

MINUTES

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

December 19, 2023

Department of Water Supply, Hilo Operations Baseyard, 889 Leilani Street, Hilo, Hawai‘i

MEMBERS PRESENT: Mr. Steven Hirakami, Chairperson
Mr. Stephen Kawena Lopez, Vice Chairperson
Ms. Julie Hugo, Water Board Member (came in later)
Mr. Michael Pono Kekela, Water Board Member
Mr. Benjamin Ney, Water Board Member
Mr. Keith Unger, Water Board Member
Mr. Keith K. Okamoto, Manager-Chief Engineer,
Department of Water Supply (ex-officio member)

ABSENT: Mr. Michael Bell, Water Board Member
Mr. Thomas Brown, Water Board Member
Ms. Kea Keolanui, Water Board Member
Director, Planning Department (ex-officio member)
Director, Department of Public Works (ex-officio member)

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

DEPARTMENT OF WATER SUPPLY STAFF:

Mr. Kawika Uyehara, Deputy
Mr. Kurt Inaba, Engineering Division Head
Ms. Candace Gray, Waterworks Controller
Mr. Gregory Goodale, Chief of Operations
Mr. Warren Ching, Energy Management Analyst
Mr. Eric Takamoto, Operations Division
Ms. Nora Avenue, Recording Secretary

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

(There were none.)
- 3) **APPROVAL OF MINUTES**

Minutes of the November 28, 2023, Water Board Meeting

ACTION: Mr. Ney moved for approval of the Minutes of November 28, 2023, Water Board Meeting; seconded by Mr. Kekela and carried unanimously by voice vote. Mr. Bell, Mr. Brown, Ms. Hugo, and Ms. Keolanui were absent.

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

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 \$2.64 to \$2.37 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>
September 1, 2023	\$2.64
April 1, 2023	\$2.70
January 1, 2023	\$3.04
November 1, 2022	\$2.87
September 1, 2022	\$2.75

Before the Power Cost Charge is changed, a Public Hearing shall be scheduled to accept public testimony.

RECOMMENDATION: It is recommended that the Board approve holding a Public Hearing on January 23, 2024, at 9:45 a.m., to receive testimony on decreasing the Power Cost Charge from \$2.64 to \$2.37, effective February 1, 2024.

CHR. HIRAKAMI: I'd like to receive a motion to approve holding a Public Hearing on January 23, 2024, at 9:45 a.m., to decrease the Power Cost Charge from \$2.64 to \$2.37, effective February 1, 2024. Do I have a motion?

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

CHR. HIRAKAMI: Any discussion?

MR. UNGER: Is this a separate meeting from our usual meeting?

CHR. HIRAKAMI: Yes, it's right before the regular meeting, 15 minutes before, unless there's public testimony.

MR. OKAMOTO: But if you have any questions, and just for everyone's clarification, we did use that revised formula that the Board adopted previously, to incorporate that difference between—trying to catch up, to use the difference in the calculation instead of just the evaluation period calculations, if that makes sense,

MR. NEY: It would be interesting if the formula holds through right, because you guys ran it through some test.

MR. OKAMOTO: Warren did a lot of years' worth of test.

MR. NEY: We should yield those results.

CHR. HIRAKAMI: But it's subject to any kind of revision by the Board at any time, right?

MR. OKAMOTO: Yes.

CHR. HIRAKAMI: We're just trying to get the four-month period to just check it out.

MR. OKAMOTO: Yes, exactly. If it doesn't work, it's subject to review and revision.

CHR. HIRAKAMI: But I don't think we're held to four months, or we're going to try the four-month period, but if something comes up in between, we could do a formal public meeting because it's subject to public meeting.

MR. OKAMOTO: That's my understanding, yes. Next meeting is scheduled to be in Hilo, on January 23rd.

CHR. HIRAKAMI: Any other discussion? If not, then I'll call for the question. All in favor of passing this motion say "aye."

ACTION: There being no further discussion, motion was carried unanimously by voice vote. Mr. Bell, Mr. Brown, Ms. Hugo, and Ms. Keolanui were absent.

6) SOUTH HILO:

A. JOB NO. 2022-1193, PI'IHONUA #2 BOOSTER A REPAIR:

Chair: Is there any testimony for this item?

This project generally consists of furnishing all labor, materials, tools and equipment necessary to replace the booster pump assembly and ancillary equipment in accordance with the specifications.

Bids for this project were opened on December 7, 2023, at 2:00 p.m., and the following are the bid results:

Bidder	Bid Amount
Derrick's Well Drilling and Pump Services, LLC	\$138,000.00

Project Costs:

1) Low Bidder (Derrick's Well Drilling and Pump Services, LLC)	\$ 138,000.00
2) Contingencies (~10%)	\$ 13,800.00
Total Cost:	<u>\$ 151,800.00</u>

Funding for this project will be from DWS's CIP Budget under Repair and Agreement. The contractor will have 270 calendar days to complete the well repair with the Contractor's furnished equipment. The Engineering estimate for this project was \$123,000.00.

Well History:

Pi'ihonua #2 Booster A:
Original Installation: July, 2012

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2022-1193, PI'IHONUA #2 BOOSTER A REPAIR, to the lowest responsible bidder, Derrick's Well Drilling and Pump Services, LLC, for their bid amount of \$138,000.00, plus \$13,800.00 for contingencies, for a total contract amount of **\$151,800.00**. It is further recommended that either the Chairperson or the Vice-Chairperson be authorized to sign the contract, subject to review as to form and legality by Corporation Counsel.

CHR. HIRAKAMI: Do I have a motion?

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

CHR. HIRAKAMI: Open for discussion.

MR. OKAMOTO: So again, as is typical when we only have one bid, we have those options available to us under the procurement law. So even if it's not required, our staff does review for fair and reasonable cost, first off. I believe, and Greg correct me if I'm wrong, because we only had one bid, per the statute, we could talk story and negotiate the final price with that one bidder. So, that is the result that is before the Board today.

CHR. HIRAKAMI: I notice that the Job No. is 2022, was this approved in 2022. Job Number 2022, is this an existing contract or existing job, or is it just a typo?

MR. OKAMOTO: I think we initiated back then but didn't get around to actually bidding it out until this year.

CHR. HIRAKAMI: Oh, okay

MR. UNGER: I just had some comments on the language, on the agenda, because for me it was little confusing. It was clear that there's one bidder, but then under Project Cost No. 1, low bidder, you talked about low bidder there; and then under the recommendation, you talk about the lowest responsible bidder, so that kind of led me to believe maybe there were more than one bidder. But there was only one responsible bidder?

MR. OKAMOTO: Yes, I guess it's semantics.

MR. UNGER: Okay, so there was no other bidder.

MR. OKAMOTO: There was no other bidder.

MR. UNGER: And it kind of qualify if I said "responsible." If you had other bidders that come in and they're just not—don't meet your specs, no background, so they are not responsible bidders that come in that you don't—

MR. OKAMOTO: So sometimes what might appear before the Board, and that's a totally valid question. I get confused sometimes, so I might look at Diana. So there's two terms, there's responsive and responsible. If they're neither of them, then we cannot award that bidder. Typically if there's more than one, we'll put them both on; and instead of a bid amount, we'll put "non-responsive" instead of a number, if there was more than one bidder, but one was deemed non-responsive.

MR. UNGER: And what is non-responsive? They weren't timely?

MS. MELLON-LACEY: They might not respond to the bid/solicitation appropriately. Maybe they got the items out, maybe they didn't follow instructions as to how the bid was supposed to be structured.

MR. UNGER: Okay. Versus non-responsible, meaning just the background that they didn't qualify for (INAUDIBLE).

MS. MELLON-LACEY: Could be that, or maybe they haven't paid their taxes.

MR. UNGER: Okay, so there's a list.

MR. GOODALE: Yes, so maybe they didn't qualify under the HCE Compliance, you know, type things.

MR. UNGER: Okay, so I would be more clear, just say, "There were no other bidder," whether they were responsible or responsive. Because that says, "To the lowest responsible bidder, that led me to believe that there were couple other bidders.

MR. OKAMOTO: Okay.

MS. MELLON-LACEY: It is really language taken out of the procurement code, so I think that's kind of set/determined.

MR. OKAMOTO: We could probably, instead of lowest, maybe that's the term that might be confusing. It's actually to the sole.

MR. UNGER: Only.

MR. OKAMOTO: Or only responsible bidder,

MR. UNGER: Might be detailed.

MR. OKAMOTO: Probably a lot of that is on us too, just kind of using language that was there before, even if there's one bid or two bids. Yeah, we can make that correction.

MR. UNGER: And then under recommendations, the last sentence says, "It is further recommended that either the Chairperson or Vice-Chairperson be authorized to sign." Who else would be authorized to sign?

MR. OKAMOTO: That's about it. But I'm guessing we've had this language in our meetings for a certain legal reason, authorizing the Chair or Vice Chair to sign.

MS. MELLON-LACEY: It's standard. It complies with the rules and statutory provisions. I guess it's just making it clearer on the side.

