

Stephen Kawena Lopez  
*Chairperson*  
Dist. 8

Michael Pono Kekela  
*Vice Chairperson*  
Dist. 4



Kea Keolanui, Dist. 1, Board Member  
James Kimo Lee, Dist. 2, Board Member  
Thomas Brown, Dist. 3, Board Member  
Steven Hirakami, Dist. 5, Board Member  
Keith Unger, Dist. 6, Board Member  
Michael Bell, Dist. 7, Board Member  
Benjamin Ney, Dist. 9, Board Member

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

**MEETING DATE:** February 27, 2024  
**TIME:** 10:00 a.m.  
**IN-PERSON LOCATION:** Department of Water Supply, Hilo Operations;  
889 Leilani Street, Hilo, Hawai'i

**REMOTE MEETING LIVE STREAM:**  
[https://www.facebook.com/HawaiiDWS/live\\_videos/](https://www.facebook.com/HawaiiDWS/live_videos/)

**STATEMENTS FROM THE PUBLIC:**

Public testimony may be done in person or in writing by email ([dws@hawaiidws.org](mailto:dws@hawaiidws.org)), fax (808-961-8657), or by mail: 345 Kekūanaō'a Street, Suite 20, Hilo, HI 96720. Please indicate agenda item submitting for. All testimony, regardless of time of receipt, will be part of the permanent record.

**Remote Oral Testimony:**

Telephone testimony may be presented by calling 1 (669) 254-5252 and entering meeting ID 160 212 7457. Please wait for the Chair to ask for testimony on the item you are interested in. The Chair will unmute testifiers who call in, one phone number at a time.

**Optional Alternative to Present Remote Oral Testimony:**

If you would like to testify via a remote video link, please email [dws@hawaiidws.org](mailto:dws@hawaiidws.org) at least 24 hours before the meeting to request the Zoom meeting link. You may also email to pre-register to present telephone testimony if you wish to be called on by name or before those who have not pre-registered. Testifiers who wish to remain anonymous or have not pre-registered may still call the testimony phone number and follow the instructions listed above.

**ADDITIONAL INFORMATION:**

Information about all the board's meetings is available [here](#). General information about the board is available at [About the Water Board](#).

In the event the online remote connection is interrupted during the Water Board meeting, the Board shall recess for up to 30 minutes to allow for reestablishing the online remote connections. If the online remote connection cannot be reestablished after 30 minutes the meeting shall be adjourned and then reconvene per the following contingency plans:

Board shall reconvene on: February 28, 2024, 10:00a.m.  
Board shall reconvene at: DWS, Hilo Operations, 889 Leilani Street.

If you would like to testify via an online video link, please email [dws@hawaiiidws.org](mailto:dws@hawaiiidws.org) before the meeting to request the weblink or phone number to testify.

- 1) CALL TO ORDER – 10:00 a.m. (*please turn cell phones off or set to silent*)
- 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.
- 3) APPROVAL OF MINUTES:
  - Minutes of the January 23, 2024, Public Hearing on the Power Cost Charge
  - Minutes of the January 23, 2024, Water Board Meeting
- 4) APPROVAL OF ADDENDUM AND/OR SUPPLEMENTAL AGENDA (if necessary)  
**(Note: Roll Call Required)**
- 5) WATER RATE STUDY FOR FISCAL YEAR 2021-2025:

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

Our rate consultant Harris & Associates, will present two rate-related proposals to be approved by the Board as follows:

1. The proposed rates to be implemented on July 1, 2024 (FY 2025), will reflect the 9.5% across-the-board revenue increase which was discussed at the November 2023 Board meeting. A public meeting to approve the rate proposal will be held on April 23, 2024 in Hilo and April 24, 2024 in Kona to allow public comment on the rate proposal for FY 2025. Harris & Associates will attend both meetings in person.
  2. The Board is also asked to approve a 9.5% revenue increase for each of the two years, FY 2026 and FY 2027, which was discussed at the November 2023 Board meeting. Any changes to the rate structure for these two years will be determined at a later date. If any changes to the rate structure are being considered, another set of public hearings will be needed in 2025 to present the new rate structure that will reflect the proposed 9.5% revenue increase for FY 2026 and FY 2027.
- 6) WATER RATE STUDY CHANGE ORDER, JOB NO. 2019-08:

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

The current contract with Harris & Associates is to determine the Department's water rates for the periods of Fiscal Year 2023 through Fiscal Year 2027. The proposed water rates for Fiscal Year 2025, Fiscal Year 2026, and Fiscal Year 2027 under the existing rate structure, include an increase of 9.5% each year for the consumption and standby water rates. An evaluation of other rate structure options that were previously discussed with the Water Board would continue for fiscal years 2026 and 2027. The purpose of this change is to continue efforts to prepare additional rate analyses requested by the Board of Water Supply for implementation during the July 1, 2025, through June 30, 2027 time period. The proposed cost for this change would be an additional \$124,050.00, which increases the contract amount from \$221,662.00 to \$345,712.00. The proposed schedule would also extend the current contract duration with a revision of the completion date from September 2024 to September 2025.

**RECOMMENDATION:** It is recommended that the Board approve this change to the current contract with Harris & Associates, Job No. 2021-03 Water Rate Study FY 23-FY27 as described in the Proposed Addendum 2 Scope of Services proposed by Harris & Associates. The change order will include the following:

- Increase of contract amount by an additional \$124,050.00 which will change the total cost for this contract from \$221,662.00 to \$345,712.00
- Extend the current contract duration with a revision of the completion date from September 2024 to September 2025
- Revise the Scope of Work and Project Schedule as described in the “Proposed Addendum 2”

The additional cost for this change order is included in the FY 2024 budget that was approved by the Water Board. The additional work is deemed warranted as it involves the evaluation of data in the current system for potential changes to the rate structure requested by the Board, analyses of financial conditions after implementation of rate increases, internal and public communication, and attainment of financial policy targets to maintain a sound financial position for DWS.

7) DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND 5-YEAR CAPITAL IMPROVEMENT PROJECTS (C.I.P.) BUDGETS FOR FISCAL YEAR 2025:

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

The Department’s Fiscal Year 2025 Operating Budget, totaling \$69,151,304.00, and 5-Year C.I.P. Budget for Fiscal Year 2025-2029, totaling \$203,335,000.00 have been distributed for the Board’s review.

**RECOMMENDATION:** It is recommended that the Board approve a public hearing to be held on Tuesday, March 19, 2024, at 9:30 a.m., prior to the Water Board’s regular meeting, to accept public testimony regarding the Department’s Fiscal Year 2025 Operating and C.I.P. Budgets.

8) SOUTH KOHALA:

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

A. JOB NO. 2004-847, CONSTRUCTION OF THE PUAKŌ WATERLINE IMPROVEMENTS:

The Contractor, Drainpipe Plumbing and Solar, LLC, is requesting a Contract time extension of 191 calendar days due to significant shortages on Ductile Iron pipe and other related materials which resulted in the inability of the suppliers to furnish timeframes for delivery. The contractor placed the initial order for the pipe and appurtenances on March 28, 2023, and a majority of the order arrived on-site September 14, 2023. This delay was beyond the control of the Contractor.

Staff has reviewed the request for the time extension and the accompanying supporting documentation and found the 191 days to be justified. *Note: There are no additional costs associated with this time extension.*

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	02/26/2024	09/04/2024	191	Delay from Manufacturer for pipe materials.
Total Days (including this request)			191	

**RECOMMENDATION:** It is recommended that the Board approve a contract time extension of 191 calendar days to Drainpipe Plumbing and Solar, LLC, for JOB NO. 2004-847, Puakō Waterline Improvements. If approved, the contract completion date will be revised from February 26, 2024 to September 4, 2024.

9) NORTH KONA:

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

A. PROPOSED THIRD AMENDMENT TO AMENDED AND RESTATED AGREEMENT REGARDING DEVELOPMENT OF SOUTH WAI‘AHA WATER SYSTEM AND TERMINATION OF AGREEMENT REGARDING DEVELOPMENT OF NORTH WAI‘AHA WATER SYSTEM:

HU-KO-PA, LLC, owners of TMK 7-5-017:042 and members of Wai‘aha System, is proposing to transfer 100 of its assigned 129 units to The Shores of Kohanaiki, also members of Wai‘aha System and owners of TMKs 7-3-063 through 068 (various parcels – see table below) and 7-3-009:016. Any transfer of water units between parcels included in the Amended and Restated Agreement requires the approval of the Water Board.

