

MINUTES

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

April 23, 2024

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

MEMBERS PRESENT: Mr. Stephen Kawena Lopez, Chairperson, Dist. 8
Mr. Michael Pono Kekela, Vice-Chairperson, Dist. 4
Mr. Michael Bell, Water Board Member, Dist. 7 (via videoconference)
Ms. Kea Keolanui, Water Board Member, Dist. 1
Mr. Benjamin Ney, Water Board Member, Dist. 9
Ms. Emily Taaroa, Water Board Member, Dist. 5
Mr. Keith Unger, Water Board Member, Dist. 6
Mr. Keith K. Okamoto, Manager-Chief Engineer,
Department of Water Supply (ex-officio member)

ABSENT: Mr. Thomas Brown, Water Board Member, Dist. 3
Mr. James Kimo Lee, Water Board Member, Dist. 2,
Director, Planning Department (ex-officio member)
Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Diana Mellon-Lacey, Deputy Corporation Counsel
Mr. Jeff Bray, guest
Ms. Nancy Bray, guest
Mr. Jeff Zimpfer, guest

DEPARTMENT OF WATER SUPPLY STAFF:

Mr. Kawika Uyehara, Deputy
Mr. Kurt Inaba, Engineering Division Head
Ms. Candace Gray, Waterworks Controller
Mr. Gregory Goodale, Chief of Operations
Mr. Alvin Inouye, Water Operations Superintendent
Mr. Eric Takamoto, Operations Division
Mr. Warren Ching, Energy Management Analyst
Ms. Ka‘iulani Matsumoto, Private Secretary
Ms. Nora Avenue, Recording Secretary

- 1) **CALL TO ORDER** – Chairperson Lopez called the meeting to order at 10:01 a.m. A roll call was taken for Board Members in attendance. Seven Board Members were present: Mr. Bell, Mr. Kekela, Ms. Keolanui, Mr. Ney, Ms. Taaroa, Mr. Unger, and Chair Lopez.
- 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**

- **ACTION:** Mr. Unger moved for approval of the Minutes of the March 19, 2024 Public Hearing on the Department's Fiscal Year 2025 Operating and C.I.P. Budgets, as amended; seconded by Mr. Kekela and carried unanimously by voice vote.
- **ACTION:** Mr. Ney moved for approval of the Minutes of the March 19, 2024 Water Board Meeting, as amended; seconded by Mr. Unger and carried unanimously by voice vote.

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

5) **POWER COST CHARGE:**

Chair Lopez asked if there was any testimony for this item. There being none, he continued with the agenda item.

Departmental power costs from all power sources increased since the last Power Cost Charge rate was determined. The Department proposes to increase the Power Cost Charge from \$2.37 to \$2.77 per thousand gallons as a result of this increase. Power cost charges over the past year were as follows:

<u>Effective</u>	<u>PCC</u>
February 1, 2024	\$ 2.37
September 1, 2023	\$ 2.64
April 1, 2023	\$ 2.70
January 1, 2023	\$ 3.04

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

RECOMMENDATION: It is recommended that the Board approve the increase of the Power Cost Charge from \$2.37 to \$2.77, effective May 1, 2024.

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

CHR. LOPEZ: Any discussion?

MR. OKAMOTO: Just primarily for our new Board Member Taaroa's awareness, the Power Cost Charge is a component of our water bill, so the other component is based on our operational cost, which is based on consumption. But the power cost, what happened some years back was the department had some significant financial impacts when we couldn't adjust our rates, but Hawaiian Electric rates were doing all kinds of things, and primarily at that point and time it was going up at a significant rate, but we couldn't accommodate that within our rates. So this body, the Water Board, decided to separate that out and make it more of a pass-through type of rate that closely follows the ups and downs of the electrical utility rate, so that's where we're at now.

MS. TAAROA: So is that once a quarter?

MR. OKAMOTO: We do it every four months now, and that was a recent action by this Water Board to revise it, fairly recently. We were doing evaluations every two months, but due to good work by Candace

and our Water Energy Management Analyst, Warren Ching, it was decided to keep us more closely aligned with the actual cost of power. We adjusted and tweaked it a little bit. So that's where we're at today.

MR. NEY: I just have to add something to that effect. The Power Cost adjustment and rate increase is really just have to do with the solvency of the department. The only thing we tried to do on the expenditure side of things is improve things on that end, and that's like narrowing losses and debts and things that we've had to write off that have accrued over time. So it's kind of like to give you a sense of how that works.

MS. TAAROA: That at least shows that it's not just steadily climbing. It's an up-and-down cycle.

MR. OKAMOTO: Yes, so history shows that it goes up and down.

CHR. LOPEZ: Yeah, as you could see just slightly over a year ago it was over \$3.00.

MS. TAAROA: Right.

CHR. LOPEZ: Power Cost has gone up due to the increased cost of power generation (oil). Thank you, Keith. That was excellent. It is related to power. It has nothing to do with water usage. I think that was the discussion, right?

MR. OKAMOTO: That was it.

CHR. LOPEZ: All in favor of approving the recommendation for increasing the Power Cost Charge from \$2.37 to \$2.77 effective May 1, 2024, all in favor say "aye."

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

6) SOUTH HILO:

A. BID NO. 2023-18, FURNISHING AND DELIVERING EQUIPMENT TO THE DEPARTMENT OF WATER SUPPLY:

Chair Lopez asked if there was any testimony for this item. There being none, he continued with the agenda item.

This project generally consists of furnishing and delivering equipment to the Department of Water Supply in accordance with the specifications.

Bids for this project were opened on April 4, 2024, at 1:30 p.m., and the following are the bid results.

	GP Roadway Solutions, Inc.	Safety Systems and Signs Hawai'i, Inc.
Part A – One (1) Only Mid-Size, Full Matrix, Portable, Changeable Message Sign	\$29,880.62 120 calendar days	\$32,831.70 120 calendar days

RECOMMENDATION: It is recommended the Board award the contract for BID NO. 2023-18, FURNISHING AND DELIVERING EQUIPMENT TO THE DEPARTMENT OF WATER SUPPLY, to the lowest responsible bidder, GP Roadway Solutions, Inc. for their bid amount of \$29,880.62, and

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. Could I have a motion, please?

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

CHR. LOPEZ: Any discussion?

MR. OKAMOTO: Yes, really quick, Mr. Chair and Board Members. This is basically a variable message sign that we're trying to add to our inventory. We currently have two, but they don't always work, so we need to add some more to our inventory. They've proven, as you probably noticed other signs out in the public, that they do provide a good way to message our customers. If you have any questions, Chief of Operations, Mr. Greg Goodale is here.

MR. UNGER: Yes, Greg, I asked this before, I think the last meeting also, and it's the same question for the next agenda, and I think you did that first couple of meetings I was here, did you do internal numbers just to check, come up with those numbers first before the bids went out to see if you're in the ballpark?

MR. GOODALE: Yes.

MR. UNGER: What were the numbers?

MR. GOODALE: Yes, there was an engineer's estimate for that. It's actually on the bid tab, which is included. But yes, there was a DWS estimate.

MR. UNGER: What was it?

MR. GOODALE: \$40,000.

MR. UNGER: Oh, okay.

MR. UNGER: If you could include that in the—

MR. GOODALE: It's in the packet. There should be three pages, I think, with all the bid amounts.

MR. UNGER: Okay, good. Good, thank you.

MR. GOODALE: But yes, it looks like that.

MR. UNGER: Oh, I see it.

MR. OKAMOTO: Yes, and I kind of suspected that's what Mr. Unger might comment on, and we caught it too late. Usually, we try to put that engineer's estimate on the agenda so it's readily available for everybody to see it.

MR. UNGER: Yes, that would be great. Easier, thank you.

MR. OKAMOTO: So we'll do that moving forward.

MR. NEY: Yeah, the estimates, are those ever—because I noticed sometimes the bids are way above or sometimes way below, and do the contractors ever get an idea of what your guys' estimates are?

Because that could swing both ways, right? They might be more reasonable on a high-end cost or they might not bid as low and come up to that kind of a cost baseline. Is that ever provided, just to provide clarity in the bidding process?

MR. OKAMOTO: Yes.

MR. NEY: Okay.

CHR. LOPEZ: Okay, thank you. Because we're being taped and it is viewed by the public, I'll ask you to identify yourself when you're going to speak, please. Hearing no further discussion?

MS. KEOLANUI: Kea Keolanui, question. So in the past, and this is also for Board Member Taaroa to understand the bidding process, so in the past I've seen that we award the bid to the lowest bidder. Are there any situations in which we do not do that?

MR. OKAMOTO: Very rarely. Procurement Code is established by the Hawai'i Revised Statutes, so we have to play according to those rules, and they are very specific on how to award contracts. There are specific instances where you don't, but those have different details. It's to the lowest responsive and responsible bidder. I get confused on what defines responsive versus responsible, but basically if they submit something but were deemed not responsive or not responsible. Although their bid might have been lower, we cannot award it to them because they didn't meet one of those requirements. But good question. Thank you, Ms. Kea.

CHR. LOPEZ: Any other discussion, questions? Hearing none. I entertain the motion to accept the recommendation.

MR. OKAMOTO: Call for the vote.

CHR. LOPEZ: Vote? Thank you.

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

MR. OKAMOTO: Just a quick Point of Order, Mr. Chair, and maybe this is a question for Corporation Counsel Diana, do we need to do roll call for each agenda item, or can we do the overall aye and nay?

MS. MELLON-LACEY: I think because we only have one Board Member that is attending remotely, that we can do the—unless it's some very significant item on the agenda where there would be—that's something for the record, we can do a general

MR. OKAMOTO: Okay. So it's up to you, Chair, how you want to do it.

CHR. LOPEZ: Thank you.

MR. OKAMOTO: Works either way.

CHR. LOPEZ: All right, as long as we digress. Let me digress a little further. I failed to—I do want to recognize our newest Board member representing District 5, which I believe was Steve Hirakami, is Emily Taaroa. Thank you, welcome.

MS. TAAROA: Thank you.

CHR. LOPEZ: New face, new votes, and new inputs. All is great.

B. BID NO. 2024-03, FURNISHING LIQUID CHLORINE (ON AN AS-NEEDED BASIS) FOR THE DEPARTMENT OF WATER SUPPLY:

Chair Lopez asked if there was any testimony for this item. There being none, he continued with the agenda item.

This project consists of furnishing all materials, labor, transportation, tools, taxes, machinery, and equipment necessary for the furnishing and delivery of liquid chlorine in accordance with the specifications. The bidder will provide services on an as-needed basis, for a period not to exceed two years.

Bids for this project were opened on April 4, 2024, at 2:00 p.m., and the following are the bid results:

	JCI Jones Chemicals, Inc.
Item 1 – 150 lb. Cylinder	\$575.00
Item 2 – 1,000 lb. Cylinder	\$4,750.00

Estimated contract use:

150 lb. Cylinder: \$575.00/cylinder X 585 cylinder/year X 2 years = \$ 672,750.00

1,000 lb. Cylinder: \$4,750.00/cylinder X 1 cylinder/year X 2 years = \$ 9,500.00

Total: \$ 682,250.00

Staff has determined that the bid price submitted is fair and reasonable.

RECOMMENDATION: It is recommended the Board award the contract for BID NO. 2024-03, FURNISHING LIQUID CHLORINE (ON AN AS-NEEDED BASIS) FOR THE DEPARTMENT OF WATER SUPPLY, to the lowest responsible bidder, JCI Jones Chemicals Inc. for the unit prices listed above, for the period from July 1, 2024, through June 30, 2026, and 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. LOPEZ: Do I hear a motion to approve?

