

## MINUTES

### DEPARTMENT OF WATER SUPPLY COUNTY OF HAWAII WATER BOARD MEETING

July 22, 2025

West Hawaii Civic Center, Bldg. G, 74-5044 Ane Keohokālole Hwy., Kailua-Kona, Hawai'i

MEMBERS PRESENT: Mr. Stephen Kawena Lopez, Chairperson, Dist. 8  
Mr. Michael Pono Kekela, Vice-Chairperson, Dist. 4 (via videoconference)  
Mr. Philip Aiona, Water Board Member, Dist. 9  
Mr. Michael Bell, Water Board Member, Dist. 7  
Mr. James Lee, Water Board Member, Dist. 2  
Ms. Emily Taaroa, Water Board Member, Dist. 5 (via videoconference)  
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, NPS, guest  
Mr. Jeff Bray, guest  
Mr. Mattson Davis, guest

#### DEPARTMENT OF WATER SUPPLY STAFF:

Mr. Kawika Uyehara, Deputy  
Ms. Shari Uyeno, Acting Engineering Division Head  
Ms. Candace Gray, Waterworks Controller  
Mr. Gregory Goodale, Chief of Operations  
Mr. Alvin Inouye, Water Operations Superintendent  
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 who were present: Messrs. Aiona, Bell, Kekela, Lee, Unger, Ms. Taaroa, 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:

Minutes of June 24, 2025, Water Board Meeting:

**ACTION:** Mr. Unger moved for approval of the Minutes of the June 24, 2025, Water Board meeting; seconded by Mr. Bell and carried unanimously by voice vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Unger, Ms. Taaroa, and Chairperson Lopez).

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

5) MISCELLANEOUS:

CHR. LOPEZ: We are going to hear Item F first; that's the first item under category 5.

**Change Order of Business:** As directed by the Chair and with no objection from the members of the Board, the following item was taken out of order:

F. EXECUTIVE SESSION – CIVIL NO. 3CCV-24-0000343, KAPOHO LAND & DEVELOPMENT COMPANY, LTD:

The Board anticipates convening an executive meeting, closed to the public, to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities and liabilities regarding the Pohoiki Road and Waterline Project, as authorized by Hawai'i Revised Statutes ("HRS"), Sections 92-4 and 92-5(a)(4). A two-thirds vote of the members present, pursuant to HRS Section 92-4, is necessary to hold an executive meeting, provided that the affirmative vote constitutes a majority of the board.

CHR. LOPEZ: We got to have a motion to go into Executive Session. Do I have a motion to go into Executive Session?

**ACTION:** Mr. Unger moved that the Board enter into Executive Session; seconded by Mr. Kekela and carried unanimously by roll call vote (Ayes: 7 – Board Members Aiona, Bell, Kekela, Lee, Taaroa, Unger, and Chairperson Lopez).

(The Board entered into Executive Session at 10:04 a.m., and returned at 10:20 a.m.)

**Return to Order of Business:** The Chair directed the Board to return to the order of business.

CHR. LOPEZ: Miscellaneous - Item No. 5 A.

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

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

CHR. LOPEZ: Okay, I'll turn it over to Keith.

MR. OKAMOTO: Thank you, Mr. Chair, for this opportunity to provide an update. Happy to say we've made some progress in a bunch of them.

Starting at Number 1. We are actively engaged and actually trying to work out the scope and fee with a consultant to help us with the Strategic and Business Plan effort, so that effort is ongoing.

CHR. LOPEZ: Do you expect to hit the goal?

MR. OKAMOTO: We'll see if we actually have a product to present to the Board by November, but the process will be in place for sure. It's anticipated that the Board's participation will be sought before November, but we won't have a finished product by November, I doubt.

CHR. LOPEZ: Okay, the date was set because the Performance Review process has been in place for a number of years, but so out of date that it's not relevant. So, do you expect we'll have something to use for that evaluation?

MR. OKAMOTO: Not a final product, I doubt. It's doubtful that we'll have a product.

CHR. LOPEZ: Okay, but we'll have some information.

MR. OKAMOTO: We'll have some information by then.

CHR. LOPEZ: Okay, thank you.

MR. OKAMOTO: Number 2, provide a document, including the process of granting water commitments. So as was brought up at another Board meeting, we are working, due to a resolution that was introduced at Council, on a product which is not a report per se, but it's an online tool that can provide this type of information. What I did bring is—the department does have internal documentation, hard copy; if you really want a document, we can give this to all of you. It's really not user-friendly. It's a report of our active water commitments and where they're at. We're hopeful that the Board will be okay with that online tool in lieu of a document. We're open to suggestions.

CHR. LOPEZ: Personally, anybody else, I don't think that whether it's printed or online is really the issue, it's the ease of use.

MR. OKAMOTO: Okay, access to the information.

CHR. LOPEZ: Answers the questions that we seek on past, present, and planned water commitments by district by developer, by island

MR. OKAMOTO: Okay, in progress. We'll try to make it user-friendly, but we envision it has to incorporate GIS technology. It's almost like Google maps, hopefully you can go to an area of interest, click on some things, and it will show water availability and water commitment information.

