

## MINUTES

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

August 22, 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  
Ms. Julie Hugo, Water Board Member  
Mr. Michael Pono Kekela, 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. Kea Keolanui, Water Board Member  
Mr. Keith Unger, Water Board Member  
  
Director, Planning Department (ex-officio member)  
Director, Department of Public Works (ex-officio member)

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

#### DEPARTMENT OF WATER SUPPLY STAFF:

Mr. Kawika Uyehara, Deputy  
Mr. Kurt Inaba, Engineering Division Head  
Ms. Candace Gray, Waterworks Controller  
Mr. Gregory Goodale, Chief of Operations  
Mr. Eric Takamoto, Operations Division  
Mr. Warren Ching, Energy Management 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 July 25, 2023, Water Board Meeting

**MOTION:** Mr. Kekela moved to approve the Minutes of July 25, 2023. Seconded by Mr. Brown.

**CHR. HIRAKAMI:** Is there any discussion?

**MR. LOPEZ:** I'd like to offer some corrections in the Minutes, please. Page 1, this was a holdover from a previous month, where it says my name, "came in later," that was in the June meeting. I was here early, back in July. Present was Manager-Chief Engineer, that's not correct either, he was absent.

On page 3, lower left, in Discussion, on the very bottom where I asked Kawika, "Can we ask for it to be agendized for discussion purposes We have to wait for the department to talk to legal first?" He answered, "No, well we'll do that ahead of time. We can agendize for discussion, but we'll probably," and that's the end of it. I didn't see that in the agenda, was there an action to agendize that?

**MR. OKAMOTO:** Yes, I guess we missed that, Kawena.

**MR. LOPEZ:** Okay, that's all right. That's maybe a follow-up for agendizing.

**MR. OKAMOTO:** Yeah, for sure. Sorry about that.

**CHR. HIRAKAMI:** Did you want it reflected in the agenda?

**MR. LOPEZ:** Well, it's not what I want. It's what the group—the response was, "We'll do that ahead of time," which is tightening the Power Cost Adjustment and our ability to modify it because we talked about—

**CHR. HIRAKAMI:** It's the second item on the agenda today. We're going to discuss that.

**MR. OKAMOTO:** Is that what we were—?

**CHR. HIRAKAMI:** Yes.

**MR. OKAMOTO:** Okay.

**MR. LOPEZ:** It's about the Board's ability to modify the process.

**MR. UYEHARA:** The Power Cost Charge is on the agenda.

**CHR. HIRAKAMI:** It's on Item No. 6, Power Cost Charge Adjustment Criteria.

**MR. LOPEZ:** Criteria, thank you.

**CHR. HIRAKAMI:** Yeah, and we're going to discuss that.

**MR. LOPEZ:** All right, thank you. I stand corrected there. Well, that's the same as on page 5 regarding the Motion for a Public Hearing, it should be agendized as a separate matter.

**CHR. HIRAKAMI:** Right.

**MR. LOPEZ:** So those two handle what's on today's agenda?

**CHR. HIRAKAMI:** Because of that discussion, I called and put it in today's agenda because Mr. Ney has been asking for it.

MR. NEY: Oh, actually it's just a question directed to you.

MS. MELLON-LACEY: We're doing the Minutes.

MR. NEY: Oh, okay.

MR. LOPEZ: And I'm still on the floor. This was on page 35, and this was in a discussion about submitting—discussion items that have been—I know there's two or three lingering out there just during my term, where we said we'll get back at that and we never took any action, so it was regarding bringing those things back to form so they don't get forgotten. It was stated, "MS. MELLON-LACEY: You've got to do this between—like the first two weeks after this Board meeting to get ready for next." So two weeks notice before the agenda is published, right? Okay. This was Chair Hiramami, the secretary Nora can send out a request for agenda items maybe two weeks prior to posting, and everybody—and copy the Chair and response to Nora. So Nora would solicit any agenda items within two weeks of this meeting, the current meeting, and then we would respond to her and the Chair with anything we wanted to agenda. Personally, I can see that, but I'm not putting the blame on Nora because I have equal responsibility if I did something, I should also take the initiative. But is that our accepted process because I just heard Mr. Ney tell Mr. Okamoto about putting it in an agenda for next month for something he wants. So what is it we're doing?

CHR. HIRAKAMI: There were two parts of the discussion, one was mentioned that any Board Member can get in contact with Nora. Do you have her email address?

MR. LOPEZ: Of course.

CHR. HIRAKAMI: And suggest something. When she puts out the agenda, she sends it to the Chair and Keith for—accept it before we post it and put it out, so that's one way; and another way would be for her, if that's our prescribed way, we can have her solicit agenda items from the Board.

MR. LOPEZ: So we could do that either way, but it needs to be done within two weeks after the adjournment currently to get on the next—to be a candidate, or would it say it's going to be on at the discretion of the Chair to put something on the agenda. Okay, that's clear to me. Okay, I got it. Thank you.

CHR. HIRAKAMI: Any other discussion? If not, can I have a motion to accept the Minutes?

MR. LOPEZ: As amended?

MR. OKAMOTO: As amended.

MOTION TO AMEND: Mr. Lopez moved to amend the Minutes of July 25, 2023. Seconded by Mr. Ney.

CHR. HIRAKAMI: Okay, any further discussion? If not, all in favor say "aye."

ACTION: Motion to approve the Minutes of July 25, 2023, as amended, was carried unanimously by voice vote. Ms. Keolanui and Mr. Unger were absent.

- 4) **APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA (if necessary)**  
(Note: Roll Call Required)

5) **POWER COST CHARGE:**

*Chair: Is there any testimony for this item?*

Departmental power costs from all power sources decreased since the last Power Cost Charge rate was determined. The Department proposes to decrease the Power Cost Charge from \$2.70 to \$2.64 per thousand gallons as a result of this decrease. Power cost charges over the past year were as follows:

<u>Effective</u>	<u>PCC</u>
April 1, 2023	\$2.70
January 1, 2023	\$3.04
November 1, 2022	\$2.87
September 1, 2022	\$2.75
July 1, 2022	\$2.48
May 1, 2022	\$2.34

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

**RECOMMENDATION:** It is recommended that the Board approve the decrease of the Power Cost Charge from \$2.70 to \$2.64 per thousand gallons, effective September 1, 2023.

**ACTION:** Mr. Kekela moved for approval of the recommendation; seconded by Mr. Ney and carried unanimously by voice vote. Ms. Keolanui and Mr. Unger were absent.

6) **POWER COST CHARGE ADJUSTMENT CRITERIA**

**CHR. HIRAKAMI:** Is there any testimony for this item; if not, I'd like to open up the discussion for a possible action. Ben, I know you've been wanting to get this on for a while.

**MR. NEY:** Yeah, I had proposed this quite a while back that we had to write off an uncollectible, I guess, amounts off of our balance sheet due to having a discrepancy with not actually giving all the money from the Power Cost Adjustment, and I guess it goes back quite a few years, I don't know all the history behind that, to make it that we are, if anything, keeping the Power Cost a little bit higher than crediting back at the end of the year, just so we don't find ourselves in a situation where we're carrying cost on that. Does that make sense? I just want a kind a little background on how that amount grew over time.

**MR. OKAMOTO:** My understanding, and maybe I might need to lean on Candace a little bit, the Power Cost Charge adjustment came about many years ago, I don't know the exact year, but that was to account for the fluctuations in electricity cost. At one point I think when it was first established, it was only able to be adjusted on an annual basis. So one year I think we fell into a significant hole basically, a couple million maybe, because the power cost had risen but we weren't able to adjust on our side, so I think a change was made to allow us to come and do that with the Board every two months. So, that has helped. We haven't had that significant. But we still run into situations where we do have a lag.

**MR. NEY:** I guess that's what I'm trying to get at, like how can we not have a lag? And then also, like how did—or was it just a matter of optics? That we go back to the public, and we can go, "Listen, we have this amount that we need to reconcile. Why wasn't it reconciled? Why was it just written off, is which I don't understand.

MR. OKAMOTO: Yeah, and that's maybe more of a legal question, on our capacity to do something like that.

MS. MELLON-LACEY: I have no idea how old, you know, how far it went back. Maybe it was old and kind of pass the time that it would have been reasonable to do that. I don't know the history of it.

MR. OKAMOTO: We have to have a Public Hearing anytime we adjust rates, that's Chapter 92, HRS.

CHR. HIRAKAMI: But we have the ability to set when we adjust the rates. If you can remember, kind of about how much—when the old Board set it at five cents, up or down, what was the Power Cost Charge at that time about? Was it \$1.15, \$1.30, or somewhere around there? Because it was a long time ago.

MR. OKAMOTO: Yeah, and that wasn't any official—it was kind of like an informal, you know.

CHR. HIRAKAMI: Yeah, my point is that, say if it was \$1.30 and we increase it five cents, that's a bigger percentage. Now when it's about \$3.00 and we adjust it at five cents, that's 1.3 percent or something like that, so the significance of the percentage is—so I think a good strategy would be to—if we're going to use dollar and cents, keep it at five cents going, because we want to be agile going up; but on the way down, make it something like ten or twelve cents on the way down so that we only adjust a decrease when it reaches ten cents. Or it could be based on a percentage, and that would kind of kill two birds with one stone and they could have time to recoup. In other words, like this is a set at six cents. I mean, my point last month was how much administrative cost is to change our bills and to do that. I mean, it might not be worth the six cents; but if it was 10 cents, it might be worth it to do it. I think that we have to take in the percentage of what that five cents was at the time it was set at five cents and adjust it now on the way down. So it could be something like five cents and on the way up, and ten cents, or decrease, to set that. But this Board definitely could set that threshold. We have the authority.

MR. LOPEZ: Would that be the trigger as opposed to the two months? Is that what you're proposing?

CHR. HIRAKAMI: Yeah, but it would come at the end of the two months, when they get to analyze bills and—

MR. LOPEZ: So you still would do the review in two months?

MR. OKAMOTO: Yes.

MR. LOPEZ: But the percentage that we're proposing would have the change.

CHR. HIRAKAMI: Either way we need a Public Hearing, but we have the authority to adjust the Power Cost Adjustment; so like I said, it was set a long time ago at five cents, up and down, we have the ability to say—of course we don't want to suffer. When it's going up, we want to be more agile because we don't want to lose money, like we already paying higher electric rates, so we want to be more agile on the way up. Candace is saying that we're getting a lot of delinquencies that we're writing off, in the tens of thousands of dollars, and there might be a time to use that time to do some of that.

MR. OKAMOTO: So I just want to caution the discussion, the delinquencies and writing off delinquencies I think is a separate conversation; and if you email Nora two weeks after this meeting, we'll put that on the agenda. So I wasn't quite sure what the discussion was going to be about. I thought it was the adjustment of the Power Cost Charge, so we put that on today's agenda.