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

CHR. LOPEZ: Discussion?

MR. OKAMOTO: And apologies again, but the engineer's estimate is on the bid tabulation, which was attached.

MR. UNGER: Yes, I got it. Thanks.

MR. OKAMOTO: The bid amount was slightly higher than our estimate, but staff has reviewed it and deemed it to still be fair and reasonable, which is why we forwarded it to the Board for recommendation to approve. As the Chair read from the agenda, it's over a two-year period; and this is

a disinfectant that is critical for us to make sure that our water is safe to drink in all of our systems, essentially.

MR. NEY: Question. Ben Ney, Mr. Chair?

CHR. LOPEZ: Yes.

MR. NEY: Do we have an inflation adjustment clause in here? Because I remember we had a fuel cost thing, I think it was for the generators, and they came back wanting to renegotiate the price, did they figure that into their estimates? How did we address that at the—?

MR. GOODALE: There is no automatic escalation for this, but if there was a reason why, say a price went up significantly, the contractor would have the ability to come back to us. They'd have to provide us with appropriate documentation. They could request it. It's not an automatically built-in things like you would see in some contracts that would have an automatic escalation. Usually, with that they would define what the basis of that escalation was going to be from, usually it's by the consumer price index or some index of that sort. This contract does not have that automatic escalation.

MR. NEY: Okay. And in the past, we've been pretty fair about looking at, you know, hey, the cost of—the product went up, and we're agreeable to give you the difference on that.

MR. OKAMOTO: For transparency's sake, how our contracts are laid out is, even if that was the case like Greg mentioned, we bring it back to the Board. We wouldn't have the ability to just administratively grant them that price increase.

MS. KEOLANUI: Kea Keolanui. So as far as the 150 lb. cylinder versus the 1,000 lb. cylinder, what are the benefits for the department and using the smaller cylinder, and why do we have so many of them compared to the 1,000 lb.?

MR. OKAMOTO: Good question.

MR. GOODALE: Yes, a really good question. So actually the department, we just used our last 1,000 lb. cylinder up at the Waimea Treatment Plant. We made the choice to move away from the 1,000 lb. cylinders because of the potential for—if there was a catastrophic rupture, basically it would not be good, so we made a conscious decision to move away from the larger cylinders, so now we're concentrating on solely the 150s, which means obviously we have to utilize more of those. The potential for some sort of a catastrophic incident is a lot lower with a 150 versus a 1,000 lb. cylinder. We kept the 1,000 lb. cylinders on there just in case we later decide we need to go back to that, but we don't foresee that, but just out of caution we kept it on the bid. The only site that we did have the 1,000 lb. cylinder was up in Waimea.

MS. KEOLANUI: Okay.

MR. GOODALE: But we're no longer using those, more out of safety precaution.

MS. KEOLANUI: Okay, good know. Because the price difference is around \$916 if you were to compare per 1,000 lb.

MR. GOODALE: Yeah, and we evaluated that on the basis of safety versus cost. We leaned toward the safety factor, so that's why we moved away from the 1,000 lb. cylinders.

MS. KEOLANUI: Great, thank you.

CHR. LOPEZ: Question, from the Chair. I look at this as affordability, or are these kept and dispensed from one location and goes out to—?

MR. OKAMOTO: That's a great question, and you'll see on the following bid, on the agenda, that we have to also obtain transportation services to transport these. So again, I guess the reminder for the Board a recap, so 150 lb. cylinders kind of look like those helium cylinders that you see sometimes at parties about yay tall. In the past, there was a vendor, local, that would be able to source them, provide them to us, and even get them to our sites, but that vendor elected not to continue bringing in that product, so we had to now go and do direct source from JCI Jones, but as part of that now, we have to arrange the transport of these cylinders as well.

CHR. LOPEZ: And then are they stored at particular locations around?

MR. GOODALE: Yes, so typically what will happen is they'll get delivered to some kind of hub areas, and then our folks will take them from those hubs out, too. There are specific regulations that say how many you can store in a given location, so essentially, we'll track how many you're allowed to keep at any given site, but then our folks are the ones that move them to the actual places where they're going to be treating the water.

CHR. LOPEZ: I guess the reason for my question was more to try to understand if they brought like a large quantity someplace, and then they've got to be taken to different sites. Is that not something within the ability of the department to do itself, or to bring them to a central, but given that it doesn't have too many at one place? And dispense it, from there to go out. Because you're not going to use 150 gallons every single time, am I right?

MR. GOODALE: Correct. So, that's what we do. The vendor drops them off at the hub, and then we take them to where we need them, as we need them.

CHR. LOPEZ: Oh, so they're not going to the field from the transportation, they're coming to a central place, and you're taking them out.

MR. GOODALE: So just to give you an example, they're going to go from the port to a hub. They're going to drop off as many at that hub, and that's what Keith was saying, that the next item is for that transport from the port to the hub, so they come in from both Hilo and Kawaihae. The hauling contractor takes them from the port to the hub, and then we take them to where we need them to go.

CHR. LOPEZ: Okay, so you are doing that within the department, that was the question. That's what I was trying to get at.

MR. GOODALE: Yes, correct.

CHR. LOPEZ: Thank you very much.

MR. OKAMOTO: But even those all have limitations. So to get them from the port to that hub, you have to have a certain certification, and your truck has to be set up a certain way, with placards and things like that.

MR. NEY: And one other question, like you guys have a very strict protocol, with masking up, I mean with the chlorine and gas potential?

MR. GOODALE: Yes.

MR. NEY: Okay, because that’s important. I know at the pools, they have chlorine injection for the pools, and there’s no safety strapped around the tank.

CHR. LOPEZ: Thank you, Mr. Ney, for your question. Any other questions or discussion? Hearing none. Call for the vote, all in favor say “aye.” All opposed? (none)

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

C. SERVICE BID NO. 2024-04, HAUL & DELIVER ONE-TON CHLORINE CYLINDERS AND 150 LB. CHLORINE CYLINDERS TO VARIOUS LOCATIONS ISLANDWIDE (ON AN AS-NEEDED BASIS):

Chair Lopez asked if there was any testimony for this item. There being none, he continued with the agenda item.

This project consists of furnishing all materials, labor, transportation, tools, taxes, machinery, and equipment necessary to collect 20-ft. containers from harbor; offload chlorine gas cylinders from the container; and deliver chlorine gas cylinders to various locations in accordance with the specifications. The bidder will provide services on an as-needed basis for a period from July 1, 2024 to June 30, 2026.

Bids for this project were opened on April 4, 2024, at 2:30 p.m., and no bids were received. Staff will seek alternative procurement pursuant to HAR 3-122-35 to procure the required services.

Part I – Pick Up from Harbor & Delivery Preparation	Item 1a – Hilo Harbor (14 Ea.)	NO BIDS
	Item 1b – Kawaihae Harbor (4 Ea.)	NO BIDS
Part II – Hourly Rate to Haul & Deliver	Item 2a – Islandwide (350 Ea.)	NO BIDS
Part III – Delivery, Preparation & Shipment of Empty Cylinders	Item 3a – Hilo Harbor (14 Ea.)	NO BIDS
	Item 3b – Kawaihae Harbor (4 Ea.)	NO BIDS

RECOMMENDATION: It is recommended that these services go out for Alternative Procurement pursuant to HAR 3-122-35 as no bids were received, and it would not be advantageous to the Department to issue a new solicitation.

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

CHR. LOPEZ: Discussion?

MS. TAAROA: Thank you. What is Alternative Procurement?

MR. OKAMOTO: Good question. In this type of situation where nobody bid, Procurement Code allows us options to do Alternative Procurement. Basically, we can either negotiate with one particular vendor, or we can seek—we typically like to still keep it competitive and try to obtain quotes from vendors we know can provide this type of service. What else? Direct negotiations.

MS. TAAROA: Can the regular trucking companies do this type of service, or is it something they're specifically to do?

MR. OKAMOTO: Not all. They need to be able to—

MR. UYEHARA: There's a different specific type of CDL certification requirement because of the nature of the chemical that they're transporting, so there's a limited amount. But there are vendors that do it now. There are trucking companies do it for us now.

MS. TAAROA: There are the big ones on the island.

MS. MELLON-LACEY: So normally we have to follow State procurement, which would require us to put out a bid for something.

MS. TAAROA: Right.

MS. MELLON-LACEY: If nobody bids, it sort of opens the door for the department to approach vendors and directly negotiate. Otherwise, we're going to allow them to (inaudible).

MS. KEOLANUI: Sorry, and just to clarify as well, that there's a list of approved bidders, so it's just not anyone and any business that can send the bid in.

CHR. LOPEZ: Any discussion, questions? All in favor of approving as recommended say "aye." Opposed? Hearing none.

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

D. SERVICE BID NO. 2024-08, REPAIR & MAINTENANCE OF EMERGENCY STANDBY GENERATOR SETS:

Chair Lopez asked if there was any testimony for this item. There being none, he continued with the agenda item.

This maintenance contract consists of furnishing all labor, materials, tools and equipment necessary to inspect, maintain, test, and repair fifteen (15) emergency back-up generator sets for a two-year term, from July 1, 2024 to June 30, 2026.

This contract includes as-needed allowances for call-out repairs:

- Material allowance: \$65,000.00
- Labor allowance: 64 regular hours, 32 emergency hours, and 32 overtime hours, at the Contractor's hourly rate provided in its bid.

Bids were opened on April 4, 2024, at 3:00 p.m., and the following are the bid results:

Bidder	Bid Amount (including Allowances)
Power Generation Services, Inc.	\$249,824.32*

*A mistake in the bid was corrected in accordance with Hawaii Administrative Rules 3-122-31(c)(1)(C)

Project Costs:

1) Low Bidder (Power Generation Services, Inc.) **\$ 249,824.32**

Funding for this project will be from DWS's Operations Budget. Staff has determined that the bid price submitted is fair and reasonable.

RECOMMENDATION: It is recommended that the Board award the contract for MAINTENANCE BID NO. 2024-08, REPAIR & MAINTENANCE OF EMERGENCY BACK-UP GENERATOR SETS to the lowest responsible bidder, Power Generation Services, Inc., for a total contract amount of \$249,824.32. 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.

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

CHR. LOPEZ: Any discussion?

MR. OKAMOTO: Yes. We have Warren Ching here to provide additional information, but essentially this is a service contract to do the maintenance on our generators that we have located around the island. It's just required; you need to do them. You want to make sure that your generator is operational when you need it. So, we need to employ this service. If there are questions, our Energy Management Analyst is ready to respond.

CHR. LOPEZ: Question, from the Chair. I got hung up on this asterisk, a mistake. So is this amount different from what I received in the attached bid? Where is the correction here?

MR. OKAMOTO: Got it. I'll take a stab, and correct me if I'm wrong, Warren. You know what, since you're here why don't you just go ahead.

MR. CHING: So the mistake in the bid was obvious, and so under that rule, we're allowed to make corrections to the bid if it's in the best interest of the department. So what happened was in their bid they left a section blank, the section was the hourly labor rates. We corrected the bid because of that obvious mistake, and I guess after that, addressed it for fairness and reasonableness, and brought it forward before you folks today. And especially, they're the only bidder that we received, so in the interest of—if we were to put this out again, rebid it, we'd likely end up in the same position, just using more time and resources, we'd end up with the same bid and bid amount.

