

## MINUTES

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

July 23, 2024

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

MEMBERS PRESENT: Mr. Stephen Kawena Lopez, Chairperson, Dist. 8 (came in later)  
Mr. Michael Pono Kekela, Vice-Chairperson, Dist. 4  
Mr. Michael Bell, Water Board Member, Dist. 7 (via videoconference)  
Mr. Thomas Brown, Water Board Member, Dist. 3  
Mr. James Kimo Lee, Water Board Member, Dist. 2,  
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: Ms. Kea Keolanui, Water Board Member, Dist. 1  
Director, Planning Department (ex-officio member)  
Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Diana Mellon-Lacey, Deputy Corporation Counsel  
Ms. Audrey Cabrera, Consultant for Brown and Caldwell  
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. Alvin Inouye, Water Operations Superintendent  
Ms. Nora Avenue, Recording Secretary

- 1) **CALL TO ORDER** – Vice-Chair Kekela called the meeting to order at 10:00 a.m. Seven Board Members were present: Ms. Taaroa, and Messrs. Bell, Brown, Lee, Ney, Unger, and Vice-Chair Kekela.
- 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. Ney moved for approval of the Minutes of the June 25, 2024 Water Board meeting; seconded by Mr. Unger and carried unanimously by voice vote (Ayes: 7 – Ms. Taaroa, and Messrs. Bell, Brown, Lee, Ney, Unger, and Vice-Chair Kekela).

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

5) POWER COST CHARGE:

*Vice-Chair Kekela 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 \$2.77 to \$3.04 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>
May 1, 2024	\$ 2.77
February 1, 2024	\$ 2.37
September 1, 2023	\$ 2.64
April 1, 2023	\$ 2.70

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

**RECOMMENDATION:** It is recommended that the Board approve holding a Public Hearing on August 27, 2024, at 9:45 a.m., to receive testimony on increasing the Power Cost Charge from \$2.77 to \$3.04, effective September 1, 2024.

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

**VICE CHR. KEKELA:** Any discussion?

**MS. TAAROA:** Yes, just wondering if this is like a pattern, it's going to be consistently rising. It looks like in the past (inaudible) more up.

**MR. OKAMOTO:** For us, it's hard to project. It's really dependent on Hawaiian Electric's rates. Unfortunately, we don't have our resident expert who may be able to better to forecast that than I could. We're hoping not, but I guess time will tell. Good question, though. Essentially, it's a pass-through charge.

**VICE-CHR. KEKELA:** I have a question; did we decide on the location for this?

**MR. OKAMOTO:** Public Hearing?

**VICE-CHR. KEKELA:** Yes, the Public Hearing.

**MR. OKAMOTO:** Typically, we have it just prior to the regular Board meeting, so it will be at the same location as the next scheduled Board meeting, which I believe is in Kona.

MS. TAAROA: What usually comes out of these Public Hearings? Of course, people are not going to be happy about it, you know, increasing it. What can you really say to that?

MR. OKAMOTO: That’s about all we can say. Besides that, that’s why we have an actual Energy Management Analyst on staff, and we’re continually working at identifying ways to reduce our energy footprint to help offset, or lower our electric bill, basically. Then with that savings, those savings will be passed on to our customers, as well.

MS. TAAROA: Like producing independent power?

MR. OKAMOTO: We’re not getting that far yet. But being more efficient with our high-energy components like our deep wells. Lately, we’ve been installing variable frequency drives, which are almost like a dimmer switch for your lights, so we can throttle our energy consumption up or down based on the water needs.

VICE-CHR. KEKELA: Any further discussion? Seeing none.

**ACTION**: Motion was carried unanimously by voice vote (Ayes: 7 – Ms. Taaroa, and Messrs. Bell, Brown, Lee, Ney, Unger, and Vice-Chr. Kekela).

VICE-CHR. KEKELA: I’m going to take a recess for two minutes to transition. We’ll come back at 10:10 a.m.

Recess: At 10:08 a.m., Vice-Chr. Kekela called for a short recess.

Reconvene: The meeting reconvened at 10:10 a.m.

Relinquish Chair: Vice-Chr. Kekela relinquished the chair to Chair Lopez.

6) PUNA:

A. JOB NO. 2023-1227, KEONEPOKO NUI BOOSTER A & B REPAIR – 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 Contractor, Derrick’s Well Drilling and Pump Services, LLC. is requesting a contract time extension of 70 calendar days, due to delays from the product manufacturer. This was beyond the control of the Contractor.

Staff reviewed the request for the time extension and the accompanying supporting documentation and found the 70 calendar days to be justified. *Note: There are no additional costs associated with this time extension.*

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	8/1/2024	10/10/2024	70	Delays from product manufacturer.
Total Days (including this request)			70	

**RECOMMENDATION:** It is recommended that the Board approve a contract time extension of 70 calendar days to Derrick’s Well Drilling and Pump Services, LLC., for JOB NO. 2023-1227, KEONEPOKO NUI BOOSTER A & B REPAIR. If approved, the contract completion date will be revised from August 1, 2024 to October 10, 2024.

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

**CHR. LOPEZ:** Any discussion?

**MR. OKAMOTO:** What I do want to share with the Board is the boosters are actually working; I think we got it to that point. It’s some pertinent materials that were part of the contract that are delayed from the manufacturer, so I think that was significant enough to mention to the Board. And if there are any questions, Kawika will cover this one.

**CHR. LOPEZ:** Anything else? I’ll call for the question, all in favor say aye.

**ACTION:** Motion was carried unanimously by voice vote (Ayes: 8 – Ms. Taaroa, and Messrs. Bell, Brown, Kekela, Lee, Ney, Unger, and Chair Lopez).

7) **NORTH KONA:**

A. **KA WAI KIEKIE WELL MEMORANDUM OF AGREEMENT – WAIAHA SYSTEM, LLC:**

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

(Written testimony submitted by University of the Nations, Kona, dated July 22, 2024, in support.)

The Developer, Waiaha System, LLC (WAIAHA) is seeking to enter into a Memorandum of Agreement (MOA) and intends to drill and develop a well on Tax Map Key (3) 7-5-017:044, that would tap into fresh water at a depth below sea level that has been encountered in other wells in North Kona. Upon approval of this MOA, the Department of Water Supply (DWS) and WAIAHA will proceed to negotiate a developers agreement (AGREEMENT) to formalize the necessary infrastructure improvements as well as the water commitments should the well be successful.

If an AGREEMENT cannot be reached within two (2) years from the date of this MOA, this MOA will be null and void and of no further force or effect.

**RECOMMENDATION:** It is recommended that the Board approve the KA WAI KIEKIE WELL MEMORANDUM OF AGREEMENT subject to the approval of the Corporation Counsel and that either the Chairperson or Vice-Chairperson be authorized to sign the documents.

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

**CHR. LOPEZ:** Discussion?

**MR. OKAMOTO:** This is something that we’re seeing more common nowadays. It’s an agreement to agree, before the actual formalized agreement is drafted and executed. I guess that’s what this is at this point. I think we provided this, after the fact, graphic so you folks can get your bearings on where this is located and the potential properties that it may serve.