CHR. LOPEZ: Would it be able to summarize by district or by county, instead of a specific tax map key?

MR. OKAMOTO: It could, yeah, it could. So any input that you have—so what we anticipate is getting that out before the end of the year, anyway. It will be, I don't know what the terminology is, but we'll show it to you guys; you guys can take a look, provide your comments and input. Hopefully, we can tweak it to address some of those comments and inputs and continue to work towards a finished product. So things like that, a summary by district. Sometimes, until you see it, you won't really know what it can do and what it can't do.

CHR. LOPEZ: Again, personally, trying to answer the question, what is the demand for water coming down? How many tax map keys have already been approved? A lot has been approved for development, but yet not developed, so that expresses as a demand.

MR. OKAMOTO: Right.

CHR. LOPEZ: And then, what do we have today, and how do we balance that against the condition of our aquifers?

MR. OKAMOTO: Got it.

CHR. LOPEZ: Or you can answer those questions in your tool, right?

MR. OKAMOTO: Yep, agree.

CHR. LOPEZ: Again, that's a personal goal, and I don't want it to be too cumbersome to use.

MR. OKAMOTO: That would be good for the department, as well.

CHR. LOPEZ: Thank you for that. So would you expect to have a tool available by the end of the year?

MR. OKAMOTO: Oh, yes.

CHR. LOPEZ: We will be seeing it soon?

MR. OKAMOTO: Yes, before the end of the year. We'll get you that Beta version, or whatever we call it.

MR. AIONA: You guys have one in-house that can (inaudible) that, or is that something you budget it out?

MR. OKAMOTO: Fortunately, we have somebody now who is quite adept at utilizing GIS and incorporating information into that. Good question, thanks.

Number 3: Establish a long-term Agricultural Dedicated Water Program. As we discussed last time, we are actively trying to work with Real Property, and try to, I guess, dovetail off of their procedures so we don't have to reinvent the wheel. We had an initial discussion with them, just to introduce ourselves and what we'd like to do, and we gave them a heads-up that at the following meeting, we'd like to involve two of our Board members in that next meeting. So, we'll be contacting you guys to check your schedules.

CHR. LOPEZ: That was last month. You said you set up a meeting with Lisa to meet with her on this thing. You gave us this document. Is anything happening with this?

MR. OKAMOTO: Apparently, the online one has been updated. We were just provided with an updated version. I don't know all the details to it yet, and I think that's why we'll include you guys in the next one.

CHR. LOPEZ: And forgive me if I'm off base here, but my takeaway from last was that you were going to set up a meeting with two Board members. It was Keith and I to meet with Lisa to go over this whole subject, which is not done yet. It didn't happen because I don't have a meeting.

MR. OKAMOTO: What I wanted to do was I wanted to meet with them first because I didn't want to bring two Board members out of the blue without explaining what we're trying to do, so that's what we did. Hopefully, before the next Board meeting, we'll have that meeting with you folks involved.

CHR. LOPEZ: All right, so we'll look forward to it when there's going to be a meeting.

MR. OKAMOTO: Yes.

CHR. LOPEZ: All right, thank you.

Number 4, that actually will be covered in the Manager's Report, and I think we do have some good news on that one.

Number 5, I'm going to ask if I can get assistance from Candace on this one.

MS. GRAY: So regarding the balance of 15% for the \$900,000 current delinquencies, No. 5, not including write-off actions, of course in April I reported that we did reach that goal, actually exceeded I with write-off actions. I just want to provide more information regarding what happened with the write-offs. Most of these delinquencies have already been referred to the collection agency, so back in April, the collection agency at that point decided that their collection efforts were exhausted, so they returned it to the department. At that point, we proceeded to write off those delinquent balances.

Most of the accounts that are in that greater than 90-day delinquency are still with the collection agency, so we are relying on them for their collection. So as far as reducing the delinquency balance without consideration of the collection agency, I think we should just continue to focus on updating our internal processes and trying to prevent accounts from going into that category. As far as progress, I don't have anything significant to report, but that's the path that I'm looking to pursue.

CHR. LOPEZ: I'm continuing the torch passed on by Commissioner Ben Ney, championed for so long. What he was driving toward, hopefully, and I'm hoping also to continue, and that's the reason why write-offs were not included, because we really wanted to see as a Board, with the final discussion, how the department is improving their processes to improve the debt. I mean, \$900,000 is substantial, and we continue to write it off, write it off, write it off, and obviously we don't know who's out of work, who's sick, who's disabled, who can't pay the bill for a good reason. But there must be a way of looking at the process of taking a hard line against those who are creating the problem for the rest of the public, only because for lots of days going on chasing them. How might we identify the part of that? What improvement has been done—at least as long as I've been on the Board, it's been three years that we've gone through this subject over, and over, and over, and we don't really hear of any steps to improvement—I personally don't see or hear performance improvements that lend themselves to your ability to improve collections, other than turn it over to the collection agency.

MR. AIONA: Work on prevention instead of trying to (inaudible) afterwards, figure out some way to prevent this from going bad.

