

MINUTES

DEPARTMENT OF WATER SUPPLY COUNTY OF HAWAII WATER BOARD MEETING

April 22, 2025

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. Philip Aiona, Water Board Member, Dist. 9
Mr. Michael Bell, Water Board Member, Dist. 7 (via videoconference)
Mr. James Lee, Water Board Member, Dist. 2
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: Director, Planning Department (ex-officio member)
Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Diana Mellon-Lacey, Deputy Corporation Counsel
Dr. Jeff Zimpfer, guest, NPS

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, Mechanical Engineer III
Mr. Warren Ching, Energy Management Analyst
Ms. Nora Avenue, Recording Secretary

- 1) **CALL TO ORDER** – Chair Lopez called the meeting to order at 10:00 a.m. Board Members were present: Messrs. Aiona, Bell, Kekela, Lee, Taaroa, 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: Ms. Taaroa moved for approval of the Minutes of the March 25, 2025, Public Hearing on the Proposed Operating and 5-Year Capital Improvement Projects Budgets for Fiscal Year 2026; seconded by Mr. Kekela and carried unanimously by voice vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Taaroa, Unger, and Chairperson Lopez).

ACTION: Ms. Taaroa moved for approval of the Minutes of the March 25, 2025, Water Board meeting, as amended; seconded by Mr. Unger and carried unanimously by voice vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Taaroa, Unger, and Chairperson Lopez).

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.

<u>Effective</u>	<u>PCC</u>
February 1, 2025	\$2.32
September 1, 2024	\$3.04
May 1, 2024	\$2.77
February 1, 2024	\$2.37

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 May 27, 2025, at 9:45 a.m., to receive testimony on decreasing the Power Cost Charge from \$2.32 to \$2.08, effective June 1, 2025.

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

CHR. LOPEZ: Any discussion?

MR. OKAMOTO: This is based on our accepted calculations.

ACTION: Motion was carried unanimously by voice vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Taaroa, Unger, and Chairperson Lopez).

6) SOUTH KOHALA:

A. JOB NO. 2024-1250, RELOCATION OF WAIMEA DEEPWELL HECO TRANSFORMER – REQUEST FOR ADDITIONAL FUNDS:

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

The Contractor, Isemoto Contracting Co., Ltd. is requesting a contract change order for the additional work for the installation of five (5) additional bollards HECO is requiring which was beyond the scope depicted in the plans and specifications. The Department is also requesting work to remove a tree stump just outside the area of work. The description of the additional work and associated fees are as follows:

ITEM	DESCRIPTION	AMOUNT
1.	Five (5) additional bollards to protect HECO transformer.	\$ 17,543.00
2.	Department request for tree stump removal.	\$ 3,215.00
	TOTAL	\$ 20,758.00

Original Contract Amount:	\$ 196,718.00
Original Contingency Amount:	\$ 0.00
1 st Additional Funds Request:	\$ 20,758.00
Total Revised Contract Amount:	\$ 217,476.00

Staff reviewed the request for additional funds and found that the \$20,758.00 can be considered justified.

RECOMMENDATION: It is recommended that the Board approve an increase in contingency of \$20,758.00 to Isemoto Contracting Co., Ltd., for JOB NO. 2024-1250, RELOCATION OF WAIMEA DEEPWELL HECO TRANSFORMER. If approved, the total revised contract amount shall be \$217,476.00.

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

CHR. LOPEZ: Discussion? I have a question, how big is the stump?

MR. OKAMOTO: Apparently, it's about two and a half feet for the trunk, so we're not just doing stump grinding here. We're actually going to excavate out the root-bulb, backfill it, and do it that way, instead of having the chance where the root-bulb deteriorates over time resulting in a sinkhole. It's sizeable.

CHR. LOPEZ: So you're saying we're removing it. Who's doing the work?

MR. OKAMOTO: Isemoto. We asked Isemoto to do that scope.

CHR. LOPEZ: Is that something they normally do?

MR. OKAMOTO: They can do it. They got machinery, excavators, and things like that.

CHR. LOPEZ: Okay. Any other discussion?

MR. AIONA: I have a question about, for my own personal knowledge, what happens if something like this gets denied?

MR. OKAMOTO: Then the work doesn't get done.

MR. AIONA: Okay, so it doesn't like go back to—

MR. OKAMOTO: Yes.

CHR. LOPEZ: Hopefully, in the discussion, we will have some understanding of why it was denied, and we can deal with it. As Keith said, if totally denied then—

MR. OKAMOTO: No funds will be available.

CHR. LOPEZ: All right, all in favor say aye.

ACTION: Motion was carried unanimously by voice vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Taaroa, Unger, and Chairperson Lopez).

7) NORTH KONA:

A. JOB NO. 2022-1199, CONSTRUCTION OF THE IKI PLACE WATER SYSTEM IMPROVEMENTS:

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

This project is for the construction of a County Council initiated improvement district. The improvements consist of a water main, appurtenances and other related work, in place complete, all in accordance with the plans and specifications, and ready for operation.

Bids were opened on April 10, 2025; and the following are the bid results:

Bidder	Bid Amount	Adjusted Bid Amount* (for purposes of bid award)
Isemoto Contracting Company, Ltd	\$ 621,197.00	
Goodfellow Bros. LLC	Non-Responsive	
H.E. Johnson Company	\$ 1,170,447.00	\$ 1,111,925.00
Alpha Inc.	\$ 1,655,780.00	\$ 1,572,991.00
Jas W Glover, Ltd.	\$ 1,767,000.00	

*Bids were adjusted (for the purposes of award) to provide credits for participation in the State Apprenticeship Program all in accordance with DWS General Requirements and Covenants and the Hawai'i Administrative Rules.

Project Cost:

1. Low Bidder (Isemoto Contracting Company, Ltd)	\$ 621,197.00
2. Construction Contingency (~13%)	\$ 78,803.00
Total Construction Cost:	<u>\$ 700,000.00</u>

Funding for this project will be from the USDA's Rural Utilities Service Water and Waste Water Loan and Grant program and County G.O. Bonds (Loan - \$275,000.00 Grant - \$825,000.00 and Total \$1,100,000.00). The consultant contract amount is \$148,583.00. There are other fees that will be reimbursable by the loan/grant funds.

The contractor will have 180 calendar days to complete this project.

Pursuant to the Hawai'i County Code, Section 12-24, the award of contract is subject to the creation of the improvement district.

RECOMMENDATION: It is recommended that the Board award the contract for JOB NO. 2022-1199, CONSTRUCTION OF IKI PLACE WATER SYSTEM IMPROVEMENTS, to the lowest responsible bidder, Isemoto Contracting Company, Ltd., for their bid amount of \$621,197.00 plus \$78,803.00 in construction contingency for a total contract amount of \$700,000.00 subject to review as to form and legality of the contract by Corporation Counsel and the acceptance by the USDA Rural Development, Hawai'i County Council and homeowners of the Improvement District Assessment amount.

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

CHR. LOPEZ: Discussion.

MR. OKAMOTO: This one, as you can see, is a little bit lengthier write-up than our typical C.I.P. project because this is not our typical C.I.P. project. It's a project that was initiated by a Council Improvement District process, so basically that's when the residents ask their council member to assist with some of the infrastructure improvements that they'd like to see. How that works is we go through this process, we actually have to do a Preliminary Engineering Report, kind of get an estimate of the job, so that was done all prior. If it passes that stage, then we proceed to the planning and design, and then bid and award, so that's where we're at now. It doesn't stop here.

You see in the recommendations, it's not just like our project, where after we award it we can now go ahead and start executing the contract. Now this goes back, one, to USDA because they're the ones potentially funding the job, so we need to double-check that it meets their requirements. Then it's got to go back to Council as well as the homeowners to say—cause after that, there's going to be—how the repayment is done is additional assessment on their real property tax that they're committed to for whatever the term of the loan. It's actually a good program; it just takes all these extra steps. Dealing with Feds, they have their own requirements as far as engineering forms and standard contract language, so it's not that easy to blend Federal standard contract language with State required contract language. Anyway, all of that's been kind of done.

But now, finally, the homeowner got to say, "Yeah, we're willing to accept the price." Fortunately, the price came in actually better than we anticipated, which was pleasantly surprising. I think we're pretty confident that the project is going to move forward, but after this stage it's really not up to us. I don't know if Diana or Kurt wanted to add anything to that.