MR. INABA: If I can recall, probably if not, we're assuming just the Chair would be able to sign, that's why we put "or Vice Chair." Some logistics at times—

MR. UNGER: I'm going to detail that. I'm looking at it.

MS. MELLON-LACEY: Yes, and we've had that talk about the Vice Chair's signing.

MR. OKAMOTO: I guess other than including it in the language, there could be a resolution adopted by the Board, that formalizes that either the Chair or Vice Chair is authorized to sign every contractual document.

MR. UNGER: Yeah, I would think that would be in a dialogue already.

CHR. HIRAKAMI: Yeah, this year because the Vice Chair lives in Kona, I sign most. I think next year it will be a different scene, the Chair being in Kona and the Vice Chair being here, east side, and will be signing most of them.

MR. OKAMOTO: And we're also looking at other possible options. Like nowadays, electronic signatures are widely accepted.

MR. NEY: DocuSign, Adobe Sign.

MS. MELLON-LACEY: I think the County has been very slow overall to adopt electronic signatures. Although it's used a little bit, it's a big step. We're moving slowly onto it.

MR. OKAMOTO: We're trying to move that, yes.

CHR. HIRAKAMI: Keith, this is a nice way of (INAUDIBLE) calculations, but the biggest difference in the price is in Item 5. Can you explain why there's such a difference in Derrick's and our engineer's estimate?

MR. OKAMOTO: Yeah, we actually had this discussion yesterday.

MR. GOODALE: It's different materials that are being required to use; so basically the materials that are being required to use was why they ended up with—so the price that we had, our estimate, wasn't reflected of what the materials that are being asked.

MR. NEY: Because I had the same question, cause you said pump and ancillary equipment. Is there a certain dollar threshold, we have to put this out for procurement, because this is not a submersible, this is a above ground pump?

MR. GOODALE: Correct.

MR. NEY: This is not something that the department will look at putting a specialized crew together to maybe cost effectively do it at a cheaper cost.

MR. GOODALE: That's a timely comment, and that we had, just like Keith just said, we had this conversation. It hasn't been something that's been done in probably the last ten years within the department, but it's something we're intending to start evaluating up to what point we could do some of this work in-house. Typically when you're talking about like a full well, groundwater well, the depth that most—that probably wouldn't be the kind of thing that we would look to pursue, but something like this that's nowhere near the—it really comes down to our lifting capacities with the equipment we have. We're in the process of looking at some of those things to see if there's a possibility our crews could do that type of work. But again, we're not going to say that for all these. You know, you get up to a certain size of some of these motors and they can get pretty heavy.

MR. NEY: Pretty heavy, yeah.

MR. OKAMOTO: We had these exact conversations yesterday.

MR. UNGER: Even for the changing the name plate from Spanish to English, that's a big difference.

MR. OKAMOTO: Right.

MR. UNGER: I mean, you could pull out a section of that—check around town and—it's a lot cheaper than \$1,300.

MR. OKAMOTO: The good part about it, and that's why we have it broken by line items, we can for transparency sakes for one; and then we can process deductive change orders from the contract too, if we elect to remove that from the contract work and do it locally, we have that option to do as well. But for award purposes, we have to include everything.

MR. UNGER: So this good, I agree. It's a good printout.

MR. OKAMOTO: So I think what Greg guys are planning to do moving forward, I had that same question, is there some stuff we can do in-house? It comes back to the equipment that we have and their lifting capacities, as well as our manpower shortage, but that's something that Greg folks are going to look at, maybe start off with the smaller units. Then if the bigger units, the larger motors, require renting of equipment, we can look at that and see how much we do renting equipment before we justify purchasing our own.

MR. NEY: It seems like over the long-run, the investment into the equipment, having in-house to do the job rather than contracting out seems like a logical strategy.

MR. GOODALE: Totally agree.

MS. MELLON-LACEY: I guess I always think of other things like liability, injury, risk, and safety issues. You know, if people do something all the time, they appear to think of these things; and if it's something they do occasionally or it's new to them, there's also a risk around that and have to think about. Because if somebody gets hurt, that can cost a lot.

MR. OKAMOTO: Yes.

MR. GOODALE: I totally agree.

MR. OKAMOTO: Part of that requires the proper training of our staff. Also factoring into this decision moving forward is us improving our asset management, preventative maintenance. So my thinking is if we can schedule these things regularly before they break, then it will become a more routine type of work effort. But another stuff we're working on.

CHR. HIRAKAMI: Yes, that's always good to know, especially if we're doing in-house. Just got to (INAUDIBLE), what is worth doing and what is worth contracting out. Any other discussion? If not, I'm going to call for the question. All in favor of approving this contract say "aye."

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

B. **JOB NO. 2023-1238, KILAUEA AVENUE AND KEAWE STREET WATERLINE REPLACEMENT FROM PONAHAHAWAI STREET TO WAIĀNUENUE AVENUE – REQUEST FOR ADDITIONAL FUNDS:**

Chair: Is there any testimony for this item?

The Department entered into a Memorandum of Understanding (MOU) with the County of Hawai‘i, Department of Public Works, to replace an aging 6” waterline along Kilauea Avenue and Keawe Street with new 12” waterline during their road restoration project. The Department agreed to set up an escrow account with \$1,000,000.00 to cover the anticipated costs of installing the new waterline to be billed under force account with the Department reviewing and approving the costs.

Due to the necessity of nighttime work, numerous conflicts with existing utilities, and the amount and complexity of connections an additional \$200,000.00 will be required to complete the project.

Original Escrow Amount:	\$ 1,000,000.00
Additional Funds Request:	\$ 200,000.00
Total Revised Amount:	\$ 1,200,000.00

Staff reviewed the current construction costs and material invoices and requests additional funds in the amount of \$200,000.00. *Note: This is force account work and there is no contingency for the project.*

RECOMMENDATION: It is recommended that the Board approve additional funding of \$200,000.00 to add to the escrow account between the Department of Water Supply and the Department of Public Works for a total projected cost of \$1,200,000.00 for JOB NO. 2023-1328, KILAUEA AVENUE AND KEAWE STREET WATER REPLACEMENT FROM PONAHAHAWAI TO WAIĀNUENUE AVENUE.

CHR. HIRAKAMI: Do I have a motion?

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

CHR. HIRAKAMI: Discussion?

MR. OKAMOTO: Okay, I think we’ve kind of touched upon it at the last meeting. There more funds required because of the complexities and the unknown that were discovered in the underground conflicting utilities and other conflicting things underground.

It’s a time and material effort, so basically we’re only paying for the work done, including the cost for labor and material equipment. Kurt and his staff did the best they could to estimate the amount of additional cost required, but it actually turns out to be whatever the work is done, if that makes sense.

MR. NEY: This is an open-ended, you know, (INAUDIBLE) set-ceiling, right?

MR. INABA: So it’s limited by our budget.

MR. OKAMOTO: So if the work ends up costing more than the \$1.2 million, we’d have to tell them you cannot build or you cannot proceed with that work until we get approval from the Water Board. But the same question was asked yesterday in our discussion, “How comfortable are we that this is going to be enough to do the remaining work,” and of course, we try to be close, but we don’t try to make it too tight so that everything’s got to be perfect for us to meet that cost, but at the same time we don’t want to

provide too much of a cushion, as well. We believe Kurt folks are very confident that this will cover the cost.

MR. INABA: I'll maybe point out too, it doesn't mean that the contract—we're going to pay them \$1.2 million. If it comes out to \$1.15 million, that's what it is and that's all they can go for.

MR. KEKELA: So they can't go higher than \$1.2 million.

MR. INABA: They cannot go higher. Like Keith mentioned, we didn't want to set up like \$1.1 million, and if we have to come back again for another \$10,000, or \$50,000, or whatever that is.

MR. KEKELA: Is the department still (INAUDIBLE) on that project?

MR. INABA: Yes, that's the entire—

MR. OKAMOTO: So again, we're kind of getting a good deal by partnering with Public Works on their project. It's kind of done at the same time; you know, they don't do whatever repaving work, and then we come later and excavate.

MR. UNGER: I was going to say, for the member of the public, there's nothing worse than driving by a brand-new paved street, and then the Water Department comes in and digs it up. So thank you guys.

MR. INABA: Just to give an idea, what we're mentioning, what else we're finding right, there is the Sewer Department, and there's gas lines all in there, and they have not participated to some extent, so these things we still have to avoid. Hawaiian Electric is also in there. And then there's all these drain lines that are not documented on the plans too, and we're finding that—you know, we are tied in. So it's kind of late in the game, but where we're actually tying into the pipe, we cannot make the connection there because it's actually like sitting on a concrete drain-line, so we're going to have to avoid that. So it's just a lot more complicated than what we hoped it would be, but we did anticipate complications.

MR. LOPEZ: Did you encounter gas?

MR. INABA: Yes.

MR. LOPEZ: Propane? Is it fuel?

MR. INABA: Propane, the Gas Company has their lines in the road. I guess it's a public utility line.

MR. OKAMOTO: Yeah, versus automotive fuel or that type.