But before we have further discussion on the Power Cost Charge, I'd like to introduce a suggestion brought up by our very intelligent Water Works Controller, that might help resolve some of the concerns and still have good optics. What I'm concerned about what was presented so far, is that if the public catches wind, right, we're agile on the way up but we're slow on the way down, you know, on the public side of things, if it was me, I might come in and testify at the Water Board and say, "Hey, who came up with this brilliant idea?"

CHR. HIRAKAMI: We were raising rates like 30 cents on the way up, and nobody testified. So now, of course, we're going down, so my point being—I'd like to hear that suggestion.

MR. OKAMOTO: Candace, would you like to explain? I think it makes a lot of sense, and I think it will address some of the concerns here.

MS. GRAY: I'll just start with the formula, or the calculation, or the PCC currently. Every month we'll take the total amount of our electricity expenses, the power expenses, and divide that by the billing consumption for that period, or for the review period. Sometimes you make two months, in this case it's six months, and then we get the PCC rate. I guess, to me, in a perfect world because this PCC is supposed to be a pass-through, it will have the expenses equaling the amount of our actual billing for the Power Cos; but that's not the case, there's always a difference. The difference I believe is attributed to the lag, implementation lag, right, we have at least three months before the next rate is implemented. The consumption, that's really based on what actually happens. We can't predict what the consumption would be.

So I guess in the perfect situation, your electrical expenses would equal the amount that we're actually billing, and it's not—so there is a difference. So if we take that difference into consideration in the calculation, I think it would help the situation as far as having that deficit or write-off.

MR. OKAMOTO: So I see a little bit of confused faces, and I was the same way at first. It's very simple right now, right? How much did we pay at this point and time when we're doing the evaluation for power, divided by how much was consumed, just two factors go into that equation. What Candace is proposing is the new equation will include the difference between what we actually paid, at that point we made the decision to the point we implemented the new Power Cost Charge. It could be up or down, right, the difference, so we add that into the equation. So moving forward will be a lot tighter, it's not going to be perfect. Not going to be 100 percent accurate because HRS requires us to go through this Public Hearing process, so we cannot implement a rate today after the Board establishes it, or the day after Candace does the evaluation because it has to be put on the agenda, get onto the Board for action, so there's always going to be at least that time delay.

So I think what Candace is saying, correct me if I'm wrong, is—then at the next rate, we'll figure out what the difference was at that point of implementation versus the point of calculation, and include that in the calculation for this next rate. So moving forward will be closer to being what we actually paid the electrical utility, if that makes sense.

MR. NEY: I mean just as long as it's close to (INAUDIBLE) of the year expense, revenue brought in, and it's close. I mean it doesn't have to be perfect, but not like—

MR. OKAMOTO: Just because of the requirement from State statute, it will never be perfect because of the opportunity for public to weigh in on a rate.

MS. MELLON-LACEY: So you're retroactively capturing the lag in the calculation, and up to this time you haven't done it.

MR. OKAMOTO: Right, yep.

MS. MELLON-LACEY: Okay, that makes sense.

CHR. HIRAKAMI: Doesn't consumption affect it, too? I notice sometimes we get reduced consumption, especially in the reports, the latest financial report. If we set rates and then consumption goes down, we still going lose on that, so it's not a perfect world.

MR. OKAMOTO: It's never perfect. Yeah, it's never perfect. But it took me a while to absorb. When Candace said it to me, I was like, uhh.

CHR. HIRAKAMI: So it's not based on a dollar and cents amount. It's not based on a percentage. It's based on a calculation.

MS. GRAY: For me, it's actual numbers.

MR. OKAMOTO: Yeah, it's using actual numbers. To me, it's safer for the Board because it could be a little bit ambiguous, right, if we say, "Five cents up, five cents down," is when we'll actually come and make a move on it.

CHR. HIRAKAMI: That would satisfy the public if they could see the actual consumption and the actual rates.

MR. OKAMOTO: It's cleaner.

CHR. HIRAKAMI: The actual money going out. The actual revenue coming in. Saying that we have to do it because this is a public utility, and we need to be viable because we need to have a consistent distribution of water. I know what I was saying kind of was mindful in those terms, but I mean it that way. But I just want to make sure that this utility stays viable so we can keep on (INAUDIBLE) the water because we are semi-autonomous, and we need to account for ourselves. So if there's a way that is understandable, that the public can accept, I think that would be the best way.

MR. OKAMOTO: Sorry for the joke, Mr. Chair, I know where your heart is. I just was joking.

CHR. HIRAKAMI: I'm looking out for the department.

MR. OKAMOTO: Yeah.

CHR. HIRAKAMI: Of course, it is an important thing.

MR. OKAMOTO: I think we can still have that discussion on thresholds when we bring it to the Board for implementation because that will still happen even with this calculation, you know, whether it be a percentage. We only bring it to the Board when it reaches a certain percentage or amount.

CHR. HIRAKAMI: Right.

MR. OKAMOTO: But I would suggest that we keep that same, up or down. If it's two percent up, we bring it to the Board, but also if it's two percent down, we bring it to the Board for Public Hearing. That would be my suggestion.

CHR. HIRAKAMI: From what I'm hearing, it's not going to be based on a percent or a dollar and cents amount, right? It will only be based on an actual calculation.

MR. OKAMOTO: It's still a calculation, but say for example even with that calculation and with that adjustment, it's \$2.64 now, but even with the new calculation, what if it changes to \$2.63? Do we still bring it to the Board, or shall we wait until it reaches a certain percentage or certain amount?

CHR. HIRAKAMI: I think my objection was the dollar and cents, five cents. And like dollar changes like—I was thinking about my way, five cents was—maybe the Power Cost was \$1.20 or \$1.25.

MR. OKAMOTO: Could be, yeah.

CHR. HIRAKAMI: That's substantial, but now it's close to \$3.00, so that five cents is really minimal. So if it could be based on more like a percentage.

MR. OKAMOTO: Percentage, yeah.

CHR. HIRAKAMI: Maybe, yeah. That would make more sense.

MR. OKAMOTO: I don't know what you folks feel. Might be a proper percentage.

MS. HUGO: Candace, what do you think? Percentage?

MS. GRAY: You know, I haven't given that any thought. I'd have to evaluate it.

MR. LOPEZ: Is that really necessary? Any change would be brought to the board as you mentioned? And then, can the Board decide if it needs to be an adjustment or not?

MR. OKAMOTO: Can. It can be done that way. We can do it every two months regardless of the amount and bring it to the Board. That's just going to put an additional lag, a one-month lag because now the Board is going to decide whether or not we're going to make that adjustment.

MR. LOPEZ: And then we have to go through—

MR. OKAMOTO: Then we have to go to the next meeting to schedule the Public Hearing.

MR. LOPEZ: Oh, it's not perfect.

MR. OKAMOTO: There's no perfect, yeah. Warren is our energy guy. He might have some figures that might help with the discussion.

MR. CHING: So I just wanted to bring to the discussion, I guess, what drives the PCC up and down is mainly Hawaiian Electric rates, the cost for electricity. When we moved to the two-month interval, that was because we saw a 10 percent increase month-to-month. So what I would probably recommend is we keep—say like a four-month, every four months we change the rate, no matter what the rate is, and the reason being is that say we go 12 months without changing the rate and then the cost of electricity goes up 10 percent like we saw, month-to-month, say electricity is steady for 11 months and it goes up 10 percent on the 12<sup>th</sup> month, so when we take the total of the 12 months to calculate the PCC, it is more like going to be a three percent PCC increase, if you look at the entire 12-month period. And so I think the PCC should try to keep up with Hawaiian Electric rate as closely as possible; so if it goes up 10 percent, the PCC should go up on that



magnitude, rather than—say if we didn't change it for 12 months, okay now the PCC goes up three percent, but the electric rate went up 10 percent.

So since we're looking at an average over a period of time, it makes it difficult to respond. Because now you're looking at January's Power Cost and consumption and you're trying to use it to calculate it in December. If you didn't change it for 12 months, the January Power Cost is affecting the change in December, which may be totally different than what is actually happening in real time. So that's one thing to consider also. This is not like we look at it January—okay, we look at January numbers and we change it in February. We're looking at January, December, November, October, and we're trying to change it in February, and so October to January is what we're looking at. That's what's being used to calculate the PCC.

So not to make things more complicated than it actually is, but the PCC calculation is basically a total of, say a four-month period; what's the total Power Cost in that period, what's the total consumption in that period, and then we use that to calculate the PCC. We're trying to use that to recover costs and that Power Cost changes monthly. Rates could go up 10 percent one month, and then up another five percent the next month, and the Power Cost follows. But that's all that to say, having like a shorter time period, like an interval period of two month, it will keep us closer to tracking with Hawaiian Electric rates, which is the main drive of the PCC.

CHR. HIRAKAMI: Well, we meet every month. It could be even monthly. I mean we're all here every month. We gather or are able to do it, so we can do it. We don't have to wait two months, or three months, or whatever. That being said, how often do we recalculate the Power Cost Charge? How often do we calculate that?

MR. CHING: Every month.

CHR. HIRAKAMI: Every month.

MS. GRAY: Yeah, the calculation—the numbers are inputted every month, but I guess the frequency that—the minimum is every two months. We do have a bi-monthly billing. You know, not the entire—let's say 45,000 accounts are not billed every month, so I believe that's why it's done every two months. It's just an assumption.

CHR. HIRAKAMI: So basically every two months we could make the change.

MS. GRAY: And we've been doing that, for the most part. It's just that I believe the last few months the change wasn't significant. It didn't meet that five cents.

MR. LOPEZ: Are you suggesting that any discussion of increase or decrease be based on the percentage, increase or decrease of the energy charge, by month?

MR. CHING: So my suggestion would be to change the PCC at a certain interval, and the reason being is that once we make the change, say we look at January, February, March, April, and then we make a change, that now goes away for the next calculation; whereas, say if we were to go six months, January, February, March, April, May, or let's say eight months, May June, July, August, we're now looking at eight months to calculate the PCC, when say in August, it went up 10 percent. But since we're taking into account the eight months to calculate the PCC, the PCC only goes up maybe five percent because it's being diluted by the other seven months. So our Hawaiian Electric rate went up 10 percent, but our PCC only went up five percent, you know, because it's that one month, it doesn't affect the entire eight months as much as the Hawaiian Electric rate change, which does it monthly.

MR. LOPEZ: Again, we're still losing. I'm not clearly understanding what your recommendation is to do about all that.

MR. CHING: So my recommendation would be to, I guess, almost standardize on, say a four-month period. Going back, historically, it's been about four months is the norm, and then we take it to the Board every four months to change, that way we stay as close as possible to current power cost of Hawaiian Electric, electric cost.

MR. LOPEZ: And is that four-month period PCC or is it the energy cost?

MR. CHING: PCC.

MR. LOPEZ: PCC. So you calculate it for a four-month period, then come to the table?

MR. CHING: Yeah, just so that we can—

MR. LOPEZ: So you don't dilute as much over a period of time?

MR. CHING: Yeah. So we're looking at like a four-month rather than 12-month or something.

CHR. HIRAKAMI: Historically, last year it was every two months. It was.

