for cost savings projects. Yeah, trying to put everything onto one document.

CHR. HIRAKAMI: Keith, anything else to add? No?

MR. OKAMOTO: No.

CHR. HIRAKAMI: Okay, so it's me.

H. CHAIRPERSON'S REPORT

CHR. HIRAKAMI: I'm really sorry I'm going to miss going to Ontario. I'm disappointed, but I've got a major conflict with another individual with HAAS. I understand you and Ben are going.

MR. OKAMOTO: One employee is going to join us, as well.

CHR. HIRAKAMI: Yeah, if you could bring some back some in your report next month. If you could bring back some of the highlights of that convention that you're going to. Because it's international, I understand. Not just national, just United States?

MR. OKAMOTO: I'm not sure.

CHR. HIRAKAMI: I think they're bringing in some people from Europe. I was really interested in taking a trip down to Ka'u, at the site your crew mentioned was also an interesting place to visit.

MR. OKAMOTO: Yes. I think we do have something in mind. It may require some walking. But we'll, again, put the notification out in advance.

CHR. HIRAKAMI: Yeah, that's an advantage of being on the Board to see something like that, how water is brought to the surface and then distributed. Nothing more to add at this time

7) ANNOUNCEMENTS:

1. **Next Meeting**: June 27, 2023, at the Department of Water Supply, Hilo Operations, 899 Leilani Street, Hilo, Hawai'i.

MR. OKAMOTO: We are still looking at ways where we can do that remote hybrid type meeting. I think our IT guys actually drove out earlier this morning to kind of scope things out and see what capabilities there may be. Looks like Hilo we got something figured out already, but we don't want to roll it out before we get everything figured out.

CHR. HIRAKAMI: It's more convenient. But in-person meetings are the best.

8) ADJOURNMENT

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

(Meeting adjourned at 11:13 a.m.)

Recording Secretary

APPROVED BY WATER BOARD
JUNE 27, 2023