MR. UNGER: Can somebody give me a quick definition of a forced account?

MR. OKAMOTO: Okay, yes. That's kind of what I was referring to, as a time and material type. So basically, we're only paying for the exact work that's being performed. When you do a bid, they kind of guesstimate what work they're going to do, but by contract, we're going to pay them. If they do replace 1,000 feet of pipe and they bid \$1 million for that, regardless of exactly what they put in as the detailed, by contract, pay them that million. Versus this one, if they put in 10 feet of pipe, we want to know what that pipe cost, how many hours they took to put it in, who they use, and that's what they submit with the billing.

MR. UNGER: When you say "they," it's Public Works?

MR. OKAMOTO: The contractor. So our inspector is out there, making sure that it's all legit and they're not trying to cheat.

MR. UNGER: Who is the contractor?

MESSRS. OKAMOTO AND INABA: Glover.

MR. UNGER: Okay. So do they have a contract with Public Works?

MR. INABA: Yes.

MR. UNGER: And you guys, or just Public Works?

MR. INABA: Public Works.

MR. UNGER: And then you guys' work—

MR. OKAMOTO: So this is a little bit unusual. We put it in an escrow account. So how do we pay out of that escrow account?

MS. MELLON-LACEY: We reimburse.

MR. OKAMOTO: We reimburse Public Works.

MR. INABA: Public Works, yes.

MR. OKAMOTO: So Public Works pays the contractor. They send us that documentation, and then reimburse Public Works.

MR. INABA: Yes.

MS. MELLON-LACEY: And that was all documented in the MOU.

MR. INABA: Yes, there was an MOU.

MS. MELLON-LACEY: We have an MOU with that department.

MR. NEY: So you're reviewing costs with Public Works. Because how do you guys cost plus, and what kind of margin for profit you guys—

MR. INABA: So on the force account sheet, there's fixed amounts that they can put in for their taxes, insurance, their overhead. I know overhead for the general contractor is up to 20 percent, some will be at, I don't know, 15 percent, and then for sub-contractors, they only allow up to 10 percent.

MR. NEY: Because if it's a reimbursement to Public Works, are they scrutinizing the cost, because if we're just refunding them, in our due diligence—

MR. INABA: We're scrutinizing. It's very detailed. Just so happen, Public Works included in their contract some force account, so they're also reviewing, making sure that they're not double-charging.

MR. NEY: Okay.

MR. OKAMOTO: Typically, what happens is the contractor will do the work, submit the invoice for payment. We get a chance to review that before Public Works actually cuts a check.

MR. INABA: Yep. So there's a stack, their daily force account sheets that have to come with—they fill it out as best as they can and give it to us. We review it with the contractor. The contractor also submits to Public Works.

MR. OKAMOTO: It's a lot of work, so pros and cons to either way.

MR. INABA: It takes a lot of time, for project management.

MR. UNGER: But the holes are already there—the trenches are already there.

MR. INABA: Yes.

MR. OKAMOTO: Yes, their equipment is already there. You don't have to mob(ilize) or demob(ilize) twice.

MR. UNGER: That's a big cost right there. That's the admin part.

CHR. HIRAKAMI: Okay, any further discussion? Before I call for the vote, let the record reflect that Member Hugo—you're going to abstain on this vote for these two votes. You didn't—going to approve discussion. So all in favor of the motion say "aye." Any nays? Any abstentions?

MS. HUGO: Hugo, yes abstention.

ACTION: There being no further discussion. Motion was carried unanimously by voice vote: Ayes (5) – Messrs. Kekela, Lopez, Ney, Unger, and Chair Hirakami; Absent (3) - Mr. Bell, Mr. Brown, and Ms. Keolanui; and Abstention (1) - Ms. Hugo.

7) MISCELLANEOUS:

A. **DISCUSSION REGARDING HYBRID TYPE MEETINGS WITH VIRTUAL PARTICIPATION**:

Chair: Is there any testimony for this item?

The Department is preparing to hold hybrid (remote meeting using interactive conference technology) Water Board meetings by the 1st quarter of 2024. The Department will update the board on the meeting requirements and be available for questions.

For discussion and possible action.

CHR. HIRAKAMI: We're going to open this up for discussion.

MR. OKAMOTO: Yes, thank you. I think at the request of last month's meeting, we put this on the agenda. I'll turn this over to Kawika to provide the Board with an update, and then if you folks have any questions, we can try to respond or have further discussions.

MR. UYEHARA: As discussed last month, we mentioned that our plan is for the first quarter of 2024 to start remote meetings, and that's still our plan. After going through the recent updates to the Sunshine Law, I just wanted to brief the Board on what some of the ground-rules are for these remote type of meetings, Act 220, new section in Sunshine Law:

- Allows for remote meetings for the Board, our Board using Interactive Conference Technology (ICT).
- All Board members and the public may participate remotely or in person.
- Our in-person location, like Hilo Baseyard or in Kona, it has to be connected to the remote meeting, so we'll work on our side, our IT side to get that working.
- Board Members are not required to attend at an in-person site because we're allowing the public to participate remotely, the Board is also allowed to participate remotely.
- Interaction amongst all Board members and the public must be allowed, so that's using that ICT. There's got to be the ability to talk both ways.
- At the start of the remote meeting, the Chair must announce the names of the participating members, and each Board member participating from a nonpublic location must state who else is with the member. So like if you're at home and you do have somebody in the same room, I think you have to make that known.
- Law only requires the quorum of the Board members to be visible. I guess it did go on to say like if somebody has to leave the room but they need that person for the vote, you may have to recess for a couple of the minutes until everybody who's needed for that quorum to make the vote can be on camera first, I mean, I guess if it's in-person.

Couple other things. The one that we're going to work on is when we notice the meetings, that when we advertise one week prior to the meeting, we put the location of the meeting, it's going to be allowed for remote. We're also going to include contingency plans, that in case there is a disruption in the connection for more than 30 minutes, that we would have a contingency backup meeting date and location already scheduled, so our side we'll have to figure that out, how we can get all set up. Because from what I understand if we get disconnected, have technical difficulties, we have to recess for up to 30 minutes; but if we don't know notice it properly on our first notice, then from what I understand, that we would have to basically start the next meeting from brand new.

MS. MELLON-LACEY: Yes, because that meeting would just terminate.

MR. UYEHARA: We will have to terminate because you haven't given proper notice that you're going to continue at this place at this time, because it got disconnected. I think those are the main points. I know we have other things on our things on our side, I have to talk a little bit more with Diana. You know, before we used to stream it on Facebook live before. It's something like the YouTube channel or something, we have to make it so folks in the community can view it. I think we would provide a number. We used to provide a phone number; so say somebody is watching it, but if they see something on the agenda, they want to testify, submit a testimony to the Board, they can call in.

MS. MELLON-LACEY: That's one way to do it. I mean, the law isn't exactly saying you got to do it this way or that way; but the problem is if you don't have some way to control the meetings—you know, anybody could jump in start talking and becoming unruly. We have had that happen in meetings where we didn't have (INAUDIBLE) that could control that, so normally you want to be able to admit people in to give testimony. If you ever watched the way Council does it, they—

MR. UYEHARA: Yes, we can continue that way too. We have the ability to provide that Zoom link, to have a host somewhere, where you're controlling who's speaking, right, the microphones. Those are the

main points I wanted to emphasize highly for the Board today. Again, we're planning on prepping to get it going by, at the latest, March of next year.

MS. MELLON-LACEY: Yes, there are some other nuances, and I think we used to do them back in the day of COVID, where the votes are all supposed to be roll call votes because we're in public, you know, especially if somebody may be using this (INAUDIBLE) on camera. At the beginning of the meeting, the Chair is supposed to take a roll on each person to identify (INAUDIBLE), which ties in with that part what Kawika mentioned about, announcing if someone's in the room.

Sometimes the public location is just a room with a computer and maybe somebody else there, where people could walk in and watch it on the computer screen, and be allowed to give testimony, but no Board members contemplated as being there. So the thought that there would be a sort of more participation involving Board members and the department, or the thought it would be primarily remote.

MR. NEY: I know when we were doing it purely virtual, it was a little glitchy, I mean, that's just my opinion. It's always going to have (INAUDIBLE). I don't think so. But that was my experience when we were in COVID.

CHR. HIRAKAMI: Are we talking about a hybrid?

MR. OKAMOTO: Hybrid, yes. I think that's—well, that's what I would propose to start off with. So we'll start kind of setting it up like this. So this would be our physical location, right, people can still report—the public can come here, and then Board members could attend virtually and participate from wherever, as well as the public. That's what I was thinking.

MR. UYEHARA: Full remote for everybody, having in-person for the majority.

MR. LOPEZ: There should be notification to the Chair who is going to be attending remotely in advance.

MR. OKAMOTO: A lot of that was going to be in the details, and I'm sure we're going to tweak and modify our process as we go along. But yeah, that would be an awesome thing, just for courtesy, the Board secretary as well as the Chair to know in advance who is going to attend remotely, that would make it so much easier. From our side, I think the set-up, I don't know what's required from our side.