MS. MELLON-LACEY: The only thing I would add, my understanding is that this community has been really eager to have the water, so it should be a really good thing for people.

MS. TAAROA: Did they have maybe lack of service or substandard service?

MR. OKAMOTO: Substandard.

MR. INABA: So they have what's considered like out-of-bound meters, where the meters are all up on the highway.

MS. TAAROA: Oh, everybody is running their own line along the road like that.

MR. OKAMOTO: Yeah, dealing with the breaks.

MR. UNGER: Where is this?

MR. OKAMOTO: Iki Place. So Kaiminani Drive, coming down the road that connects the Māmalahoa Highway and Queen Ka'ahumanu, and then there's a subdivision south of that.

MR. INABA: Hualālai Vistas, just south of that.

MR. OKAMOTO: It's a road really, just south of that subdivision. But their access is off the highway.

MR. INABA: Down Church of God Road.

MR. OKAMOTO: But this waterline is going to connect to our infrastructure in Hualālai Vistas.

MR. INABA: Hualālai Vistas has a connector road there. It's actually just 18 lots.

MR. OKAMOTO: So how this also works, USDA typically determines their proportioning of their grant versus loan based on U.S. Census Data.

MR. INABA: And/or they do a survey.

MR. OKAMOTO: Yeah, that's what I was going to get into next. So if you look in that area, usually the income in that area wouldn't normally provide a good grant-to-loan proportion, but they could also go to an individual—that specific area that's going to be impacted by the project and do an income survey, so doing that, was able to max out the grant portion. So, 75% grant?

MR. INABA: Seventy-five percent grant.

MR. OKAMOTO: Twenty-five percent loan, so much better for the residents as far as the payback amount.

MS. TAAROA: What is their payment amount looking like, just ballpark? I'm just curious, like how much are they going to be paying?

MR. INABA: I'm not sure on that.

MS. TAAROA: So they're going to be responsible for the whole \$275,000.00 over—?

MR. OKAMOTO: Twenty years. Yeah, 20, 25 years, is that the typical term? Twenty years.

MS. TAAROA: Okay, so it's going to be added to their real property tax, does that cause more work for the department or anything? Are we collecting the funds back from them then paying the loan or are they paying it back directly to the county and they're handling the loan pay back?

MR. OKAMOTO: That's true, right?

MR. INABA: So the County does have the ability to—like a lien on the property, should they not—?

MS. GRAY: They do with special assessments.

CHR. LOPEZ: Why is the contingency 13% and not the standard 10%?

MR. OKAMOTO: We anticipated that question. If the project is bigger then your contingency amount is less, just because the dollar amounts work out that way; but if you look at this project, this is a \$600,000-something project which is on the smaller side, so any change orders or additional work would likely end up costing more than 10% on a smaller job, so that's common. So if you have a smaller job, your contingency could be a little bit more, just because of the dollar amount of the project versus the dollar amount of potential change orders. So for this one, that was primarily the reason why we bumped it up to 13%.

CHR. LOPEZ: It was the department's decision to make it 13%.

MR. OKAMOTO: Yes.

MR. UNGER: Is it concerning to the Water Department that the bid came in at \$621,000? You had four bidders, three were over a million, and this one came in at about half. Isemoto is a reputable company, I'm just saying. But in your estimate, what did you come up with, and how do you think about this?

MR. INABA: Sorry, I apologize, we had the estimate on a breakdown. We felt a conservative estimate at \$880,000. We double-checked again with the contractor before we brought this to the Board, and they're comfortable with their bid. We're very fortunate.

MR. OKAMOTO: We don't want to speculate why the other ones are so high at this point. The main thing is Isemoto is comfortable with their bid.

MR. UNGER: So when you go back to check with them, do you say, "Hey, we just want to make sure you got all your numbers straight?"

MR. INABA: Yes.

MR. OKAMOTO: Yes, and they can actually pull their bid.

MR. UNGER: Okay, when you come back with that question?

MR. OKAMOTO: Yes.

MS. TAAROA: So is the USDA funding going to get adjusted down to the actual amount of the project?

MR. INABA: That is something that we need to communicate with USDA. Typically, I believe they don't (inaudible) estimate it. If it goes up, they might have one chance to adjust that amount, but I think typically in this case, they have that minimum loan amount. That's what we've had in the past.

MS. TAAROA: The loan won't change, but the grant amount might be lower.

MR. INABA: Yeah, and then the loan has to be used first, you know, that amount now is fixed. At least that's the capital, we're not going to go over that.

MS. TAAROA: What's the rate on the loan, 20 years?

MR. OKAMOTO: I don't know. Usually, they base it on the federal rate?

MS. GRAY: Yes. I guess what I've seen in the past was anywhere between two and four percent.

MR. OKAMOTO: But that was in the past when different federal rates were also in effect.

MS. TAAROA: And then are you concerned with our current administration pausing the grants and things like that, is that going to affect this?

MR. OKAMOTO: Yeah, from what we understand, again, in talking with USDA, they seem to be confident that their funding will remain in place, but I am sure there were other people who were confident that their funding was going to remain in place, and they got a surprise too. Again, I guess we're cautiously hopeful that this will go through. But, I don't know the answer to that.

MS. TAAROA: One final question, how long did this process take for the County to designate this as an improvement district to get to this point, when they initiated that public hearing, what was the timeline?

MR. OKAMOTO: Three years. Again, if you look at the job number, that kind of tells you when we started it. There were some hiccups along the way. It could be, I guess, a fairly quick process if everything lined up, but this one took a couple of years.

MS. TAAROA: Have you done this type of situation before, because I just know in our district, there are some areas where there are similar issues.

MR. OKAMOTO: We've done it various times.

MR. INABA: Several times.

MR. OKAMOTO: Several times, yes. It's doable. I think it's a good way to get things done.

MR. INABA: It's still challenging.

CHR. LOPEZ: Additionally, the homeowners have to go through a process: interviews, discussions, and I think at least a couple of times, and then a public hearing, and then it's got to go Council, which it takes maybe a number of times to get through. That's why three years does not seem unreasonable.

MR. INABA: This is the second one in this district, actually. It started out a little slower because it would have been based on the census, the 100% loan, which then was not really—for the homeowners anyway, it wouldn't be feasible to do.

CHR. LOPEZ: Just a point of reference, the one that was brought up to the Board a couple of years ago, District 7, Nalani?

MR. INABA: Nalani Street.

CHR. LOPEZ: That's been going on for years, ever since Dru Kanuha was here.

MR. INABA: That challenge really is with the income survey, the qualification for the loan, grant portion is not favorable.

CHR. LOPEZ: Participation of the homeowners?

MR. OKAMOTO: Right, that too.

CHR. LOPEZ: There are so many variables. Any other discussion?

MR. AIONA: Are they allowed to do a request for additional funds once this project starts up, and if they are, who's on the hook for that?

MR. INABA: There's actually some cushion in that, with the grant amount, that would be kind of leftover right now.

MR. AIONA: Okay.

MR. INABA: If there was justified work that needed to be done, unforeseen things, then we would be able to discuss with USDA. We have in the past discussed with USDA to increase the contract amount a little bit to cover that, and it would still come out of that grant portion.

MR. AIONA: Okay, so it would have to be approved from the USDA.

MR. OKAMOTO: So that's the one good part if your bids come in lower than the estimate, then you have that cushion. If it was the flip side, if your bids came in higher than the estimate, then there's no really room for seeking additional—it's harder, I think, to get additional funds.

CHR. LOPEZ: Remind me, what discretion is there about tapping the contingency? Does it have to come back to the Board for using those funds?

MR. INABA: The contingency that we put into the contract is really to allow the department to handle unforeseen conditions without really having to come back to the Board, because it gets a lot more expensive if we had to stop the contract to get approval for it, and then, you know, have the contractor go back and—

CHR. LOPEZ: So the contractor can come to you and request it?

MR. INABA: Yes.

CHR. LOPEZ: But can't you just—

MR. INABA: No, we still have to justify all Change Orders.

CHR. LOPEZ: Any other question?

MR. KEKELA: Yeah, one more. Is the consultant contract additional to the \$700,000?

MR. OKAMOTO: Yes.

MR. KEKELA: Okay, thank you.

CHR. LOPEZ: Any other questions? All in favor of approving the motion as presented say aye.