CHR. LOPEZ: But the labor rate would have been completed.

MR. CHING: Completed correctly.

CHR. LOPEZ: So has the Power Generation Services accepted your determination of what labor rate was?

MR. CHING: Yes.

CHR. LOPEZ: It's just a good bid is all I'm trying to get to.

MR. CHING: Yes, so this number here is the corrected bid amount.

CHR. LOPEZ: And they are in agreement with their bid on this amount?

MR. CHING: Yes.

CHR. LOPEZ: Okay, thank you.

MR. NEY: Question, Mr. Chair. Are these all diesel generators or any of them are propane or any other source of fuel?

MR. CHING: So these 15 generators, they're all diesel.

MR. NEY: Is that something you guys explored, doing some of this stuff in-house, having a dedicated person? I know we don't maintain our vehicles if these goes out. I mean, from a cost-saving standpoint, have you guys ever looked at having someone in the Water Department taking care of certain maintenance aspects, I guess, that we contact out?

MR. OKAMOTO: Short answer "no," but I guess it's something we could look at.

MR. GOODALE: I'll just chime in. We do monitor those generators. We do monitor those generators, for functionality, but we also, with Warren monitoring this contract, we are in close contact in terms of condition. So while we don't go out and do what this contractor is doing—the determination was made that it's better for us to use utilize a contract like this than to dedicate employees to perform the same function.

MR. NEY: Well, what I'm getting at, it's like some of the simple maintenance. I mean like, do we change the oil on all our vehicles or that goes to—? Like simple maintenance things, I mean you guys do.

MR. GOODALE: Yes, yes.

MR. NEY: Just anything to—like complex, of breaking a thing down and rebuilding it would be maybe a little too complicated to have someone with that skillset.

MR. GOODALE: Correct. We don't have a heavy diesel mechanic on staff.

MR. NEY: Got it.

MR. OKAMOTO: But that's a great question. I think I will ask our Energy Management Analyst to take a look at that.

MS. KEOLANUI: My question would be, would the frequency in which we would be repairing these generators and that type of mechanical work, would it call for having someone that is onboard full-time?

MR. OKAMOTO: I'm not sure. Like Ben mentioned, there's probably general maintenance that you could do that's simpler, but if they find something that needs a significant repair, where you've got to maybe tear down the diesel—basically it's a big diesel engine, that converts that into electricity to run whatever equipment we have, and that's typically not something we would do in-house, and that would probably require some expertise beyond—

MR. NEY: One more thing, because I think just in terms of like responsiveness to issues, I mean like HELCO had issues with some of their generation in equipment, and it just seems like if we had

someone ready to go, there might not be a lapse of time or lag time to deal with some of the issues the equipment might have in terms of expediting repairs and such, rather than contracting it out. There might be more of a delay.

MR. OKAMOTO: Yeah, and like most things, there are pros and cons, in-house versus out-sourcing, so we'll take a look at that.

MR. NEY: All right.

CHR. LOPEZ: Any other questions, discussion?

MR. UNGER: I have a question, Chair. I'm just curious, just trying to get a sense of cost escalation. Do you know what the last contract amount was, two years previous to this?

MR. CHING: So previous to this one, yeah, I think there's a lump-sum. But I would say per visit, this year's one is about 30% more than two years ago. It's something we try to prepare for given the inflationary environment.

MR. OKAMOTO: Good question.

CHR. LOPEZ: Kawika?

MR. UYEHARA: Thank you, Mr. Chair. Maybe, Warren, if you could explain to our new Board member, Emily, about the need for these emergency generators; about how many are stationary, how many are portable, and why decided to locate the portable ones at certain areas.

MR. CHING: Yes, so right now we're looking at, at least for our diesel generators, one of them is stationary at our Waimea water treatment plant, and the others are all portable. But essentially why we need the generators is we rely almost exclusively on the electric utility to power our pumps, so pumps in the wells, specifically. So in order to prepare for say an outage-type situation, we use these generators as I guess a backup power source for our strategic well sites servicing critical facilities, like healthcare facilities, population centers, shelters, and so forth. So that's in essence what we use the generators for, and the portability of them allows us to be a little bit more flexible as far as the sources that we can provide backup power to.

MS. TAAROA: How often does that happen, where you don't have adequate HELCO power and you're using these generators?

MR. CHING: It's sporadic. In the past, it hasn't been a very big issue, but looking forward we may run into more prolonged outages due to—Hawaiian Electric is changing some of their operating procedures when it comes to, I guess in response to the wildfires in Maui. So looking towards that aspect of it, we're actually trying to get additional generators to address that.

MS. TAAROA: Has there been a point where there are 10 in use at one time? Why do we have 15?

MR. CHING: Not usually.

MS. TAAROA: But it could happen.

MR. CHING: We don't really run into that situation.

MR. OKAMOTO: Those are great questions. We'd actually like more. We have about 70 sources that are scattered throughout the island. We probably won't get to a generator at each source, that's why have it, portable. Portable is kind of loosely stated. It's not one of those that you see on a back of a pickup. One megawatt generators are 40-foot containers, you know a full 40-foot container generator, so that has to be towed to a particular site. In the past, typically what we'd probably use them for is long-term outage events after a hurricane, where the electrical utility will take some time.

Built into our system is storage, water storage, so typically we have a day's worth of storage. If the outage lasts for a longer period of time, that storage is not going to keep up with demand. We'll ask for conservation or restriction as much as possible; and then sometimes it will take coordination at the EOC with Civil Defense to even clear a road, so we can actually get the generator to the site that it's needed. These have been in the past more of a hardly-ever-used type of situation. I wouldn't say never, we've utilized them. But like Warren said, the change in protocol with Hawaiian Electric could result in more prolonged outages just based on a red flag event, which we don't know how long that would be. As long as that status is out there, Hawaiian Electric may keep the power off, which could be days. We're trying to get ahead of that, so we'll likely use the ones we have now in those events, but we may come to a point where what we have now may not be enough.

CHR. LOPEZ: Okay, any other questions, discussion? All in favor of the motion as stated say "aye." Oppose? Hearing none.

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

7) NORTH KONA:

A. JOB NO. 2023-08 (MAT), F&D SPARE PUMP AND MOTOR SET FOR KALAOA #1 DEEPWELL – REQUEST FOR TIME EXTENSION:

Chair Lopez asked if there was any testimony for this item. There being none, he continued with the agenda item.

The Department is requesting a contract time extension of 15 calendar days, due to the delays from reviewing and approving pump submittals. The 15 calendar days was assessed from the date the Department received the submittals from the Contractor on 03/20/2024 to the date submittals were approved on 04/03/2024. *Note: There are no additional costs associated with this time extension.*

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	03/31/2024	04/23/2024	23	Delay due to need for additional funding.
2	04/23/2024	05/08/2024	15	Delay due to DWS submittal review.
Total Days (including this request)			38	

1st time extension – 23 calendar days

2nd time extension – 15 calendar days

RECOMMENDATION: It is recommended that the Board approve a contract time extension of 15 calendar days for JOB NO. 2023-08 (MAT), F&D SPARE PUMP AND MOTOR SET FOR KALAOA #1 DEEPWELL. If approved, the contract completion date will be revised from April 23, 2024 to May 8, 2024.

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

CHR. LOPEZ: Discussion?

MR. OKAMOTO: MAT means material, material bid, so it's basically supplying a piece of equipment, typically. And just to recap, the prior time extension was because we had one of the components. So now with our revised strategy on improving longevity for our pumps and motors, we'd like to get a unit warranty, which includes the pump unit, the motor, and the cable, all together. In the past, we may have had a spare motor that we might have mated to a pump, and then if it doesn't work, the contractors would say, "Well, it wasn't my fault. It was stuff I didn't supply." That was the primary reason for the first time extension.

The second time extension was based on—basically we didn't respond timely to manufacturer's submittal, so basically it was on us, on the department. It wasn't the contractor's fault that an additional delay was incurred, so that's the reason for the second time extension. If you have any questions, Greg is here.

CHR. LOPEZ: Any other discussion? Any questions? Hearing none, all in favor of accepting the recommendation say "aye."

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

8) **MISCELLANEOUS:**

A. **DEDICATION OF WATER SYSTEMS:**

Chair Lopez asked if there was any testimony for this item. There being none, he continued with the agenda item.

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

1. Grant of Easement

Ali'i Palms Subdivision

Grantor: Ali'i Partners LP

Tax Map Key (3) 7-5-045:059 (por.) formerly (3) 7-5-020:071 & 072

Puapua'a 2nd, North Kona, Island of Hawai'i, Hawai'i

2. Bill of Sale (Phase 1)

Ali'i Palms Subdivision

Seller: Ali'i Partners LP

Tax Map Key (3) 7-5-045:059 (portion)

Puapua'a 2nd, North Kona, Island of Hawai'i, Hawai'i

Facilities Charge: \$276,913.00 Date Paid: 8/18/2021

Final Inspection Date: 4/03/2024 (Phase 1)

Water System Cost: \$335,212.00 (Phase 1)

3. Grant of Easement and Bill of Sale

Hale Na Koa 'O Hanakahi
Grantor: County of Hawai'i
Tax Map Key (3) 2-4-057:032 (portion) and 2-4-057:031 (portion)
Waiākea, South Hilo, Island of Hawai'i, Hawai'i
Facilities Charge: \$531,949.00 Date Paid: 11/29/2023
Final Inspection Date: 4/03/2024
Water System Cost: \$43,300.00

4. Grant of Easement

Grantor: Queen Lili'uokalani Trust
Tax Map Key (3) 6-4-018:095 (portion)
Pu'ukapu Homesteads, 2nd Series, North Kona, Island of Hawai'i, Hawai'i

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

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

MR. OKAMOTO: In your packet, Kurt has provided these maps, which are associated with each of those four sub-agenda items. Maybe really quick, Kurt, can you explain to the Board why some might have been a Grant of Easement, some might have been just a Bill of a Sale, or a combination?

MR. INABA: Maybe take Item 1, it was a Grant of Easement. The reason why it's one development for Item 1 and Item 2, but the reason why they had done separate documents is they're granting an easement over the established road, the right-of-way within the subdivision, but they're constructing Phase 1 of it. Phase 1 was constructed and completed, so that part, a Bill of Sale is to basically grant the water system to the department to then own and operate. The Grant of Easement is to give us access over the land to do so.

MR. OKAMOTO: So the Board could probably anticipate a Bill of Sale for the infrastructure that's (inaudible) to construct it in the blue area on the map. So we cannot go on to private property without their authority. So our inspectors would go out and make sure that the water lines and the service laterals, the meters, and all of that are being installed correctly, and that's happening in the blue area. What happened in the red area, pau, they did that already, so now they're dedicating it to the department via a Bill of Sale.

MR. NEY: The Bill of Sale is not implying we're buying anything. It's just saying we're taking ownership of it.

MR. INABA: Yes. So like Item 3, it's all just one project. There's a waterline extension in there, and over a piece of property that's not within already what's defined as a road right-of-way, so we already have access over road rights-of-ways. So on these private or even government property, they would need to grant us an easement to access, own, and operate the water system within there. So that one is just one project. We finished that up for that one there.

And the last one, you'll see it's a Grant of Easement. What that one is, it's just a service lateral, so we really don't need—it's only serving that one property. so there's a Bill of Sale. There's a public water system basically for that. It's on a road that's so narrow that the meter had to be installed within a

portion of that property. So there's a Grant of Easement for what we call a water meter purposes, basically.