MR. NEY: Can we come in in-person and there's an issue on the virtual side, that ceases or halts the meeting?

MR. OKAMOTO: Correct me if I'm wrong, Diana, if the glitch is on a Board member but we still have quorum, in-person or even with somebody remote that's not having that glitch, we can continue?

MS. MELLON-LACEY: You could continue, but if it affects the public ability, that's when you have to halt.

MR. OKAMOTO: Right, if the public cannot chime in, and that's the glitch.

MS. MELLON-LACEY: Or can't see you.

MR. OKAMOTO: Then that's a pause.

CHR. HIRAKAMI: But if the public can't see, that doesn't necessarily mean that they're on the Zoom call, that means they'll be on the broadcast channel, right?

MS. MELLON-LACEY: That depends how it's set it up.

CHR. HIRAKAMI: Well, according to this—are we going to do vote? I don't think we're required to do vote because I've been to the State Commission meetings, and they don't have it broadcasted. They've been doing these virtual meetings. They continue to do the virtual mode. One thing that I notice is that the Chair always requires the members to have their screen on

MR. OKAMOTO: Camera.

CHR. HIRAKAMI: All the time.

MR. OKAMOTO: There's some statute language on that.

CHR. HIRAKAMI: I don't think it's just the quorum. I think the Chair of that State Commission requires all members to have their screen on at all times.

MS. MELLON-LACEY: That may be that they may have a rule. The statute is that it's got to be the majority. And I guess it's allowing for somebody to have a glitch without having to stop the meeting, or someone has to go out of the room for a minute.

CHR. HIRAKAMI: So this is a question for the department, you've witnessed a lot of boards and you've witnessed the change in in-person meetings that happened when I first ran the board, then we went to virtual meetings then we went back. From my perspective, meetings in person are more definitive because you can actually see and discuss, whereas the control on a virtual meeting is—Chair doesn't really have to (INAUDIBLE) the meeting. I've been a state board for my school for 23 years, and we went through that virtual. Virtual meetings last longer, for some reason it's not (INAUDIBLE). Not everybody has come prepared with packets. There's a lot of people there, and I say, "Whoa, what's that now? I don't have it in front of me. With an in-person board, you have your packet; if you don't have it in front of you, "Bruh, you forgot it."

And too, what is irritating, is people are walking, and coconut trees are behind and say, "Oh no, I'm here." They're attending the meeting, but they're not attending the meeting. They're doing their due diligence on appearing, and it's on a phone and walking around. Anyway, I find it very distracting, just from my perspective. So I'm really glad that this year, with all the meetings I've chaired, are in-person meetings because I prefer that.

MR. OKAMOTO: I think what we can do, again, I value in-person as well, What I would propose, how we try it out, is we still do this with the possibility for remote access by Board members and the public. We'll still issue packets to everybody. We could maybe possibly come up with, maybe, some ground rules for the Board. I've seen some working groups or whatever that are huge, 30 people, that's kind of when you guys walking with their cellphone kind of thing. I think we're pretty good with just nine. You know, if we just have some basic etiquette type things for the Board, really can't do that with the public.

CHR. HIRAKAMI: If I were to Chair a virtual meeting, I would want protocol. You just don't come here and start talking. You've got to raise your hand. If there's a motion, on Zoom, you've got to raise your hand, and the secretary has to say, "Chair, you have Kawena is raising his hand," so the Chair recognizes Kawena. Otherwise, it gets kind of messy. And one, as manager, in-person meeting. It's really helpful to have that person in there because she can hear everything going on; but when she's

isolated on a screen, she doesn't know what's going on, (INAUDIBLE) inappropriate at any time. It's more the quorum than in-person meeting. That's just my own.

MS. MELLON-LACEY: I guess if I could just say is that what we're seeing is that many of the boards have returned to meeting in person even with the hybrid possibility; and where it's helpful, sometimes a person may be has a transportation problem or they're not feeling 100 percent, but they can still attend the meeting remotely, but the bulk of the Board members are attending in person, but it's a great help to the public. Otherwise, you know, maybe you can't come to the meetings, or view the meetings with the same ability as (INAUDIBLE). Most of what we're seeing now is more of a benefit for the public to be used as much by Board members.

CHR. HIRAKAMI: As Chair, I enjoy in-person meetings. I think there's more formality and it's more like a business meeting. On-line is really convenient, but it's almost too convenient. But maybe we can recommend that if the meeting is in Hilo and most of the east side guys attend, and the Kona side guys can come in virtually. If it's on the Kona side, most of the Kona guys attend, then the east side can come on virtually. That would save a lot of transportation and save on mileage costs and everything like that. I think it's useful like that, you know, geographically so far away. It might be better. I would encourage that if the meeting was in Hilo side, we get as much attendance in person as possible.

MR. OKAMOTO: Again, I don't think we'll have all the questions, and the details figure out, but I believe, like it was mentioned by Diana, how the public expectations has changed during COVID, it's almost expected that they have that ability now to participate remotely. So we've kind of heard some of the grumbles outside, "How come you guys don't allow, or you don't have it streaming on-line," or whatever, but by doing it old-school, we're meeting all the Sunshine Law requirements, so we're not required to. But I think part of this move is also to address public expectations, as well.

MR. UNGER: We probably don't need to reinvent the wheel because I know Leeward Planning Commission and Windward Planning Commission are done virtually also, and I'm sure if they went through the same process. Touch base with them and see how they do it.

MR. NEY: Do you think participation of public going up, with changing? I don't feel like it did.

MR. UNGER: I don't know. I stepped off Leeward Planning right before COVID, but I know the Chair pretty well that went through COVID and went through remote, and he liked it better and had more control over the meeting. It was his thing; he got to know that really well.

MR. LOPEZ: We had the same for Redistricting, heavy participation. People would come and know (INAUDIBLE) areas. There would be a moderator, and that would cover who came to the table, when they turned on the mic to speak. The Chair would recognize them through remote. For Redistrict, it worked.

MS. MELLON-LACEY: But with Redistricting, we had the Council Chambers for most of our meetings.

MR. LOPEZ: And we could have that.

MS. MELLON-LACEY: And that is the ultimate.

MR. LOPEZ: There's no reason we couldn't reserve that, as well.

MS. MELLON-LACEY: And also, we had Relley, who's very well-trained.

MR. LOPEZ: We could do the same thing.

MR. OKAMOTO: And again, we're not planning to reinvent the wheel. We're going to lean into whoever's been doing it and learn from whatever they've gone through.

CHR. HIRAKAMI: Well, I think after the first quarter, I think try it and have the Board revisit it and see if it's working or not. Try for three months and see if it's working, and to continue it, approve it, or go back to (INAUDIBLE).

MR. OKAMOTO: Again, I think our intent is to more of a hybrid, so continue to schedule the physical locations. Like we're going to set it up like this but provide the Board and the public opportunities to participate remotely.

CHR. HIRAKAMI: So one question for the Board, does the department intend to be in person for the meeting?

MR. OKAMOTO: Yes. That I can make the call on.

CHR. HIRAKAMI: That's really important for you guys to be in one place so you can answer questions.

MR. OKAMOTO: But like Diana mentioned, should there be hardship, say like Greg had something he had to be offsite in Kona, at work or whatever, he could still participate remotely. He can still participate too. I think it will give us options; but the primary intent on our side is like this, our staff will attend as much as possible in person.

CHR. HIRAKAMI: Any other discussion?

MR. LOPEZ: Yes, on the subject of scheduling. I went back, and I brought this up earlier in discussion when I was kind of a wave washed over. I went back to the minutes, and I did not see anywhere where we discussed the next calendar or (INAUDIBLE). It was introduced as part of the package, but we never even looked at it. I'm being a stickler for detail, I'm sorry. I just like to do things right. So it's still out there for us to vet. I just kind of want to approve scheduling.

MS. HUGO: The only conversation I recall was I think Diana saying something about the rules say that it's to be on this day. I did look at the rule, and I recall that.

MS. MELLON-LACEY: But I don't think we could vote on it today because we don't have it on the agenda.

MR. OKAMOTO: So what we can do is we can put an agenda item on for January, for the Board to discuss and approve the remainder of 2024, primarily the meeting location, I think. Because I think per our rules it's the fourth Tuesday of the month. I think it even says 10:00 a.m. maybe. Yes, we can add it to the agenda, for discussion and approval. And then for 2025, we'll agendize it November or December, for Board review and approval, for the following calendar year.

MR. KEKELA: Actually one more question, would the Board may be able to have the bandwidth to stand up like at —not a facility, like a space like this on the side so our hybrid would kind of be like simultaneous, members on the East Hawai'i, West Hawai'i, members of the—

MR. OKAMOTO: Oh, physical location?

MR. KEKELA: Right.

MS. MELLON-LACEY: Council does it.

MR. KEKELA: Even Council does it.

MR. OKAMOTO: Yes, possibly.

MR. KEKELA: So that still gives us—that's kind of (INAUDIBLE) in person, and then the public gets their access, too. And that way we can close them out when we go into Executive Session or something. That's just my only suggestion.