This would be a new well in Kona. It's intended to tap that deep fresh source of water that so far seems promising, but as far as we know there's no production well utilizing that resource as of yet. If there are any detailed questions, Kurt's available.

MR. NEY: Is this like a development future dedication to us?

MR. OKAMOTO: Yes.

MR. NEY: Okay?

MR. OKAMOTO: Yes, but once we get to that point, we'll actually have like a Well Development Agreement with a lot more details on responsibilities from both sides, us and the developer: timeframes, amount of water, water allocation to properties, things like that.

MR. NEY: There are no costs incurred on the department, capital on this?

MR. OKAMOTO: No.

MR. NEY: Okay.

CHR. LOPEZ: Question, any idea what the depth of this well will be?

MR. INABA: Guessing just based on previous well drills, roughly 1100 feet I think is about where may get the freshwater, but that's well below sea level.

CHR. LOPEZ: Yes, because at that point smaller size, lower elevation.

MR. INABA: Yes, so it will rise up, then they'll need to isolate that source, and it will rise up into that well column. The pumping lift will be very shallow, a lot less energy.

MR. KEKELA: So does this mean, it's an agreement to agree, right, so that means that we wouldn't agree for them to pursue the development of the well, right, so it's kind like the beginning stages, then with that responsibility they will have to perform an EIA survey or community outreach, and this just kind of gets the ball rolling on that.

MR. OKAMOTO: Yes, whatever is required to process that well construction permit is on them.

CHR. LOPEZ: Any other questions, discussion? I'll call for the question, all in favor of approving the MOA say aye.

**ACTION**: Motion was carried unanimously by a raise of hand vote (Ayes: 8 – Ms. Taaroa, and Messrs. Bell, Brown, Kekela, Lee, Ney, Unger, and Chair Lopez).

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.*

The following documents were received 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 and Bill of Sale  
Ching Subdivision**

Grantor: Herbert J. Ching and Jennifer J. Ching  
 Tax Map Key (3) 7-7-007:011  
 La’aloa 1<sup>st</sup>, North Kona, Island of Hawai’i, Hawai’i  
 Facilities Charge: \$15,135.00 Date Paid: 5/17/2024

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

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

CHR. LOPEZ: Discussion, please.

MR. OKAMOTO: Okay, this is the other graphic for that subdivision action. It’s basically a small water system that was required for the subdivision to be dedicated to the Water Board and the department. Any questions, Kurt has all the details.

CHR. LOPEZ: Any other discussion? No. Hearing none, I’ll call for the question. All in favor say aye, please.

ACTION: Motion was carried unanimously by voice vote (Ayes: 8 – Ms. Taaroa, and Messrs. Bell, Brown, Kekela, Lee, Ney, Unger, and Chair Lopez).

**B. JOB NO. 2022-1213, FURNISHING AND DELIVERING A 1,000kW GENERATOR SET – 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 Contractor, King Power Systems Inc. is requesting a contract time extension of 134 calendar days, due to delays from the generator manufacturer. This was beyond the control of the Contractor. Staff reviewed the request for the time extension and the accompanying supporting documentation and found the 134 calendar days to be justified. *Note: There are no additional costs associated with this time extension.*

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	8/2/2024	12/14/2024	134	Delays from generator manufacturer.
Total Days (including this request)			134	

RECOMMENDATION: It is recommended that the Board approve a contract time extension of 134 calendar days to King Power Systems Inc., for JOB NO. 2022-1213, FURNISHING AND DELIVERING A 1,000kW GENERATOR SET. If approved, the contract completion date will be revised from August 2, 2024 to December 14, 2024.

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

CHR. LOPEZ: Discussion?

MR. OKAMOTO: This is for basically a 1-megawatt backup generator. Again, we're continually trying to improve our inventory for better resilience, for emergencies, and now for possible PSPS (Public Safety Power Shutoff) events that Hawaiian Electric will implement. This will help us tremendously. It can power our larger wells. It's big, though. It's going to be on a 40-foot container, basically those big Matson containers that you see behind the semi-trucks.

My understanding, and as shown on the documentation is that the contractor has been trying to follow up with the manufacturer, just the manufacturer I guess is challenged with delays of components to finalize building this generator set. Any questions, Kawika is going to handle this one, too.

MR. NEY: Quick question, so all these generators' you guys are moving towards getting them on auto switches and stuff. I mean like HELCO has problems supplying, low demand on the island, plus the new policy of them turning off the power if things reach a threshold with winds and stuff like that. I mean I think it's a good direction we're going with putting these in. I think it's critical to get auto switches so there's not a human component of going up there to get the power on with the generator.

MR. OKAMOTO: I don't know if we've gotten that far for auto switches, it's still manual. But what we're trying to do is at the key locations we're trying to install transfer switches, which will allow the hook-up of the generator to be more plug-and-play. Without those transfer switches, it takes a significant hardwiring effort to get the power from the generator into the control building without those. What we do have to rely on is our storage, so it's not like once the power goes out the water will go out. We have typically a day's worth of storage in there.

MR. NEY: Reserves.

MR. OKAMOTO: Usually with these PSPS events, it's not that the roads are blocked because it's a preemptive type of effort by the power utility, so our guy should be able to get up there and hook up the generator manually instead of using an auto switch. It's something we can look into, but we're trying to do is keep these not a permanent location but they're mobile, so they can be moved if needed to where the need is.

MR. NEY: Right. You guys do have some stationary units though, right, or are they all mobile?

MR. OKAMOTO: Only three.

MR. NEY: Oh, okay.

MR. OKAMOTO: And those aren't for the big stuff. There's one at the Micro Lab, one here, and one at the treatment plant in Waimea.

MR. NEY: Got it, thanks.

CHR. LOPEZ: Just as a comment, the public is very aware of this PSPS HELCO program. The department was asked about the generators and backup. People are concerned, “Are we going to have water to cover disasters?” Kawika did an excellent response to a community member explaining this and also explained why we are not divulging the location of the generator, from a security standpoint, and they are portable. Good job all around. Any other discussion, comment? I’ll call for the question, all in favor of the motion say aye.

ACTION: Motion was carried unanimously by voice vote (Ayes: 8 – Ms. Taaroa, and Messrs. Bell, Brown, Kekela, Lee, Ney, Unger, and Chair Lopez).

C. LEAD AND COPPER RULE REVISIONS STATUS UPDATE:

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

The Department’s consultant, Brown and Caldwell, will provide an update on the project status as well as a summary of the road map ahead regarding the Lead and Copper Rule Revisions (LCRR) as well as the proposed Lead and Copper Rule Improvements (LCRI).

CHR. LOPEZ: With that, I’ll open the floor.

MR. OKAMOTO: All right, and maybe our consultants can introduce themselves, first off.

MS. CABRERA: Sure. I’m Audrey Cabrera, with Brown and Caldwell. I have Ms. Michelle Sorenson and Lauren Armstrong. We are currently the consultant team. We also have sub-consultants supporting us in the bio-service and training center with this project. We’ve got a few slides to share to give an update on the Lead and Copper Rule Revisions and Lead and Copper Rule Improvements.