MR. OKAMOTO: Thanks, Kurt. Any questions?

MR. OKAMOTO: Further discussion?

MS. TAAROA: I need just a little more background, looking for something.

CHR. LOPEZ: Emily, go ahead.

MS. TAAROA: So we are not purchasing these systems from the developers, they are just dedicating—passing them over?

MR. INABA: They're dedicating.

MR. OKAMOTO: It's required for the Board to take action and accept the system. It has to go through this process.

MS. TAAROA: We don't have to buy it. Okay, and then we take over and manage it.

MR. OKAMOTO: Operating and maintaining it from here on out.

MR. INABA: And maybe to explain the cost that you see on the Bill of Sales, that is inventory of the water system.

MR. NEY: It's kind of misleading the way the term it, but it doesn't imply we're paying for anything.

CHR. LOPEZ: Any other further questions, discussion? All in favor of the motion say "aye." Oppose? (none)

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

B. DEPARTMENT OF WATER SUPPLY TABLE OF ORGANIZATION – PROPOSED REVISIONS:

The Department recognizes the need to revise and update its current table of organization to align with current needs and future goals. As such, the Department proposes the following revisions:

1. ENGINEERING

- a. Add "CIP Branch" to the Engineering Division. (Chart III)
- b. Add one (1) Program Manager position to the CIP Branch. (Chart III-A)
- c. Add two (2) Project Coordinator positions to the CIP Branch. (Chart III-A)

2. FINANCE

- a. Rename the "Purchasing and Budgetary Control Section" to the "Procurement and Purchasing Section" under the Management Accounting Branch. (Chart IV)
- b. Reorganize Accountant III to under the Accountant IV in the Management Accounting Branch. (Chart IV-B)
- c. Add one (1) Accountant I to the Management Accounting Branch. (Chart IV-B)

3. OPERATIONS DIVISION

- a. Add one (1) Water Treatment Plant Operator I (Temporary as needed) to the Plant Operations Section in District I (Puna, South Hilo, Portion of North Hilo and assist other districts). (Chart VI-A).
- b. Add one (1) Equipment Operator II (Temporary as needed) to the Auto and Equipment Unit of the Field Operations Section in District I (Puna, South Hilo, Portion of North Hilo and assist other districts). (Chart VI-B).
- c. Add one (1) Water Treatment Plant Operator I (Temporary as needed) to the Electrical, Mechanical, and Treatment Section in District II (Portion of North Hilo, Hāmākua, North and South Kohala). (Chart VII-C)

The proposed revisions in the Engineering Division are also due to the large number of CIP as well as other agencies and private projects that are not only in progress but also planned in the near future. There are numerous projects that these positions would help manage for both DWS and non-DWS funded projects that require experienced project coordination and management from planning to design and through construction.

These proposed revisions will help the department in operational efficiency, provide career progression opportunities and allow DWS to continue fulfilling its Strategic Vision and daily Mission of providing an adequate and continuous supply of safe drinking water.

RECOMMENDATION: It is recommended that the Water Board approve the proposed revision to the Table of Organization.

CHR. LOPEZ: Do I hear a motion to approve?

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

CHR. LOPEZ: Discussion?

MR. OKAMOTO: Discussion, yes. So thank you for entertaining our request to amend our Table of Organization. We decided to put some additional language in the second to the last paragraph because I just want it for your awareness as well as for the public's awareness.

In the Engineering Division, we have four engineers currently, and Kurt is one of them, where ideally or more appropriately we're supposed to have 12 to 15, so we got 4; 3 rank and file and the Division Head. We're supposed to have 12 to 15. So we're trying to think of different ways in which we can fill those gaps. Countywide, statewide, even in the private sector, we're all struggling to hire engineers, in particular. There are Human Resources (HR) challenges across the board, but in the engineering field it's—to me, it's almost crisis mode. When you have private engineering firms basically cannibalizing from each other on existing resources, that leaves the government sector with very few opportunities, so we've had numerous positions on continuous recruitment.

What we're trying to accomplish here is the change of thought, see if there are other positions that exist within the Civil Service system that can do the work that's required, which is typically managing projects, doing some technical things that you really don't need an engineering degree to do, you know, somebody who's capable can do it, and so that's what we're trying to accomplish here, along with maybe making some clean-house type of things in Finance as well as beef up our potential in

operations to, again, fulfill our HR gaps that currently exist, as well as plan for future needs down the road.

CHR. LOPEZ: Question, you said that you should be at 12 engineers than 4, by what standard you had mentioned, that needs to be followed?

MR. OKAMOTO: Based on our existing funded positions and the workload. So in the past, we've had that many engineers.

CHR. LOPEZ: You had, okay. So are they presently funded positions that are unfilled?

MR. OKAMOTO: Yes.

CHR. LOPEZ: That would be the 12?

MR. OKAMOTO: Yes.

CHR. LOPEZ: Okay, thank you.

MR. NEY: For clarification, you're talking a total of four, or just in supervisory?

MR. OKAMOTO: Including Kurt. Kurt has three engineers under him, doing all the work that 12 used to do 10 years ago; and we don't have less things to do now, we have more things to do now than we did 10, 12 years ago.

MR. NEY: That's the first time I was made aware of how little manpower you have in that department. I was assuming you guys were—you know, some vacancies but not four.

MR. OKAMOTO: Well, I figured now would be the appropriate time because we're asking the Board to approve our Amended Table of Organization, to share that with you folks.

CHR. LOPEZ: We're discussing engineering at the moment.

MR. OKAMOTO: All of them, it's all of them. So up to the Board what they want to question.

CHR. LOPEZ: Yes, let me focus a page at a time here.

MR. UYEHARA: Mr. Chair, maybe I can provide some additional input on the proposed revisions, the Table of Organization. So as Keith mentioned, this Table of Organization, we kind of do it maybe annually, or not more than a couple times per year to come before the Board to look at our organization. One of our missions, our visions, is to be an employer a choice. So in addition to getting the work done, we also want to make sure that we can attract, and recruit and retain talent.

Within our department, we have an Engineering Division, Finance, and Operational Division. So in your packet, you'll see these charts, front and back, and in the red are the proposed revisions. I can kind of go through each of the divisions, and you can ask questions as we go through.

Engineering, Chart III, on the upper right hand corner, so right now in that division we have five branches, so we're proposing to add another branch, Capital Improvement Projects (CIP) branch. Primarily it would be, as written in the write-up, to project manage Capital Improvement Projects, and activities associated with that. We know we have a long list of CIPs to do.

If you flip to the next chart, Chart III-A, the proposal is under the CIP branch, to add a Program Manager position; SR means Salary Range 26, and then we are proposing to add two Project Coordinator positions, SR-24s. So right now, the concept of the Project Manager is to have a degree like in business or administrative type of a degree, but it doesn't require a Professional Engineer certification. It helps to give us flexibility in recruiting, but it also requires a certain level of experience, professional experience.

Project Coordinator, similar situation, but I believe—there is an established position, a Project Coordinator within the County right now, and it requires a degree in an engineering-related field, but it doesn't require a Professional Engineer's license. So again, it's providing recruitment options for us.

What you kind of don't see under each of these branches, on Chart III-A, like say under Water Resources and Planning Branch, we have a series of Civil Engineers I, II, III, IV, and then a Civil Engineer V, which is the branch head. So if you were to look at our entire table, you would see a lot of positions, but like what was mentioned, we have an ideal number of—desired number of positions to have, the employee to fill, but we don't fill all of them. We fill based on need and budget.

CHR. LOPEZ: So following that last comment then, this is just creating the hole for future needs.

MR. UYEHARA: Creating the positions.

CHR. LOPEZ: Creating the positions, not necessarily filling them. You determine the flexibility over time and need?

MR. UYEHARA: Yes. Say if the Board approves this proposal, the Board will have granted that approval, and then our HR will work with County Human Resources to create the position, and that's where you give the class specifications and the position description, and it would take some time. Then we have to budget for those positions, too.

MR. OKAMOTO: And that's where we get the approval from the Board. So part of the Operating Expense that we bring to the Board every year around this time includes the salaries and the personnel that we're budgeting for.

MR. UNGER: Kawika, what is Salary Range-26 and Salary Range-24?

MR. UYEHARA: I don't have those numbers off-hand, but it's a monthly salary that's set up by the State, I believe.

MR. OKAMOTO: It's all Collective Bargaining.

MR. UYEHARA: It's set salaries. The higher the number, the higher the pay range, for the SRs.

MR. NEY: Yeah, is there any way—I know for like—I mean there's a lot of industries that need people. I know like the governors, you know, giving all this forgiveness thing for people—nursing and doctors, I mean why isn't that—or is there any lobbying that the department does and go, "Where's our funding too?" Because it seems like we don't have a lot of economy when it comes to all the HR rules and salaries, so it's hard to get people if you can't incentivize it. What efforts are being done to try to change that, because it's not very symmetrical to say they do this across the state, right? Also, one industry we're going to incentivize, you know, more people coming. Is that something you guys have

pursued to look at what we could do to give more funding, or forgiveness grants, or stuff like that going through this field?

MR. OKAMOTO: Yeah, there's some background. We're doing a lot of things behind the scenes. A good friend of mine is the Dean of the College of Engineering at UH. Wherever we can, we participate in their recruitment event and things like that. But when everybody's got their hand out seeking engineers but you don't have the supply, it really boils down to supply and demand. The kids are not going into that field for whatever reason. We started even participating at the school levels to try and gain interest in engineering stem-related fields, and that's going to be a work-in-progress. But as far as the funding is concerned, nah, not that I'm aware of. I know one thing that the County has recently updated is they'll ask the departments to cover the Professional Certification fee. That helps.

MR. NEY: I think we should draft more letters to the Legislature and say, "Here's a real need that this industry has. What are you guys going to do to help us?"

MR. OKAMOTO: Yeah.

MR. NEY: So if you don't ask, you don't receive.

MR. OKAMOTO: The awareness is there, and I think even the engineering organizations are doing what they can to lobby, but it really boils down to if the students aren't there. So it's a tough nut to crack, basically.

CHR. LOPEZ: It is. In fact, at the last Water Conference we attended on O'ahu, a couple of speakers, from an engineering perspective, were actively soliciting engineers, almost begging to get people to submit their business cards, submit their resume, you know to talk, or whatever. As you said, from everywhere they can try and incentivize people to come in, given the restrictions that we have with government hiring. Yeah, it's a tough nut.

MR. OKAMOTO: So I don't want to just cover engineering, that's a great need, but there's also needs in other divisions that maybe Kawika can expand upon.

CHR. LOPEZ: Let's go on to Finance.

MR. UYEHARA: Going on to the Finance Division, that's this chart, Chart IV-B. Basically, there is some housekeeping that we're doing, by renaming one of the sections, from the Purchasing and Budgetary Control Section to the Procurement and Purchasing Section; and the next two proposals are to create an Accountant series, basically. So on this chart, you'll see Accountant IV, that's above the Accountant III, then the Accountant II, and then the Accountant I. The Accountant I position is something we don't currently have, so we're proposing to add an Accountant I, an entry-level position. One of the goals, basically the department to be that employer choice, so ideally someone comes in at the entry-level, through the years is that progression opportunity, from Accountant I all the way up.

CHR. LOPEZ: Accountant I, is that the Accountant Clerk?

MR. UYEHARA: No. Accountant I, there's a SR-18.

CHR. LOPEZ: Oh, down on the bottom. Thank you.