MR. CHING: Right, and that was to stay as close as possible to the electric rate that was going up so quickly, and that's not really common. But when that situation does arise, I do recommend we look at two months, but two months may be too often on a normal situation. I don't know if we leave it up to the Controller, but under normal situations, we look at four-month periods.

MR. LOPEZ: Until such time there is a huge deviation in the energy cost.

MR. CHING: Right.

CHR. HIRAKAMI: In eight months, from May 1<sup>st</sup> to January 1<sup>st</sup>, it went up from \$2.34 to \$3.04, that's 70 cents change in eight months. That's quite a bit, so I think being more agile, I mean being more timely with the adjustment is more beneficial to the department.

MR. CHING: I agree.

MR. OKAMOTO: That's my gut feeling. I'm thinking Warren has a great idea, but it may not be coming out as clear as we'd like. So I would suggest, before we just continue to drag this on, maybe we have an internal discussion because—I apologize, this is the first time I'm hearing it, and I don't know if you noticed, but I was just totally lost. I know he has great intentions. He wants to do the right thing for the company, but I think we need to have an internal huddle, so can we bring this back to discussion?

CHR. HIRAKAMI: Sure, can we put it on the next month agenda?

MR. OKAMOTO: And then we'll have some comparative figures maybe.

CHR. HIRAKAMI: So we should have Warren prepare and give us a written report so we can actually see it, read through it, and discuss it because we are just talking about it without the data to make a decision.

MR. OKAMOTO: And then we can show you the difference between a two percent change versus a five-cent change.

MR. NEY: Just a question for Warren, just maybe some advice. Can we kind of look at the process of when HELCO does? They have to do a similar procedural thing, right, with the rate change, go through public testimony and such? Just so we can try to align our rate change with their rate change and run that parallel. Would that not work?

MR. OKAMOTO: It doesn't appear that they have that requirement.

MS. MELLON-LACEY: Just to clarify, our requirement for the public hearing is in State statute. It's not the department's Rules, and it is not Chapter 92. It's actually in Chapter 54.

MR. OKAMOTO: 54.

MS. MELLON-LACEY: Yeah. I've never really looked at HELCO's descriptions in statute. It might be interesting, but they may not have that same kind of requirement.

MR. UYEHARA: Okay, so I'm not sure what HELCO goes through. I know they've got to go to PUC. But I think Warren has told us for our accounts, on a monthly basis, right? I don't know if the first of the month, they're telling us what that cost per kilowatt is, at the monthly meeting.

MR. CHING: Yeah, every first of the month we get a new rate.

MR. OKAMOTO: It's almost like the gas prices, right, at the gas station. They change them, I don't know, without—but yeah, all great questions, all great discussion. But I think we can do a better job of getting you some better information so that this Board can actually have a better discussion and make a better decision. We'll come up with some numbers.

CHR. HIRAKAMI: And maybe we'll visit it with different scenarios to be able to look and prepare before the meeting, and we can discuss it, and then make a motion to make a change.

MR. OKAMOTO: Yes.

CHR. HIRAKAMI: I think that would be appropriate. So, yeah.

MR. NEY: Mr. Chair, I'll take it upon myself to kind of do a little research, and to how HELCO does their rate changes, and see if it's something we can get a little ahead of time, then maybe align to that.

MS. HUGO: Have we asked the other Boards of how they do their rate changes?

MR. OKAMOTO: We have not. I have not.

MS. HUGO: I mean, I imagine they have the same issue with the increase in electrical rates.

MR. OKAMOTO: Yeah. So I know Kaua'i is different because they have a separate—

MS. HUGO: They have (INAUDIBLE).

MR. OKAMOTO: But yeah, we can have that discussion also with Honolulu. Maui is a little bit different too because they're not semi-autonomous. I think their rates go through Council. But yeah, we can have those discussions as well.

MS. MELLON-LACEY: I would just say, it's in Chapter 54, Section 63, it's the statute that discusses rates and what the responsibilities are.

CHR. HIRAKAMI: That's in the County Charter?

MR. OKAMOTO: HRS.

MS. MELLON-LACEY: 54-63, Hawai'i Revised Statutes.

CHR. HIRAKAMI: We're going to extensions of Kohala, under Request for Time Extension.

7) **SOUTH KOHALA**

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

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*Chair: Is there any testimony for this item?*

The Contractor, Derrick's Well Drilling and Pump Services, LLC is requesting a contract time extension of 14 calendar days, due to a continuation of delays from staff shortages at the Manufacturer's facility. This was beyond the control of the Contractor.

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

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	02/28/2023	05/15/2023	76	Delays from Manufacturer.
2	05/15/2023	06/14/2023	30	Delays from Manufacturer.
3	06/14/2023	07/31/2023	47	Delays from Manufacturer and Department requested modifications.
4	07/31/2023	08/30/2023	30	Delays from staffing shortage at the Manufacturer's facility.
5	08/30/2023	09/13/2023	14	Continuation of delays from staffing shortage at the Manufacturer's facility.
Total Days (including this request)			197	

RECOMMENDATION: It is recommended that the Board approve a contract time extension of 14 calendar days to Derrick’s Well Drilling and Pump Services, LLC, for JOB NO. 2021-1171 (REBID), LĀLĀMILO B DEEPWELL REPAIR. If approved, the contract completion date will be revised from August 30, 2023 to September 13, 2023.

CHR. HIRAKAMI: Do I have a motion?

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

CHR. HIRAKAMI: Any discussion?

MR. OKAMOTO: Yes, Mr. Chair. Unfortunately, I think it’s a similar situation as previous, with this particular vendor having issues with his personnel leading to the delay. But if you have any further detailed questions, Eric’s available.

MR. LOPEZ: I didn’t see this as Derrick’s problem. He says, “Manufacturer’s facility.” That’s a different entity where he gets his source from?

MR. TAKAMOTO: Yeah, he’s having challenges with his vendor. His vendor is having personnel challenges.

CHR. HIRAKAMI: And that’s a Hawai’i company?

MR. TAKAMOTO: Yes.

CHR. HIRAKAMI: The communication doesn’t give us the timeline. It doesn’t say we’re working on it or we’re hiring. It’s just kicking the can down the road, and they’ve got staffing. Is there any alternative to this company, Derrick’s? Is this the only supplier for the part?

MR. TAKAMOTO: Moving forward, yeah this will be a challenge if they continue to use this vendor. So would be asking them in the future to consider when they, I guess, solicit their quotes for getting us bids to consider other vendors because of issues with timing.

MR. OKAMOTO: Yeah, those are some of the exact questions we were asking internally. So we might have to do some more due diligence on our part to see what options are available, maybe to Derrick’s, to utilize somebody else if this is going to be an ongoing issue. We’ve got to see what solutions are out there.

CHR. HIRAKAMI: I know if it was waiting for a part or manufacturing a machine, but this is staffing, and that’s kind of (INAUDIBLE). I notice the Job Number is 2021, so they started in 2021. We’re held up by somebody’s personnel strife and it’s affecting our vendor, and so it’s like a domino effect, so it’s affecting our ability to distribute water.

MR. OKAMOTO: Exactly.

CHR. HIRAKAMI: Yeah, if we can look at that. I think it’s a conversation with Derrick and saying, “Hey, this guy doesn’t give a definitive, like timeline,” or saying, “Oh, we’re working on it,” or anything like that. So, if you can make a note of that.

MR. OKAMOTO: Will do. Got it.

CHR. HIRAKAMI: Any more discussion? Hearing none. All in favor of approving a time extension say “aye.”

**ACTION**: There being no further discussion. Motion was carried unanimously by voice vote. Ms. Keolanui and Mr. Unger were absent.

CHR. HIRAKAMI: Another request for time extension.

8) **NORTH KONA**

**A. JOB NO. 2022-1204, HUALĀLAI DEEPWELL REPAIR – REQUEST FOR TIME EXTENSION**

The Contractor, Derrick’s Well Drilling and Pump Services, LLC., is requesting a contract time extension of 75 calendar days, due to delays by the pump manufacturer. The pump did not meet the performance requirements upon the first round of testing and must be dismantled, reassembled, and retested prior to shipping to the Department. These setbacks were beyond the control of the Contractor.

Staff reviewed the request for the time extension and the accompanying supporting documentation and found the 75 calendar days to be justified. *Note: There are no additional costs associated with this time extension.*

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	7/2/2023	9/15/2023	75 (Parts A – C)	Manufacturer delays in pump assembly testing.
	8/31/2023	11/14/2023	75 (Part D)	
2	9/15/2023	11/29/2023	75 (Parts A – C)	Pump did not meet performance requirements, must be reworked.
Total Days (including this request)			150	

**RECOMMENDATION**: It is recommended that the Board approve a contract time extension of 75 calendar days to Derrick’s Well Drilling and Pump Services, LLC., for JOB NO. 2022-1204, HUALĀLAI DEEPWELL REPAIR. If approved, the contract completion date will be revised from September 15, 2023 to November 29, 2023 for Parts A – C.

CHR. HIRAKAMI: Do I have a motion?

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

CHR. HIRAKAMI: Any discussion?

MR. OKAMOTO: I’ll try to recap and summarize. My understanding is that the pump when it was done manufacturing, it pumped way above what we needed it to. One layman you would think, “Oh, what’s the problem with that?” You know, pumps and motors are designed to operate within a certain range for better efficiency and whatnot. This one was way beyond that, so it actually be more harm than good—

more bad than good, I guess. This was out of Derrick's control. It's at the manufacturer, the pump manufacturer. They had to actually take out the whole pump stage. My understanding is pump comes in stages. You know, bowls, the more bowls you stack. It typically means more head you can push the water, higher elevation, and if I'm saying anything wrong, let me know. So they actually had to take out one of those stages. That was the reason for this particular delay. If you want something more technical, Eric is available to explain.

MR. LOPEZ: Even if they do this, they don't know if it's going to work or not. They've invested 75 days. They don't know if they're going to be any better off. Looking at the engineering side, as you folks did, is that a reasonable request of them?

MR. OKAMOTO: Yeah, so our mechanical engineers, and I'll let Eric maybe expand on that. They know. I'm a civil, so my level of understanding of pumps and motors is not like Eric's. But yeah, when they put the spec out, they know what they want. They know how much water they want to push up a certain height. So our requirement to the contractor is to have your manufacturer prove to us you're meeting that spec. Obviously, they didn't, so they said, "Well, you've got to do something to get it within spec." So I think the question is, and correct me if I'm wrong, Kawena, 75 days, is that reasonable to get it back to spec?

MR. LOPEZ: No, no, no, is giving them 75 days without any assurance that we're going to improve the situation reasonable?

MR. OKAMOTO: Oh.

MR. LOPEZ: I mean if they're engineers and they know what the spec is, they know how to design to the spec, why would we give them 75 days to go try something, and we don't know if we're going to be any better off? But I don't know the alternative, I'm just suggesting. Is that a reasonable position for us to say, "Sure, take 75 days and we'll see what happens at the end." It just seems callous on my part.