MR. OKAMOTO: Yes, we can look into that too.

MR. KEKELA: Thank you.

CHR. HIRAKAMI: And then the meetings will be recorded?

MR. OKAMOTO: Yes.

CHR. HIRAKAMI: Are they required to do recording?

MS. MELLON-LACEY: They're not required to be recorded. They strongly encourage if you're doing remote meetings; that they do record it—because people are Zoom or something with an automatic feature. They also encourage that those recordings of meeting be maintained so that people would have the opportunity to say, "Oh, I seen it at the Board meeting on such and such a date, I want to go back and watch it." It's not in the law, but it's encouraged. Actually, the way the law is, once you have posted the minutes, you no longer are required to keep a copy of that recorded meeting. But I know that a lot of the departments have YouTube channels, like Planning has a YouTube channel. So, that's what's encouraged. Idea of transparency, I guess, if people could go at.

CHR. HIRAKAMI: Any other discussion? If not, we're going to the Monthly Progress Report.

B. MONTHLY PROGRESS REPORT

Chair: Is there any testimony for this item?

Submission of Progress Report of Projects by the Department. Department personnel will be available to respond to questions by the Board regarding the status/progress of any project.

MR. OKAMOTO: Though it was quick turnaround, I think Kurt does have maybe a couple updates.

MR. INABA: For your information, Kīlauea and Keawe, you'll probably see under there, we're currently up \$600,000, roughly. That would only cover to actually October. So there is November, December, and January that we anticipate. We are getting down to the wire. All customers have been connected to the new line, so it's making all the final connections to be able to eliminate the old line in that street. So we're anticipating that to be done the second week of January (January 9th, 10th, and 11th).

Anyway, I know that they were pushing to try and get everything done by the end of this year so that they can pave. We've talked to the contractor, and we feel that they can start their paving on one end because

they're pretty working towards the other end, and that was their plan anyway. We think they're on schedule, basically. We shouldn't be holding them up in other words.

MR. OKAMOTO: And for us, part of our deal is that when we do the final connection we actually have to shut off the water; so of course Downtown Hilo there's a lot of businesses, so we try to schedule that accordingly. And I think we recently found out that McDonalds is 24 hours, so we try to give them as much ample time to prep and repair for a shutdown as much as we can. If there's an emergency, like a watermain break, cannot help; for scheduled work, we try to provide as much opportunity as we can.

MR. KEKELA: There time is on Keawe Street, McDonald's—

MR. INABA: Yes, when we do the shutoff. They already had two shutoff scheduled for the second week in January.

MR. KEKELA: This is all at night?

MR. INABA: All at night, everything. So hopefully it impacts a minimal, but like you said they're 24-hours and probably the only 24-hour place you can get food.

MR. NEY: Quick question, Keith. You know Kohala is experiencing problems with the recently completed project, is there anything we have to address in the language on warranty? I mean because for me it's like the contractor is not in synchronization for him to hop on the repairs, I mean, he's probably having to go back to the manufacturer. I don't know if there's monetary compensation for his time. But it just seems like going forward with projects, is there anything we need to tighten up with the wording or terms?

MR. INABA: I know it's pretty much standard warranty language. We have worked with the contractor to expedite the repairs in the past, but in that sense I'm not quite sure if we actually had compensation when they had the option to either airfreight it or do their standard shipping, that's the longest delay.

MR. NEY: Just because once we sign off, we lose the leverage of having something to—

MR. OKAMOTO: I think what Ben is asking, is there any contract language? Should warranty work be required? That they got to get on it in a timely manner somehow because otherwise what's our hammer or our leverage for the contractor to come back and do the warranty work.

MR. NEY: It just brings me back to the days when we were trucking water up to Kohala because no pumps were working, and we just don't want to get into situations like that.

MR. UNGER: Or even incentives to get it done faster versus contingencies. Sometimes it will work a little bit better.

MS. HUGO: Plenty better.

MR. INABA: The only option would be, and that's still taking a chance, is if we did it ourselves and invoice them. That would be something we've got to work through Corp. Counsel probably to see. But they have mobilized and started pulling the pump at Kohala already.

MR. OKAMOTO: I'm aware of incentive programs for completion of the project, but of course there has to be a basis on how you determine how much—for warranty work, I'm not sure. Because we're saying,

“Hey, your stuff never work. We’re not going pay you more money for get it back working again.” So yeah, maybe apples and oranges. I know there are incentive mechanisms for finishing the work.

MR. UNGER: So this is the discussion about the emergency notice that just came out, where the two pumps in Kohala are down. Is that what we’re talking about?

MR. OKAMOTO: It’s tied to it because it’s partly related to an update on our Halaula Well Project.

MR. UNGER: Is that the well in Kohala?

MR. OKAMOTO: One of the wells.

MR. UNGER: Oh, okay.

MR. NEY: The hydraulics are good right now, right? You guys are (INAUDIBLE) Hawi—Halaula too?

MR. OKAMOTO: Yes, and then we modified it, right, once the Halaula well came online?

MR. INABA: Yes, we modified it. When the Halaula well came online, we had to kind of switch the system back.

MR. NEY: Those reading points are going to be different once you guys started from a—

MR. INABA: No.

MR. NEY: Oh no, you bump up to the same reservoir, right? You fill the same reservoir tank.

MR. INABA: Only with the Halaula well.

MR. OKAMOTO: Slightly different elevation than the existing one. Oh yeah, in the past didn’t have Halaula well, so Hawi well water was going all the way to Halaula; but when Halaula well came online, we kind of adjusted the system so that it was almost king of separated. But Halaula fed a portion of it from this side, and then the two Hawi wells of the remainder. But when Halaula went down, we had to revert back to the old system of Hawi providing water.

MR. NEY: That could be like an unanticipated, very expensive (INAUDIBLE), water just trucking to an area, correct?

MR. OKAMOTO: Yes, but we wouldn’t be able to truck to meet the needs in the Hawi area. The only time we trucked water was for Makapala Well.

MR. NEY: Oh, okay. Single-well source.

MR. OKAMOTO: And much smaller customer base.

MR. NEY: Got it.

MR. UNGER: Is the Halaula Well Project on this?

MR. INABA: Yes.

MR. UNGER: Which one is it?

MR. UNGER: Under North Kohala.

MR. OKAMOTO: So they're almost done pulling the pump?

MR. INABA: Yes, they started last week and were scheduled to be done around today, actually, but no later than tomorrow they said.

MR. OKAMOTO: So what's going to have to happen is after they pull it out, it's got to be torn down. I don't know what the exact word is, but they got to go I think break apart the bowls and see whether or not the impellers—so what was happening is brass shavings were coming up, which could be impellers for shaft bearings. Something not right.

MR. INABA: Something is happening down there that we have to—

MR. OKAMOTO: Could cavitation be too causing that? What would cause the cavitation?

MR. INABA: I think if only the water level drops, I don't think that was already occurring.

MR. OKAMOTO: Yeah, that would be pumping air. So we've got to tear it down and actually do some work.

MR. UNGER: So they noticed that two wells were down? What was the second well?

MR. INABA: That one was an existing well. The Hawi one. It's not a CIP project. This is just the updates for the CIP projects.

MR. UNGER: So the notice that came out, there's two wells that are down; one is the CIP project, and the other is not?

MR. INABA: Yes.

MR. UNGER: So who is in charge of repairing the second well?

MR. OKAMOTO: Operations.

MR. UNGER: What is the status of that?

MR. GOODALE: We're mobilizing the contractor. Actually, we're mobilizing them under the warranty provisions of their previous job because it's still under warranty, so they're obligated to go back up there, fulfill their obligation of the warranty.

MR. OKAMOTO: Yep, every time we have a well go down in Kohala, we get a bit anxious.

MR. INABA: Was always only two, until recently, and so when one goes down, we were always down to a single source.

MR. GOODALE: The good news on that though is we have a spare string, so we've got a pump and motor basically ready to go. So it's really more of a matter than pulling the one that's in there out and replacing it with the existing new string that we have.

MR. OKAMOTO: That goes back to I think some of that, you know, is there a possibility for us to include language to kind of help us encourage them to move quickly on a warranty provision. We need more contractors, really.

MR. UNGER: But that is a problem if you have only one or two businesses. I mean, how far do you screw down on the contracts, because at some point they'll throw up their hands and say, "Why don't we want to bid on this?" But there's got to be either through incentives or contingencies; because how many times—same but different subject, how many times do we extend contracts to contingencies out of the contractor's control? At some point, it rolls downhill. You know, are there any contingencies in the contract with the manufacturer back in Illinois that if this thing is not done at the right time, there's consequences? I've only been on the Board a short time to see all these extensions. You weigh on the one hand, you don't have many choices; and on the other hand, is there any way to look at the contract and try to (INAUDIBLE). Because say this one contractor knows that there's going to be consequences if there's an extension, he's going to make sure in his contract, for the manufacturer (INAUDIBLE), because time is money. Every time we approve an extension, we're out some time and money.