MR. UYEHARA: So, that's the Finance Division. Then we'll go to the next chart, Chart VI-A, Operations Division. This is District 1, so this is the Puna, South Hilo, portion of North Hilo districts,

and they also assist some of the other districts. So what we're finding now with our Operating procedures is that we would like to create a Water Treatment Plant Operator I position (Temporary as Needed), BC-10 (Blue Collar-10). . We're regulated by the Department of Health, some of our systems require corrosion control, optimal corrosion control treatment. This position, Water Treatment Plant Operator I, would be helping us to maintain that compliance. Currently, right now, our Water Treatment Plant Operator I position comes out of our Waimea, South Kohala District. So this is positioning somebody in Hilo, Temporary as needed); so if there is a need to go check maybe Honomu system, Hakalau system, someone from Hilo can go out and do that. That specific position requires the Department of Health certification for Operator I, Treatment Plant Operator's certification.

Then going on to Chart VI-B, we're proposing to add Equipment Operator II (Temporary as Needed), BC-09 position. This is the staff that operates the excavators, backhoes, and there are times in the Hilo district where we may need more than one for coverage, so that's why we're proposing to add it as a Temporary as Needed. Basically, as we have this position created as a Temporary as Needed, when the need arises, we can temporarily assign a Waterworks helper up to this BC-09 position, if they have the qualifications and the training to operate the equipment.

Moving on to the next chart, Chart VII-C, this is in District 2, which is a portion of North Hilo, Hāmākua, North and South Kohala. Here's where we have our Water Treatment Plant Operators, and we're proposing to add another Temporary as Needed position in the Waimea district, and that's a BC-10 position. So that's, in summary, the proposed changes.

CHR. LOPEZ: Well, thank you. That actually walked me through, the way you did. It's better when you explain this.

MR. UYEHARA: If you have any questions?

CHR. LOPEZ: I'll make just an observation. Seems to me a sad state of affair of people working multiple jobs, working multiple tasks, can't find people to fill positions, and yet you've got an increase of demand in time. I would expect that, well I don't know, I shouldn't say that. Do you have people presently that you could like chess pieces around here with these charts to help accomplish some of the things that maybe our team does as well?

MR. OKAMOTO: Yes and no. So the challenge with running a government department, well it's not just "a challenge," one of them is Human Resource, there are a lot of guardrails that we need to operate within. Collective Bargaining, you cannot have somebody do work that's outside of their position description. Some positions require a certain certification for you to even be able to temporarily assign an existing employee to that position. Several of them are Treatment Plant Operators, and that's a certification that you have to study, take a test, and get certified by the State Department of Health. So if we have an existing employee who technically can do the work, but if they don't have that piece of paper, then they can't.

Other things, of course the unions. Even if we had somebody who could do the work and might be able capable to—he's in Hilo but the work is in Waimea or Kona, we typically would have to do a union consult if we're going to have him reassigned to a different location, right, because they're used to driving from their home to their workplace. Now if we're going to make them drive from their home to someplace else, we've got to get their blessing. So the long answer to a short question is yes and no. We have some that can be temporarily assigned to some of these positions, but the bulk is "no," that's why we're asking for the Board to approve these positions so we have that flexibility. Now we'll try to train our guys, and we can't force them either. We need to see who's willing to take the test and get certified. Once they do, now they'll have an opportunity if we have the position.

CHR. LOPEZ: Are these positions an incentive for people who want to improve their spot?

MR. OKAMOTO: We hope so.

CHR. LOPEZ: Okay, thank you.

MR. NEY: One more question. You say these are guardrails or parameters we have to operate within, is that like—because it looks like there’s more flexibility in the DOE. Other states, are they not abiding by the same set of rules? Because you get teachers like get incentives to come over from the mainland, so are we being held to it and other parts of the State aren’t? Am I incorrect on that?

MR. OKAMOTO: That I’m not sure. DOE has different positions. They might be covered under HGEA (Hawai‘i Government Employees Association). Their teachers are covered under a different union contract, a different Bargaining Unit, the Teacher’s Association. They have different rules than our white-collar folks.

MR. NEY: It just seems like there’s not a lot of uniformity.

MR. OKAMOTO: There is across the State if it’s the same union and the same class of work. It’s supposed to be standard.

MR. NEY: I just want to make sure we’re using every lever we have, though.

MR. OKAMOTO: We’re trying, and this is one of the levers that we’re trying to provide ourselves.

CHR. LOPEZ: So just in this presentation of this motion was to create a structure that you’ll be more nimble, and let the future, not necessarily expand.

MR. OKAMOTO: Yes, great summary. We’d like to expand to a point where we have the appropriate staff, where we’re understaffed, but not expand just for the sake of adding positions.

CHR. LOPEZ: Any other question, discussion? All in favor of the motion to amend the chart as discussed say “aye.” Oppose? Hearing none.

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

C. RENEWAL OF CONTRACT FOR MAINTENANCE AGREEMENT – SOUTH KOHALA, HĀMĀKUA, AND LAUPĀHOEHOE SITES (BRANTLEY CENTER, INC.):

Chair Lopez asked if there was any testimony for this item. There being none, he continued with the agenda item.

Brantley Center, Inc., presently has a Maintenance Agreement for site maintenance for the Department's South Kohala, Hāmākua, and Laupāhoehoe tank and pump sites. We are requesting to renew this Agreement from July 1, 2024, to June 30, 2025. The rates would be as follows:

South Kohala	\$4,392.35/month x 12 months (23 sites) =	\$ 52,708.20
Hāmākua	\$2,944.16/month x 12months (15 sites) =	\$ 35,329.92
Laupāhoehoe	\$738.48/month x 12 months (3 sites) =	\$ 8,861.76
	Total:	\$ 96,899.88

The Department has the right to award the contract to Brantley Center, Inc., without advertising or calling for bids, according to Subsection 103D-1010 of the Hawai'i Public Procurement Code. Brantley Center, Inc., has submitted the necessary documents to meet the requirements as a qualified rehabilitation facility. There is no increase from their proposal for Fiscal Year 2023-2024. Brantley Center's performance has been satisfactory, and the costs are reasonable. A total of 41 sites are covered by this agreement.

RECOMMENDATION: It is recommended that the Board award the contract for the RENEWAL OF CONTRACT FOR MAINTENANCE AGREEMENT - SOUTH KOHALA, HĀMĀKUA, AND LAUPĀHOEHOE SITES, to Brantley Center, Inc., for a period from July 1, 2024, to June 30, 2025, at a total cost of \$96,899.88, and that either the Chairperson or Vice-Chairperson be authorized to sign the documents, subject to approval by Corporation Counsel.

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

CHR. LOPEZ: Discussion?

MR. OKAMOTO: Sorry, I'm going to do a little more explaining, primarily for Emily's awareness. This is kind of related to the prior agenda item; so this is where we outsource actually, some services that we could typically do in-house, with groundskeeper positions. So there's this Supreme Court decision, commonly referred to as the Konno Decision, that if there's any Civil Service work that is customarily and historically done by a civil servant, you cannot outsource it. But this particular entity is one of the only ones that meet a qualification that qualifies for an exemption from that decision, and we'd like to keep that because they've done satisfactory work for us. Again, we'd like to balance in-house with outsourcing, and once we let go of this contract, we cannot get it back, so to replace this contract, we will now have to come back to you and ask for more groundskeeper positions to fill that void. So if you have any questions, Greg's ready.

MS. KEOLANUI: My question is, why is Laupāhoehoe the most expensive to maintain, almost double what the other sites are?

MR. GOODALE: One of them is more due to the travel distance because more of their operations are located up in Honoka'a, Waimea area.

MS. KEOLANUI: You would think that Laupāhoehoe would be more affordable because Laupāhoehoe is only like 20 minutes.

MR. GOODALE: Yeah, not too far. Again, for us we don't get involved in how they put together their pricing—the one thing, it is written in here, but I will say that the prices for the cost of this work have not changed in the last three years, so we've had no cost increase to this. When you look at it from the beginning, it was an affordable cost based on our evaluation then, but the fact that we haven't seen any increases in cost over the last three years, and it's a good thing for us. The work they've done is good. But back to your question, we don't really get into how they make their determinations on price. We just make a determination if it's fair and reasonable.

MS. KEOLANUI: Thank you.

CHR. LOPEZ: I'm getting hung up on the word "satisfactory." Are we accepting performance that's just marginal? Potentially, will we look for better performance by paying more, or did they even open that up? What areas can you offer to them where you would like them to do better than satisfactory?

MR. GOODALE: Yeah, satisfactory is really kind of more a term of art—it's not reflective of good or bad job.

CHR. LOPEZ: Evaluation.

MR. GOODALE: They're performing the work that we expect them to perform. We don't necessarily go by some high level. Now, if it was unsatisfactory, then we would have discussed that with the company, but basically, we're looking to see if they are performing the work as was specified.

CHR. LOPEZ: Thank you.

MR. OKAMOTO: I think it is covered in Exhibit A. Some of the performance metrics, there are some basic ones in there.

MR. NEY: I'd just like to comment, if you're going to pay an employee with the benefits and the fuel, and the machine, and the maintenance, I'm surprised these guys haven't come back and asked for more. Even if they come in the future and ask a little bit more, if it's within reason, I think it's a great cost for the scope of work that you guys have laid out. I don't think we should nickel and dime this in any way.

MR. OKAMOTO: Generally, we agree with that comment. There are a lot of sites, and if we were to pay somebody on staff to do it, it would come out significantly higher.

CHR. LOPEZ: Give me a quick sketch of Brantley Center. I've heard the name before. I'm not sure who they are.

MR. GOODALE: It's similar to—you've heard of the Arc of Hilo?

CHR. LOPEZ: Yes.

MR. GOODALE: It's kind of more online, the Arc of Kona, Arc of Hilo.

CHR. LOPEZ: Gotcha. I know where they are. Thank you.

MR. OKAMOTO: That type of organization.

CHR. LOPEZ: Any other discussion, question? Hearing none, let's go for the vote. All in favor of accepting the recommendation as stated say "aye." Oppose? (none)

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

D. DISCUSSION ON PERMITTED INTERACTION GROUP (PIG) FINAL REPORT:

Chair Lopez asked if there was any testimony for this item. There being none, he continued with the agenda item.

CHR. LOPEZ: Is there any discussion on the Final Report? Chairman Ben.

MR. NEY: I summarize this. We never really even know the proper framework to put the PIG in, and what the purpose of it was. There wasn't a lot (inaudible) to what—I've talked to some community members. I believe Steve Hiramami was on that. He did a little. But again, until we got guidance on

what the PIG actually does, we didn't get too far into it before we summarized it, and dissolve this Permitted Action Group. So that's just a summary of what we did.

MR. OKAMOTO: And should be in all your packets. It was well written, Ben.

CHR. LOPEZ: All right, any other discussion? Okay, so the item is closed. Thank you.

E. DEPARTMENT OF WATER SUPPLY COLLECTION AND DELINQUENCY POLICIES:

Chair Lopez asked if there was any testimony for this item. There being none, he continued with the agenda item.

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

MR. OKAMOTO: This one, as a reminder to the Board and maybe for Emily's awareness, at the request of the Board, we're just keeping this on the agenda, to provide the opportunity for discussion. Correct me if I'm wrong, Diana, if there is a potential action item or recommendation, that would have to be specified and taken up on a subsequent Board agenda. But it's here, so we can have the discussion.

CHR. LOPEZ: Anything, Ben?

MR. NEY: Yeah, we formed a PIG around this, and we're not going to discuss it because we can't outside of Keith and Kawika.