MR. TAKAMOTO: This granting of 75 days is more because—for this particular style of pump, they don't have the flexibility like traditional pumps have, where they can trim impellers, like precisely place it. These type of pumps, the impeller is the stage is the stage, so the only thing they can do is add a stage or take off a stage or take off multiple stages. So basically, they're just somewhat guessing where they're going to land. So until they take apart the equipment, put it back together and then do a test, you don't really know what your performance is going to be. That's why the 75 days is being granted because—it's a little bit open because we didn't want them to do a test, come back and then saying, "We were short," and come back to the Board again and then go back out. So it gives them a slightly more cushion, just so that they could get—if we needed to do another one after the first one, then it would have just enough time to do that. And yeah, if you did, you needed more time, then we had time to come back to the Board.

MR. LOPEZ: Within these 75 days?

MR. TAKAMOTO: Yes.

MR. LOPEZ: Cause we still get time to try again.

MR. OKAMOTO: Yeah.

MR. LOPEZ: So they really don't know what each stage, as deliverable, cause they're trying.

MR. TAKAMOTO: Yes. They have a general design, but overall you don't know what your actual performance is until you actually test it.

MR. LOPEZ: Okay, I have to accept that because—but good to know.

MR. OKAMOTO: I'm like you Kawena, I'd be like—you know, these guys bid on it, so kind of must have had an idea on what to put together. But it sounds like it's kind of like an educated guess, and then fine-tuning is when you put everything together and actually run like a full length/full string test of the unit.

MR. TAKAMOTO: Yes, testing.

MR. OKAMOTO: The motor and the pump mate it together.

MR. TAKAMOTO: They use a test motor and an actual pump that we are going to be receiving.

CHR. HIRAKAMI: So they said they retested it at 700 gpm? What was it before? What other gpm is operable?

MR. TAKAMOTO: For this design, we specified 700 gpm. I believe they provided a 13-stage pump, and after they gave us the results, it was pumping way over. Basically, we would be beyond the horsepower rating of the motor that it was to be provided. So they destaged to 12-stage and it's closer to the performance that we require.

MR. OKAMOTO: Closer but not exact.

CHR. HIRAKAMI: Tested 700 gpm, so I think it's a 1700 feet head?

MR. TAKAMOTO: Yeah, 1700 feet head.

CHR. HIRAKAMI: The 1700, that's the thing that's too high? The gpm is okay.

MR. TAKAMOTO: The gpm is okay. Yeah, the head was too high.

MR. OKAMOTO: How pumps work, so if we put it in the hole that wanted to put it in, as it was previously with the 13-stages because the head is whatever the head is, right?

MR. TAKAMOTO: Yes.

MR. OKAMOTO: So instead of pumping closer to 700 gpm, would be pumping—

MR. TAKAMOTO: Far more. You'd be way off to the righthand side of the pump curve. So the more you go to the right of the curve, the more power you require, so at that end you're beyond the 400 horsepower of the motor that we are specifying.

CHR. HIRAKAMI: Got it. Well, hopefully they get it. Any other discussion?

MR. KEKELA: The way to test, we can give them a sense of expectations. Like, we kind of want the thing to be installed-ready in 75 days, and not just come back for review.



MR. OKAMOTO: Yeah, and that's what the time extensions are. That's for the completion of the project. So that's to get it to where it's supposed to pump water out of the ground and stuff like that.

MR. NEY: And thanks for your explanation. I mean, this is not like assembly plan production of these pumps, very customized. Seems like the manufacturer—I mean for them to have to post-test the thing, to go, “Oh no, it's outside the parameters.” Seems like they don't have information on hand to just design the thing one time to perform within those specifications. I mean, to me I don't understand how they don't have that data to design these things one shot. You guys give them the depth of the well, your guys' conditions and all that.

MR. LOPEZ: Just on this, sorry to question on this. So this kind of a delay, and then the Palani Road and those things we just talked about, they're in West Hawai'i, are these the kind of things that are contributing to our pumps being down and having a 25 percent—

MR. OKAMOTO: Restriction, yeah.

MR. LOPEZ: Restriction. It's like okay, somebody's got to do something. This is ludicrous.

MR. OKAMOTO: Your point is well taken, Kawena. So some little bit of back-story. Some of the reasons why we're moving in this direction and using some of these pumps and motors was all through this growing. We're continuing to grow and learn from our situations here in Kona, you know, better standardizations, and interchangeability.

I think one of the things that we identified as one of the issues that could lead to premature failure was the temperature of overheating of the motor, and that can happen when you have too big of a pump and motor in a tight casing, so you don't have the cooling effect of the water moving pass the motor. So we're looking at more slimline type applications, which are smaller diameter pumps and motors. Which is what this is?

MR. TAKAMOTO: Yes.

MR. OKAMOTO: Okay, so that will allow for better cooling, hopefully better longevity. But now we're running into different challenges because we're using this type of pump and motor set. Like what Eric described before, different pumps that we utilized in the past, which are the larger diameter ones, they could customize them a little bit better by trimming individual impellers. Impellers I think are those propeller looking things in each bowl. So the bowl is kind of set, you don't change the size of the bowl; but to change the flow and the head, you can trim impellers, you know, cutting them to a smaller diameter. So those are the customized functions of those types of pumps, which are bigger. But with these slim-lines, I guess the only option is you take out a whole bowl and impeller or add a whole bowl and impeller. So maybe not as fine-tunable as the old stuff, but we're hoping to get better life because of the increased cooling capacity. So, it's all related to our well issues in Kona.

MR. LOPEZ: It's all fine and well, we can hear it all here, what we were talking about “optics” earlier. Public just sees a 25 percent cut, it ain't good publicity. And if you're on the NextDoor app, it's not good. They don't know these details, and I'm not sure how to bridge that gap.

MR. OKAMOTO: And that's why I try to write that comment letter, in advance of anticipating pushback, to put some information out there. We can add more details if you think that's going to help the public.

MR. LOPEZ: I don't really think so.

MR. OKAMOTO: Okay.

MR. LOPEZ: With this level of detail, actually, they're not even interested. Their interest is to get the damn thing repaired.

MR. OKAMOTO: Right, yeah.

MR. LOPEZ: Why is it taking so long, that's the major piece.

MR. OKAMOTO: And we get it. We do hear that message.

MR. NEY: Sorry, one last one, a quick one. What's the warranty that the manufacturers give on this stuff?

MR. TAKAMOTO: Standard is a one-year warranty.

MR. NEY: That's pretty bad.

CHR. HIRAKAMI: This kind of pump here, is that the kind of pump that we're trying to standardize? Once we get it down to the specific, then we want to order this particular kind of pump for the future so that they're interchangeable?

MR. TAKAMOTO: Pumps might be a little different, but we don't have the same type. So hopefully it can be used in a couple—the pumps are not as interchangeable maybe as the motors, just because of the head.

MR. OKAMOTO: What I've directed staff to do—because in the past—you know, we paid \$20 million in a year to Hawaiian Electric; so in the past, we were really focused on trying to get the best efficiency motors that we can, especially in Kona because it's high-volume and high-head. But I'd rather see water come out of the hole than zero water come out of the hole. I told staff we're going to have to sacrifice on that initial objective, which is optimal efficiency in lieu of—maybe we might have to get lower efficiency, but interchangeability is now available to us.

I think even with this particular pump and motor set, we may be able to use it in another hole that's close, with the addition of a variable frequency drive. It's like a dimmer switch. You're not just flicking it on and off, you can adjust how fast the motor is spinning. So, we're looking at those solutions. Maybe we can keep on hand a certain pump and motor set that we know could be used in maybe three or four holes instead of just one. So again, just to help alleviate the current situation that we're in.

MR. LOPEZ: That's an excellent point. Thank you.

CHR. HIRAKAMI: So if we increase storage, the ability to store, that will make the strain on the pump and motor less. ss, I mean, we then wouldn't have to use the high-volume pumps, right, if we increase the storage? So is that one strategy?

MR. OKAMOTO: That's also another strategy. One of the challenges especially here in Kona, storage requires a footprint, and the terrain here is fairly steep. We typically only have the property sized for the tank that we have. So where we can, we're going to do a new project, yeah it would definitely increase storage because that's part of the equation, also.

CHR. HIRAKAMI: Right. It's kind of like solar with batteries, and increasing the battery, so you store more energy.

MR. OKAMOTO: And just like a light switch, you no like keep flicking them on or off, you're going to wear out the switch, same thing with the pumps and motors. We're trying to find that sweet spot where we can run them almost continuously, 24 hours a day, instead of flicking them on and off, on and off, on and off. Because every time we turn it back on, it has to discharge some water, so we're wasting water, we're putting more wear components and things like that. There's a whole bunch of stuff our guys have been working on behind the scenes to get better.

CHR. HIRAKAMI: Any other discussion? Hearing none. We'll call for the question. The motion is to extend the contract completion date from September 15, 2023 to November 29, 2023 for Parts A – C, all in favor say "aye."

**ACTION**: There being no further discussion. Motion was carried unanimously by voice vote. Ms. Keolanui and Mr. Unger were absent.

CHR. HIRAKAMI: Now we'll go on to another time extension, and this one is for Palani Deepwell. The same contractor, Derrick's Well Drilling.

**B. JOB NO. 2022-1205, PALANI DEEPWELL A REPAIR – REQUEST FOR TIME EXTENSION:**

The Contractor, Derrick's Well Drilling and Pump Services, LLC., is requesting a contract time extension of 60 calendar days for Parts A – D and a contract time extension of 90 calendar days for Part E, due to communication challenges with their vendors, and additional time requested by their subcontractor. These delays were beyond the control of the Contractor.

Staff reviewed the request for the time extension and the accompanying supporting documentation and found 60 calendar days to be justified for Parts A – D, and only 60 calendar days to be justified for Part E. *Note: There are no additional costs associated with this time extension.*

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	6/1/2023	8/30/2023	90	Delay in receipt of executed contract documents, and unavailability of specified coatings for discharge head.
	7/31/2023	8/30/2023	30	Delay in receipt of executed contract documents.
2	8/30/23	10/29/2023	60	Communication challenges with vendors, and subcontractor still in process for securing electrical permit.
	8/30/23	10/29/2023	60	Communication challenges with vendors.
Total Days (including this request)			150 & 90	

**RECOMMENDATION**: It is recommended that the Board approve a contract time extension of 60 calendar days for Parts A – D, and Part E to Derrick's Well Drilling and Pump Services, LLC., for

JOB NO. 2022-1205, PALANI DEEPWELL A REPAIR. If approved, the contract completion dates will be revised from August 30, 2023, to October 29, 2023 for Parts A – D, and Part E.

CHR. HIRAKAMI: Do I have a motion?

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

CHR. HIRAKAMI: Do we have a discussion on it?

MR. LOPEZ: We have the communication challenges.

MR. OKAMOTO: My understanding is that—actually, the vendor might have misunderstood what he needed to do. It wasn't Derrick's. Derrick's gave them what they needed to do, they just didn't do what they needed to do apparently.