ACTION: Motion was carried unanimously by voice vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Taaroa, Unger, and Chairperson 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 Department received the following documents for action by the Water Board. The water systems have been constructed in accordance with the Department's standards and is in acceptable condition for dedication.

1. Grant of Easement

Grantor: HFS Federal Credit Union
Tax Map Key (3) 2-3-018:035
Kukuau 1st, South Hilo, Island of Hawai'i, Hawai'i
Facilities Charge: \$91,425.00 Date Paid: 3/17/2025
Final Inspection Date: 1/22/2025
Water System Cost: \$74,500.00

2. First Amendment to License Easement No. 511

Licensors: State of Hawai'i, Department of Hawaiian Home Lands
Tax Map Keys (3) 1-5-119:051, (3) 1-5-118:048 (portion)
(3) 1-5-120:036 (portion)
Maku'u, Puna, Island of Hawai'i, Hawai'i
Facilities Charge: \$ \$463,509.54 Date Paid: TBA
Final Inspection Date: 4/15/2025
Water System Cost: \$ TBA

3. Dedication Deed

Grantor: Hawaii Island Community Development Corporation
Tax Map Key (3) 2-8-026:031, Lot 31
Pepe'ekeo, South Hilo, Island of Hawai'i, Hawai'i

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

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

CHR. LOPEZ: Discussion.

MR. OKAMOTO: I'll turn it over to Kurt because we can fill in two of those TBAs on Item No. 2.

MR. INABA: So Item No. 2. The facilities charge was paid on 4/17/25; and for the water system cost, that is \$875,000.

CHR. LOPEZ: Thank you. Any other discussion?

MS. TAAROA: I'm still trying to understand exactly how this works. The water system cost, is that how much they pay to install a system, or this is what we estimate would be the cost if we did it?

MR. INABA: That's what they provide, the number they provide us in their cost.

MS. TAAROA: And just remind me, what is the Facilities Charge, and when does that get collected?

MR. OKAMOTO: The facilities charge is essentially the charge that we assess the potential customer as their fair share cost of adding into the system. It's almost like an impact fee but not quite, so in essence it's to help the department recover our capital investments that we put into the system to create this excess capacity, where people can come in and take advantage of that excess capacity. So it's not a free ride, basically.

MS. TAAROA: So, that's like their total cost. So they want to hook up to water, they've got to pay upfront; and they're going to do the work, dedicate it over, and then it could be maintained by the department.

MR. OKAMOTO: Sometimes they pay that last because everybody kind of wants to hold off on whatever they need to, but we won't approve any services until the facilities charge is paid.

Also, for the Board's awareness, information, and education, if you notice, it's different for Item No. 2, it's a License Easement versus a typical Grant of Easement, or Bill of Sale, or Dedication, and that one is because it's Department of Hawaiian Homes. Department of Hawaiian Homes, they won't actually turn it over to us or give it to us, the infrastructure, or the roadways that the infrastructure is within, so it's via a License Easement document. Basically, they build it and then they allow us to go in and operate and maintain it for the beneficiaries.

CHR. LOPEZ: Any other discussion?

MR. UNGER: Is the facilities charge a formula you guys plug in and work out?

MR. OKAMOTO: It's set by rates. It's part of our Rate Study, and it goes through the public hearing process, comes to the Board for a public hearing, it gets updated typically when we do a Rate Study, it's part of the evaluation for that too.

MS. TAAROA: Is it based on that element of future usage?

MR. OKAMOTO: Yes, a whole bunch of stuff goes into estimating what that should be for the future. I don't have that details in my head right now.

MR. INABA: It's very complicated. It was something like "oh, I can do that," and then I did some investigating how they established that rate and it's very complicated.

MR. UNGER: It's constantly changing I'm sure too, with us, and supply, and—

CHR. LOPEZ: But it is a published rate?

MESSRS. OKAMOTO AND INABA: Yes.

CHR. LOPEZ: It could be indicative of a specific project.

MR. OKAMOTO: Yep.

CHR. LOPEZ: Any other questions? All in favor of approving the Dedication of Water Systems say aye.

ACTION: Motion was carried unanimously by voice vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Taaroa, Unger, and Chairperson Lopez).

B. DISCUSSION OF GOALS AND ACCOMPLISHMENTS FOR CALENDAR YEAR 2025:

CHR. LOPEZ: At the last meeting, we arrived at the top seven of our list, and it was forwarded to the department to agree to reply at this meeting, and these would be those items, depending on what the reply is, that we would measure the performance of the department's goals when we do the review at the end of the year. These are the things we're at. So, I'll turn it over to Keith.

MR. OKAMOTO: Okay, looking at the list of seven, it seems like good goals to have. We may be challenged with actually getting some of these done by November 30th, but I say we go for it and shoot for it as our goal. At least we'll have some progress made, we may not have it at 100%, but we'll report in that timeframe how far we've gotten, and hopefully that will give you folks a basis to see how well we're doing, or how well I guess for my evaluation, ultimately. So long story short, good to go, I think.

CHR. LOPEZ: You accepted all the number 7s?

MR. OKAMOTO: Yes, the top seven. All votes of 5 or greater (see below).

VOTES	Item No.	Measure & Goal
7	4)	The department has committed to secure consulting resources to complete a current business and strategic plan. The goal is to complete this plan by November 30, 2025
7	5)	It remains very unclear what water commitments already assigned but unfulfilled. The goal is to provide a document including the process for granting water commitments as a transparent communication of existing and/or planned water commitments by November 30, 2025
6	11)	Long term Ag Dedicated Water Program completed by November 30, 2025
5	1)	Of the 14 Kona wells, 4 have been substantially out of service for a long time. The goal is to have 12 fully operational by November 30, 2025
5	2)	The delinquent accounts write-off has been substantial. Of the over \$900K current delinquencies, the goal is to reduce this balance 15% by November 30, 2025
5	7)	The department to setup and sponsor an intern program for DWS with selections from high schools and university to perhaps stimulate civics classes, would be engineers, accountants, others interested in sustainable water issues. The goal is to have the process setup by September 30, 2025 for 2nd semester of class participation.
5	10)	Establish an internal newsletter to communicate to DWS employees what is happening in DWS such as retirements, awards, grants success, improvement/issues across the entire spectrum of DWS and anything that shares pertinent items in DWS. The goal is to have such a in-house communication vehicle by November 30, 2025

MS. TAAROA: On the delinquent accounts write-off?

CHR. LOPEZ: I think that's on the agenda.

MR. OKAMOTO: That's going to be a challenge. It's going to be on the agenda. There's going to be more discussion on it.

MS. TAAROA: Okay.

CHR. LOPEZ: Tom Brown, who is no longer on the Board, he thought it would be a good idea if we had questions about progress at different times, like maybe once a quarter, to just get a feel for if we're going that direction, make it or not, so that there's no surprises, everybody's onboard, there's no question on it. I think, and I'll likely take the onus for this, put these in a Board goals with commitment by the department, and we use those as a report card, is that all right?

MR. OKAMOTO: Okay, sounds good.

CHR. LOPEZ: And we can monitor everything. So good, thank you very much.

MR. OKAMOTO: I don't know if you want to do this, Mr. Chair, as for I guess gauging progress incrementally, we can put it back on the agenda, and you can let us know when, June, September.

CHR. LOPEZ: Okay, you just can't put it on the agenda. Okay, it will be in those periods.

MR. OKAMOTO: Yeah, not placeholders.

CHR. LOPEZ: Okay, I'll suggest that in the coversheet. Thank you very much. This was not a difficult process. I wanted everybody to participate, but I feel it's really good process, and I believe the department agrees that there are some things that we've been talking about for so long, and now we're going to shoot for it. I will readily admit that if you don't make 100%, we will get feedback as we progress, and we'll understand what the issues are, and that's okay, we'll work it out. Thank you very much.

MR. OKAMOTO: Thank you, guys.

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, 2025, to June 30, 2026 The rates would be as follows:

South Kohala	\$4,475.68/month x 12 months (23 sites) =	\$ 53,708.16
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:	\$ 97,899.84

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 Hawaii 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 2022-2023. Brantley Center's performance has been satisfactory, and the costs are reasonable. 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, 2025, to June 30, 2026, at a total cost of \$97,899.84, 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 Ms. Taaroa.

CHR. LOPEZ: Discussion.