(Note: At this time, Ms. Cabrera provided a PowerPoint presentation to members of the Water Board. A hardcopy of the PowerPoint presentation is made part of the record and is available for public viewing at the Department of Water Supply’s office.)

So the Lead and Copper Rule Revisions are an update to the original Lead and Copper Rule that was established by the EPA in the late 1980s, and this is like the next opportunity that the EPA saw as the place where they wanted to focus and get another big sweep of lead out of water systems. In Hawai‘i, it wasn’t very common for lead to be used here, so it’s not as much of a public safety issue for removing lead pipes. Department of Water Supply doesn’t actually expect to find lead types of service lines in their systems, but across the nation there’s still a lot of lead out there and it poses a lot of health issues, especially for the vulnerable parts of the population, and so that was the big intention for these Lead and Copper Rule Revisions from the EPA.

We can go to the next slide. Just to acknowledge, I was at a conference recently and someone said this is one of the biggest regulatory updates in the water industry in decades, and just to kind of establish like all the entities that are involved, EPA issued this update. The Hawai‘i State Department of Health is what’s called the primacy agency, so they’re in charge of administering these rules for the public water systems here in Hawai‘i, and then every community water system has to comply, so all of DWS’s water systems and all of the other utilities across the state and nation have to comply with these updates. So it’s a really big lift across the board, like just different entities, and then within those different entities lots of involvement and lots of changes. So Brown and Caldwell with ETC is supporting the Department of Water Supply with being in compliance with the Lead and Copper Rule Revisions.



So, we can go to the next slide. I think Kurt has been giving updates on this project periodically, so you probably heard about it here and there. The LCRR made several changes to the existing Lead and Copper Rule. They established what's called a "Trigger Level" sort of like a yellow light for the amount of lead that is found in sampling. Each water system has to establish an inventory of every single service lateral in its systems; and then several other pieces that follow after the inventory, so a Lead and Service Line Replacement Plan, Schools and Childcare Facilities, Find-and-Fix Program, and then it updated some other pieces like Customer Tap Sampling, Corrosion Control Study, and Public Education, and strengthening the social equity piece of that.

Right now, the biggest push is developing, establishing, and submitting the service line material inventory. This is a new piece, part of the LCRR, and so every single water service line has to be included in this inventory. In the graphic up there, there are two sections of the water service line; there's the section that's owned by the utilities, so that's from the water main to the meter, and then there's the privately owned section from the meter to the building, and both of those sections need to be included in the inventory, but as you can imagine, the utility has a really great idea of what it owns and what its assets are, but the customer side is private, and so that's a kind of a different exercise in gathering data, so this is a really big push for utilities right now to establish that inventory.

Each service line has to be categorized as lead, non-lead, galvanized requiring replacement, so if it is or ever was downstream (inaudible) lead service line, then it's galvanized requiring replacement, or unknown, you just don't know what it is. So right now, we're focusing on the inventory because if you want to replace something or do anything with it, first you have to know what's out there and where it is. So, that's kind of the focus for right now.

CHR. LOPEZ: May I ask a question?

MS. CABRERA: Yes, of course.

CHR. LOPEZ: In recent years, the service line goes back to the building entrance. When the inspections comes to hook up the meter to the service line over there, is it determined that the service line follows these standards? Are we doing that now?

MS. CABRERA: It's not like an inspection. Right now, we're not looking at inspecting whether the service line is up to standard. It's more just establishing the material of the service line, but we're using things like installation date to help determine the materials. Like if something was installed, so the lead ban went into effect in the early 1990s, so anything that's installed after that we can confidently say that's not lead. Right now, it's not that we're inspecting for things if they're up to code or up to standard, the focus is to determine the material and enter that into the inventory. That will be submitted to the Department of Health.

CHR. LOPEZ: Okay. It's probably not the question I asked.

MS. CABRERA: Okay, sorry.

CHR. LOPEZ: But that could be my fault. What I'm saying is we need a county inspector to come out and approve the backflow preventer.

MR. OKAMOTO: That's our guys.

CHR. LOPEZ: You guys do that? Okay. I mean visibly, and you can see at that point, but the service line hook-up with the—is that part of this—is this taking care of anything for the future based on

however long you guys been doing this inspection? Independent of the revision, the rule, are we tracking that?

MR. OKAMOTO: I think what maybe Audrey was alluding to, so for the most part when we're going out to inspect the backflow preventer, it's usually a new service, typically. We have a high confidence level that the customer side is not going to be anything containing lead because of the plumbing standards. I don't know what our efforts will be moving forward, we could consider that. Part of this inventory there's three locations, my understanding, where we're trying to identify the material type. One is confirming our service lateral, from the main to the meter, and right after the meter we're trying to see what the material is as well, and then at the building location, because as you know it may not be the same material near the meter to where the building is at, for whatever reason. I think what Audrey folks have done was a lot of data mining on building information besides a lot of field observations. I think she may have touched on that, somewhere.

CHR. LOPEZ: So to answer my question, she's doing the install base, and you are taking care of the new.

MR. OKAMOTO: The future stuff.

CHR. LOPEZ: Where that visible—

MR. OKAMOTO: Yeah, and I think what we can do, although it's not maybe in our procedures right now, because actually our guys just look at the backflow preventer unit, and by that time it's installed and probably backfilled, so we don't have the opportunity to see what it's connected to on the customer side.

CHR. LOPEZ: Okay, thank you.

MR. NEY: Well, I just want to make a point too, it's like a lot of service lines you might have 20 feet of PVC, some galvanized fittings, further up line piece of copper, I mean 100% verify people's lines. To be honest, this whole lead rule is pulling resources that I think could be better spent because I don't know what the intention was, why haven't we ascertained the customer's line? Are they going to mandate the customer to have to change their line? I mean normally like building codes, plumbing codes, they're not retroactively applied. Like, hey, in 1950 if these were the codes put forth—unless you update your house, maybe they're going to require you to make changes. But I think it's kind of overstepping, the EPA is kind of overstepping on this issue. It's over reaction, you know to (inaudible) thing.

CHR. LOPEZ: Okay, a little off the agenda. Off topic.

MR. NEY: Yeah, I'm sorry.

MS. CABRERA: No, but it's definitely some of the feedback that EPA has heard, for sure.

CHR. LOPEZ: You're required to do this, so we really don't have a voice, why? Go ahead.

MS. CABRERA: So if we go to the next slide, Brown and Caldwell is supporting DWS with establishing compliance in a variety of ways. So this is just a quick overview of some of the different pieces that we're helping DWS with. It's kind of an adventure and learning; because it's new, we're figuring out what is required, how do you comply, what is the department set up to take on, and where

will the consultants provide support in the meantime and get things established. So pretty wide variety of scope there.