MR. OKAMOTO: Again, this is a recurring discussion we have throughout, and it's related to CIP, so I think we're still on agenda. In the past, we and the Board tried to take a little bit more firm stance when it came to our contractors and their subcontracts with either suppliers or subcontractors. At that point, we were made aware by these—they even came and testified at the Board. Yes, even their hands are tied because we're on an island in the middle of the Pacific, so these manufacturers have a larger clientele that they can cater to or prioritize on the mainland. If they lose our contractor's business, it will seem like "eh." It's tough. Part of the paradise tax, again, that—other than that, I don't see much red on this spreadsheet.

MR. INABA: For Puakō, I know that they are continuing. I know last week they had to kind of put a halt, but they started back up. We actually had to wait. I just wanted to give you an idea, we had to wait a couple of hours doing their work. So it's been like 2/3 of a workday that they would be able to perform work, and that's all basically because of the tides and low elevation in this section that they're at now. Hopefully, they get beyond that; and as they trench, they won't see the sea water in the trench. So this is all brand-new pipes. They can do their own drill. It's not under pressure.

MR. NEY: It's not hot tap.

MR. OKAMOTO: Not hot tap.

CHR. HIRAKAMI: Kurt, in your many years in the department, have you noticed more problems about high tides and digging in that area? Do you think that in the future it might get worse, and how do you do this pipeline work?

MR. INABA: Personally I haven't noticed that the tides really were much different in terms of that because, if anything, it's maybe a few inches or so. I mean when you look at models, I know everybody is doing sea level rise models. I know Puakō is impacted.

CHR. HIRAKAMI: That weekend that was happening, I happened to be in Puakō. Next to the house that I lived in, in 1982, I had never seen the reef totally covering the high-tide. It was like a wakeup call for me because I used to go every day out to the point and fish and everything, and it was the first time I saw it. Then when I checked with the contractor because of that extreme high-tides. It wasn't king-tide or anything, it was just high-tide. King-tides are different. I think coastal areas are going to have an impact on waterlines because of the possibility to even work (INAUDIBLE).

MR. OKAMOTO: So Engineering side, what Kurt focuses on, is new construction which is few and far between in these areas. But Greg's guys, when they got to do repairs, are doing that more often than a new CIP project. I don't know if you had a chance to check with your guys to see if they've seen any impacts to their work for those areas.

MR. GOODALE: I wouldn't say it's that much, I mean, it's something you definitely check the tide chart to see when you're able to go in and make a repair; but in terms of more extreme effect, I mean—I guess it's happening gradually enough to where you just kind of change your work practices to facilitate what it is. I suppose if you never saw a drop below the point where we can get in there and work on it, that would be a real eye-opener, but so far we've been fortunate that we haven't had any situations like that. But it does sometimes end up causing us some delays, you know, where you'd like to get out there, but you just cannot.

MR. OKAMOTO: Fortunately for our department, because we went through an exercise that evaluated the sea level rise. They have the maps, right, the inundation maps for the anticipated sea level rise, and for us it looks like not that much of our infrastructure would be impacted. We have a few, maybe like Puakō, Keaukaha area, down by Keauhou boat ramp, but for the most part, are 99 point something percent of our infrastructure is going to be still okay, so we're fortunate in that regards. Other departments, not the same case.

C. REVIEW OF MONTHLY FINANCIAL STATEMENTS

Chair: Is there any testimony for this item?

Submission of financial statements and information relating to the financial status of the Department. Department personnel will be available to respond to questions by the Board relating to the financial status of the Department.

MS. GRAY: For this month we have the Financial Statements for November 2023. The only new thing that I've noted, for your Budget Status Report, is that we've done a CIP reserve of \$2.5 million, which meets 100 percent of our budget. Everything else is pretty much routine, as far as what you've seen previously on your coversheets in regards to your Financial Statement. So if you have any questions, please let me know.

CHR. HIRAKAMI: The delinquencies have been steadily decreasing until this month.

MS. GRAY: Yes. That's fluctuating. I would again say in regards to our billing schedule, there was a delay I believe in the billing cycle.

CHR. HIRAKAMI: And that's over 90 days? You're only talking about the delinquencies over 90 days, pass 90 days?

MS. GRAY: Yes. As the billing occurs, then the delinquencies move in the aging bucket.

CHR. HIRAKAMI: Last month I forgot to bill on time, and I got a delinquency notice after a month. How do people get over 90 days? Do they still have water? Do they still have service?

MS. GRAY: It depends, you know, if they're on a payment plan.

CHR. HIRAKAMI: Oh, I see.

MS. GRAY: These also reflect closed accounts, so it is a combination.

CHR. HIRAKAMI: So people close their accounts and don't pay.

MR. LOPEZ: Are those closed accounts, we still carry delinquency on the books?

MS. GRAY: Yes.

MR. LOPEZ: For how long?

MS. GRAY: Until it's written off, depends on the statutes of limitation.

MR. NEY: We wrote off on uncollectible debt.

MR. LOPEZ: Yeah, as a group.

MS. GRAY: We only bring to the Board any write-offs that are \$10,000 or more.

MR. LOPEZ: So those that are not \$10,000 or more remain on our books for—?

MR. OKAMOTO: How long?

MS. GRAY: It depends. Statutes of limitations or the—

MR. LOPEZ: Is it years, months?

MS. GRAY: It could be years, yes.

MR. LOPEZ: And in this delinquency total, does that include the water adjustments?

MS. GRAY: Some do, yes. It depends, I guess, on the timing of the adjustment.

MR. LOPEZ: Okay, so it's a really nebulous conversation. That's what I'm interested in for now. We can't put a finger on it. I'll work on that. Thank you.

MR. NEY: I like to see it agendize for discussion, so I won't stray off the subject too much, but about the property owner having the guaranteed payment for an account holding on his property. That's the only way we're going to close this thing in terms of people not paying their bills. The property only has to be a guarantor. We can lien the property, they're aware of that. That's the only power I have as a contractor; if someone wants to screw me, it's to go, "Oh, I guess we'll have a mechanic's lien on your property." That won't be taken off until you resolve this or cancel your property. That's a tool that you have, to not have people accounts, delinquencies, balances go into default.

MR. OKAMOTO: What we plan to do, and we haven't forgotten your desire—

MR. NEY: I kind of keep reiterating it, and not enough.

MR. OKAMOTO: Yes, we plan to include the delinquency discussion in January, and part of that can involve the long-term, beyond 90 days, discussion as well as mechanisms to hopefully remedy the delinquencies, so that's our plan. We'll have an agenda item in January.

MR. UNGER: I guess the ultimate leverage the Water Department has for delinquencies is shutting off water; and I know you have to tread lightly and there's probably some legalities involved, but if you don't pay your bill, you don't have water.

MR. OKAMOTO: Ultimately, that's what we do. Part of it, Candace is going to have to do some digging. A lot of those detailed questions that Kawena asked, she may not have that information today, but that is going to be part of her research; you know, how much of that is in the adjustments? Maybe they got an adjustment and they still walked away. We try as much as possible to avoid shutting off, just because of the health and safety, but we do shut off. I think that's part of the discussion too, is how much shut-offs do we do annually.

MS. MELLON-LACEY: This is for years, appeals from shut-offs, and I can tell you I think it can't be a lot because almost everybody who will be shut off would appeal. It doesn't cost them to appeal, and they would at least come to this Board and try to make their pitch as to why we shouldn't shut their water off. We have not had a lot of hearings.

MR. OKAMOTO: Most of the appeals that I've seen are because they think they didn't do anything wrong. They're willing to pay, it's just that they didn't think they had a leak. The people who know they never pay, and we shut them off, they don't come and appeal because they know they never pay, because they just decided not to pay. What the Board is not aware of is that we actually do shut off people for non-payment. Let's make sure we bring some of that information next month.

MR. LOPEZ: I think from our perspective we're just looking at this number.

MR. OKAMOTO: Yes.

MR. LOPEZ: A million dollars.

MR. OKAMOTO: What does that mean?

MR. LOPEZ: What does that mean and how do we manage it?

CHR. HIRAKAMI: That will be a good discussion.

MR. UNGER: Candace, for you comparative year, you've got two columns, 2024 not quite 2023. Is that a fiscal year?

MS. GRAY: Yes.

MR. UNGER: Okay. And I have a question on the increase for the (INAUDIBLE), there was an increase of 26 percent for the retiree pensions and healthcare benefits, is that a one-year spike or is this a trend?

MS. GRAY: We believe that it is just based on the report that we received from the State audit on their audit report, and that is done annually. I believe it is based too on the investment performance and contributions. Once we receive that audit report, then I'll adjust the numbers.

MR. UNGER: Do you remember what it was last year? I mean it says 26 percent, seems like a big number. If that increases every year, 26 percent, that's pretty substantial.

MS. GRAY: You're referring to the deferred outflows on the balance sheet?

MR. UNGER: Yes.

MS. GRAY: So previously fiscal year, we had \$7,448,161.

MR. UNGER: Okay, I was just looking at your paragraph. Is there a comparison from last year then?

MS. GRAY: So the deferred outflows increase \$1,910,645?