CHR. LOPEZ: We have not formed the PIG yet, so I'm correct.

MR. NEY: We don't have a—?

CHR. LOPEZ: No, that requires the Board—actually, we haven't done that.

MR. OKAMOTO: I think maybe just to clarify, at the last meeting I guess there was some discussion, and it was asked if there were some people interested in contacting the department and having some discussions, and I think that's where you folks might have had that discussion.

MR. NEY: Oh, maybe that's preliminary.

MR. OKAMOTO: Yeah.

MR. NEY: But I guess we're in the process of forming it.

MS. KEOLANUI: That's next agenda item.

MR. NEY: Okay, sorry.

MS. MELLON-LACEY: Just to be clear, for interaction, two members are less than a quorum can meet with like staff to get information for operations like this, and I think at the last meeting the Board felt they wanted an opportunity to learn a little bit more from Candace about how things were being

done. So you want to form a PIG, but you two met with Candace, and so if there are things that you learned then you're able to report it, you can talk about them, or if Candace has something to present around collections. I think that's the purpose of the—

MR. OKAMOTO: I think right now—I think it's open for Keith Unger or Ben Ney to share with the Board maybe something he thought—

MR. NEY: Why don't you fill them in, Keith?

MR. UNGER: Why don't you fill them in?

MR. UYEHARA: Point of Order, should we wait for Item F?

CHR. LOPEZ: There's really no need to do that because it was just an investigative meeting of two Board members with the department to gain more information; and if there's nothing to report, then it's a matter of leaving it to the next action.

MR. OKAMOTO: Yes, I think you can still have that discussion. I think we put the next action item on there, so we don't have to wait I think for a subsequent meeting, if the discussion under this current agenda item, you know, some stuffs were brought up.

MS. TAAROA: I mean because I'm new, how big of a problem is it? Start with like the payments, and like what percentage—

CHR. LOPEZ: Neither Board member wants to take the action and report.

MR. UNGER: We could report.

MR. NEY: Yeah, I mean this is something that has been ongoing for a while that, that we haven't had the best collection policies and procedures in place, and we had to write off a bit of debt. Half the debt that was not going to get collected. We had to fix that, so this wasn't going to be a recurrence, and with the intention that we're trying to do this or do things I think in general in an expeditious way so things just don't fall by the wayside. This is one of those items I think we agreed on that we kind of have got to be aggressive on and try to see this through as quickly as we can to implement these changes so we can fix the problem.

MR. OKAMOTO: Some of this will be covered.

MS. TAAROA: For the current system, how does the collection process work?

MR. OKAMOTO: Ultimately, our biggest hammer is termination of service. But because we're a drinking water utility that—you know, basically our service relates to the health and well-being of our community, without potable water human life cannot exist.

MS. TAAROA: What is the timeline currently for collections and disconnection?

MR. OKAMOTO: Those are great questions, Emily.

CHR. LOPEZ: It's still in process and still developing this, so you're right and a good time to come in.

MR. OKAMOTO: Yes, it's a good time. So long story short, if they don't pay their bill, it takes a period of months. We try to give them a chance to come up with a payment plan or something like that before we'll terminate their service. Other than that, we have our own Collections Clerk on staff who tries to set up those payment plans and collect delinquent accounts; if it goes beyond a certain threshold, then we kind of request the assistance of a collection agency, and then ultimately Corporation Counsel to seek some of those long term. But collectively, I think over the years, so we've established greater than 90-day delinquency amount of—?

MS. GRAY: Over \$900,000.

MR. OKAMOTO: Over \$900,000. We're still trying to do our due diligence. In reviewing national standards-wise, what does that equate to? Are we about right, above average, below average, compared to your overall operating revenues and things like that? So there's still some work to do. It's been brought up to the Board why it's on the agenda, is because it's elevated to a point where the awareness is such that it seems like we need to do something to improve our situation, and I think that might be the next agenda item where a PIG could be established to direct or come up with something that's quite specific that we can maybe focus our efforts on. Does that sum it up?

CHR. LOPEZ: Yeah, so the purpose of the request from Board members, is to help the department in dissecting this, because sometimes you can't see the forest and the trees. So we had two members that said, "Yeah, I'll work with the department and see what we can do to help." From that conversation then there would be an agenda item, which is the next one, to bring to the Board some of that concern, the thought, help us structure what the scope of this PIG would do, and that would be the next agenda item. So they met, we've talked, and whatever they decided, let's move on to the next discussion.

MR. OKAMOTO: The bottom line is I guess to make sure that financially we're in a very healthy position, so that is one component. Delinquency is one component of that. Like if you go to a doctor, you'll be evaluated on various physical characteristics, but one thing out of whack may not mean you're in trouble yet.

MS. TAAROA: Is there a percentage? I wanted to see the figure of like what percentage of our annual revenues are not getting collected. I'd be able to see the bigger picture as far as how it's affecting overall income.

MR. OKAMOTO: What is our overall annual revenue?

MS. TAAROA: Ballpark revenue, even. What are we not collecting? What percentage of what we should be collecting is not being collected?

MS. GRAY: As far as our greater than 90-day delinquency, currently we're at 13%.

MR. OKAMOTO: 13% percent of what?

MS. GRAY: 13% of our overall—

MR. OKAMOTO: Delinquencies?

MS. GRAY: So we have 45,000 accounts, say a total of \$7.2 million as far as our receivable at that point and time, and greater than 90-day delinquent is about \$966,000, and this is just based on the reporting that I've done in the past few months.

MR. OKAMOTO: Maybe some of that we'll expand when Candace goes over her financial report, and then maybe digesting some of that will help you.

CHR. LOPEZ: I'd like to try to move this along a little bit, so we don't get mired in detail that are going to come out later because that's the action. So is there any final comment? With that, let's move on to F.

F. ESTABLISHMENT OF PERMITTED INTERACTION GROUP REGARDING DELINQUENCIES AND UNPAID DEBTS:

The Water Board intends to discuss and deliberate the creation of a Permitted Interaction Group (PIG) to investigate matters related to the goal of reducing, in alignment with industry performance benchmarks, delinquent payments and/or unpaid debts to the Department of Water Supply. Pursuant to Hawai'i Revised Statutes, Section 92-2.5(b)(1), the Board may select participating members to participate in the PIG, which must be less than a quorum, define the scope of its investigation, and delineate the scope of each member's authority.

Chair Lopez asked if there was any testimony for this item. There being none, he continued with the agenda item.

CHR. LOPEZ: So, the next thing is for discussion and action. But I'd like to first ask our Corporation Counsel to kind of outline what are the requirements of forming and conducting a PIG, please.

MS. MELLON-LACEY: Okay, to form the PIG, you can have at least two members but less than a quorum, and at the time that you create the PIG, you have to have a scope of work that it's going to do, that everyone agrees on, and after you create it, you can't change the scope and you can't add any members. That PIG, once created, can go out and begin its work whatever the scope is, on its own. They can talk with people and meet with people. It doesn't have to pay attention to the Sunshine Laws, it's always doing that. Then once it has finished its investigation, that's when it then would make its report to the Board. Once it makes its report, it automatically dissolves, it doesn't exist anymore. So there's no update while it's working on things. It does what it is supposed to do, it comes back, it reports.

After that, the Board could have another meeting, where it decides to take action on some of the recommendations of the PIG based on its investigation. Because the PIG in and of itself, making the final decisions or voting on anything, it really is for the purpose of investigating and proposing possible ways to address a problem. So if you have got a problem, you've identified everyone with improved collections, you know, rather than the whole Board at each meeting spending hours and hours of this because they can't talk about it individually. Creating this kind of lets you have this body to do the Fact Finding for the group outside the parameters of the Sunshine Laws; come back, and then with the information they provide the Board can decide on some course of action.

CHR. LOPEZ: It's a minimum of two and a maximum four?

MS. MELLON-LACEY: A maximum of five. Well, less than a quorum, so four. Sorry, my math's bad.

CHR. LOPEZ: It's all right. So, more discussion?

MR. NEY: Actually, I think we should just bypass doing the PIG. We had a discussion. This is not a complex issue. There are simple things we can put into place to solve the issue, and simple doesn't

apply that there's not some hoops we've got to jump through. Ultimately, we had the problem solved. I believe, and if I'm not mistaken, he said, "The property owner needs to guarantee payment if whoever is living on the property does not pay their bill, the property owner is going to have to guarantee that." It's as simple as that. Unless you have consequences, people are going to—you know, we could kick around different ideas, but I think we finally agreed that the only way we're going to get the bills paid is to put that in place.

MS. KEOLANUI: So I think I was part of the discussion when we were talking about the options, and there were other options that we also discussed. I think one of those was—and we are transferring to doing email, sending email notifications and invoices, which is another form of communication, which could help because right now it's all through technical mail, and the other was having it affect credit in some way. So there were other discussions that weren't just putting all responsibility on the property owner. I would like to see if we did the PIG, I would like to see clearer outlines of exactly how we do what we're saying to do.

CHR. LOPEZ: Thank you. Kawika, on the other end.

MR. UYEHARA: If I could just add for the Board's information what our discussion between Mr. Unger and Mr. Ney, Candace and myself; what Mr. Ney was saying, about ultimately in order to reduce delinquencies or unpaid debts, bills to the department, possibly making landowners responsible for that. We also talked about, if we made a change in policies, looking forward and going forward. I think we acknowledged if we try to look backward in retrospect, trying to collect, making it a lot more challenging and trying to figure out the logistics—I mean figuring out the mechanics of that, it might just slow down the whole process.

I think we also talked about comparing our percentages, our rates to national industry standards, which we were able to do some research and find out from the American Water Works Association (AWWA), a credible industry organization what other utilities, wastewater utilities across the country look at, I mean what they have as delinquency rates. So that's for the Board's information of what we kind of discussed to help to find the scope.

MS. MELLON-LACEY: Okay, well one thing I think is if you want to make a change as to how things operate, you know, we have rules now for the department that dictate what's required to get an account with the department. So if you want to change those, then you have to do a rule-making change, which also takes time. You'll have to promulgate new rules. You have to have public hearings on those rules and get input from the public before they can be changed, so there is a process. You can't just decide tomorrow we're going to make it this. I don't think you could implement it retroactively. I think you could only do it going forward because it would be different policies and procedures, and currently the department has in place.

CHR. LOPEZ: So would you agree, I'm going to throw this out to everybody because I'm looking for some direction, would you agree that the subject is broad enough and there are different ways to do things, there are ways we may or may not be able to do things; but once we understand what the target is, what the scope is, then a group could come back with all this template, all these recommendations.

MR. NEY: Well, I've been on the Board, like this is going to be my fifth year. You know, get the ball rolling. Do it as quickly as possible. Why even make this (inaudible). Let's just prolong this and open discussion. It's like, okay, required rule changes, let's change the rules. It's not that difficult. There's not that many things. We just have to come to an agreement that what's the most effective way to reconcile the issue and get the bills paid. My opinion, and I don't know, Keith, we said, "Hey, the owner has to guarantee it." We don't want to be industry standard; we want to be above industry

standard. Because you know what, all the ratepayers absorb this cost. Let's get this thing—the ball rolling.

MS. KEOLANUI: Just to comment on what Ben just said. We're talking about a change that would directly affect people in our community, from rates of happening to many other variabilities, and it's not something that I believe we should just shotgun because we need to have a plan and the data in place to really make sure we're making the right decision; because if we just say, "Hey, we're going to raise all the rates, or we're going to put all the rates on the property owner," they could say, "Well, we're going to raise our rental rates by this much," and that will make housing less affordable. So, we need to look at all of the areas that we are going to be affecting by our decision.