The next slide is just kind of a high-level approach to how we are approaching establishing the inventory. So DWS has roughly around 50,000 service lines across all of its systems. As Keith said, that's a pretty big data exercise when you're looking at both sides of the service lines, the utility side as well as the customer side. This approach has been used in other states across the country and has been accepted by Hawai'i DOH. We're starting with like a desktop review, gathering whatever data we can at the desktop level, kind of sift through that, and see what we can establish with that. From there, figure out what do we know, how many are unknown, and what's unknown; and then from there, from that poll of unknowns we can use a statistical approach to figure out like a minimum number of service lines that actually need to physically be verified as a representative sample of that system, and we can confidently say, "Okay yes, this represents the system. The service line in the system can be categorized as non-lead."

We randomly select that certain threshold. Go out and field verify, so that's the physical verification that is being done currently. Enter those results from the data and then populate the rest of the system inventory, and then those records get retained, so kind of related to your question, all of this data will be kept by the County. This inventory is intended to be sort of a living thing that will continually be updated, and now DWS will have this inventory at the service lines in its system.

This statistical approach has been really helpful for getting to a more complete inventory because there are different requirements. Like if you don't have a complete inventory and have to leave, you know, a certain number of service lines as unknown materials, there are different requirements of how they have to be treated under the Lead and Copper Rule Revisions, so it's best to get to as a complete of an inventory as you can. This would be really helpful to not have to go and field verify every single unknown service line because that would be an even bigger grab of resources or use of resources. So, that's the general approach for getting this inventory established.

If we go to the next slide, just to kind of expand a little bit on what we did for like the desktop review and then into the field verification, the two big data pieces that we got were from DWS. They had really good set of data in their GIS, and then we also received property information from DPW Real Property, and kind of combined those sets of data and analyzed that, and that's how we kind of got our look first look at, okay what do we know, what do we don't know? On the utility side, it was a really—so DWS has worked really hard at digitizing a lot of their records and service lines, and so on the utility side of the service line, that was a pretty complete set of data. On the customer side, it's more variable, and so around 72% were unknown, so only around like 30% of the service line on the customer side were of known materials, and that's kind of on par with what we're seeing across the country, too.

If we go to the next slide, the two primary ways that we were able to do like a pass-through the customer side and establish a lot of the lines is not lead, we're using the install data construction date and the service lateral diameter, so we looked through building codes, and the update that would have included the original Lead and Copper Rule lead ban was in the late 1993 time, so we assume anything 1994 and newer is not lead; and then also the diameter, so lead really wasn't used for anything that was larger than two inches in nominal diameter, so anything larger than that, we also categorized as non-lead. So, those were the two primary methods that we used for kind of categorizing things on the customer side.

Next slide, so this is just—it's a lot of numbers, but this was our initial results from the desktop data analysis by system. The ones in gray were the ones that we have already completed field verifications for. Since this, we actually have completed South Kona, so now we're about to move

into the South Kohala system. You can kind of see the variations of unknowns across the systems, and it kind of ranges between 73% unknown in Waimea, so that's like the lowest up to low 90s. You can kind of expect that, like places that have a lot newer construction, you'll know a lot more of those materials if it's older. More older homes, those might have a little bit more unknowns. We looked at the data at the desktop level, and kind of did some data crunching, analysis, and sifting, and that was the initial results of that. So we used that, got the unknowns, and then we're moving on into field verifying a certain portion of those unknowns. Any questions so far?

MR. KEKELA: Yes, I have a question. How do you determine, now that you're going to map out a field plan, where you're going start and how are you going to segment these?

MS. CABRERA: Great question. Getting into a little bit more, the physical approach, say you have like 1,000 unknowns in a system, you have to go and field verify, I don't know 250 or so of those and they have to be random. So we do just like a random grab of 250 and then lay them out on like a GIS map because you don't want to visit them in random order, that would take forever. So then lay them out on a map, and then generate a list of addresses, like okay we're start over here in this system. Usually, we'll start kind of near the baseyard, where the operational baseyard is, and then the teams will work their way up from there. I'll continue to talk more about what a key piece, the fields crew and the DWS staff have been, but that has been a key piece where the DWS staff have been really critical because they'll actually look at those list and be like—they know the area so well, they'll be like, "Oh, these are all on the side of the street, or this one," and they'll kind of optimize and, "Let's go to these one first." Do you have a question, Ben?

MR. NEY: Oh no, it's kind of along the lines of like what he was saying, when you guys were checking these, it can't be a concentrated area you're checking in, it's got to be spread out I guess to get accurate data.

MS. CABRERA: Yes, like you want it to kind of be dispersed across the system so that it's a representative sort of sample of the system.

MR. NEY: Because on the customer side, I mean it's almost like participation from the customer too. I mean could we even put it on the customer and go, "Hey, do you mind please exposing this side and this side," Point A, Point B up at the house so we can verify? I mean, plus it's private property, you're not just going to barge on somebody's property.

MR. OKAMOTO: Actually, Audrey is going to cover some of that.

MR. NEY: Okay, prematurely asking that.

MS. CABRERA: No, it's a great question. Like all of these things, EPA establishes these rules, and these are the kind of questions that systems come up with, and utilities come up with, and they're like, "But I can't just go on to somebody's property," and the systems are different too across the country, so it's a very nuanced rule when you get into the details like that.

MR. KEKELA: I've got another question, sorry. Are there state departments other than the Department of Health that are participating, like say Department of Education?

MR. OKAMOTO: They might have been initially with the schools and stuff.

MS. CABRERA: Yes, they'll be participating in that more with the schools and childcare facilities.

MR. KEKELA: Would there be an emphasis on that, where you guys' sampling, I guess for the (inaudible)?

MS. CABRERA: Yes, and that's actually kind of like—so we had to establish the inventory first, and then that will be one of the follow-on pieces to that.

MR. NEY: I have a question, more for Keith. Keith, have we engaged the public in terms of putting an article out, just kind of letting people know, the Department of Water Supply—it's a complex issue, there's a lot of parts to it.

MS. CABRERA: Okay, we've done the desktop review and we're going to go out into the public, into the field, and it's not just in the County public right-of-way. It's going on to private property, and there's a whole other level of logistics associated with that. DWS and the consultant team have launched outreach campaigns for each sector before going out into the field. That includes a really nice webpage on DWS's website. Each potential customer that could receive a field visit is also receiving a letter in the mail, notifying them. Jason Armstrong has been really good about this and very thoughtful about who they're notifying and when they're notifying. It's usually like a week or two before they're supposed to receive a visit so that it still feels relevant. It's not like, "Oh, I got this letter three months ago, why are you showing up at my house now?" All of this is to assure the public. Give them a heads-up first of all that there's going to be people potentially visiting your property, not just DWS personnel but also potentially a consultant team, so it kind of puts the public at ease. It's also safer for the teams going to visit. They're probably familiar with the DWS staff but not so much with the consultant team, so it helps our crews be safer out there with the public.

In addition to the notification, Jason and DWS, they're launching—there's radio ads that are launched for each sector, newspaper ads, press release, and they're also doing specific reaches out to communities if they want us to kind of give them a briefing at a community meeting, right, like that. So, there's a big public outreach component as part of this. Once the inventory is established, there are also other pieces of like public education and outreach required, too.

MR. NEY: Got it. Thanks.

MS. CABRERA: Okay, we did the desktop. And then you do the outreach, you tell people that there's going to be staff coming out into the field, and then you go into the field, so that's like where we're at right now, is we're in pick-a-field verification.