MR. UNGER: Yes, that one.

MS. GRAY: The previous was \$7,448,161, and then in comparison to \$9,358,000.

MR. UNGER: I think Keith is asking, is that a long-term cause for concern, or is this a snapshot in time, or how do we deal with this? We don't want to be \$2 million behind every year.

MS. GRAY: I wouldn't say it's a long-term concern because it does fluctuate from year to year. We are current as far as our required contributions. That's basically what I can tell you.

MR. OKAMOTO: And that's another follow-up question, hopefully we all remember. We're working on our budget this year, I mean now, for FY 2025, which starts July 1st of next year. So all this has to be kind of factored in.

MS. GRAY: Yes. I mean our contributions are actually regulated by the State. It depends, like for the employer, we contribute 24 percent of—that's the employer contribution; and the employees, it depends on their retirement plan, and the State invests those monies. The fluctuations I guess in the numbers are dependent on the investment performance.

MR. OKAMOTO: Yes, it's kind of a black box. The State kind of gives us these numbers that we've got to pay, and we don't know exactly what—

MR. UNGER: For your retirement—

MR. OKAMOTO: Our, whatever you call it, our ERS.

MS. GRAY: Yes, we get billed by the State.

MR. OKAMOTO: Because they're the ones who pay the retirement for County employees.

MR. UNGER: So we're part of that system. So in order for you to, say for new hires now, if you wanted to change pension and retirement plan, it's a State thing?

MR. OKAMOTO: Yes, it's all—

MS. GRAY: Well, it's regulated.

MR. UNGER: Now, that's my bigger question. Okay.

MR. OKAMOTO: Yes, we all fall under the State Retirement System.

MR. UNGER: Got it, okay.

MR. OKAMOTO: It has even been brought up during annual audits and discussed. I don't recall the details, but my understanding was, yes, the State has their underwriters. Because they got to project, they don't know who's going to retire exactly when, so for fiscal year budget they figure out something. They send the bills to all the different departments: State departments, the County departments. I think we don't have to pay 100 percent every year. I know some other departments are electing to just pay a portion of their obligation.

MS. GRAY: But we do, Water Supply does pay.

MR. OKAMOTO: But we've paid our full obligation every years.

MS. GRAY: We do, yes.

MR. OKAMOTO: I don't know if that's good or bad. We don't owe them anything, that's for sure.

MS. MELLON-LACEY: I think when you see too is, you know, the wording that there's differences and changes and assumptions related to their investment plans. As I understand it, what that means is EUTF and ERS analyze their investment assumptions and decided perhaps that they had overstated what they thought they would be getting, and therefore asked everybody else to pay more because they want to make sure they don't run out. So it's kind of like—and I guess what they asked for, we don't really have an appeal right, to say "No that's too much. We don't want to pay that much."

MR. UNGER: So that goes back to the original question, is this a spike or is this an annual thing?

MR. NEY: None of these pensions are iron plaid either. I think the Federal Government had to bail out the teamsters for mismanagement of their funds. A firefighter from Detroit said they stripped down their pension payout 30 percent. You know, pension funds aren't well-managed all the time. So, there's going to be (INAUDIBLE) delayed.

MR. UNGER: It's going to be tough planning your budget then based on, (INAUDIBLE) 26 percent of the pension.

MR. OKAMOTO: I mean if it does have some crazy spike that we may have to consider not paying the full obligation that year. I guess that's an option we could consider.

MS. MELLON-LACEY: Well, I would think that Candace could ask for details, help; what change did their assumptions that caused this change to what they wanted from you, and maybe get that information provided to the Board. In other words, some analysis that they had over projected what their earnings would be in the investments.

MR. OKAMOTO: Or under projected, how much people are going to retire.

MS. MELLON-LACEY: Yes, something. Because that to me says some didn't quite go the way they were checking it, and we had to make up the difference.

MS. GRAY: I mean we do receive the annual—like valuation report as well as the audit report, and there is a lot of detailed information in there. So the information I'm providing to you is pretty much just a high-level overview of what actually—

MR. OKAMOTO: If anybody wants what we got, we can give it to you.

MS. MELLON-LACEY: Yes, for all of those numbers.

MR. NEY: If there's ever a solvency issue with the department paying its bills, is that something we increase water rates to make up for if we had to? Because that would fall under operational cost I guess, right?

MR. OKAMOTO: Yes.

MS. MELLON-LACEY: They're required by law to be self-sufficient, so you may have to be able to—

MR. NEY: Balance the budget.

MS. MELLON-LACEY: Yes.

MS. GRAY: Yes, we want to be sure that Water Supply continues, is the going concern.

MR. OKAMOTO: Can pay their bills. Some stuff that is beyond our control and that is a significant cost does make it challenging to budget sometimes. Anyway, any other questions for Candace?

CHR. HIRAKAMI: Okay, so no other questions.

D. MANAGER-CHIEF ENGINEER'S REPORT

Chair: Is there any testimony for this item?

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

1. North Kona Wells
2. Retiree(s) of the Department

MR. UYEHARA: So for this month again, we have 11 of our 14 North Kona sources operational or available to use, so the ones that are down again: Honōkohau, Mākālei, and Wai'aha.

So, the status for Honōkohau. We're still working on the repairs. As mentioned last month, there's additional well rehab that we have to do, so we're estimating that project to be completed around the end of January next year.

Mākālei Well, we got word that the contractor has all the materials and there expecting their pump power cable to be in next week, so they're going to be starting their well repairs January of next year, so at least we're making some progress on that.

And then Wai'aha, we discussed last month, we approved the Change Order last month and that is being routed for everybody's signatures, all parties' signatures. Once that Change Order is signed, then our staff will give the contractor a notice to proceed to go forward with that repair.

MR. LOPEZ: Is there a timeline?

MR. UYEHARA: I think once we give notice to proceed—270 days. And as we mentioned last month, Keōpū Well, it's still running. It's running at reduced capacity, but we're going to wait on taking that

offline, and repairing until Honōkohau gets back online, unless something catastrophic happens with that. But we're lining up to Keōpū Well.

MR. LOPEZ: We're actually in good shape—I'm going to Kona wells, 11 and 14, and we've got two that could be coming online.

MR. UYEHARA: Maybe just Honōkohau, maybe.

MR. LOPEZ: Not Mākālei?

MR. UYEHARA: Mākālei, they're only got to start January of this year.

MR. INABA: That is a pretty large—maybe more time consuming.

MR. UYEHARA: Thank you.

MR. OKAMOTO: All right. Thanks, Kawika. And number 2, I'll turn it back to Kawika.

MR. UYEHARA: Okay, retiree of the department. So our department, the Administration Division and in our Information Systems Branch, we had one retiree. Unfortunately, he couldn't make it today. It's Dennis Wong; he's been our Water Works Information Systems Manager since October of 2008. He's retiring at the end of this month, so it's been about 15 years working with the department. I was his supervisor, and he supervises staff of somewhere around the range of about six folks in the computer hardware/software/network side and also our geographic information systems; and intertwine with that, like our email, everything associated with cyber security, that all fell to his responsibility and his control with the department. He's making progress with some of his staff that he's developed over the years, and they continue to progress up our organization and career progression to help further our IT needs.

MR. LOPEZ: When's his retirement effective?

MR. UYEHARA: End of this year, 30th.

MR. LOPEZ: The end of this month?

MR. UYEHARA: Yes.

MR. LOPEZ: Does this have any impact on virtual meetings?

MR. UYEHARA: No, his staff is taking more ownership and control of everything.

MR. OKAMOTO: Fortunately, that's one section where we're somewhat decent as far as personnel. We've got some great staff onboard that are—we're hoping that they have a bit of longevity with the department. No guarantee.

MR. UYEHARA: That's our retiree. He won't be able to join us, but he joins us in spirit.

E. **EXECUTIVE SESSION: MANAGER-CHIEF ENGINEER AND DEPUTY EVALUATION AND COMPENSATION FOR CALENDAR YEAR 2023:**

The Board anticipates convening an executive meeting to consider the evaluations of the Manager-Chief Engineer and Deputy for its annual performance review, as authorized by Hawai'i County Charter Section 7-4.6(d) and Hawai'i Revised Statutes ("HRS"), Sections 92-4 and 92-5(a)(2). The Board wishes to have its attorney present, in order to consult with the Board's attorney on its questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities pursuant to HRS Section 92-5(a)(4). A two-thirds vote of the members present, pursuant to HRS Section 92-4, is necessary to hold an executive meeting, provided that the affirmative vote constitutes a majority of the board.

CHR. HIRAKAMI: Can I have a motion to enter into Executive Session to discuss the Manager-Chief Engineer and Deputy evaluation and Compensation for Calendar 2023?

ACTION: Ms. Hugo moved that the Board enter into Executive Session; seconded by Mr. Ney and carried by the following roll call vote: Ayes: 6 – Ms. Hugo, Mr. Kekela, Mr. Lopez, Mr. Ney, Mr. Unger, and Chairperson Hirakami; Absent: 3 - Mr. Bell, Mr. Brown, and Ms. Keolanui.