MR. TAKAMOTO: Yes. In that particular instance, referring to the discharge head, basically there is a miscommunication on the vendor's side, manufacturer's side on what dimensions were required to produce the fabrication that was required, so it took a while before they, I guess, clarified that situation, and was able to, I guess, resume production.

MR. LOPEZ: Isn't there any agreement contract, is there not like a performance item? You know, you have so many days to perform. Here are the specs, or sign off on the specs? Does that not sound foreign to me?

MR. OKAMOTO: Nope. You know, Kawena, we've been there. I think part of our challenge too, and that we've experienced in the past, one is our limitations of local contractors. They're doing their best, right? Because the local guys want to get the job done, they want to move on to the next job. They don't like these delays, just as much as we don't like the delays. They're just kind of at the whim of the mainland manufacturers. So they give them the order, they give them the submittal and whatever, and then it's kind of at the whim of the mainland guys to provide what was specified.

In this one, I don't know if there are pictures of like measurements of the hole, the bolt spacing, and things like that. Somebody didn't get it right, right? From my understanding, Derrick's gave them what they needed, but somehow on the receiving end or the manufacturer's end, it didn't happen as was spec'd or something. I don't know the reason or justification on that side of things. I think it's just—we're partially being—I guess we're trying to hold our contractors as much as possible to be responsible for what they have control over, and we're cutting them some slack on what they don't, is kind of what we're doing, yeah.

MR. LOPEZ: That's understandable.

MR. OKAMOTO: I know. It's still tough, though.

CHR. HIRAKAMI: Well, is there research on more reliable companies that other municipalities use to get their equipment from, because maybe Derrick is not doing his research and he's dealing with people he's always associated with, and just taking their word for the reason for delays.

MR. NEY: How many pump manufacturers really are there for this type of municipal? I mean, there's probably a handful.

MR. OKAMOTO: I think there are numerous. I think with this particular one, it's on the custom fabrication of certain units, like a discharge head, so those I think can be done by a number of parties, as well. We don't normally dictate who our contractor—or where he shops and buys his stuff from. You know, our procurement means are competitive, so I'm assuming they've got to shop around to be competitive, also.

But at the same time, what I do know of contractors is they don't like to eat delays either, especially when we're making it clear that we're not paying them more, right, for this extended period of time, so the longer they have people standing by, they're burning funds, too. So I've got to believe it's in their best interest to get these jobs done on time, also. Yeah, we'll have those conversations with Derrick's, especially if it looks like a common reoccurring type of deal. Or any contractor, I think this one is Derrick's.

CHR. HIRAKAMI: In the communication, Derrick being transparent and he's communicating. They don't seem like they're too on it. It's like, "Yeah, well we'll get back to you. Oh yeah, we're working on it." The thing is that the Water Department is going to have to deliver water. Wells have to be brought back online and people having to conserve water. You know, people have been kicking the can down the road, but the buck stops here. I think the more research we do with—especially if we're trying to standardize, we want to get it from the same reputable company that can deliver the parts on time so that it can make the department more efficient, and then the department gets more efficient and more timely, then we don't face that criticism from the public. It really behooves us to try and find something, you know, like a solution to all these kinds of things.

Derrick is really transparent with his email and stuff, but if you look at the emails, sometimes we ask—emails like several times in a month, and no answer, no response until a couple of months later and say, "Oh yeah, just getting back to you, sorry." The emails don't seem very uncommon. It's, "Oh, we'll get back to you." I think that will behoove us to find something more consistent with these manufacturers.

Anyway, not to belabor that, we have a motion to extend the contract completion date for Palani Deepwell A Repair from August 30 to October 29, for Parts A – D, and Part E. All in favor of the motion say "aye."

ACTION: There being no further discussion. Motion was carried unanimously by voice vote. Ms. Keolanui and Mr. Unger were absent.

CHR. HIRAKAMI: Okay, we reach Miscellaneous – Dedications. Do we have any testimony for this item? Seeing none.

9) MISCELLANEOUS

A. DEDICATIONS:

CHR. HIRAKAMI: Do we have any testimony for this item? Seeing none.

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

CHR. HIRAKAMI: We'll take one at a time.

1. Grant of Easement and Bill of Sale  
MK Parcel F Subdivision  
Grantor: MK Parcel F, LLC  
Tax Map Key (3) 6-2-013:018 (portion)  
‘Ouli, Waimea, South Kohala, Island of Hawai‘i, Hawai‘i  
Facilities Charge: \$22,680.00 Date Paid: 5/4/1998  
Final Inspection Date: 7/17/2023  
Water System Cost: \$315,805.00

CHR. HIRAKAMI: You’ve been presented with a picture of this. Do I have a motion to accept the Grant of Easement and Bill of Sale for MK Parcel F Subdivision?

**MOTION:** Mr. Kekela moved to recommend the acceptance of the Grant of Easement and Bill of Sale. Seconded by Ms. Hugo.

CHR. HIRAKAMI: Any discussion?

MR. INABA: So if you see within those brown lines I guess in there, those are the waterlines. So you can see some of the other subdivisions that occurred. It’s pretty similar to that, those other ones in there. It’s in that teal-colored shaded area that I’ve put in. So that subdivision is similar to I guess that line that goes into the center. Starts from Amaui Drive, where the word Amaui Drive is in blue. It’s kind of a typical subdivision in that location. It’s part of the Mauna Kea uplands area, above Hapuna.

CHR. HIRAKAMI: And this will (INAUDIBLE) from that recent Parker Ranch?

MR. INABA: Yes, that’s all coming from the Lālāmilo wells, Lālāmilo Water System.

CHR. HIRAKAMI: And this is along the Queen Ka‘ahumanu Highway?

MR. INABA: Correct, yeah.

CHR. HIRAKAMI: Is it pretty close to the Wind Farms?

MR. INABA: Yes. So the Wind Farm is there, kind of the middle right.

CHR. HIRAKAMI: More middle right. Oh, I see. Any other discussion? So the motion to accept the Grant of Easement and Bill of Sale for MK Parcel F Subdivision, all in favor say “aye.”

**ACTION:** There being no further discussion. Motion to recommend the acceptance of the Grant of Easement and Bill of Sale was carried unanimously by voice vote. Ms. Keolanui and Mr. Unger were absent.

CHR. HIRAKAMI: The second Grant of Easement and Bill of Sale. Do I have a motion to accept the Grant of Easement and Bill of Sale?

2. Grant of Easement and Bill of Sale  
SUB-17-001697  
Grantors: Joseph Daniel Marsh and  
Kermit Johnson and Doris K. Johnson  
Tax Map Key (3) 2-5-047:030 and 031  
Ponahawai, South Hilo, Island of Hawai‘i, Hawai‘i  
Facilities Charge: \$18,285.00 Date Paid: 7/24/2023  
Final Inspection Date: 5/22/2023  
Water System Cost: \$85,355.34

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

**MOTION:** Mr. Ney moved to recommend the acceptance of the Grant of Easement and Bill of Sale. Seconded by Ms. Hugo.

**CHR. HIRAKAMI:** Discussion on this?

**MR. INABA:** You’ll see that’s actually two lots, and it’s just being subdivided from two lots into five lots, so it will eventually look like the property just above it. Actually, it does look like that now, after the final subdivision. It’s not high-density or anything. It’s just those two lots became five lots. That’s above Akolea Road. It starts from Akolea Road, but goes mauka of that, in between Kaumana Drive and Waiānuenue.

**MR. LOPEZ:** It’s the area in the red.

**MR. INABA:** Yeah, the two lots are actually outlined. It’s kind of hard to see that’s why I used blue.

**MR. LOPEZ:** Oh, blue.

**MR. INABA:** Yeah, it’s kind of hard, so that’s why I put the cloud there.

**MR. LOPEZ:** And you said it kind of look like the ones above?

**MR. INABA:** To the north, yeah.

**MR. LOPEZ:** But not high-density?

**MR. INABA:** No.

**MR. LOPEZ:** Okay, thank you.

**CHR. HIRAKAMI:** Any other discussion? So the motion is to accept the Grant of Easement and Bill of Sale, from the Grantors: Joseph Daniel Marsh, and Kermit Johnson and Doris Johnson, all in favor say “aye.”

**ACTION:** There being no further discussion. Motion to recommend the acceptance of the Grant of Easement and Bill of Sale was carried unanimously by voice vote. Ms. Keolanui and Mr. Unger were absent.

CHR. HIRAKAMI: Moving on to Section B.

**B. SENATE CONCURRENT RESOLUTION NO. 35 AND HOUSE RESOLUTION NO. 56**

Requests the Hawai‘i County Department of Water Supply to convene a working group to examine opportunities for increasing water access and strengthening water infrastructure for underserved communities on Hawai‘i Island.

CHR. HIRAKAMI: Is there any testimony for this item? Hearing None. This resolution, both resolutions, asks for the County Water to be a working group to increase water availability. Actually, it points to a region in Ka‘ū, but we want to be in sync with our recent, permanent—to see if this working group explore increasing water availability for rural communities in general. We’re going to have a discussion by Keith.

MR. OKAMOTO: I just wanted to provide the Board with an update. So I’ve reached out to a number of folks as suggested in the resolution, you know, folks from UH, folks from Aha Moku to represent the Native Hawaiian component, consultants who are familiar with well drilling. I’ve even reached out to USDA for possible funding opportunities and things like that. Most of the people who I reached out to are willing to participate.

So what I’ll do, moving forward, is probably set up a Zoom with these folks. And as I do, I’ll continue to provide the Board with updates. I’m looking at scheduling the first Zoom in October because that’s when it appears that most of them will be available. But I just wanted to at least the Board know that there’s some motion on it, we’re moving on it. The Plan is to look, just in general, rural areas on the island, what would it take to have a water system? That’s the intent. Any questions or comments from the Board?

CHR. HIRAKAMI: One is to request a report to the Legislature 30 days before convening, and usually it’s about the second week in January, so that would mean mid-December. So I think our report would say, “Hey, we’re working on it.” I don’t think we could issue any kind of report by then.

MR. OKAMOTO: Yeah, I’m not expecting to solve the world’s problems by next Legislative Session; but hopefully, we can identify some wins or some (INAUDIBLE) is my hope.

CHR. HIRAKAMI: Is this going to be a standing item on the agenda that you’re going to report to the Board?

MR. OKAMOTO: Maybe not standing, but I intend to try and schedule that October—

CHR. HIRAKAMI: You’re going to meet before the October meeting.

MR. OKAMOTO: Well, it seems like one of the important people is not available until October, so I’m going to try to schedule it in early October so I can report to it at the October Board meeting.

CHR. HIRAKAMI: That sounds like a plan. Do you need any Board Member volunteers on it?

MR. OKAMOTO: We don’t need to, but if anybody is willing and wanting to. Couple more items, Mr. Chair.

CHR. HIRAKAMI: Moving down to Item C, Monthly Progress Report.

**C. MONTHLY PROGRESS REPORT**



CHR. HIRAKAMI: Is there any testimony for this item? Seeing no. Chair will turn it over to Kurt.