MR. OKAMOTO: For this one, I'll turn it over to Greg. Before I turn it over to Greg, sorry, there was a sentence we mistakenly failed to omit in the write-up. If you see, just above the recommendation, maybe the third sentence, "There is no increase from their proposal for Fiscal Year 2022-2023," that should be stricken. That's an old one that I think we forgot to take out that sentence. That was several years ago. They've actually held their price fairly good for us, but I don't think that's accurate, so I'd like to strike that from the recommendation.

MR. GOODALE: This contract is used to, as it says, maintain our tank sites primarily, along the Hāmākua Coast and Kohala. As Keith said, there was an error. This actually is the first year we've had an increase in cost for, I want to say, the last five years. I mean, the cost increase is reasonable; it was only \$1,000, and it only applied to the South Kohala sites. But other than that, this is the first time we have seen a cost increase in this contract for probably at least five years. Are there any other questions?

MS. TAAROA: How long has this company been doing that?

MR. GOODALE: This has been ongoing for probably decades. Yeah, it's been going on, doing the grounds maintenance for these sites. They've been very reliable, a good contractor. We have a process that we check their work, and our folks have to sign off on it prior to making any payment. But yeah, this has been an example of a real good partnership with us. Again, the fact that it's only gone up by \$1,000 in five years, especially with the way cost increases we've all seen over the past several years. Yeah, it's been a real good partnership for us.

MR. OKAMOTO: This type of organization has a special standing and that's why we can work with them without having to bid it out, which I think is a win-win for this type of program and for us, because I think it's also impacted by the Konno Decision. The Konno Decision is basically saying that if there was a job done by a civil servant or a government employee, then you can't contract it out. We used to use other private sector services for our ground maintenance for the whole island, but now we had to actually create positions. This is actually a good deal for us.

MS. TAAROA: Yeah, I could imagine rather than doing it yourself.

MR. OKAMOTO: If we stop this contract, I think how it works is, if you stop it you can't hire them back again; in other words, you drew a line in the sand, so now we've got to create positions to do the work that they've been doing, groundskeeper positions.

MR. GOODALE: For example what Keith just brought up, we had a contract that was being done by the Arc of Hilo to do our janitorial, and the Arc chose to discontinue that so they're no longer doing it, so as a result of that we ended up having to add positions in Kona because they were doing all the cleaning for the buildings there, but because they chose to discontinue that service, then it was inherent upon us to take on that work with County employees. So similar to this, if these folks were to choose to discontinue this service, it would be inherent upon us to hire, as Keith said, the appropriate folks to do that work, which is going to be considerably more than what we're seeing here.

CHR. LOPEZ: So there's no other option given that situation. You can't go to another of this type of service.

MR. GOODALE: Correct, because they fall under specific, I mean, this is a nonprofit organization, and because the class of workers that they were utilizing falls under the Fair Labor Standards Practices, they're able to pay a different rate, so that's why it's beneficial to us. But also, the good thing is they're doing good work.

MR. OKAMOTO: Win-win.

CHR. LOPEZ: All in favor of the recommendation of the renewal of the contract say aye.

ACTION: Motion was carried unanimously by voice vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Taaroa, Unger, and Chairperson Lopez).

D. MEMORANDUM OF AGREEMENT BY AND BETWEEN DEPARTMENT OF WATER SUPPLY AND DEPARTMENT OF HAWAIIAN HOME LANDS:

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

The Department of Water Supply (DWS) is proposing to enter into a Memorandum of Agreement with the Department of Hawaiian Home Lands (DHHL) to provide an advance of 200 water units to support DHHL's housing development in the Villages of La'i'Opua generally located within Tax Map Key 7-4-021. Prior to granting the water units, DHHL will provide to DWS, equipment as specified by DWS that will strengthen DWS' operational resiliency in the North Kona water system.

RECOMMENDATION: It is recommended that the Board approve the Memorandum of Agreement, subject to the approval of the Corporation Counsel, and that either the Chairperson or the Vice-Chairperson be authorized to sign the document.

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

CHR. LOPEZ: Discussion. I think this went back to the department because there's some language that we wanted to do regarding legality.

MR. OKAMOTO: Yes, I think we received some good comments from last Board meeting, and I want to thank Board Member Unger for bringing those up, that we should somehow include language that shows that, you know, it's not a deal for everybody, right, this is because it's Hawaiian Homes, they've got a good mission, we've got a good mission, which is why we can go into this a little out-of-the-box type of agreement to work together. So, that's where we're at today. I also want to thank Diana and Kurt for working with DHHL and their Attorney General for coming up with this language, to basically say that.

CHR. LOPEZ: Can you point that out, the changes in this document, or add it as a result?

MR. OKAMOTO: It's all in that one long sentence that comprised of several WHEREAS. I think it's the first several Whereases, Diana?

MS. MELLON-LACEY: The first five, I think.

CHR. LOPEZ: First five? Easy to scan that, so you understand how we came from the last meeting to this meeting. Any discussion, questions?

MR. UNGER: I think in the last meeting I had some reservations, and I still do. I want to support you, I want to support the Department of Water Supply. I'll be voting yes, but with reservations, just because I do feel—but with Corporation Counsel here and blessing this format or this out-of-the-box thinking, you know, I'm comfortable doing that, but I will say that we're setting—it could come back to causing the department some problems. I just wanted to say that.

CHR. LOPEZ: Anything else? In my sense, recalling the discussion and reading the minutes, it seems to me that of the six, we did catch the essence of the discussion, and as Keith pointed out, this is not an agreement that could apply to anybody. There are certain stipulations that isolate it to this particular contract or agreement. Notwithstanding Mr. Unger's comments, very legitimate, we'll proceed as written. All in favor say aye.

ACTION: Motion was carried unanimously by voice vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Taaroa, Unger, and Chairperson Lopez). (Note: Mr. Unger voted "with reservations" then "aye.")

E. DEPARTMENT OF WATER SUPPLY PROPOSED OPERATING AND 5-YEAR CAPITAL IMPROVEMENT PROJECTS (C.I.P.) BUDGETS FOR FISCAL YEAR 2026:

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

The Department's Fiscal Year 2026 Operating Budget, totaling \$77,597,000.00, and 5-Year C.I.P. Budget for Fiscal Year 2026-2030, totaling \$235,500,000.00 have been distributed for the Board's review. A public hearing was held prior to this meeting to accept testimony. The Board may change either Budget or adopt them as presented over two readings.

RECOMMENDATION: It is recommended that the Board approve the Department's Fiscal Year 2026 Operating and C.I.P. Budgets on this second of two readings.

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

CHR. LOPEZ: Discussion.

MR. OKAMOTO: Second reading, we haven't had any changes. Basically, if there are any questions, we're here to respond.

CHR. LOPEZ: So is this the same document we reviewed at the last meeting?

MR. OKAMOTO: Yes, correct.

MR. AIONA: The Power Cost Charge in the agenda says it's decreasing, and here it says it's increasing, is that two different—?

MR. OKAMOTO: Yeah, the Power Cost Charge that goes into our rates that we incorporate into our bill is the one that's derived by a formula that we've approved by the Water Board. The review periods, or we check it over every four months, but this budget is for what we are expected to pay HECO for the entire fiscal year. It will have those ups and downs built in; it's just the overall bill.

CHR. LOPEZ: Any other questions? All in favor of the second reading and approving the budget as proposed say aye.

ACTION: Motion was carried unanimously by voice vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Taaroa, Unger, and Chairperson Lopez).

F. 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 will kind of touch upon that question Emily had a little earlier. I'll let Candace go through it. It's in your packet, with two pieces of paper stapled together.

MS. GRAY: For this month's collections status report, I wanted to report to you—in the first section of the report you'll see a historical report of our greater than 90-day (>90) delinquencies from the period of April 2024 to March 2025, so that's for a period of one year, and that's on the first page. You'll see from March 2025, our >90-day delinquency has decreased significantly, about -29% as of the date of this report, down to \$625,222. The primary reason for this decrease, we received the return of 782 collection accounts from our collection agency, as they've determined that they've exhausted all of their collection efforts, and basically determined there wasn't any more that they could do to collect on these unpaid balances.

So once we received the return of these collection accounts from the collection agency, we proceeded to making an adjustment to write those accounts off of our books. Although it's written off our books, our General Ledger, as far as Accounts Receivable, the accounts are still noted in our billing system. There are also messages on the account that will flag our Customer Service personnel to collect on those balances should they reapply for service.