As both parcels are parties to the Amended and Restated Agreement and members of Wai‘aha System, staff has reviewed the proposed transfer of units and finds the subject request is acceptable. All other provisions of the Agreement will remain the same. If approved, the revised assignment of units from the Agreement will be as follows:

<b>TMK PARCELS</b>	<b>NAME OF DEVELOPER</b>	<b>EU ISSUED AS OF SECOND AMENDMENT</b>	<b>EU AS OF THIRD AMENDMENT</b>
(3) 7-3-063:001 to 004; (3) 7-3-064:001 to 023; (3) 7-3-065:001 to 068; (3) 7-3-066:001 to 004; (3) 7-3-067:001 to 004; (3) 7-3-068:001 to 004; and (3) 7-3-009:016	The Shores of Kohanaiki	1,243	1,343
(3) 7-5-017:042	HU-KO-PA, LLC	129	29

**RECOMMENDATION:** It is recommended that the Water Board approve the THIRD AMENDMENT TO AMENDED AND RESTATED AGREEMENT REGARDING DEVELOPMENT OF SOUTH WAI‘AHA WATER SYSTEM AND TERMINATION OF AGREEMENT REGARDING NORTH WAI‘AHA WATER SYSTEM subject to the approval of the Corporation Counsel and that either the Chairperson or the Vice Chairperson be authorized to sign the document.

10) MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS:

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

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

1. License Easement No. \_\_\_\_\_  
Pana'ewa Lot 185 Subdivision  
Licensor: State of Hawai'i, Department of Hawaiian Home Lands  
Tax Map Key (3) 2-2-061:002  
Waiākea, South Hilo, Island of Hawai'i, Hawai'i  
Facilities Charge: \$83,330.00 Date Paid: 9/27/2023  
Final Inspection Date: 1/8/2024  
Water System Cost: \$364,500.00

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.

**B. DEPARTMENT OF WATER SUPPLY COLLECTION AND DELINQUENCY POLICIES**

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

Information will be provided to the Board on current policies and procedures in place for collection and water shut-offs due to delinquent balances for water service charges. Discussion will follow along with any recommendations that should be considered for future action.

**C. 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.

**D. 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.

**E. EXECUTIVE SESSION REGARDING OPEN LITIGATION FOR CIVIL NO. 3CCV-20-0000007, LĀLĀMILO WIND COMPANY, LLC:**

The Board anticipates convening an executive meeting for the purposes of discussing the legal rights, duties and liabilities of the Board concerning open litigation against the Board, as authorized by Hawai'i County Charter Section 8-2 and Hawai'i Revised Statutes ("HRS"), Sections 92-4 and 92-5(a)(4). 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 the affirmative vote constitutes a majority of the Board.

F. 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. Department of Water Supply Energy Report
3. Updates for Senate Concurrent Resolution No.35 and House Resolution No. 56
4. Update on Hawai'i Community Foundation grant funding

G. CHAIRPERSON'S REPORT

1. Chairperson to report on matters of interest to the Board
2. Final Report on PIG
3. Ability for Water Board to access agenda and applicable attachments online
4. Pacific Water Conference – Report by Board Members who attended the event on February 21-22, 2024

11) ANNOUNCEMENTS:

1. **Next Meeting:** - March 19, 2024, 10:00 a.m., at the West Hawai'i Civic Center, Building G, 74-5044 Ane Keohokālole Highway, Kailua-Kona, Hawai'i.

12) ADJOURNMENT

Anyone requiring an accommodation or auxiliary aid and/or services to participate in this meeting (i.e. sign language, interpreter, large print), please contact the Board Secretary, at (808) 961-8050 as soon as possible, but no later than five days before the scheduled meeting.

Notice to Lobbyists: If you are a lobbyist, you must register with the Hawai'i County Clerk within five days of becoming a lobbyist. {Article 15, Section 2-91.3(b), Hawai'i County Code} A lobbyist means "any individual engaged for pay or other consideration who spends more than five hours in any month or \$275 in any six-month period for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials." {Article 15, Section 2-91.3(a)(6), Hawai'i County Code} Registration forms and expenditure report documents are available at the Office of the County Clerk-Council, Hilo, Hawai'i.

Board Packet Pursuant to Hawai'i Revised Statutes, Section 92-7.5, the board packet provided to members of the board for this meeting is available for public inspection during regular business hours at the Department of Water Supply office, 345 Kekūanaō'a Street, Suite 20, Hilo, Hawai'i.

"The Department of Water Supply is an Equal Opportunity provider and employer."