So to your question, how do you determine where you're going and what you're doing? Took all the unknowns; you use a statistical approach to figure out how much of these unknowns do I need to go and field verify for each system. You randomly pick that number plus some extra, because as Keith stated, we have to get three points of verification for each account, and you don't always get three points at every single address. Like sometimes you can't get onto the property for whatever reason, or you don't see it at the property. Yeah, a variety of reasons. Lay them out on a GIS, on a map, so you can see where they are, and then put them into a logical order to actually visit them.

Then we go through and do these field verifications. We started in the Hilo district and we're kind of moving counterclockwise around the island. So we did all the systems in the Hilo Operational district, and then down into Ka'ū. We just wrapped up in the Kona district, and we're about to start in the Waimea district next week. So, we repeat this process for each system within each district.

Next slide is a nice graphic that's on DWS's website, LCR website, and just kind of a high-level of when verifications are anticipated for each system.

Next slide is another table with lots of numbers. The highlight here is, if you remember back from the initial desktop review, out of the 50,000 service lines, there were about 36,000 unknown service lines, and that's mostly on the customer side; so if we had to field verify 36,000 lines, that would take a really long time. Using this statistical approach, the total of inspections is going to be around 3,700, 4,000 inspections, so much more of a reasonable, achievable number.

In addition to the minimum number of random verifications that we're doing, we are also verifying customers who are participating in the existing Lead and Copper Rule Sampling Programs, all of those service laterals, as well as any County facilities that are connected to the Water System, so we're verifying those lines as well.

MR. BROWN: Can you elaborate a little bit for the Board on the technology you folks are using in the field to collect it, and then get that field data over to the office?

MS. CABRERA: So in the field, we're using tablets to collect the data, and we have like an app that's being used and has been developed tweaked along the way for different inputs; and when the teams are out there, they go and they enter like where they are, what they're seeing at each of those three points of verification, take photos of each one, and they all get collected in this GIS field that's in the tablets. And then, it has to get transferred to the actual inventory that will be submitted to DOH, which is a spreadsheet basically, the template that DOH has provided. For each system, we'll kind of combine the field verification data, using the other desktop analysis that we did, and populate the inventory for each system and submit the spreadsheet per system to DOH.

MR. BROWN: So it's like the team is using technology as best as can versus manual, like writing things down. I think it's hard to explain, but I think it's (inaudible), eventually where the team can look at and see a map of what's happening.

MR. NEY: In terms of like once we compile and aggregate the data on the existing inventory, is our mission accomplished or are they like, you know, keeping chipping away at it, so you can achieve better-refined results, accurate results, whatever, because I mean in the future this is an expanding inventory, right? New houses get built, and they want you to update. Wouldn't that just be something we go to the Building Department and say, "The plumbing is back there, verify what material gets used for the service line, and just give us that." That would seem like the most logical way to go about it. That's one detail that inspectors don't scrutinize a lot, is the outside stuff. They look at the interior, what's on the walls, and hardly are they going to take a lot of time to see what service lines are coming into a property. Maybe we need to get the Building Department on board with maybe help us get that data on the new inventory or new service line I should say.

MR. OKAMOTO: I think ultimately—I think Audrey would touch upon some of this upcoming stuff on the second to the last slide. I guess right now there's a big push. What I'd also wanted to share with the Board, although it may seem last minute, because the deadline for this inventory is not just to collect it, but we have to post it online and have it available for the public to see is October of this year. Not until a short time ago that the primacy agency, the Department of Health, administering and enforcing this Federal rule had all their questions answered too. If the primacy agency is a little bit confused, how are we supposed to comply with the rule? That's some background on why we're where we're at now. The big push is for inventory. There's still going to be more work to do down the road, so it is definitely not over yet. There is going to be a lot more investment of time, resources, and money that's going to be required of all the water utilities.

MR. NEY: The guidance isn't really laid out very clearly then, is what you're saying.

MR. OKAMOTO: So they have guidance now, but when the rule first came out, I think all the primacy agencies weren't quite sure how to administer and enforce the rule.

MR. NEY: Seem very arbitrary the way they do these things. It's like if you're going to put this plan—

CHR. LOPEZ: Thank you.

MS. CABRERA: Next slide, here's just some photos from the field verification, just like what it actually looks like in the field. So at the meter box, they're looking at the service line on each side of the meter, the utility side and customer side, and then they're collecting the third point, which is at the structure, where the service line comes above grade and then enters the building, some type of above grade piping. We're not verifying every single meter, and so like as you see in the top left photo like which meter are we verifying and which house does this go to, you might not be able to see it from there but there are also a couple of goats close by in the background, so you encounter like animals. Are they secure, or are they unsecured? The field teams are coming across a wide variety of situations and things that they're diligently working through.

So there are actually two teams in the field at a time, and they're each accompanied by a DWS staff member, and that's been really, really critical in the success of establishing this inventory. DWS staff, they're experts in the field. They know the systems. They're familiar to the public. They've often worked on these service lines previously, and they know the setup of like, "Oh, these valves are used for this material, these fittings are used with this material," so they can really quickly find which meter box we're going to, help identify the material, and then they've also been the ones who have been approaching the customer and going to the property owner and saying, "Hey, we're from DWS. We're doing this service line inventory; can we take a look at your service line and take a photo of it?" So just wanted to thank the staff for all of their hard work. It's been really, really crucial in the success of this portion of the project, definitely.

Then this is a photo of the dashboard that was developed. GIS has been a really key piece of mapping these things out visually and seeing where things are. One tool that our GIS team (inaudible) was this dashboard to see where are the teams going to be going, where have they been, and how many verifications have they done in each system already, and it helps us kind of keep track of how they're doing in each system because the rates vary of how quickly we can move through, how many verifications can be done for each system per week, or day, or whatever. It's kind of just like a moving target as we move along, so it's been really helpful to keep track of that.

Next slide. Okay, this is our second to the last slide. We're in this thick of the field verifications. We're going to use these to push out and populate the inventory for each system, and that will get submitted to DOH ahead of the compliance date of October 16<sup>th</sup>, and then as Keith said, that information has to be available to the public somehow. How much you need to put out there, like you don't want to put every single person's address and location on there, but people should be able to look up their service line and what the material is, or if it's unknown. That is what has to be submitted by October 16<sup>th</sup>.

Then following the inventory, there are the other pieces of customer tap sampling, schools and childcare facilities, and other ongoing requirements; but after the Lead and Copper Rule Revisions were established, they received all of this feedback, like what you're saying, just all of these months, that they established this broad guidance, and there's so many different situations in the system, and utilities, and just how systems are physically constructed, and how utilities are structured, and the resources that are

available, and so after hearing all of that EPA said, “Okay, we’re going to put these Lead and Copper Rule Improvements,” and so right after the LCRR was established, or shortly after, they said, “Okay, now we’re going to make some changes to it.”