CHR. LOPEZ: It's not just as us trying to—for collections, it's also the betterment of our clients, the customers as to how do we manage this so that all are not inevitably impacted more than this need to curtail losses.

MR. OKAMOTO: I understand Ben's frustration; he's been at it for quite some time. I think there are a lot of valid points being made, and I think that's the purpose of a PIG. You don't have to go through this Sunshine Law requirement. Members of the PIG can talk to folks they know, like the realtor association, things like that, to see what are the potential impacts. If the Board decides to go this route, what are your concerns? Members of the PIG can go have that conversation and not be tied to guessing at a Board meeting and then trying to come up with something that—you guys couldn't have that conversation because it's not allowed via Sunshine Law. So I think that's one of the purposes of the PIG, to have some of that extra freedom to have those conversations and bring it back to the body via some recommendations. I think the PIG would be an effective way to get this going.

MR. UNGER: So yes, Ben and I were the Board members that were part of it, the initial discussion. Ben and I also sense your frustration. I have not been on the Board for five years, and I have not looked at this delinquency for five years; if I had, I'd also be where you're at now. But I do agree that this is going to be a major, well we are going to be proposing, or whoever is on this, there's going to be a major proposal. I think it will directly impact a lot of people, but it will also directly impact the problem that the Water Department is having, which is extremely important. That being said, when we do make these proposals, we need to make sure our i's are dotted, t's are crossed. We've gone through the process. We've done our research. We've talked it out before we make those proposals. So I'm a proponent of moving forward with this group as an official working body of the Water Department.

CHR. LOPEZ: Okay, at what point, Corp. Counsel, do we set the scope? We can't form the PIG till we have a scope, is that right, or vice versa?

MS. MELLON-LACEY: Well, yes. When you create a PIG, you have to have a scope of its investigation, and the scope of each mover's authority. I mean I guess I've heard sort of three areas brought up here. I mean one is potentially making landowners responsible for any outstanding water bills of their tenant, that's one topic. I've heard discussing, getting a clear picture of where our department falls in line with other similar utilities like us, and maybe getting some picture of how they manage, so some more comparable material rather than just looking at ourselves. The third thing would be kind of what kind of rule changes or operating changes we would have to make. You know, we will put some things that we think might provide answers. I think email or something as simple as that, we didn't put and require or doesn't require major changes. But I think raising deposits, for example, to have more money to cover delinquencies for applicants, would require a rule change because right now it's in our rule what the deposit is for. I mean it would be possible like say if you had three people on it, each one could take one of those areas and come back with that, you know, if you like these three areas, it's areas to explore, not just something I could see right now.

CHR. LOPEZ: Okay, I would like to hear from the Board what's your favorite.

MR. UNGER: Well, but I'd want to—hopefully we don't restrict ourselves to—I know part of forming this group is to be kind of focused, but this is such a broad range of options out there to look at. We could agree to just narrow it down. Hopefully, if and when we do form this group, we can keep it a little bit broad, where we can continue to look at its broad spectrum of possibilities and then narrow it down to what we can do, specifically, you know one, two, and three. I think it's going to be a combination of effort and changes. So I want to make sure whatever—I don't want to be tied down so tight in the specific parameters that we can't—because you did say that when we form this, we have to form parameters, hopefully we can keep those a little broader.

MS. MELLON-LACEY: Yeah, I think you can. I'm just kind of looking at what I heard here today. It could be, I think, investigating appropriate solutions to reduce debt.

MR. UNGER: Right, I would be happy with something like that.

MS. MELLON-LACEY: And then you've got three in here, but I think part of it is, you know, it's not just coming up with ideas to reduce debt, but also looking at, from what I'm hearing, the results of implementation. Everything that Kea said came to my mind when I first heard what Ben said, "Oh my gosh, we've already got a housing crisis," and if people know that now they're going to have to cover their tenant's water bills, maybe they'll decide to really limit to who they rent to, and maybe they'll decide they want a much bigger deposit, and maybe they'll decide, "I'll just sell my property to somebody else and not bother being in the rental business anymore if I have to do that." It's like the snowball effect. So I mean, you have to think globally I guess with any possible solution, what its impact might be.

MR. NEY: I get it. I get the cause-and-effect thing, you know, "Hey if we do this, how is that going to impact people?" But I mean, I'll tell you what, land speculators coming here buying properties, property taxes going up, this is very negligible in the whole scheme of things. I'm not saying we shouldn't explore all the possibilities and the optics and everything like that, how the public is going to take it, but I guarantee you if you look at inflation and property crisis, this isn't even a major component of that. But again, if you guys want to explore all that, I'd be open to it, but I'd like to try to do it within a timeframe. It's not time-sensitive, but I just don't want to see this go on, and on, and on.

MR. UNGER: Trying to push this agenda item a little bit further, I would recommend that you open it up to other Board members, based on this discussion, that might want to join in on this. I guess we could go up to four people, and then confirm that indeed this is an important thing to do and let's form it. Then once that is done, perhaps we can get together, or at the same table, we can talk about the Water Department. Like we did at the last meeting, "Hey, let's set up a phone conversation with the Water Department and come up with some of those—," start throwing—

MS. MELLON-LACEY: You've got to have the scope and the members before you can form it.

MR. UNGER: Right now?

MS. MELLON-LACEY: Uh-huh, and once you form it, you can't change those things. You could disband that PIG and do another one if you realize you've left something out. But you can't do it that way, I'm sorry.

CHR. LOPEZ: So may I hear from Kea, please?

MS. KEOLANUI: So as far as getting back on track, if we can all decide on the scope, and I think there should be an intention; and also, we need to look at the effect, so I think with whatever we're proposing, there needs to be a list of possible effects, whether negative or positive, and so if we can somehow frame it in that way, just move forward and propose the PIG. So if anyone else wants to—

MR. OKAMOTO: In the write-up, there was kind of a summary, is that good enough for the scope, and maybe add the effects to that?

MS. KEOLANUI: I would say yes.

CHR. LOPEZ: Want to give me the language? Is it Item F? Does it satisfy the scope?

MS. MELLON-LACEY: I mean, I think it does. And add with consideration of positive and negative—

MR. OKAMOTO: Consequences.

MS. MELLON-LACEY: Of a proposed solution, or something like that.

MR. UNGER: And added to that would be what Kea was talking about, and then also and to make recommendations back and forth.

MR. OKAMOTO: By January 31, 2025. I agree that there should be a timeframe associated with it, as well.

CHR. LOPEZ: That's a good point. So if somebody wants to step up and propose the language for the scope? Kea, you want to try that?

MS. KEOLANUI: Sure. The Permitted Interaction Group (PIG) will investigate matters related to the goal of reducing, in alignment with industry performance benchmarks, delinquent payments and/or unpaid debts to the Department of Water Supply with the cause and effect, both negative and positive listed, and report to the Board.

CHR. LOPEZ: With recommendations.

MR. UNGER: Yes, with recommendations to the Board.

MS. KEOLANUI: Yes, with recommendations to the Board, by—

MR. OKAMOTO: By September?

MR. NEY: How many months do we need?

CHR. LOPEZ: That's for the PIG to decide. The only reservation in hearing that was "in accordance with industry standards."

MR. UNGER: I agree.

CHR. LOPEZ: I don't think that really—we don't want to constrain ourselves with—but everything else.

MR. OKAMOTO: Okay, yeah can take that out.

MS. KEOLANUI: Okay, scratch, scratch.

CHR. LOPEZ: That's my—

MR. UNGER: Yeah, that's what I was going to say because industry standard may be 40% delinquency, or 50%, and still I don't care what industry standard is, 30% is way too much as it is, but that would be a good change.

MR. OKAMOTO: Okay.

CHR. LOPEZ: We need to put that in the form of a motion.

MS. MELLON-LACEY: You need a motion to form a PIG to do—

MS. KEOLANUI: I make a Motion to approve the creation of the PIG.

MS. MELLON-LACEY: And then you have to decide on the four members.

MS. KEOLANUI: I'm in.

MR. NEY: I'm in.

CHR. LOPEZ: One, two, three.

MR. UNGER: We don't need four.

MR. OKAMOTO: Yeah, you don't need four.

MS. KEOLANUI: I think to have more because—when does your term end, Ben?

MR. NEY: End of the year.

MS. KEOLANUI: Mine is at the end of the year too, so I think having more would be better.

MR. NEY: It's a good goal set for both of us, we're leaving. I'd like to see this—

CHR. LOPEZ: So we have four. We have Ben, we have Pono, and we have Keith.

MR. OKAMOTO: And the scope is identified already?

MS. KEOLANUI: Yes.

MR. OKAMOTO: Okay.

MR. KEKELA: Pono, second.

MOTION: Ms. Keolanui moved to approve the establishment of Permitted Interaction Group; seconded by Mr. Kekela.

CHR. LOPEZ: There's a first and second. Any discussion on the motion? We have to have a—I think we need a written—I hope the minutes got it correctly. I don't know how we validate, if it came out correctly.

MR. OKAMOTO: I'll just try to say it again:

Scope of the Permitted Interaction Group:

The scope of the Permitted Action Group is to investigate matters related to the goal of reducing delinquent payments and/or unpaid debts to the Department of Water Supply, with consideration of cause-and-effect, and to provide recommendations to the Water Board for action.

Permitted Interaction Group Membership and Roles:

The members consist of District 1, Kea Keolanui; District 4, Michael Pono Kekela; and District 6, Keith Unger. District 9, Ben Ney, will serve as Chair of this Permitted Action Group.

MR. NEY: When you say, "national standards," I mean like we use Code a lot in my industry, but you'd be like minimum standard. You know when you say, "Oh, it's done within Code, that means minimum standards. I mean I just don't feel like—let's just national standard is you only get—you know, we lose 20% of this, that doesn't seem satisfactory to me. Why can't we go above standard? That doesn't make any sense.

CHR. LOPEZ: So, I need a vote. The motion includes the scope and the formation of the PIG along that scope, and we have the four members identified. All in favor say "aye." Oppose? (none)

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

G. MONTHLY PROGRESS REPORT:

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. INABA: I just wanted to mention for Hala'ula, the pump was sent back, but they are fabricating a new one and that's the estimate for six months.

Puakō Waterline, actually they're about just 1,500 feet left, so about 1,000 feet more than when I did this report.

And for the Lead and Copper Rule revisions, they have begun in Puna, so they finished basically the rest of the South Hilo, North Hilo, that's listed on there. Started yesterday and will continue throughout the weekend, possibly some of next week.

For our FEMA, the Lava Recovery Projects: Highway 137, which is basically Beach Road, has been bid out. We're partnering with Public Works on that contract. For your information, that one there, the bid cost came in at basically \$2.7 million, just for the waterline work alone. The estimate was roughly

\$4.0 million, so we did get a really good price on that, but it's likely due to the work being done in conjunction with the road, so we're getting a benefit from that. Any questions?

CHR. LOPEZ: What's the life of that \$2.7 million?

MR. INABA: That one was about four miles, I think, roughly.

MR. NEY: Just real quick response, too. Like on the Hala'ula Well, when is the timeframe that's going to be up and running? Was that machine problem with the pump?

MR. INABA: They took the old pump, and they're going to do a tear-down to investigate.

MR. NEY: Okay.

MR. INABA: But in the mean, the fabrication of the new one is starting. That process is starting.