MR. INABA: I just wanted to report item Puakō, the pipe did come in, and so the pipe has been staged, and kind of unexpectedly. Unfortunately, communications from that manufacturer side weren't too good with the supplier as well as the contractor, so he was kind of forced to mobilize; fortunately, he had worked out his staging areas with lot owners as well as the County. So, the pipe is onsite. His schedule looks like he wants to start early October. We're scheduling right now a meeting with the community, and they prefer it by Zoom to get better attendance, so that is being done now. I don't know the date. I don't think we have a date yet.

MR. UYEHARA: Yeah, we haven't finalized the date.

MR. INABA: I know last month I kind of reported that we'd likely get started on Keawe because gas was delayed, according to the County. Public Works, they're still working on the gas, but looks like that's delayed till September, so waterline work will probably begin in September. That one is the one going right through Downtown. It's kind of a crowded tight space.

The Iki Place project, which would be actually a County Improvement district project. They did have the hearing, and it passed, the Public Hearing. That one passed. Next step is for us to put out the plans for bids, advertise for bids. So that one there, the consultant is finalizing the plans and specs for that. Hope to get that out next month.

I know the Pohoiki project—so that one there, Pohoiki, the EA is out. FEMA completed the draft EA, so it's currently out for public's review now.

MR. LOPEZ: Is that 100 percent or 75 percent?

MR. INABA: 75 percent. Our share is 25 percent. We should be getting some funding that was allotted to the County, from like State Relief Funds to cover that. So that will be interesting to see our bid price on that.

CHR. HIRAKAMI: And that's all the way down to the harbor, yeah?

MR. OKAMOTO: The boat ramp.

CHR. HIRAKAMI: All the way down to the boat ramp.

MR. INABA: Yeah.

CHR. HIRAKAMI: So that's a question for the County because they're still talking of getting the boat ramp back in use. I mean if they don't get the boat ramp, there's no boats to rinse with water.

MR. INABA: Their schedule actually, supposedly the completion of them dredging and getting that usable is like being ahead of the completion of the road and waterline. Together yeah, we're going together with Public Works on that. But there will still be the park there also, the County park, which the water will serve too.

MR. NEY: Do you anticipate any issues with the State's budgets tightening with this thing in Maui in terms of projects and funding?

MR. INABA: I don't believe we do. I think the money is with the County already.

MR. NEY: Okay, they've committed those funds.

MR. OKAMOTO: That's our understanding, yeah.

MR. NEY: Okay. Oh, one last question about Puakō. Your guys went through with the contractor. I mean, I just anticipate a lot of issues then because that's kind of my service area. But just to try to not have interruptions with (INAUDIBLE), stuff like that, going through whatever records your guys have.

MR. INABA: We know that there are going to be challenges no matter how much we prepare for it. Our inspector is starting to communicate with the contractor now to kind of fine-tune where they're going to start, what kind of plans they have, where to look out for tides. Some areas, the high-tides get really close to the road levels.

MR. NEY: It's almost like a shoulderless road too, I mean it's not—when you go down there, it's going to be tight—you're going to need to operate within.

MR. INABA: The waterline is in the road pavement, so we'll basically be responsible to replace one lane.

MR. OKAMOTO: One thing we want to accomplish too, meeting with the community, is to also manage expectations from the community. There are going to be disruptions with construction and existing infrastructure in place, and the condition of the pipe that it's in now with the additional vibration from construction activities, you know, we do anticipate more main breaks. The contractors are never perfect. They're going to hit existing laterals even though it's marked, that just happens on every job.

So we're going to try and let the public or community know things are going to happen. There's going to be steel plates probably on the road covering open trenches. Even if they use flowable backfill materials, CLSM, you know, that thing doesn't harden instantly. It's going to be a construction zone, so at times individual driveways may be blocked for periods of time, things like that.

MR. NEY: I guess too, is there a back-charge if something—like your guys had some accrued in because they hit something, or negligence, (INAUDIBLE) time, cost?

MR. OKAMOTO: Yeah, if it's our job, right, this is our CIP project.

MR. NEY: Right, right, right.

MR. OKAMOTO: Now if it was somebody doing something else for a private subdivision and they start breaking our line and then we've got to go respond, then that's something else.

MR. NEY: Okay.

MR. INABA: They'll typically do all the excavation and have their equipment there. They're personal anyway, so our involvement would be minimal in terms of the repairs, ultimately. We've got to be there to fix whatever it is. But they'll do all the excavation and the backfill.

MR. NEY: So make short-term rental area, too. People are going to be—darts down there with the noise in that area, that's just the way it is.

MR. INABA: I mean, they know the waterline has to be replaced, right? I mean, that's part of the project. I mean the whole reason why we're doing the project. It cannot happen without interruptions.

MR. NEY: Sorry, not to ask so many questions, but does the contractor usually give you kind of a disclaimer saying, "Hey, any incidentals." Like we hit the line, I mean, how do you—? You know, there's nothing in the contract that list them saying, "Hey, if we accidentally hit a line, it's going to be on you guys." It's just kind of understood we'll take care of those things.

MR. INABA: They'll have to take care of their part of it.

MR. NEY: Okay, okay.

MS. HUGO: I have a quick question. So it says start date was February of this year. So obviously, that's not happened?

MR. INABA: Yep.

MS. HUGO: So when you meet with the community, how long are you going to tell them that you'll be in their neighborhood?

MR. INABA: Right now, they're finalizing a schedule, a rough schedule. Giving their best estimate right now on when they start and what their completion is going to be. So, they'll look at that.

MS. HUGO: What does it look like?

MR. INABA: It's probably about—

MR. OKAMOTO: Have we seen the schedule?

MS. HUGO: Is it twelve months?

MR. INABA: I did get a rough schedule. We need to revise that a little bit. They said twelve months, but it's like, no you have to anticipate some time for the pipe to come in. So, it's not going to be a full 12-month extension.

MR. OKAMOTO: From now?

MR. INABA: From October.

MS. HUGO: It's not 12 months from October?

MR. INABA: Not 12 months from October, yeah.

MS. HUGO: Cause that is their (INAUDIBLE).

MR. INABA: It's going to be shortened a little from that, for sure.

MS. HUGO: Okay.

MR. OKAMOTO: Any other questions for Kurt?

CHR. HIRAKAMI: Okay, if not, I'm moving on Review of Monthly Financial Statements.

#### **D. REVIEW OF MONTHLY FINANCIAL STATEMENTS**

CHR. HIRAKAMI: Any testimony for this item? If not, I'm turning it over to Candace.

MS. GRAY: Okay, so for this meeting, you have your two financial statements. As you all know, the difference between this Financial Statement for June versus the last Financial Statement for June. This is our final closing for the Fiscal Year 2022-2023. It includes all of our year-end adjustments, which include adjustments for any revenues accrued through June 30<sup>th</sup> that we haven't billed for expenses that we haven't paid out yet, but we've actually incurred. So that's a general idea of what the adjustments include.

Overall, we ended the year in a positive financial position, and we continue to strive towards our objectives for reserves. So this final June 2023 Financial Statement, this is what will be turned over to the auditors, and they'll be coming to the department sometime next month. Once they finish their audit, we'll have our audited Financial Statements next year January, January or February. So I just thought I'd give that, I guess, the distinction between the two since this is the second Financial Statement that you're looking at, for June. You also have July's Financial Statements.

MR. LOPEZ: Oh, before you—may I? In our Balance Sheet, June, in the first paragraph, you're discussing the reasons why we had cash investments. How do we come about with decreasing payments to contractors? Did they come in in the budget? Is it postponed to a later time?

MS. GRAY: Are you looking at page 2?

MR. LOPEZ: No, the front cover. It says, "Balance Sheet," and you talk about cash and investments increased. The cover-page.

MR. NEY: Work in Progress?

MS. GRAY: Oh, okay. So that—

MR. LOPEZ: So I'm just asking, "How do you get the decrease in payment?" What was the explanation?

MS. GRAY: Let's say in comparison to last year or during the same time, we might have had to pay out \$5 million. You know, I'm just giving a general idea, general example, you might have had to pay \$5 million, but this month it would be much less.

MR. LOPEZ: Okay, I understand the point. Thank you. Got ya.

CHR. HIRAKAMI: This is not so much for you, Candace, but what's the explanation for a 3.2 percent decrease in consumption? What is that due to, you think? It's on page 3. That kind of like caught my eye. We decreased our Power Cost Charge, and then the consumption decreases, it's kind of like a double whammy. I just wanted to know what mostly is attributed to the 3.2 percent decrease in consumption. More people using less water?

MS. GRAY: I think it could be a combination of factors, and maybe at some point it might be something that we should probably analyze a little bit deeper into. Also, I would say timing, probably at the readings as well as possible conservation. But I don't have kind of a concrete explanation for that without really looking deeper into.

CHR. HIRAKAMI: I mean, if we were retail, that's a significant decline in revenue, I was just wondering what that was caused by because we've got a considerable amount of increase of population, you know, construction, and stuff like that, so you would think that the water use could go up rather than down. I'm just curious; I just noticed that. That's the point I brought up earlier in the water cost adjustment, that we might adjust it now, but if we have a loss in consumption, then that's the number we would be using.

MR. OKAMOTO: I think part of it is also even due to the weather in certain areas that might use our systems for irrigation; so if they have a season where it was a decent amount of rain, that they didn't have to irrigate, that might impact our consumption also. Like Candace said, it's something I think is probably overdue, and that we should look at, is having it—maybe better metrics to analyze these things, the fluctuations, and maybe get a better handle on it. That's something that, yeah, there's room for improvement on our side. Simple things like cost, or average amount of gallons used for estimated population for individual, per capita type consumption. That would help us with conservation, too. Because I'm guessing different systems have different numbers.

MR. LOPEZ: How do you measure the cooperation, lack of a better term, of the 25 percent reduction in consumption? Do we have a way to know what the public is doing with their (INAUDIBLE).

MR. OKAMOTO: Yeah, actual consumption in their region and pumping volumes.

MR. LOPEZ: Can you drill it down to the actual meter?

MR. OKAMOTO: We can, but it would take a lot of work. So what we've done in the past is we've looked at the real high-users to monitor that population, and then the overall is the overall consumption of the region compared to the overall pumping of all our wells in the area. To be quite honest, it actually sometimes goes up when we ask for the restriction. Regionally, we can get those figures fairly rapidly. If we got to drill down to individual meters, it takes some effort.

MR. LOPEZ: That's okay, I'm just curious. Thank you.

MR. OKAMOTO: Any other questions for June? And again as a reminder, these Financial Statements are almost like a snapshot of June 2023 compared to June 2022. Is that what that is?

MS. GRAY: Yes, at the same point in time.

MR. OKAMOTO: At the same time. But it was recently adjusted for some of the Year-End closing stuff that we had to do. And then same thing for the July Financial Statement, it's a view of July 2023 as compared to July 2022.

MR. NEY: It would be interesting to see just revenue and expense over 10 years, what that looks like. With population growth, technically, our revenue would go up, correct, if we put more meters and more customers? So I'm just curious what the jump has been over the years growth-wise from a revenue standpoint.