Included in these accounts that were returned, a lot of them were referred to the Collection Agency for balances unpaid during the COVID period, so the referrals, as we call them, happened from the latter part of 2019. There are a few accounts through 2024, but most of those accounts that were referred and returned, I would say, occurred during the COVID period, where we didn't have the normal collection process during that time.

MS. TAAROA: Did you see a large increase in unpaid balances during that period?

MR. OKAMOTO: I think there was actually—basically, we weren't cutting people off during that time, which is our biggest consequence for unpaid water bills.

CHR. LOPEZ: The Collection Agency, have we paid them anything for having tried, or do they only get paid if they collect?

MS. GRAY: They only get paid if they collect.

CHR. LOPEZ: Okay, all right. So this really isn't a decrease in delinquency accounts. It's just a paperwork shuffle, moving it from this account to this account as a write-off. Correct me, please, I thought that the Board had taken action in the past to approve write-offs?

MR. OKAMOTO: Yep.

CHR. LOPEZ: Did we do this?

MS. GRAY: As far as the write-offs, if the balances are \$10,000 or more, then we present it to the Board and request the approval for write-off. These accounts were less than \$10,000 each per account.

CHR. LOPEZ: Oh, each, okay.

MS. GRAY: There are a few that we'll need to bring to the Board, requesting approval for write-off, and that will occur at—

MR. OKAMOTO: A subsequent Board meeting. There's about what, a handful of them?

MS. GRAY: I'd say five.

CHR. LOPEZ: Five that are in excess of \$10,000?

MR. OKAMOTO: So, you'll see those. We'll have to bring those to the Board.

MS. TAAROA: So these must be commercial accounts?

MS. GRAY: It's a combination.

CHR. LOPEZ: Of \$884,500, only five accounts would come to the Board for write-off? Okay, it is what it is.

MR. OKAMOTO: If you look a page 2, Candace kind of broke down how many of the total amount are greater than \$1,000, so you can kind of see the breakdown.

MS. GRAY: As far as the volume, the number of accounts with a balance of greater than 90 days, the account is really small compared to our overall volume.

MR. OKAMOTO: Looks like half of the delinquent accounts greater than 90 days fall into the less than or equal to \$150; and some years back, I think that was part of the reason for us to increase the credit deposit to \$150, so if they don't pay, we're not giving them that money back, you know, we're using that cover their unpaid bill. So, half of these will be covered by that credit deposit. I think it may be worthwhile for us to re-evaluate the credit deposit amount.

MR. UNGER: Well, I think that's part of the discussion.

MS. TAAROA: So when a customer signs up for a new service, you're collecting \$150 as a deposit. And at what point do you—when you cut off service, is that when you're getting that money?

MR. OKAMOTO: Yes, so some people grumble about that. The good payers will grumble about that, "You held my \$150, and I don't get it back until I close my service," but it used to be different in the past. If you've proven that you were a good customer, we will give it back to you after a year, but that has since been revised because of situations like this. But again, it's up to the Board, in discussion, for further consideration.

CHR. LOPEZ: Thank you for this transparency, but it doesn't bring up in the back of my mind how we measure the decrease in delinquent accounts because it was targeted, at least I speak personally, it was targeted to decrease the amount of delinquency, not including rights. Looking at this, it exceeded your goal already, but not quite.

MR. OKAMOTO: What I do want to make clear to the Board is that it wasn't the reason why we did it to meet that goal. We know the intent of that goal was not this, but this is how I guess procedurally. We're still going to shoot for that goal, and I think in the same line of intent that the Board asked us to, and not by accomplishing it by writing them off.

CHR. LOPEZ: So the real measure would be, in this case, \$624,755.27, plus \$332,455, which is the write-off.

MR. OKAMOTO: Yes.

CHR. LOPEZ: And that would be the measure of a 15% goal, at least the way I'm thinking about it right now. We'll feel that out as we go through once a year.

MR. OKAMOTO: Yes.

CHR. LOPEZ: Okay, thank you. Thank you very much, Candace.

MR. UNGER: Is there any benefit to the Water Department for these write-offs? I mean, if you're a business, you could write it off, you get a tax credit. There's no benefit, it's just a total loss. Is there any process, or a process where the Water Department is thinking about going back to the County Council and requesting some kind of relief, or help in paying for this?

MR. OKAMOTO: No, this is our burden to bear, so I think what we need to do as what I understand—prior Board Member Ney, this was his focused area, and I agree, there's room for improvement, so now we've got to kind of figure out how we can do that. I think what Candace also presented in her write-off, thank you Candace for this, by the way, is some background and some proposed possible changes on the last page that we're considering to improve the situation. We're not just sitting on our hands. Just because Mr. Ney is no longer with us, we still consider it a priority.

MR. UNGER: So by law we can't go and try to get reimbursed from the County?

MS. MELLON-LACEY: No, you cannot by law because Section 54 of Hawai'i Revised Statutes says the Water Department has to operate from its earnings from operating system, so it puts the responsibility on the department to operate within its budget. You can't go back and ask Council for money from the General Fund. It doesn't give money from the General Fund, but it doesn't have to give it water-earned money to the General Fund.

MR. OKAMOTO: So it's kind of good. I hear what you're saying.

MS. TAAROA: Do we know how we measure up, again, like a national average of percent of delinquent accounts? Because you've got to assume, it's a necessity. It's not like a regular bill. You're going to have a higher percentage of delinquencies for something that people need at all income levels. We know how we fall, kind of in the—

MR. OKAMOTO: Yeah, not really. That's going to be part of our evaluation, I think.

MS. TAAROA: I think that would be a good thing.

MR. OKAMOTO: Yes, how we stack up against—

MS. TAAROA: How do you stack up, yeah, average utility, as far as comparing delinquent accounts?

MR. OKAMOTO: That would be good.

CHR. LOPEZ: Research with other water, nationally. We're still in the process of researching.

MR. OKAMOTO: Yes, I think we're still trying to figure that out. I think there's also a national data collection effort. They may do it differently. I think they were looking at accounts greater than 30 days delinquent as a metric, which is okay too. Yeah, that's something we still got to kind of figure out, how we compare against other utilities, apples-to-apples.

MS. TAAROA: Yeah, that would be almost a better metric for me, as opposed to just some number we're pulling out of thin air. Are we doing better than the national average or better than the State average, then maybe we don't need to keep pushing this.

MR. OKAMOTO: Exactly.

CHR. LOPEZ: So these are good, these proposed changes. Did a lot of this arise from the PIG?

MR. UNGER: I was on the PIG, and we didn't—hardly get into—this is mostly in-house. Yeah, I don't remember. We had some general discussion.

CHR. LOPEZ: I remember there were a list of things in Ben's summary. Well, Ben's style was to just drop the hammer. So the Board is watching this as the months go on.

MR. AIONA: So the Board has the authority to be able to raise the deposit amount, or make it based on usage, and all that?

MR. OKAMOTO: Yes, and we'll come with whatever information for that evaluation by the Board.

MS. TAAROA: So that's a larger user, the larger commercial. Would they have the same deposit amount?

MR. OKAMOTO: It's still the same.

MS. TAAROA: It makes sense. Yeah, if they were going to have a big bill every month, then maybe they should—

MR. AIONA: Like what power does, like they go based on average in that area.

MS. TAAROA: Maybe an average of their one-month bill or something like that.

MR. OKAMOTO: Based on a meter size, which is based on their anticipated usage, something like that.

MS. TAAROA: Something like that would be more fair, across the board.

CHR. LOPEZ: Thank you, Candace, for that. Anything else?

MS. GRAY: I think that was the highlight of the change. Just to know that, like Keith said, it's not—I'm reporting to you because this is the greater than 90-day delinquency amount which is what we bring to you every month in the Financial Report, and so you will definitely notice there was a significant decrease, so I wanted to provide more information.

CHR. LOPEZ: Thank you.

MR. OKAMOTO: Our approach is we'd rather bring it up. We're transparent, right? It's a public meeting. Not hide anything; you know, we're not going to say, "Oh, all of a sudden we got \$300,000 better on our delinquencies," and not explain why. So we feel that it's better just to be up and up, share the information with you folks. You folks have concerns, we'll hear them. We'll make adjustments, things like that. I'd rather do it that way than not.

CHR. LOPEZ: Very good, thank you.