MR. NEY: So this kind of open-ended at this point?

MR. INABA: Yes, they anticipated at that time, and said about six months.

MR. OKAMOTO: But after this new pump is being fabricated, as soon as it's ready to go, we're going to put it in?

MR. INABA: Yes.

MR. OKAMOTO: So we're not going to wait until the teardown. The one that was pulled out of the hole is all done and resolved, we're going to move forward still.

MR. NEY: It would be nice to get that system working. Thanks.

CHR. LOPEZ: Anything else, questions? Back to you, Keith.

MR. OKAMOTO: And I'll turn it over to Candace for the Financial Statements, agenda Item H.

H. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

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 meeting, you have copies of the Financial Statement for March 2024. I just thought I'd at least introduce this to our newest Board member. So every month I provide Financial Statements, which include our Balance Sheet. It shows basically our financial position at this point and time. Our Income Statement provides our year-to-date income and expenses for the current Fiscal Year. Our Revenues and Expenses as well as our Net Income; and our Budget Status Report, which provides where we're at as far as the status at this point and time. So for March 2024, we're at the end of the third quarter of this fiscal year.

I also provided a coversheet, which includes explanations for changes, \$10,000 and 20% or more, in comparison to the prior fiscal year. Other information included on that coversheet includes a report about consumption year-to-date in comparison to the prior year; as well as our delinquency, our greater than

90-day category, which we already had a discussion on; and our Cash Balance in comparison to the prior fiscal year.

MR. OKAMOTO: And the last sheet kind of gives an indication of a lapsed time in our fiscal year. We're three-quarters through the fiscal year already, and you can compare that against expenditures versus what we budgeted, so typically we're ahead of the game. We didn't spend 75% of our Operating Budget. So overall, we're doing fairly well.

If you have questions, individual questions, you can ask Candace, email her. If you want questions and stuff to be brought to the Board, now we ask that request go through our Board Secretary to present it to our Board Chair for consideration, if that makes sense. But if you have any questions about project status, financial report, you can contact us any time.

I. MANAGER-CHIEF ENGINEER'S REPORT:

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

1. North Kona Wells
2. Report on Alternative Procurement summary.
3. Online lookup of Water Board documents
4. AWWA ACE24 – June 10-14, 2024
5. Employee of the Quarter (1st Quarter 2024)

MR. OKAMOTO: Kona Wells, I'll have Kawika provide an update.

MR. UYEHARA: Okay, for this month, out of our 14 North Kona sources, we have four that our offline, so that's one more than last month. The four that are offline are Mākālei, Honokōhau Well, Wai'aha, and Hualālai Well is the one that was most recently went offline.

So, the status of each of those: Mākālei Well, the developer's contractor is working on repairing that. They've done a second field inspection of the well, and they're currently doing electrical installation. They are currently about two months or so to complete those repairs, as of now.

Honokōhau Well, our contractor is working to still remove some of the existing metal shroud materials down the well before they can do any reinstallation of pump and motor.

Wai'aha Well, that project is going through the submittal review process, and that one has a completion date of September 2024; and Hualālai Well, that's the one that went offline March 30th of this year, last month, and thankfully because of the good planning and following our recommendations that came out of the 2017 Permitted Interaction Group, we had spare equipment, spare pump and motor that was able to get installed. They are currently going through the water quality testing, the disinfection and the bacteriological testing of the well. They test pumped it. They purged the well already, so it's working. Now we have to clear it on the bacteriological side, and we're hoping by next week or so to complete that and possibly get it back online within the next week or so, hopefully. Any questions?

CHR. LOPEZ: Yeah, gave us good targets, but you didn't say when the Honokōhau Well might be back up.

MR. UYEHARA: We're waiting for a schedule from the contract on that one. Because of the material that's still down there, they had to revise it. Their extraction or their fishing methods to get whatever is down there, so they're still trying to figure that out to provide us with a schedule.

MR. NEY: Sorry, one question. I thought you guys did a viability test with the well, with the equipment down there.

MR. UYEHARA: That's Wai'aha.

MR. NEY: Oh, okay. Sorry, I'm getting all mixed up. Never mind then.

MR. KEKELA: Is that something that once they decide, is the process they're going to ask us for money?

MR. UYEHARA: Which one?

MR. KEKELA: Honokōhau.

MR. UYEHARA: That one we have an emergency contract. Possibly we may have to have additional funds. Depending on what the price, I think, for that extra fishing work. Because it's an emergency, we solicit bids, and then you have a dollar amount set. There's no contingency originally, like how we bring some of these other open bids to the Board, where there is a contingency. So if there is needed additional funds, but we don't come to the Board.

MR. OKAMOTO: Yeah, we'll report to the Board.

CHR. LOPEZ: So in the best of cases, we'll have 13 or 14 wells operating by the end of September.

MR. OKAMOTO: But we don't like to rely on the best of—

CHR. LOPEZ: We don't know about Honokōhau?

MR. OKAMOTO: Yeah. In the meantime, there could be something going down again.

CHR. LOPEZ: Oh, that's undetermined. We can't predict that.

MR. OKAMOTO: We're always working to keep as much running as we can. Again, due to the hard work of our staff as well as the guys out in the field, we've asked for conservation and restriction in the area. To be quite candid, we haven't really seen that happen, but because our guys have been able to valve different sections off and move water around, nobody has gone without during this time. So I want to acknowledge our staff, Greg, and everybody, that has been associated with it.

CHR. LOPEZ: Oh, absolutely. So my point was barring another issue, we should be 13 or 14 by the end of September, on this schedule.

MR. OKAMOTO: Yes.

CHR. LOPEZ: Yes, always crossing everything. Okay, go ahead.

MR. OKAMOTO: So in line with reporting to the Board, as you've seen we've had Alternative Procurement, and you folks don't see what the results of that are typically, right? To rectify that, we've put together this report, and I think we've committed to at least providing this report every quarter to the Board on the results of the Alternative Procurement. This is it. If you have any questions again, feel free

to ask. Again, out of transparency, we wanted to show you folks what the results of the Alternative Procurement process were.

MR. NEY: The Alternative Procurement, do you find that sometimes you guys can take advantage of that in terms of the costs, in negotiating those costs rather than bid the process?

MR. OKAMOTO: Yeah, so again, when we take action at the Board level to even enter into this alternative bid process, we've kind of done that evaluation already, and it wouldn't be prudent to have rebid it out. So this Alternative Procurement gives us the ability to now either negotiate. So sometimes it may come out better, but that might be also because we've reduced the scope from our original bid to make it—to get some—you know, every situation is different, but no matter what, I've asked our staff to always evaluate the results to make sure it's fair and reasonable so we're not overpaying.

MR. NEY: But if you're not scaling back the scope, it seems like you—little more room for negotiating in the bid process; because if the bid comes above our estimate, we kind of got to roll with that. When it goes to Alternative Procurement, you have much more flexibility with maybe getting a better bargain type on something.

MR. OKAMOTO: Yes, possibly.

MR. NEY: Possibly.

MR. OKAMOTO: That's it for No. 2, and I believe Kawika will take up No. 3.

MR. UYEHARA: No. 3, Online Lookup of Water Board documents. So Nora sent an email to the Board on March 27th and, Emily, we'll forward that email to you also. IT was able to add, at this time, a search feature on our Water Board meeting's link, on our website, so at least you can kind of do a preliminary search on some—or keywords, if you're looking to research a discussion at the Board. And we're also going try to look out into the future a little bit more to expand the capabilities of that search feature. If you have any questions, let Nora know, and she can forward them to us for our review.

CHR. LOPEZ: Just as a reminder, this was a way that we could individually go and look at the history of our minutes. There is a lot of stuff out there. It goes back several years. I've asked you to just go to the website, try it out, try to search for something, a topic, and see what you get. See if you get what you want, how difficult it is. Please provide feedback because we need to know if this thing is going to work because they've put time into it, and they deserve some feedback. Please do help us out.

MR. OKAMOTO: Perfect. One example is you can go in and type in “delinquency,” and see what pops up and how far back it went. I did that. It went even back before your time.

MR. NEY: How far back does it archive?

MR. OKAMOTO: At least 10 years. But again, like Chair said, if you have a topic, try it out. If we get the feedback, we can follow up on stuff, like maybe that didn't work so good then we can look into other things.

CHR. LOPEZ: So your feedback, just send it to Kawika? He's the central point person.

MR. OKAMOTO: Alrighty, next one ACE24. Thank you, folks, for your interest. I think we have it set. We have six attendees, including two Water Board members and four employees. I think we're currently

working on the arrangements, and Kai will be in touch with you. Who do we have down as the Board members?

MS. MATSUMOTO: Kawena and Ben.

CHR. LOPEZ: We decided two members only on this one?

MR. OKAMOTO: No, I think we sign up to four.

CHR. LOPEZ: I thought so.

MR. OKAMOTO: Unfortunately, we missed the early bird. But if additional Board members want to go, let us know asap.

MR. KEKELA: I'll go.

CHR. LOPEZ: We got one more.

MR. OKAMOTO: Pono.

MR. KEKELA: Thank you.

MR. OKAMOTO: Anybody else?

MS. TAAROA: Where are they having it?

MR. OKAMOTO: It's in Anaheim, June 10th through the 14th. Alrighty, thank you. And this is one of our favorite things, is acknowledging our employee of the quarter. So I'll have Greg introduce his stellar employee.

(At this time, Chief of Operations Greg Goodale introduced his stellar employee Laurie Andrade and presented her with a lei and acrylic plaque for being chosen as the Employee of the Quarter.)

J. CHAIRPERSON'S REPORT:

1. Chairperson to report on matters of interest to the Board.

CHR. LOPEZ: I really don't have anything of interest, but a word of awareness. In North Kona, and I think it includes South Kona and probably go up to Kohala, there's a group, well-intended group. They don't have a name, they're incorporated, it's a nonprofit, and they're looking at water quality issues, water availability and several other water-related topics. I've become aware of them, actually off-handed, and they contacted me, but I didn't want to put myself where I was being addressed as the Board of Directors, because I'm just as referred to as District 8 member of the Board, well that's just one. What I'm trying to bring up here is that if you get solicitations from outside regarding matters of water, if you feel it's benign, you may offer a comment or two, but try not to get involved in any place where you may be representing the Board. You know you're not. I mean individually you know you're not. But just be aware of this. Anything else?

MR. OKAMOTO: Good reminder.

CHR. LOPEZ: Yeah, and if something comes up, talk to me, talk to Keith. I had some discussion with Keith. Is there anything else?

9) ANNOUNCEMENTS:

- Next Meeting – May 28, 2024, 10:00 a.m., at the West Hawai‘i Civic Center, Building G, 74-5044 Ane Keohokalole Highway, Kailua-Kona, Hawai‘i
- Public Hearing – Presentation on Final 3-year Rates – April 23, 2024, 6:00 p.m., Liquor Control Conference Room, Hilo Lagoon Centre, 101 Aupuni Street, Room 230, Hilo, Hawai‘i
- Public Hearing – Presentation on Final 3-year Rates – April 24, 2024, 6:00 p.m., West Hawai‘i Civic Center, Building G, 74-5044 Ane Keohokālole Highway, Kailua-Kona, Highway

10) ADJOURNMENT:

(There was no motion on the adjournment.)

CHR. LOPEZ: Meeting adjourned.

(Meeting adjourned at 12:30 p.m.)

Recording Secretary

APPROVED BY WATER BOARD
(MAY 28, 2024)