So then, they proposed the Lead and Copper Rule Improvements, and those have not been finalized yet. EPA has said they intend to finalize it by the compliance date of October 16<sup>th</sup>. That’s getting really close, and there are some required reviews that EPA hasn’t started yet to finalize the Lead and Copper Rule Improvement. There’s a little bit of uncertainty of what would happen if that’s not finalized by then. One of the biggest things that the Lead and Copper Rule Improvements would do is push out the deadline for a lot of these other pieces, like the Customer Tap Sampling, Schools and Childcare Facilities, all those other follow-on pieces, like three more years, so it really extends the deadline by quite a bit. But if it’s not finalized, there’s this uncertainty that utilities are likely in this gray zone, the LCRR is what’s official, but LCRI says this, so what do have to comply with? EPA has offered some assurance that they do have altered other options to extend those other pieces if the LCRI is not finalized by the October 16<sup>th</sup> deadline, so you kind of have to take their word for it.

MR. NEY: What is the penalty for non-compliance or not doing it within the time sensitivity, timeframe I guess, that they establish? I mean, are they going to come after your fines?

MR. OKAMOTO: It’s possible, but usually there’s an opportunity to discuss with them and hopefully negotiate some type of—you know, like what’s happening with wastewater and things like that on steps forward to avoid the fining. We haven’t been in, fortunately, knock on wood, in that position. I think the current fine could go as high as \$ 60,000-something a day per violation, something to that effect.

MR. NEY: Something to keep in mind, because that’s the (inaudible) on the County with the oversize capacity cesspools, and that’s why we have —Honoka’a got treatments plants. Just so we’re aware of it, not that we’re not going to achieve that.

MS. CABRERA: Yeah, DWS is on track to be in compliance for the October 16<sup>th</sup> deadline, and then we recently met with DOH, just to have an update with them and let them know where DWS is at with their inventory and progress towards that. They’re on board with the approach and timeline.

There was also a representative from EPA there, who explains those options for EPA to extend those other deadlines, so I think everyone was kind of under the same understanding. They’re comfortable with the progress that DWS has made and where they’re headed.

MR. NEY: Got it, thank you.

MS. CABRERA: Anything else that I missed?

MR. NEY: Well presented.

MR. OKAMOTO: I think that’s it.

MS. CABRERA: That’s all my slides. Were there any more questions or did you want to hear more about something else?

MR. UNGER: How many people do you have working on this project, your staff?



MS. CABRERA: It's a wide variety. It's been a really interesting project, and we really enjoyed working with DWS on it. Our staff, we've locally got probably 10 and 15 people working on this, and then we also have folks across the—we're a nationwide company, so this includes like communication folks, public outreach, GIS like IT folks, field crews, engineering, data crews, so a wide variety. Same thing within DWS, it's been kind of across the Board with their staff also: field staff, customer service, engineering of course.

MR. UNGER: Because I'm looking at 3,700 inspections, so it's a combination of DWS staff and ground—

MS. CABRERA: And our sub-consultants, ETC also. Yes, it's a big list. I think there were some numbers put to the LCRI recently that I saw. Across the nation, just for the primacy agencies, so for like DOH, it adds like millions of hours of administrative time.

MR. NEY: I wanted to kind of look kind of in the history of how this—what crazy person put forth this idea? You said this goes back quite a ways, but they didn't really implement it or was it different events that kind of put it into, the mandate? I just want to get a little background so that I can research this and how they came about.

MS. CABRERA: There was the original Lead and Copper Rule that was established in the late 80s, so that was the like the original lead material ban, lead paint, all of that, and that was like the first big question like getting it, not using lead in systems. But I think recently like you said Flint, Michigan, places like that, they're still seeing opportunities where more that can be removed, and just strengthening and getting more (inaudible) of water systems; you know, continuing to provide vacant reliable water to their systems. In Hawai'i, it feels like what you said, "This is a really big push," when we don't expect to find any lead, but across the country it's a different story, like you're hearing of systems having to remove like thousands of lead service lines in their system. It's hard to establish a general guidance when there's so many different—

MR. NEY: Because I remember they made all the manufacturers (inaudible) their brass a while back, and now it's a government stamp LF (Lead Free). A lot of the brass that was used prior probably had a little more lead content. I'd trust that in the whole scope of this Lead Copper Rule. Are they going to make you guys change the meters don't have lead-free compliance?

MR. OKAMOTO: So there are other components, like a sampling will indicate if there's lead actually in the water. This inventory is trying to identify the material, and that material has the potential. If your material doesn't contain any lead, your sampling shouldn't contain lead, right? I think that's the basis of the progression.

What I do want to share is a lot of times we get these unfunded mandates from the Feds, the regulatory agencies and things like that, but what I do want to share with the Board is this is a \$3 million effort for this work, so it's a significant amount, maybe a little bit more than three, so it's a significant lift for our department. We could have used that for a construction project, but it's a requirement. But what I wanted to say was that because of our good relationship with the primacy agency, Department of Health, they steered us to opportunities to use federal funding that has been made available to cover this, where in the past we would have been on our own. We're hopeful that they'll continue with that, and that's why we continue to work closely with the Department of Health so that we can explore different opportunities for them to fund what they're making us do.

MR. UNGER: Is there any opportunity for State funding or County funding to help?

MR. OKAMOTO: That's what it is, the State is pointing us in a direction actually to get federal funding, grant money, to pay for this effort.

MR. UNGER: So the State is not actually helping.

MR. OKAMOTO: They're helping us access it because it's being funneled through them.

MS. TAAROA: And so far it's been covered by federal funds up to this point?

MR. OKAMOTO: Well, we're paying out of pocket right now.

CHR. LOPEZ: Okay, anything else? Thank you.

MS. CABRERA: Thank you. Thanks a lot for your time. Thanks for having us. Appreciate it.

MR. OKAMOTO: Thanks, Audrey. Thanks, Michelle. That's it for that one.

D. 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.

CHR. LOPEZ: Is there any report from the department?

MR. OKAMOTO: Yes, I think Candace had a couple of things that she wanted to share, some things we're working on.

MS. GRAY: Internally, we're still doing our best efforts to increase the number of email addresses as well as looking at different ways to communicate to the customers and updating our processes. Our Customer Service Section, every time they speak to someone on the phone, they'll be asking for their email addresses, as well as any new applications, we'll be collecting that information. We're also thinking about utilizing cell phones. Kind of exploring ways to see how we can implement that into our process. Communication I think is the—

CHR. LOPEZ: Is your success rate—you feel pretty good in asking for emails and phone numbers?

MS. GRAY: I do feel we are successful, but it may not be as quick as we want to get that information.

CHR. LOPEZ: Oh, when you ask for it.

MR. OKAMOTO: So moving forward with applications, if you want water service you're going to have to provide that information. I think part of our challenge too with some of the collections is they're gone and all we have is their mailing address, and we don't have a means to contact them. Candace folks, I thought was pretty smart. People don't typically change their email address so much,

and even more so with cell phones. You don't go changing your cell phone number. That's one thing that typically stays constant. You can change carriers, but now you keep your number, right? Moving forward maybe there are opportunities for us to see if there's different technology where we can shoot out text messages, the delinquency is texted to them instead of mailed to them now, right?