MR. OKAMOTO: Aggregate, I think, shouldn't be too much of an effort, right? Just a number of accounts we have by year and consumption by year. That's something we can do.

CHR. HIRAKAMI: And do you want to do the July 1?

MS. GRAY: So we're rolling over to Fiscal Year 2023-2024, starting off again, positive position. Most of these explanations' you folks have seen before, some of the numbers are adjusted from each month. One

thing that I do want to point out I guess is significant in my eyes is, and this has to do with our audit as well, we did capitalize or move a lot of our projects to our assets. It did bring down our construction work in progress, but we do see a lot of, let's say, work orders or upcoming projects that will probably increase those numbers over time. I just thought I'd give a high-level overview. If you have any specific questions, please feel free to ask.

CHR. HIRAKAMI: So under the Consumption, this is just one month, the decline for?

MS. GRAY: Yes.

CHR. HIRAKAMI: Decrease, just one month.

MS. GRAY: So for that, and I do have it in the explanation there, that is due to timing the billing.

CHR. HIRAKAMI: Either month.

MS. GRAY: I understand there was a delay.

CHR. HIRAKAMI: And the decrease in the receivables, is part of that \$15,000 from the write-off? Is part of that \$15,000, the receivables decrease, is part of that like a \$10,000 from that write-off?

MS. GRAY: Yes, it does include that.

CHR. HIRAKAMI: Yeah, okay.

MR. LOPEZ: I've asked this before, previously, and of delinquency. We see the delinquent balances amount, but we understand that includes those are the process of the write-offs. I thought we were going to start seeing the difference between what's in the write-offs, which is probably recoverable as opposed to those that were just flat out delinquent. Is that identifiable? Can we break down this \$9.8 million as certain write-offs from those on payments instead of us saying delinquencies of \$980,000? It would be good for us to see those that are truly delinquent because those are the ones that we potentially would be subject to write-off or doing some collection process, as opposed to those that are delinquent—what do you call it—those that are working with us to pay off.

MR. OKAMOTO: Yeah, on payment plans or—the ones that we have hope of somehow collecting some of it.

MR. LOPEZ: Some of it, yeah.

MR. OKAMOTO: Leak adjustments.

MR. LOPEZ: There you go, thank you.

MS. GRAY: Okay.

MR. LOPEZ: It's difficult to tell here how much is really delinquent.

CHR. HIRAKAMI: Maybe he's just asking for—this is just over languaging, maybe over 180 days. When do we give them uncollectible? After 180 days?

MS. GRAY: Well, the statute of limitations I believe is seven years; but as far as being it uncollectible, it really depends, like if the person is deceased

MR. LOPEZ: Anyway, that was my request, how do I deal with these delinquency numbers? Particularly when we talk about write-offs, how much is recoverable and how much is strictly—

MR. OKAMOTO: Can we include on a future agenda delinquency discussion, and can we like categorize like what is—

BOARD MEMBER Anticipated.

MR. OKAMOTO: Anticipated. Or with Corp. Counsel—

CHR. HIRAKAMI: Last time, yeah, on all the collectibles—a couple of meetings ago. That was pretty comprehensive on the ones over so many days or so many amounts.

MR. LOPEZ: Those that we are recovering and not truly delinquent because you have any agreement to recover something.

MR. OKAMOTO: Some are either in an adjustment process or payment plan.

MR. LOPEZ: They're really not delinquent in terms of trying to look at, right, potential write-offs.

MR. OKAMOTO: I think, yeah, just trying to get a better understanding of, which we get no more hope at all versus which ones there is some hope of recovering some.

MR. LOPEZ: Because of an agreement we've entered to.

MR. OKAMOTO: Yeah.

MR. LOPEZ: Okay.

MR. OKAMOTO: I don't know. We can—

MR. LOPEZ: If you can. Think about it.

MR. OKAMOTO: Okay.

MR. NEY: Was there a list too with the balances from biggest to smallest? Because like some of those balances, is like how come they weren't cut off earlier? Like those with \$10,000. Like when do cut people off? Going, "Oh no, you got to pay us before—we're just going to keep selling you water." When do you guys make that call? Because some of those balances are big, yeah?

MR. OKAMOTO: I think those probably are the write-off ones, yeah.

MS. GRAY: I guess, challenges I'd say, controlling the cost to the customer I believe has to do with leaks. I mean, the customers are notified as soon as the meter is read and there is a high consumption, whether something is actually done between the time the meter is read and until the next billing.

MR. OKAMOTO: I think those two cases if I recall, the ones that were brought to the Board for approval for the write-offs, those services were discontinued fairly quickly.

MR. NEY: Okay, so it would be like a threshold amount, though. Okay, we were like, okay, wait, wait, wait. You got to pay this bill before—you just continue if you get service because—because that could just grow.

MR. OKAMOTO: And we have procedural requirements in our Rules and Regs., and I think even with—is that Chapter 92—with Administrative hearings and contesting shut-offs and things like that. We're not like the other utility where we just say, "Oh you never pay your bill, close them out." close them out. Because we do have, I don't know what the term is, due process.

MS. MELLON-LACEY: It's in Procedures, due process Notice. I think the other thing is that during the pandemic, you could not shut anybody off, so some balances may have run up significantly during the pandemic; and although there were programs to help people pay, I don't think everybody took advantage of those programs, by a long shot.

MR. NEY: Oh that's an item I'd like to agendize too, looking at the way the (INAUDIBLE).

MR. OKAMOTO: Please email Nora your—

MR. LOPEZ: And then, two weeks of this meeting.

MR. OKAMOTO: If you want it on the next meeting, for consideration.

CHR. HIRAKAMI: Let's move on to the discussion about the Financial reports.

MR. OKAMOTO: Thank you, Mr. Chair.

CHR. HIRAKAMI: Any other questions for Candace? If not, we'll move on to the Manager-Chief Engineer's Report. Is there any testimony for this item? Seeing none. Keith?

## **E. MANAGER-CHIEF ENGINEER'S REPORT**

MR. OKAMOTO: All right, up for Item No. 1, again I'll turn it over to Kawika to update.

MR. UYEHARA: So for North Kona, this month we have five of the fourteen wells offline. So on August 7<sup>th</sup>, in the evening we issued a Water Restriction Notice based on what we were observing in the system, so we wanted to get who needs help because we had to readjust our sources to different parts of the system. So the fifth one that went offline was Honokāhau Well, and that was one of the larger well, where it's kind of in the middle, north/south way of our system.

As far as the status of the repairs, okay, so Hualālai Well, that's what we talked about earlier today, but the good news is that we were able to reuse some of the existing equipment that we had extracted out of the well. So we're hoping to get that one back online in the next week or so, I think. And then that item that we were talking about, for Hualālai Well, where that pump and motor that's still enroute to us will eventually become a spare unit for us. So, that's Hualālai Well.

Palani Well, we had the time extension again. I think we're looking at through the end of October for that one.

The other is Wai'aha. We have a litigation hold, but we're still working with Corp. Counsel and their attorney.



Mākālei Well, again, we're still working with the developer, but we understand that they have to remove some of the electric equipment out of the control building because they're downsizing that pump and motor for their development. So, they're working on that.

And then for Honokāhau Well, the one that most recently went offline. We issued an emergency procurement for that, so we got a bid I think yesterday, or a price proposal from the contractor, and we've given Notice to Proceed I believe yesterday. Their duration to bring it back online right now is 126 days, which makes it Christmas of this year. So, those are in play. I think we also authorized emergency procurement for additional spare equipment for Honokāhau, I think it was a spare unit for that one.

But along those lines, as part of redundancy and resiliency, we do have and discussed with staff kind of an ongoing over the last—we go through our bid documents over the last couple of years, you'll see that we have been putting out these packages of spare equipment, pump and motor, but we've been using them here and there across the island. So, I think this fiscal year we're also planning to put out another bid package. The bid package would have four sections in the groups, and each group has a pump and motor set; has a set pump, motor, cable, and seal to make up that set, but it can be used in more than one application. So, that's the goal of increasing our redundancy and resiliency. It takes time because we've got to advertise it, award it, and then things get built and sent to us.

Also, we've learned recently that the electrical transformers are also long-lead item, so we have a couple in stock. But we'll have to probably look at where we can—if there's a standard voltage transformer. We're going to put out a bid out for that to make sure we can acquire and hold stuff on-island.

There are things internally that we've also looked at. Lessons learned, like if you know what, pump, motor set that has worked pretty good for us. You know, when we extract it, we should know that we want to install something real similar to that, to hopefully get the service life out of.

Staff came up with even some long-term plans. A question always comes up, when we buy these spare equipment, how do we store them, right? Ideally, you want to keep it vertical versus lying it down on pallets or on bricks. So we do have plans, looking long-term with our master planning, maybe trying to find space on one of our existing sites, to try to accommodate something like that. Of course, there's budget involved in that, and funding. But it's on our radar, to think about how to accommodate that spare equipment on-island.

MR. OKAMOTO: Also for the Board's awareness, because of the situation in North Kona and the fairly new discovery about the super long-lead item for transformers, we're trying to standardize I think down to 2300 volts for all of our wells. I think there's one well where we have an existing 4160 transformer, so we're going to leave it at that because otherwise if we wanted to standardize that one, it would take us a year to standardize that one. So we're going to leave it at 4160, and put back what came out of it, at that same voltage rating. It's always a fluid process. Where we can standardize, we will. Where we kind of locked in because of certain supply-chain issues, it may delay us in standardizing certain individual well sites. So, I just wanted to make the Board aware of that.

There's one particular well site where I made the call, you know, I told the staff, "You know what, we're going to just put back at that same voltage and not wait a year," because that means zero water coming out of the hole for one year while we wait for a transformer. But we're still continuing to generally move in that direction of standardization.

MR. LOPEZ: Of course, on the Makalei Well, it is producing water, or isn't it just below acceptable flow? Totally offline?

MR. OKAMOTO: Yeah.

MR. LOPEZ: No expectation on when it's coming back online?

MR. INABA: So that is what we're asking the developer for their timeline. I believe they will provide a schedule really soon because they're starting to mobilize at least. They're going to start some of the removal of the electrical. I know they met with our Operations here, too.

MR. LOPEZ: Okay, until we get a timeline, we're just now asking for it

MR. INABA: Yeah, their submittals are approved. They've done all their process.

MR. LOPEZ: And the other one you mentioned about, it's in litigation.

MR. UYEHARA: Oh, that's Wai'aha.

MR. LOPEZ: Wai'aha. I think that was the one.

MR. UYEHARA: Correct.

MR. LOPEZ: Is that the one with pumps down in the shaft? Well, you have two coming online here pretty quick, so that will help. So in a case like Makalei, this one is down. You're redirecting water, one source, somehow.

MR. UYEHARA: So for this, the typical backup, like Makalei or the northern side of the system, we'll boost water from Kahalu'u shaft and wells in area by Keauhou, booster along upper Māmalahoa Highway, but usually we have some limitations—booster pump capacity, on what can be farther north.