G. 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. OKAMOTO: Kurt will provide any relevant updates on a few projects.

MR. INABA: Just really, I think a contractor is back on site, hopefully they'll receive everything they need to continue to work on at the Lālāmilo 10 MG reservoir project. Right now, they're installing the piping, basically under the reservoir. After that gets done, then they'll start prepping to actually start pouring the floor and all of that, and hopefully that will stay on track. We did the two (inaudible), so that's fine.

Just kind of an update for the lava recovery. We have two projects that were bid out with Public Works, Kapoho, which is Highway 137 on the bottom road. Isemoto is actually in construction, and it's going to be some time before they actually get to the water portion, where they're installing a waterline. Although they're actually out there working, we won't really see much in terms of waterline installation on that, so we might not have really an update for that.

I know that they are still trying to work with the landowner for the Pohoiki Project, which is the contractor, Nan Inc. They executed the contract, but holding up the Notice to Proceed. They are trying to finalize just a section for the alignment, because if they can work this out with the landowner, my understanding is it really presents a much better road alignment, a safer condition, which they really are trying to obtain that portion. So, they're putting up that contract right now to work with that landowner and hopefully figure out that resolution where they can do the alignment that they prefer. Again, that will take some time. They'll have to do road rough grading before they get to install a waterline on that one there, too. Any questions?

CHR. LOPEZ: Couple of years ago, you and I had a discussion, when I was looking at delivering water to underserved communities. One of them were those lots that go down to the ocean, and I think it's South Point Road going south. There was going to be a water tank up to the top, and DWS was to provide waterlines down to the agriculture lots. Where is that?

MR. INABA: We've been working with the Department of Hawaiian Home Lands on that area also. They actually had a project to install a water tank at the top of their property for their lots down below, their pastoral lots actually. They've actually constructed the tank. We've inspected it and everything.

Not sure where they're at in terms of finalizing that project and doing the license to have us operate and maintain that.

We're also looking at their future phases that they want to also serve additional lots along that road too, so we've been in discussion with their overall plans and what their overall Master Plan would look like to improve that entire system. It's miles of pipeline, I think over seven miles, and additional storage up at the source, which is Pa'au Spring source. We have a small tank there now, so to capture more of that water to provide an additional source, we would need a larger reservoir maybe there.

And then the transmission line from there down to actually the South Point tank, that currently exists at the top of South Point Road, is really undersized and needs upsizing for that too, to bring that water down, quite a bit.

CHR. LOPEZ: You said the tank was built, but there's—

MR. INABA: The tank at the bottom only serves the Department of Hawaiian Home Lands pastoral lots. They built that.

MR. OKAMOTO: How many lots is that?

MR. INABA: That's 25 lots.

CHR. LOPEZ: But that's not the same tanks at the top of the road?

MR. INABA: No.

CHR. LOPEZ: That's another one?

MR. INABA: That's another one, yeah.

CHR. LOPEZ: Is there water going into that? But is it undersized?

MR. INABA: Yeah. There are also other improvements along the way, PRVs (Pressure Reducing Valve) that need to be replaced, and the entire waterline, really, from that South Point tank to the DHHL, the new tank, has to also be replaced. It's a four-inch line right now.

MR. OKAMOTO: We've included in the 5-Year Budget, it's a South Point waterline, Phase 1 and Phase 2, totaling about 30 million. It's a significant investment.

MR. INABA: Participating with DHHL.

MR. OKAMOTO: Hopefully.

MR. INABA: That's the intent.

CHR. LOPEZ: But presently where things are at, it's all with DHHL. It's really nothing with DWS.

MR. OKAMOTO: They've got some work to do.

CHR. LOPEZ: Okay, thank you.

MR. UNGER: How many acres is that? You said 22 lots. These are big, like thousand acres.

MR. INABA: About 25 lots. I believe they're 25 acres, maybe. With the rainfall there, they're pretty much nil. They can have like one or two heads of cattle, supposedly, with just the ambient conditions there, right.

MR. UNGER: So these lots are 25 acres, not 2,000, 5,000, 10,000?

MR. INABA: No. The overall is what they're leasing out, these smaller areas.

MR. AIONA: For the Lālāmilo project, the windfarm has been tested for electricity and stuff, that's already all set once the testing of material is done?

MR. OKAMOTO: That's another whole discussion. We've gone through litigation, and we're trying to wrap that up too, and hopefully it will be back to you soon for a final presentation.

Going back to that Lālāmilo 10 MG, I got to thank, again, Senator Lorraine Inouye, she got us almost \$9 million from the Legislature to help us fund that. Unfortunately, we didn't expect the bids to come in like at \$18 million, so we thought it was going to be a decent amount. Part of it was, one, it will serve as energy storage, so we can take advantage, when the wind is blowing, we can fill up that tank hopefully, with renewable energy, and then send it down the hill. So, we have more capacity now to be flexible when we can utilize wind power. The other side of that is that we actually need good storage for that system anyway, for water needs. So it's an energy and water storage infrastructure, basically.

MR. AIONA: That's how it takes care of itself.

MR. OKAMOTO: It's a good investment, but I think it's a great project both for renewable energy as well as water storage for consumptive needs and potential firefighting.

MS. TAAROA: There's a hydroelectric—?

MR. OKAMOTO: I haven't done it there yet.

MS. TAAROA: Not yet.

MR. OKAMOTO: It could be. The unfortunate part about hydro and if we had to sell it back to the utility, we only get a fraction; so although we buy it at 40 cents, we might have to sell it back at—

MR. INABA: Twelve, so it kind of wipes that out.

MR. OKAMOTO: Yeah, so that's why we haven't progressed too much on that. It's really if you can use that power on-site to power your on-site needs, then you get it dollar-for-dollar. So you're not buying from HELCO anymore, you're using it. That's the best situation, it's just that we don't have any electrical needs there at this time.

MR. INABA: At the bottom where the energy can be produced.

MR. OKAMOTO: Work in progress. That's it for that one, Mr. Chair.

H. 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.

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.

(Note: At this time Finance Controller Candace Gray provided a brief overview of the Financial Statements for March 2025, FY 2024-2025 to the members of the Board. New explanations that were added for this month are in bold font style. A hard copy of the Financial Statements is available for viewing in the Department of Water Supply office.)

Discussion:

CHR. LOPEZ: At the end of the year, and I'm sure we discussed before, anticipating, what happens to the balance at the end of the year, roll it over?

MR. OKAMOTO: We took in more revenue than we expended. Is that what you're asking, if we bring in more revenues than our expenses?

CHR. LOPEZ: Yes.

MS. GRAY: That would be applied to our C.I.P. reserve.

CHR. LOPEZ: Okay. Questions?

MR. UNGER: What is our C.I.P. reserve right now?

MS. GRAY: Right now, I would say \$8.7 million. Target objective is, well at the time of the Rate Study, it was \$15 million.

MR. UNGER: \$15 million is the target?

MS. GRAY: Well, with the last Rate Study.

MR. OKAMOTO: We still got some ways to go. So what we're doing to fund our projects, a lot right now is borrowing, using the State Revolving Fund Loan Program. We want to have cash available to do projects if we can, and not just be skating on thin ice and relying on their funding means for all our jobs. So, we're trying to build that up.

I. MANAGER-CHIEF ENGINEER'S REPORT:

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

1. North Kona Wells:

MR. UYEHARA: For this month's North Kona Well updates. Unfortunately, we have five offline right now and nine online, so I'm going in order. The most recent that went offline is Kahalu'u B, but I'm going to try to list these in the order of anticipated return to service.

Mākālei Well, this is the one still waiting for electrical equipment that goes in front of the variable frequency drive, and staff are still working with the contractor and their subcontractor to get that component. We're hoping in the next month or so, but again, I think we said that last month.

MR. OKAMOTO: Well, something got shipped, right, but it was the wrong thing.

MR. UYEHARA: So now we got to go back to the contractor, got to go back to the subcontractors who hired the manufacturer to get the correct one. So, that's in progress right now.

Next is Honokōhau. The good news is the contractor fished out the last piece of shroud or component that was left in the well, so that's been extracted. We're anticipating the contractor to be back on-site in early May to start the well rehabilitation process, and then checking the alignment, and then proceeding with installation. So that one we're still holding the July 2025, Return to Service.