MS. GRAY: I'm also communicating with the other Water agencies to see if I can get any kind of tips, or see what we can learn from their processes.

CHR. LOPEZ: Thank you.

MR. OKAMOTO: We're not sitting on our hands, and we're trying to make improvements.

E. MONTHLY PROGRESS REPORT:

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

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

MR. INABA: I wanted to report, Puakō, actually the water portion we anticipate to be complete, get up the road ready for paving by August 2<sup>nd</sup>, so the end of next week, that includes removing any old hydrants, valve boxes that got to be removed and everything, and hopefully the paving will begin shortly after that. I know the community has been waiting for the road now to be repaired.

MR. OKAMOTO: What I do want to share, pretty much all the services are transferred to the new line, right?

MR. INABA: Yes.

MR. OKAMOTO: We're having some cases of main breaks and disruptions in service so that, knock on wood, should be pretty much eliminated because they're all on the new line now, which is not corroded like the old line is.

CHR. LOPEZ: So no issue with that new line, respective of the publicity over the right-of-way issues of the road?

MR. OKAMOTO: That was involved with the project. Our contractor was able to work around that by working with Public Works and having an alternate access, so they could maintain their work progress by closing the road, by providing an alternate access for the residents there. We've got to give credit to Public Works for working with our contractor on that one.

MR. INABA: Lālāmilo Reservoir 10 MG Reservoir, we finally got clearance from the Army Corp. for the UXO scanning. They've completed their report. Our contractor actually just got the training from their training contractor, so they are scheduling to be mobilizing. I'm trying to get that exact schedule, but I did see all the email going late last week.

MR. OKAMOTO: Hopefully, we have machines on site. Actually, breaking ground in the near future.

MR. INABA: Iki Place, it's put one there. We're trying to put the bids out by September, but we may be able to get it out a little earlier. There are some questions we did clarify with USDA, so it's a different kind of contract document that we used for this. We modified the documents to meet the USDA requirements, but that is being worked on. We should be getting that out soon.

I was hoping to have a little bit, not better, but anyway more information regarding the Pohoiki Project. I know the contract is awarded; I think it should be executed for Highway 137, which is the Beach Road. We're anticipating that we're going to be out there by now, but there's a slight delay in getting it out there, getting extra machines on the ground and everything. The actual Pohoiki Road, which is the waterline bringing it down to the Beach Road, that project should be bidding out very shortly. I think we anticipate by the end of this month, so I think that is still on schedule.

I know we'll continue to work a lot with the other projects that came up from this lava event, so what's called a 428 Alternate Procedures projects, so there's a number of them out there.

We're moving on the Post Office Road and the Pāhoa Village Road Project. I know the survey is complete. Not complete, but the initial topo has been done and that's being reviewed by the consultant. HPP project also, initial topo, and that's being reviewed also by that consultant.

CHR. LOPEZ: I see that this Nalani Street water system is still on there. It's been on the status for a long time.

MR. INABA: Quite some time.

CHR. LOPEZ: I worked on it during the last PIG; it's been over a year. Did they ever come back and ask you for an updated estimate? Anything done to your knowledge?

MR. INABA: We'd have to check on that one.

CHR. LOPEZ: I mean there was so much—we've got to get this done.

MR. UNGER: What is the status of the Lālāmilo Wind Farm lawsuit? Has that been settled, or are you guys going through it?

MR. OKAMOTO: Yes, we're still talking story with them.

MR. UNGER: So the update here just is running concurrently with your lawsuit.

MR. OKAMOTO: Yes. So right now, I think the lawsuit—what can I say and not say.

MS. MELLON-LACEY: I think that if you want an update on that, we should probably schedule that for an agenda, and I will talk to Lerisa Heroldt to see if they could come. It would probably be best in Executive Session.

MR. OKAMOTO: Okay.

MR. UNGER: Could we request that?

CHR. LOPEZ: Nora, will you take note of that? We'll put it on the next month's agenda, Keith.

MR. UNGER: Thank you.

MR. NEY: Also, one other request too, can we kind of—maybe I can talk to you, get kind of a date set or target set on trying to decide this collection thing? Like I said, I’m heading—I’ll still be off the Board at the end of the year. I don’t want to see that die. I want to see that discussion continue, but ultimately get to a decision on that. I don’t know if that’s something—because most of the issue—the pushback I have is the optics of how the public would look at it. Is there a way we could even post that maybe, or put it forth to the public to comment on that collection change?

MR. OKAMOTO: There is no change. I think part of that was what the PIG was going to work on, and then part of that could be talking story with us on potential policy changes and whatnot.

MR. NEY: I mean it’s agendized on our thing, but it just feels like—

CHR. LOPEZ: Well, that’s for the department. What you’re asking for, and the impetus to come to some conclusion is really in the hands of the PIG. The other ones that are going to drive us to conclusion, or dates, or whatever, so we’re just waiting.

MR. NEY: Okay.

MR. OKAMOTO: That’s our understanding.

MR. KEKELA: Can a PIG (inaudible) a meeting?

MS. MELLON-LACEY: Well, a PIG can meet independently of this group with anyone they want to. It’s up to the PIG to come up with its action plan. Who it meets with doesn’t have to be with members of the PIG. So if you wanted to do like a focus group or something like that, you could. Now if you have more questions about the PIG, I’m happy to speak with the PIG members.

MR. KEKELA: Thank you.

CHR. LOPEZ: All right. Is there anything else from the Monthly Progress Report, Kurt?

MR. INABA: No.

F. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

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

(Note: At this time, DWS Controller Candace Gray gave a brief overview of the Monthly Financial Statements for June 2024.)

MS. GRAY: Are there any questions?

MR. UNGER: I have a question. Under your Income Statement, Operating Expenses, where do we find the LCRR expenses, or is that a separate budget item?

MR. OKAMOTO: That is part of our CIP expenses.

MS. GRAY: It’s not necessarily reflecting in our Operating Budget. I mean it’s not reflected in the budget as a separate line item.

CHR. LOPEZ: Because it's CIP.

MR. OKAMOTO: It's not in the operation side of things.

MR. UNGER: So it would be on the CIP side?

MR. OKAMOTO: Yes. It's not actually a Capital Improvement Project because of the significance of the fund amount.

MR. UNGER: Correct.

MR. OKAMOTO: That's how we budgeted for that one.

MR. BROWN: I have a question. You folks aren't generally funded, right?

MR. OKAMOTO: No.

MR. BROWN: So with this 14%, your funds don't lapse, right, like regular County departments?

MS. MELLON-LACEY: It's by State's statutes that all the revenues that the Water Board collects, they're to use the (inaudible), their operations, but they don't get any funds from General Fund either.

MR. BROWN: Right.

MS. MELLON-LACEY: So it's all that they generate into that.

MR. BROWN: Right, and so what I'm asking is, with that extra, it just goes right back into the next year's budget, compared to being lapsed, is if you were generally funded?

MS. GRAY: So your question was if we have—

MR. BROWN: The unexpended funds at the end of the fiscal year, what happens to that?

MS. GRAY: It remains in our—if we're talking about cash, it will remain in our General Fund.

MR. BROWN: Oh, okay.