MR. LOPEZ: Okay, thank you.

MR. OKAMOTO: I think that's it for the Kona well update. Thanks, Kawika. The next item I had, I just wanted for the Board's awareness, the wildfire. Not brushfire, I guess. Wildfires, both on our island and Maui.

So starting with Maui, we've been in contact with our friends, our counterparts on Maui, ready to supply them with any assistance that we can. They're managing right now with their own personnel. We had a meeting with them yesterday in fact, along with folks from EPA and AWWA organizations. Ironically, three of the Water Utilities in the State are members of HIWARN, Hawai'i Water Agency Response Network; Maui is not. Regardless—so we have a mutual aid agreement established between us, the Honolulu Board, and Kaua'i. But even if Maui is not a part of that, we're all standing by ready to help them if we can. We told them we know it's going to be a long road. Right now, I think they're overwhelmed by offers of support and help and assistance. They're managing right now, but we anticipate fatigue, for their personnel setting in. Right now, I think a lot of focus is on water quality testing.

Lāhainā, for them to re-establish the infrastructure in Lāhainā, you know, maybe it's not a priority now because there are really no customers to serve, right, understandable. So I think the restoration of infrastructure, right now I think they're kind of primarily focused on up countryside. So, that's our understanding of the situation right now. But again, we told them, "Hey, we're a phone call away. Let us know if we can help, we'll help." With this Water Agency Response Network, you know, we can also reach out beyond our State for assistance, so that's been offered to them, as well.

With wildfires and water utilities, there's still much to be learned. So if you noticed, they issued advisories, not to drink the water. Don't even boil it, that's the normal response when you have suspected contamination of your water system, "boil the water," but in a case like this, you don't. There are other compounds that can be further released when you heat up the water. But a lot of things are still being learned from wildfires on the mainland and things like that. So anyway, that's where we're at with assisting Maui.

For our island, again, we're very fortunate. We had our own wildfires that our Fire Department was able to get under control. It did put a strain on our Lāhāmilo Water System, but thanks to folks like Kurt, Greg, and Alvin, for reaching out to our irrigation users. That's why we have Irrigation Agreements, for the Board's awareness. If you're going to use our water for non-consumptive needs for irrigation, when we know that's what you're going to do, we'll utilize an Irrigation Agreement. What that does is two-fold: one, you're going to pay a higher rate because you're not using it for consumption; two, in a case where there's a situation that we need to cut back water usage, you'll be the first customers that we'll call on to cut back, so we did that. Our system was able to keep up. We're still not 100 percent yet, which is why we need Lāhāmilo back online, Parker No. 3 back online, but we're still managing. We're still continuing to ask our irrigation users to restrict their usage for now.

MR. NEY: How does that work with the financial component of providing aid. I mean, it would—because I remember when the State had the Memorandum of Understanding with the County, they got kind of sticky with the Mauna Kea thing, and not to go into that. You know, what's our position in terms of if there is a financial component to offering a—does that come straight to the Board? To go, "Hey, yeah we'll prove doing this, this, and this, with the understanding of this, this, and this."

MR. OKAMOTO: With an established Mutual Aid Agreement, those are all laid out.

MR. NEY: Okay.

MR. OKAMOTO: Yeah, but we don't have that with Maui right now. So what they're trying to focus on right now is FEMA as their financial reimbursement. If we were to supply help, of course, one we want to be sympathetic. We don't want to ask, "How you going pay us back," first and foremost. We want to see where we can help them and figure out the financial reimbursements later. But the hope is that either we'll get reimbursed directly from Maui Department of Water or secondarily through whatever other reimbursements, through Federal assistance, that they can get.

MR. NEY: And then in terms of firefighting efforts, we absorb that cost, water used from the system?

MR. OKAMOTO: Yeah.

CHR. HIRAKAMI: I have a question. One of the controversies in Maui was, somehow the State DLNR made a call not to provide water to West Maui. Is there any such agency, a State agency, that has control over the distribution of water on this island?

MR. OKAMOTO: That same agency oversees us, as well. I don't know the detail surrounding that, so I'm not comfortable really commenting on that, or whether or not that made a difference or what. Yeah, it's that State Water Commission, the Commission on Water Resource Management.

CHR. HIRAKAMI: They actually made a call that kind of compromised the firefighters in Lāhainā. I just was curious, how can the State control a municipal thing for firefighters? I don't get that agreement. I just

wanted to see if any kind of arrangements were on this island to be proactive. Maybe we should research it. Because if there is a wildfire here and there's a restriction from the State, we want to be prepared.

MR. OKAMOTO: Yeah. So I think their situation is different from ours, from what I understand, it's about stream diversions over there. The vast majority of our systems are groundwater, not stream diversions, with the exception of Waimea. My understanding with Waimea, we have an established protocol to take the water from the streams that we're taking from, to fill up our reservoirs that feed into our treatment plant.

CHR. HIRAKAMI: I know there's a big controversy about diverted streams for agriculture and anything, but this was actually from the fire hydrant; so the fire hydrant would be part of the municipal system, so somehow the DLNR interfered with that. So I just was curious to see if there's any kind of way the State could regulate or tell us what or what not do with our water.

MR. OKAMOTO: In that particular case, it wasn't that issue with CWRM (Commission on Water Resource Management) that related to the actual water coming out of the hydrants in Lāhainā. My understanding, and this is totally understandable, if you have all these structures burning down, all their internal plumbing is compromised and no longer intact, your system is going to drain and get depressurized.

CHR. HIRAKAMI: Right.

MR. OKAMOTO: So a fire of that magnitude is going to essentially drain your water system, so I believe the reason why, you know, wasn't water available to the fire hydrants in that situation. I don't think that was related to the CWRM issue.

CHR. HIRAKAMI: Yeah, there are a lot of false rumors going around, about who did what was just curious about that.

MR. OKAMOTO: We can double-check that. I think our situation is different. The only surface water source we have is in Waimea.

MR. INABA: Designated, too.

MR. OKAMOTO: Oh yeah, that was in a designated area as well. Good point, thanks.

CHR. HIRAKAMI: We don't have that here.

MR. OKAMOTO: Yeah, right. Good point, thanks. But anyway, that's the situation with the wildfires on Maui and Hawai'i. With that, I'll turn it over to Warren for the Energy Report.

MR. CHING: Okay, I guess like always, feel free to interrupt at any time, but I'm just going to briefly go over this report.

(Note: At this time, Mr. Ching provided an overview of the Energy Report.)

MR. CHING: But any questions on power or energy?

MR. LOPEZ: Not a question, but a comment. The graph, you show on page 3 of the Power Cost Charge history, actually means more to me than reading the by-month than the rate. This is pictorially, and you can see that we were climbing from Apr-22 up till Apr-23.

MR. CHING: Yeah, you can kind of see where the Ukraine conflict started and the oil impacts to that, that's where I think March 2022, you can see how that impacted the PCC.

MR. LOPEZ: I know, I just wanted to comment.

MR. OKAMOTO: Any other questions or comments for Warren? All right, thanks, Warren. And then with that, the last part of my report will be an announcement of another retiree from our department. For that, I'll turn it over to Greg initially to describe this employee

(Note: At this time, Mr. Goodale, Board Members, and staff expressed their appreciation to retiree Anthony Tanodra for his many years of service with the Department of Water Supply.)

MR. OKAMOTO: And that's all I have, Mr. Chair and Board Members.

## **F. CHAIRPERSON'S REPORT**

Chairperson to report on matters of interest to the Board.

CHR. HIRAKAMI: And we'll move to my Chairperson Report. Seriously, I've been thinking a lot about what happened on Maui and how it relates to our island. I've been in the west side area during the Puakō fire. I spent the weekend, from Thursday through Sunday in Puakō. It's extremely dry there. I went to the beach at Mauna Kea, and I saw how close it got to the hotel and how it just crept by some of those multi-million houses. I've seen wildfires in Hawaiian Beaches and even where you think there wouldn't be wildfires in Leilani Estates, in the early '80s. I just think that water plays a big part in firefighting. A lot of heroic stories of guys putting out fires in Lāhainā and putting out fires on the neighbor's property. So, water really plays a really big part in combating wildfires.

Part of the thing is how the land was used, the land use, and the ranches, and the plantations and how a lot of invasive species like fountain grass provide fuel for potential fires. We have, this predicament here on our island too. We have a lot of water in the mountain, but it never gets down to the leeward areas. I mean Kona is a potential Lāhainā, and just seeing Kohala Estates and all the million dollar houses out there narrowly missing getting burnt. You can see the burn scars on the subdivision, it traveled from mauka to Kawaihae. So being physically in Puakō, it reminded me of how an important part that that the Water Department plays in putting out fires not just providing drinking water.

There are rural areas on this island that are growing, and with this increased drought people just can't rely on catchment for too long. I think looking ahead, how can we get more water to more populated areas? I know one factor is the huge area that we have to cover on Hawai'i Island. The infrastructure isn't as easy as getting it into really densely populated areas, where you have high-rises and stuff, where you have a lot of water users in density populated areas.

We have a responsibility to be as proactive as we can, to look at ways to get more water distributed on this island. It's a long-term project. But if you just do nothing about it and think about it, it will end up like what happened in Lāhainā. Global warming is real. Climate change is real. Coming from my forested area in Puna where I live, and spending the weekend on this (Kona) side and driving around Kona and looking at all the potential for fire, how can we be more proactive to look at stuff like wildfire mitigation? I don't have the answers, but I, as a Board member, have a responsibility to look ahead. Wildfire threat is real, and it happened in Lāhainā. Kona, Kawaihae, and Kohala could also experience wildfires. We have a lot of land that is dried up and potential fuel for a fire. You know, Honoka'a is surrounded by timber and grass. So, it's just a potential disaster waiting to happen.

So, it's kind of food for thought. I've been reflecting on all of the things that happened recently, there's a lot of finger-pointing, some of it undeserved. They're pointing fingers at the Fire Department, the Emergency Management Department, and the Water Department on Maui. Reflecting on that, I just think that as a Board, as a department, just to —there's a lot of finger-pointing, some of it ill, some of it undeserved. They're going to point to the Fire Department, Emergency Management, the Water Department, and everything like that. Reflecting on that, I just think that as a Board, as a department, just to think of some future precautions, not just say, "Hey, it happened there it cannot happen here," because it very well can happen here.

I think that the importance about history is to learn from it so that you can navigate through today and then plan for what could happen tomorrow. We can learn from what happened in Lāhainā and see about how we could prevent some of those mistakes from happening on this island. That's my report.

10) **ANNOUNCEMENTS**

**Next Meeting:** September 26, 2023, 10:00 a.m., at the Department of Water Supply, Hilo Operations Baseyard, Hilo, Hawai'i.

11) **ADJOURNMENT**

(There was no Motion made to adjourn this meeting.)

**CHR. HIRAKAMI:** If there's nothing further, this meeting is adjourned.

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

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Recording Secretary

APPROVED BY WATER BOARD  
SEPTEMBER 26, 2023