Wai'aha, we're still holding the July 2025, Return to Service estimate. We're doing some extra work to get an electrician onboard to recheck the electrical components on the top side, just to make sure that that's all in check before we actually—well, once the spare equipment is installed, then we can hopefully fire it up.

The next one, adding Kahalu'u B here. So this just recently went offline early April, April 4th. We found that we need to refurbish the motor, the motor bearing. We authorized emergency procurement for that, so staff are working to get a contractor going on that refurbish and repair service.

MR. OKAMOTO: That one, the motor is at the surface though, it's not a submersed—

MR. UYEHARA: It's a line shaft, so the motor, so the motor is on the top. The fifth one is offline, it's Hōlualoa, and so again, we're working on our bid specifications and putting that out for bids, and we're holding the November 2025 date as of now, Return to Service. So, we're proceeding. Maybe next month we'll have more better news, better update.

MR. OKAMOTO: More better news.

CHR. LOPEZ: Okay, question. With these wells down, you're still providing service. There's no degradation service at all. At what point does that turn?

MR. UYEHARA: Good question. So as of now, and Operations, Alvin and staff can jump in here, normal setup we have the mauka wells and the Kahalu'u shaft, and so I believe now, we're pumping more the Kahalu'u Shaft, boosting it up to where some of the mauka sources, their service areas. We have to have continued discussion with staff and how they see tank levels, demand of the system, how that's been impacted by the available sources, then if have to we issue a Water Restriction Notice.

MR. OKAMOTO: We have daily tank level reports that we monitor. If we see any of those—if we start getting nervous—we're currently in conservation, voluntary 10% reduction in water use, and I think at this point people become kind of numb to that. But the next level would be restriction, which is when we ask for a mandatory 25%, so a significant step up in the request. Right now, I think we're still okay. I want to recognize Alvin because since 2017 our staff, headed and Greg, have really developed a tremendous understanding of the system and how to move water around when certain sources go down. When we really get into a bind, it's when the ones that are down are kind of all in the same area, so the ones that could be moved around, you don't have that ability. We've run into that maybe a year or two ago. So yeah, we're monitoring it constantly.

CHR. LOPEZ: Okay, maybe it can't be answered; but the real question was, can we lose one more well and still be okay, until we lose two, we're in deep doo-doo?

MR. OKAMOTO: I think we'd be in deep doo-doo if we lose one more, which is why I authorized Emergency Procurement when Kahalu'u Well B went down, to avoid the deep doo-doo stage, because we're on the verge of that if we lose one more.

CHR. LOPEZ: And if it's a matter of if something happens, a malfunction.

MR. OKAMOTO: A little bit saving grace with Kahalu'u Well B, which is significant, is that a line shaft configuration has the motor on the top and the pump on the bottom, versus the submersible configuration where both pump and motor are on the bottom. So if you have a problem with the motor, which is typically the problem, you will have to pull the whole thing up out of the ground to get to that motor. With the Kahalu'u B, the motor is up top, and the servicing will be done locally instead of having to ship the motor off to the mainland. Again, we're hopeful that the turnaround time for that won't be as significant as the submersible type of configuration.

MR. UYEHARA: I think also for Honokohau, initially we had planned to wait for the shroud piece to be delivered, and that was causing a delay, so now we've had discussions internally and we're opting to—I think to install a temperature sensor on the motor, but without the shroud now. So now we have all the equipment, well I think we're waiting for the temperature sensor, but once we get that we have all the equipment ready to go to start installation. As was mentioned, the contractor had to still remove that one piece of debris that was still stuck in the well, and that has been done already, so now once the contractor can get back at the site, mobilize back to the site, they have the equipment, and hopefully we'll give them the go ahead to start proceeding with that reinstallation. So Honokohau, that's probably one of the key ones to also watch; because where it is in our system—and the amount of capacity that pump can produce, hopefully we'll get back online soon, so that can help.

MR. OKAMOTO: It's a major one. The capacity and the location for Honokohau is key in our system. Just fyi, the contractor had to jump off to handle an emergency situation on a different island I believe, which is why they had to jump off of our job. As we know, there are so many of these contractors in the state, right? Yeah, they had to jump off of our job, but as soon as I think they finish with that situation, they'll come back.

CHR. LOPEZ: May, they're going back in May?

MR. UYEHARA: That's the plan.

MR. UNGER: I think this ties into—goes back to our discussion about prioritizing and some goals for the Water Department, and one of those is, I think one of Kawena's priorities was, "Hey, can we get 12 out of 14 wells working in Kona," and obviously we're going in the opposite direction, and we proposed that goal, it's a great goal. Obviously, situations like this will get the Water Department to really—you know, a lot of these are unforeseen circumstances, but somehow we've got to get around unforeseen circumstances.

And just looking at the Agreement you're having with Department of Hawaiian Home Lands, where the Water Department is coming up with \$1.5 million list of things, could be for resiliency and backup parts, I mean at some point that's got to be—you know, you need a cube warehouse I guess to store all these parts; and we talked about all these wells and pumps are not the same, and it's a lot of different parts. But at the point where you sound like you pretty easily came up with a \$1.5 million wish list. We got

\$8.7 million in C.I.P. funds, it's almost like take another \$1.5 million or \$2 million and, you know, just—I don't know, I don't know, and I don't want to over simplify it, but it's really frustrating for all of us, for these wells to continuously go down and not be able to immediately respond quicker.

MR. OKAMOTO: That's a great point. What we've learned since 2017 is that we had all these different-sized pumps and motors, and the pumps and motors, not only in size, capacity-wise, but they were different in the voltage required to run them. Some were 480, some were 2300; some were 2-pole versus 4-pole, which 2-pole spins twice as fast rpms. Some were VFD drive, some were soft start. Anyway, we got a whole lot better at trying to standardize, having the ability to use the same type of motor at least in different locations, so when we buy backup stuff, it's not just for one specific hole in the ground. The challenge is that the pumps are specific for that hole in the ground because of the lift that they got to accomplish, but at least if we have the motor, the cable, you know all the key components, if we have them on hand, because we didn't have them on hand and we had to order it now, it's not a stock item anywhere on the mainland. They would have to build it, which adds to the turnaround time.

We're trying to make improvements wherever they're in our control. Storing them will be another issue, that's always an issue. Another major issue is the people who can do the work. What we're trying to get better at is at least shortening the turnaround time for the equipment purchasing part, so once we have a contractor, they can pull up the junk one and put back the new one and not have to wait six to nine months for somebody on the mainland to actually build it. We were getting into that situation in years past because of the lack of standardization. Yeah, we're frustrated too.

CHR. LOPEZ: Where some of my frustration comes from is when we have failures and they're very visible, then the experts come out of the woodwork, saying you guys don't know what you're doing. They have all the answers, right? Boy, it would be nice if we had a way, "Okay, we tried that. We know about that. Do you want to step in here and help us," and there's always going to be naysayers. So, it's just the nature of the beast. It gets pretty ugly.

MR. OKAMOTO: Yeah, yeah. We're going around and doing the town hall meetings, and we still encounter some of that. The ones who actually come and talk story with us, they develop an understanding after that. The sad part about some of the ways people can get information out there now is that there's no accountability. People can spit nonsense out there. We don't see everything, so we can't refute everything. Maybe our podcast, we can dedicate a segment to some of this stuff.

CHR. LOPEZ: Go ahead, Keith, any further report on the Kona wells?

MR. OKAMOTO: Was that it, Kawika?

MR. UYEHARA: Oh, yeah, that's it. Any more questions? (none)

2. Retiree : Kurt Y. Inaba, Civil Engineer VII, 03/16/1994 – 04/30/25

MR. OKAMOTO: Sad to announce this, maybe if I don't say anything it won't happen. I do have a few words. I tried to deny the request, tried to do the carrot and the stick, but none of them worked, but he is well-deserved retired. So, I do have some information.

He started with us back in March 1994, just over 31 years now, and his planned retirement date is May 1st of this year. His actual last day at work would be April 30th. He started off as Civil Engineer I, and went up the Civil Engineer series, and then became our Head of our Engineering Division in 2006, so 19 years he served as our Engineering Division Head. Through that time, he's developed a relationship with consultants, contractors, as you can imagine over 19 years, almost two decades. I've been with the

department about 28-1/2, so that's how long I've known Kurt, both inside and outside of the workplace.