MS. GRAY: And then carry over to the next fiscal year.

MR. BROWN: Okay, thanks.

MS. GRAY: Also, any excess, we do increase our budget for the reserves in anticipation of meeting our goals and financial objectives.

MR. BROWN: Okay. I noticed in June, it was kind of a slow month in expenditures; and for the other departments, that's when they're jamming. You have to account for all the funds.

MS. GRAY: Of course this is the first closing, so we are still gathering all the adjustments and final expenses.

MR. BROWN: Okay. Oh yeah, it's only early July. Thank you.

MR. OKAMOTO: Good question.

CHR. LOPEZ: Anything else on financials?

MS. GRAY: I did want to just go back to your question about the expenses for the LCRR. Part of that project, the consultant was included in our Operating Budget.

MR. UNGER: Okay.

MS. GRAY: But the entire project itself, the \$3 million is included on the CIP. It is reflected.

MR. UNGER: In your budget. So you just had to pretty much take a guess at when you budgeted it in, it was a guess.

MS. GRAY: I wouldn't say it's a guess.

MR. UNGER: You had something to—

MR. OKAMOTO: Educated guess.

MR. UNGER: Educated guess, yes. I mean that's good to know, that at least something was budgeted in for that expense because otherwise if you have—

MR. OKAMOTO: We knew it was coming. We didn't know what the exact amount because—

MS. GRAY: Also, the funding is in place for that project.

MR. NEY: On the account receivables for the accounts and the (inaudible) or uncollected debt, where is that listed?

MS. GRAY: The accounts receivable allowance?

MR. NEY: Past due.

MS. GRAY: It's not a separate line item, but it is incorporated into the Trade Receivables amount on the Balance Sheet.

MR. OKAMOTO: It's on the Balance Sheet.

MS. GRAY: So let's say our allowance is about \$1 million, so if you see your Trade Receivables, right now it's \$9.3 million; without that allowance, it would be \$1 million more, but we just include that as estimated.

MR. NEY: I totally realized, if we collect it. Like I said, maybe this—I'd like to try and move this along, maybe have something by next meeting to get the collection thing. I mean for the Water Department, our main mission is be solvent, be self-sustaining in terms of budget. But this is like just a hole (inaudible).

CHR. LOPEZ: Are you saying there will be a PIG report? Distribute it out?

MR. NEY: I think I'd like to expedite that.

CHR. LOPEZ: Well, that's up to you and your PIG team.

MR. NEY: Yes, be prepared.

CHR. LOPEZ: Okay, submit a report. Anything else on finance?

G. MANAGER-CHIEF ENGINEER'S REPORT:

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

1. North Kona Wells

MR. OKAMOTO: Kawika is on for the North Kona update.

MR. UYEHARA: Thank you for allowing me to miss last month. So for this month, North Kona update, so actually we have 10 of our 14 sources working or online as of this month. So the sources that are offline: Mākālei, Honokōhau, Wai'aha, and Hōlualoa which recently went offline. So the status updates for each:

Mākālei – contractor again, the developer's contractor is working on it, and the last update is they're anticipating hoping to complete it in about two months, which puts that end of September. They still need to install the pump and motor after they clean the well out.

Honokōhau – unfortunately, I think this latest attempt to remove the materials that were down the hole with the fishing tool was unsuccessful, so the contractor is now forced to get another tool to try to remove whatever is down there. The best estimate to return the well back to service is mid-September this year.

Wai'aha – pumping assembly is in production, and they've delivered the column pipes which will be installed eventually, so that's on site. Other materials such as the surface plate and the shroud are in assembly now. The project completion, they're looking at mid-September.

CHR. LOPEZ: So that's unchanged. Hasn't changed?

MR. UYEHARA: Yes. Hōlualoa Well – fourth well that went offline I believe July 18<sup>th</sup>, so we are in the process of working on our repair specs and plans. We put that out to bid, and probably by next month we'll have a better update on the status and what that schedule might look like. So as far as I know right now, typically when things happen, Kona Ops, the electricians and the operators, they make adjustments to the systems. As far as we know, everybody is being served the water that they need.

MR. NEY: On that fishing attempt, if I'm not mistaken, that's something we're paying for them to do, right? So what if that's not achieved? I mean it's not, "Oh, give them one hell of a try." We didn't get it, so you're going to still pay us. Just so we're clear, because this thing has over time cost us a lot of money, and we've even conceded on a lot of points, right, with the whole issue from the start.

MR. OKAMOTO: That's something else, I think. Yeah, the fishing attempt is for Honokōhau.

MR. NEY: Oh, okay. Okay, I'm sorry. But getting back to it, they're going to guarantee to (inaudible)? What happens if they don't?



MR. OKAMOTO: There's no guarantee in well repairs, unfortunately. But we're going to give them that opportunity to try get whatever they can out of the hole, then if they cannot ultimately get it out of the hole, we may need to try and run something like a smaller pump to test pump, to see if it still got capacity to pump something out of the hole. What's stuck in there now?

MR. UYEHARA: The shroud.

MR. OKAMOTO: The shroud.

MR. UYEHARA: Parts of the shroud. I think it was suspected to be a motor issue.

MR. OKAMOTO: That's it for mine.

CHR. LOPEZ: When is the next Energy Report?

MR. UYEHARA: It's next month. It's every three months.

CHR. LOPEZ: So next month.

MR. UYEHARA: Month of August.

CHR. LOPEZ: All right, thank you. Anything else, Keith?

#### H. CHAIRPERSON'S REPORT:

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

CHR. LOPEZ: Now, the Chairperson's Report. Something obviously on my mind as we get towards the end of the year is the calendar meetings for next year, and we talked about starting the process earlier. Not too early I think to begin to think about that. I have a source in Kona, who can schedule us in the Conference Room if we so choose, depending on availability. I'll follow up on that later. I'll just give you some dates. We've got two options. We have the Council Chambers and we've got the meeting where we meet now, which is just fine.

I will not be here for the August meeting, so you all have a good time. I did request update from the department that in the following two, three months, that we talk about the Disaster Recovery Plan, just apprise us how they handle the disaster, whatever it may be. I've also asked for a site visit, whether it's a repeat or whether it's something else, but I'll leave that up to the department. I think it's good that word gets out, so people literally will see these things. That's it for me.

#### 9) ANNOUNCEMENTS:

- **Next Meeting** –August 27, 2024, 10:00 a.m., West Hawai'i Civic Center, Building G, 74-5044 Ane Keohokālole Highway, Kailua-Kona, Hawai'i.

#### 10) ADJOURNMENT:

CHR. LOPEZ: May I have a motion to adjourn?

**ACTION:** Mr. Kekela moved to adjourn the meeting; seconded by Mr. Ney and carried unanimously by voice vote (Ayes: 8 – Ms. Taaroa; Messrs. Bell, Brown, Kekela, Lee, Ney, Unger, and Chairperson Lopez).

**CHR. LOPEZ:** Adjourned.

(Meeting adjourned at 11:40 a.m.)

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Recording Secretary

APPROVED BY WATER BOARD  
(AUGUST 27, 2024)