(The Board entered Executive Session at 11:44 a.m. and returned at 12:39 a.m.)

CHR. HIRAKAMI: I am calling the Regular meeting back to order. Okay, so welcome back. Thank you, guys, for hanging out. We came out of Executive and we're going to Item F.

F. **MANAGER-CHIEF ENGINEER AND DEPUTY EVALUATION AND COMPENSATION FOR CALENDAR YEAR 2023:**

Chair: Is there any testimony for this item?

Discussion/action on Manager-Chief Engineer and Deputy evaluation and compensation.

CHR. HIRAKAMI: It should be 2024, not 2023.

MR. OKAMOTO: Yes, the evaluation was for 2023.

CHR. HIRAKAMI: But the Compensation is for Calendar Year 2024.

MR. OKAMOTO: Right.

CHR. HIRAKAMI: Do I have a motion on this?

MS. HUGO: Mr. Chair, I move that we defer for further discussion, on January 23, 2024.

MR. NEY: I second that.

CHR. HIRAKAMI: Specifically, we're deferring both evaluations and the compensation or just the compensation?

MS. HUGO: I believe it's the compensation.

CHR. HIRAKAMI: Okay, can I have a second?

MS. HUGO: Ben seconded.

CHR. HIRAKAMI: Okay, Ben seconded.

MOTION FOR DEFER: Ms. Hugo moved to defer Item F of the agenda, for further discussion/action on Manager-Chief Engineer and Deputy compensation for Calendar Year 2024. Seconded by Mr. Ney.

CHR. HIRAKAMI: Any discussion? Okay, we just had a motion to defer the subject of compensation for Manager-Chief Engineer and Deputy. It's open for discussion. Any further discussion? I can comment then. We discussed the evaluation part and that was very successful, and I think we can say that they met all of the qualifications, and their evaluations were very positive. We had a little bit of discussion (INAUDIBLE) compensation, so we'll be deferring. Any other comments? If not, all in favor of deferring until next month say "aye."

ACTION: The motion to defer to January 23, 2024 was carried unanimously by voice vote. Mr. Bell, Mr. Brown, and Ms. Keolanui were absent.

CHR. HIRAKAMI: I'm calling the regular meeting back to order. Welcome back, thank you guys for hanging out. We're came out of Executive Session.

G. CHAIRPERSON'S REPORT

1. Blessing and groundbreaking for Lālāmilo 10MG Reservoir - Report by Board Members who attended the event on December 7, 2023.
2. Chairperson Hirakami and Board Member Hugo term is ending December 31, 2023.
3. Chairperson to report on matters of interest to the Board.

CHR. HIRAKAMI: I just want to report back, three of us went to the blessing: Keith, Ben, and myself. It was a lovely day. Kahu was really excellent, and it was a really nice ceremony. We had the Mayor. We had Senators. Senator Inouye has a lot of history with this Lālāmilo Well. She provided a real nice speech. The turnout was excellent. Of course the Waimea staff there has always been supportive of their department. It was a really nice event.

MS. MELLON-LACEY: Did you say who was there from the Board, which Board members?

CHR. HIRAKAMI: Yes, I did; Keith Unger, Ben Ney and Steve Hirakami.

MR. OKAMOTO: Did any other Board members want to add any comments to Chair's report?

MR. NEY: Like you said, excellent. Had a good attendance. A lot of mahalos' to the Waimea guys, I mean, they go overboard on hosting, so we appreciate that. It was good to get a little background on the project. This has been in the works for quite some time, so to bring this to fruition I think it's a good success for the department.

MR. UNGER: Yes, I appreciate being there. I appreciate the invitation, thank you. It was almost like a site visit for me. But echoing what people have said, it was a great blessing. It was just a really good ceremony. The Mayor was there and some dignitaries, very impressive on that standpoint. The blessing went really nicely. Staff was great setting that up.

It was interesting for me because I did not realize—so the meeting before, we had talked about the Lālāmilo windfarm lawsuit, and I did not realize that those windmills right there was the Lālāmilo lawsuit. I had talked a little bit at the past meeting about pushing more clean energy and trying to make it work. So it was kind of interesting to compare our meeting before talking about the lawsuit of this Lālāmilo windfarm.

And then every person that got up, from the Mayor to the Senators, to the reps., those people are just taking off on how great it is to look at this wonderful project, where we got water here, we got clean energy here, and it's working together, and I'm sitting there going as a Board member, "Yeah, it turned out to be not as good as everybody thinks it is." But that was an important takeaway for me because I'm thinking the public does want that; they want to see it. It's new technology, and trying to make it work, especially within the Water Department, and pumping water with clean energy, while we're going to keep going through some difficult times to make it happen and pioneering and kind of breaking new ground. People want to see it, and they want to talk about it.

So that was kind of an interesting perspective for me, knowing a little bit more about the story, but hearing the overview and the summary from the—I would call members of the public and (INAUDIBLE). But great event and good site visit for me. Incredible country out there, four miles up, right in the middle of—we all drive by Queen Ka'ahumanu Hwy. We all go up Kawaihae Road, but we never get into that country there. Beautiful country and looks like a pretty substantial water resource for the County of Hawai'i on that side of the island. Six \$2 million wells going up there, and now a 10 million gallon well being developed, future water right in that area.

MR. OKAMOTO: I want to take the opportunity to thank Kurt. Kurt coordinated with the contractor to help set up that event, as well as some other members of our team that helped coordinate that event. Like anything else, there's a lot of behind-the-scenes players that made it a success. Thank you, guys, for your participation. For us, it was a big deal. We don't do much of it. We just kind of like just to get the job done. We thought this one was worth having a blessing.

MR. UNGER: Good, I agree. All that hard work should culminate it like a milestone celebration, that way at least you could pause. We try to do that on the ranch too because you just grind, and grind, and grind. You finally reach your accomplishment. You're getting ready to do the next one. Now, I've learned to just pause. Pause, celebrate, and then go grind.

MR. OKAMOTO: There we go. Try do more of that.

CHR. HIRAKAMI: Because of what you mentioned, it was extra special to have it blessed in a formal way, and that was a very formal ceremony. In the back of my mind I was probably saying, "Hey, everybody is mentioning what a great energy-efficient, renewable energy project, and the largest well, and the largest reservoir we built in the State." I think having it officially blessed, knowing what we face in the next (INAUDIBLE). I think knowing what you know (INAUDIBLE) of the department, so they shouldn't have any problems (INAUDIBLE).

At this time, I'd like to thank Julie Hugo for her public service to this Board. Thank you for your service. And so is mine. Thank you for all your wisdom and participation on the Board.

MS. HUGO: You're welcome; and thank you, Chair.

CHR. HIRAKAMI: And I'd like to say in closing, it's been pretty worthwhile. I feel really blessed to be on this Board. I've served on other commissions, and this one was the first one kind of like being forte, actually. Looking at the money and seeing the department work and being part of the process, especially

a feel for that. I really enjoyed the workings on this Board; they're very important. I feel it's very important to support your department. The most important source on any island is water.

So, problem to serve and actually being Chair. I really enjoyed it. We came back to in-person meeting just in time for me to chair the year. I've had fun, too. I wish you guys all had fun. Thank you, guys, because when I first came on, I said, "You guys got to do your homework because I'm not going to read this heavy novel." Like in the past, every line was read, and it took so long to get to the motion. I thank you guys for listening to what I said; and coming here, taking care of the meeting. so we can get right to the point. And of course the department, to let us know what we are voting on, so thank you.

MR. NEY: I have something to say. I really enjoyed the relationship with the two of you guys. Especially other people who passed through the Board since I've been on here, there have been less on the (INAUDIBLE)—the camaraderie, you know, the time we had together. You folks had done a terrific job.

MS. HUGO: Thank you, Ben.

MR. OKAMOTO: And from our side too, we definitely appreciate you folks and the time that you took out of your busy schedules to serve on this Board. We really appreciate your service. I think there is somebody lined up to take Julie's position, but I haven't heard anything about Steve's position yet.

CHR. HIRAKAMI: They're going to look for somebody in District 5 because we have two actual representatives from District 4. I was District 5, in Kalapana, and then when they changed the district, I didn't—I served out my term. They'll be looking for a District 5 member.

MR. OKAMOTO: Yes, thank you guys. Thank all of you folks for serving. Thank you.

MR. NEY: I have my last year coming up, too. It's funny how fast five years go by.

8) ANNOUNCEMENTS:

1. **Next Meeting:** - January 23, 2024, 10:00 a.m., at the Department of Water Supply, Hilo Operations Baseyard, 899 Leilani Street, Hilo, Hawai'i.

9) ADJOURNMENT

ACTION: Mr. Kekela moved to adjourn the meeting; seconded by Ms. Keolanui and carried unanimously by voice vote. Mr. Brown was absent.

CHR. HIRAKAMI: Meeting adjourned.

(There was no motion to adjourn the meeting.)

(Meeting adjourned at 12:54 p.m.)

Recording Secretary

APPROVED BY WATER BOARD
JANUARY 23, 2024