He received the William Y. Thompson Award in 1999, so that's a significant in our Local State Water family, that's a significant award. He was our Employee of the Quarter in 2005. He was nominated for the County Employee of the Year in 2003; as well as Manager category Employee of the Year for the County in 2024, he did not win, but he was nominated. As you've seen over the years, all the C.I.P. projects he pretty much has overseen all of that over the years. So all these projects that we've built for our community ended up helping the well-being of our island here, he's had a part in that, so over 31 years of that. So, that's our guy. I'm happy to be able to call him a friend, as well. Anything you want to say?

MR. INABA: I just want to really thank the department and the many Boards that I've worked with. For myself, I couldn't have asked for anything more for my career. Knowing that it really serves the community, that was important to me. It's time.

CHR. LOPEZ: Thank you. I came to know Kurt when I came to the Board, but in that short period of time he mentioned "serving the public and community services" and that really stood out in how it operates. He's an excellent technician; he knows his stuff. He can go down the C.I.P., and you can ask him any question, and he'll know it. Like I asked him a question about the DHHL water tank, and that was like three years ago, we were working on that when I was on the PIG for water in underserved areas. He answered every question I would bring up on behalf of the owners, and then he offered to have them call him, and I know some of them did. He's always been there.

Same thing with Nalani Street, with the water service over there. He's been involved with that over the number of years. I went out there to site survey, and there's Driscoll and PVC running both sides of the street, and it's a mess. He worked with the people in the business, residents, and one fella who was instrumental and trying to get it all together and he still hasn't, and that's been going on for at least five years that I know of, when Dru Kanuha was Council over here, that's the one he started. And again, Kurt was involved, questions and answers.

Personal thing, I had a need for a second water meter. Our subdivision was, by all intensive purposes, understood to be maxed out, well I knew that it wasn't just because when I was working for Angel Pilago. Keith, you were there with Quirino in the meeting, and we knew what our allocation was. I brought it up to Kurt, after my rejection letter, and he went in and asked the right questions, and yeah we do have remaining capacity. So it's what you do to serve the public, not just the technical aspects that you have, so I appreciate that from my part in all those projects.

From where I sit now, and I'm sure you feel it. I see a big hole, a huge hole, not only in the skills, we get that with every retiree, but it goes beyond that. It goes to where you care, and you are responsive, and that's often hard to find in a civil servant, so I thank you very much for that.

CHR. LOPEZ: So thank you very much, Kurt. Just in the time we've been together, I've felt how much you've impressed me. Thank you.

MS. MELLON-LACEY: I just want to add that Kurt's second career would be as a lawyer. Kurt is really good at reviewing agreements, coming up with suggested language, and suggesting ideas. It's not just the technical stuff, right, he's got a very broad view I think of the world and the overall, and he's always willing to do extra and apply what he knows in anything he's asked. He surely will be missed. Best of luck in your new career.

MR. INABA: I'm not committing, but I'm kind of offering, I will be around. I won't be able to do work

really for like a year, you know, with the government and whatnot. I just wanted to—I need to slow down I think, and take care of myself a little bit. But I will be volunteering a little here and there with the department. I signed a form, by the way. Again, I think it's time and I need to kind of slow down, take care of myself a little bit more.

CHR. LOPEZ: Who's going to be sitting in that chair next month?

MR. OKAMOTO: We're actually starting to rebuild our engineering staff. So our Senior Engineer under Kurt right now is a woman named Shari Uyeno. We'll be likely asking her to—so it's called a Temporary Assignment until we can fill the position permanently. Normally, we don't discuss those personal matters in detail, but since she's here—

CHR. LOPEZ: Well, you heard all the kudos for Kurt, so it's big shoes.

MR. OKAMOTO: She's been with us for a while, too. It's not like she's coming in just out of the blue.

Recess: At 11:50 a.m., the Chair called for a short recess.

Reconvene: The meeting reconvened at 11:55 a.m.

3. AWWA's 2025 Annual Conference and Expo (June 8-11, 2025 – Denver, CO)

Board Members Michael Pono Kekela, James Kimo Lee, and Emily Taaroa, and six staff members will be attending the conference.

CHR. LOPEZ: Thank you to the Board Members for stepping up, because there are wonderful things. You learn a lot, and it will really enhance your participation on the Board. You'll have other ideas; you'll have other inputs.

J. CHAIRPERSON'S REPORT:

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

CHR. LOPEZ: I only have one thing, and I'm going to pass this out. There is discussion going on, and it's been going on for a number of years at the State level, it's called OTA WELL. I want to thank Mr. Unger for also reminding me of this item because I did see it pass and I'm not sure how to deal with it. But we felt that there is a huge demand for water, particularly in Hawai'i County, and particularly on the west side. There's so much demand for development, and water is one of the impediments. All looks good, we need it. Perhaps consider that it needs to be managed.

First of all, I don't want to go into it and it is not something that I'm going to read to you, and it's not something to open a lengthy discussion, a comment is fine. On the second to the last page, where it says 1602 SD 1, that's the State version, Legislature, and they came up with a list of things regarding how they want this procedure to go through regarding the North Kona well, and I'll explain that in a while. The second one is the House version, 1602 HD 1 and they have a lot more requirements or desires, and it's interesting to note that the State did not agree with the house on what they proposed. It's still in the Legislature, they're still talking about it, and whether it passes this time or not, we don't know. It's been tried before, and it's just tabled.

But then I went on to say why we, as a Water Board, why is this important to us? We don't have it in our Charter as a Board to deal with these things. So there's the purpose, you can read that on your own

time. The qualities, though, I felt the quality of a Board member, you, “Respected by the community as being community-minded and oriented. Able to focus on the community needs as a whole without catering to special or self-interest.” So given that, I’m not advocating this issue. I just want to bring this to the Board’s attention.

What I did was, let me just read a little bit of it, at the very top, I want you to know where it’s taken from, and it’s Civil Beat article, and there’s the link. If you want to go in, look at the maps, look at the discussion, look at some of the thoughts about it.

This well, “the ‘Ota well’ for the family that used to own the site, has been fought over for years, it’s approval and any conditions placed on its owners, could help steer the future of water use in West Hawai‘i, one of the fastest-growing regions in the state.

It’s also become a flashpoint in the frequent struggle seen across Hawai‘i between Indigenous water rights, which are firmly protected by the state constitution, and the growing development pressures felt across the state.

Developers, along with state and county leaders, are eager to build hundreds of new homes in North Kona. Some of the projects already have their needed land entitlements. The only thing missing is the water.

However, geologist don’t fully understand what’s happening beneath the surface in what’s known as the Keauhou Aquifer System.” I’m not going to read anymore, but I highlighted what I thought were key points for you. I encourage you to look at this, build up your own opinions. Take a look at Hawai‘i State Legislature, and look at these bills, look at the progress. In the email list for when the next meeting is, I was just notified by yesterday’s email that there’s a hearing coming up on the House Bill.

I’m just throwing that out for you. There’s plenty to read here, both sides. I think as a Board member, it’s not just our kuleana to be able to stand here and approve this expense or discuss the problem with the wells you have in Kona or anywhere else. Talk about things that the department needs to pass through, and even these agreements, understand the agreements we approve. We could do that here. We just don’t have to do anything, just come to the meeting and say yes or no, listen to what they’ll have to tell you. But I think our need as a Board member, we are charged with not only overseeing the department, but I think personally, that understanding the issues of water as pertaining to the delivery and the preponderance or lack of to our constituents or our public, is also something we should hold near and dear, and could we as Board members contribute to that discussion, like going to these conferences.

I just wanted to again, not take a lot of time, but pass this on to you. There are extra copies available. I just want to add to this for your consideration. It’s not something that’s going to be agendaized, not something up for discussion. It’s just passing on information to you.

9) ANNOUNCEMENTS:

- Next Meeting – May 27, 2025, 10:00 a.m., West Hawai‘i Civic Center, Building G, 74-5044 Ane Keohokālole Hwy., Kailua-Kona, Hawai‘i.

10) ADJOURNMENT:

CHR. LOPEZ: With that, move to adjourn?

ACTION: Mr. Kekela moved to adjourn the meeting; seconded by Ms. Taaroa and carried unanimously by voice vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Taaroa, Unger, and Chairperson Lopez).

CHR. LOPEZ: Meeting is adjourned.

(Meeting adjourned at 12:04 p.m.)

Recording Secretary

APPROVED BY WATER BOARD
(May 27, 2025)