CHR. LOPEZ: Yeah, I mean we have the ability to shut off water, but we have to be very careful with that hammer. I don't know, you're closer to it than I am. You're the collections bureau. You hear the excuses; you hear the reasons why. Can you address any of that?

MS. GRAY: I believe back in our April meeting, with our status report, I did list possible proposed changes, and I continue to think about those as a path that, you know, we can focus on internally to

update and improve our processes. You know, we do prevention to prevent being delinquent that long and trying to reduce—a lot of these delinquencies do have to do with leaks and seem like a lot of the issues that I have to be involved with.

CHR. LOPEZ: Well, we have a very generous Leak Adjustment Program.

MS. GRAY: We do, but people still struggle to pay for their 50% of the overage. Actually, I came across just two customers this month. I had to involve the collection agency.

CHR. LOPEZ: Excuse me if I'm going deeper than you wish, but I'm trying to arrive at a solution, the collection of the delinquency is again very liberal; you don't have to pay the whole 50% at once, you can pay a small amount every month to accumulate towards that, and you're still not able to collect? I mean it's like \$10 a month, for example, to pay off that 50%.

MS. GRAY: I'd say for the smaller balances we are. We just had a situation where the leakage amount, I believe, was \$15,000.

CHR. LOPEZ: That's a big chunk for you to chew on, and for them to make up. Oh my gosh, \$7,500 each.

MS. GRAY: And they're trying to, I guess, seek leniency further from us.

CHR. LOPEZ: I heard you say you came up with a list of possible, and you're still thinking about it. So at some point, we got to say, "This is it. This is what we're going to do," and if it doesn't work, you can adjust, but at least we're doing something and not continuing to live with this. I mean that that's a lot of money, a lot of money, and the rest of us are paying the bill. To me \$60 for a standby charge is a lot. Somebody else is getting their water from that. To the tune of \$900, so that's where I'm coming from. I'm looking for ways. We formed a PIG, which didn't seem to work, so whatever. We're looking to the department to understand the issue much better, understanding the reasons for how to draw a line, and personally, it doesn't feel like we've hit that point yet. We're still going on and on thinking about things. What can we as a Board and I as the Chair work with the Board to get something more concrete?

MS. GRAY: For me, personally, I'd go back to this list of proposed changes, of course I didn't provide it in today's Board meeting, and I apologize for that. What the Board can assist with, I think we've mentioned this in other meetings, is increasing our credit deposit and possibly setting amounts in accordance with consideration of other criteria, such as your meter size, average historical consumption, intended usage, credit rating, potentially what the Board can assist with.

CHR. LOPEZ: So those would be things when somebody applies for water. The real dilemma is for those who use the water, and then don't pay for it.

MS. GRAY: Or even requiring additional credit deposit to reinstall the meter. If the delinquency balance is equal to or more than the credit deposit.

CHR. LOPEZ: So maybe we should deal with this right now. Maybe if we had that list, we could review it.

MS. MELLON-LACEY: Mr. Chair, if I may, we're getting a little off-base from this agenda item, an update. If you could agendize maybe that for the next meeting, and have Candace present in more detail for the Board, because this is going to involve changes to our Rules.

CHR. LOPEZ: Yeah, that's part of the process of delivering an update, you investigate these things. I respectfully disagree that we're going off base because that is the purpose of a review, we're trying to get this done by November 23<sup>rd</sup>, which the department agreed to in March. We haven't accomplished anything, so I'm trying to get it to a point where we can get off this.

MR. UNGER: So should we maybe make a motion to that fact where we get—agendize it, and Candace can provide us again with the recommendations. You said you're still working and thinking about any additional recommendations. We'll have it agendize and then we can have a more detailed discussion at that time.

CHR. LOPEZ: I have no issue with that. It's just that we're already at the end of July.

MOTION: Mr. Unger moved to agenda No. 5 to the August 26, 2025, Water Board meeting; seconded by Mr. Bell.

CHR. LOPEZ: Discussion.

MR. AIONA: Something that I should already know, what is our policy for, like how many months before water gets shut off?

MS. GRAY: Generally, and I also provided that previously, as far as our process, I would say it takes about 90 days for them.

CHR. LOPEZ: So we have a motion on the table to agendize this topic and work to dissect it in the next meeting. All in favor of the motion?

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

CHR. LOPEZ: Secretary, take a message to agendize this, specifically for working on the delinquent account write-offs in our next session.

MR. OKAMOTO: Item No. 6, DWS to set up and sponsor an Intern program. Yes, we are actively doing that. Every year, we actually hire college students as summer interns and also work with high school students on internship programs. As a matter of fact, just this week we are participating in kind of a new program that was spearheaded by Vibrant Hawai'i, and maybe Kawika can provide some information on that program.

MR. UYEHARA: In addition to what Keith mentioned, having summer interns come in. We started past couple of weeks with Vibrant Hawai'i, the internship program because they reached out to Water Supply, and their goal is to bring some of the local high school teachers into the business, so they brought a teacher from Waiākea High School and Hilo High School to meet with our staff yesterday, and we kind of explained and gave the teachers the DWS 101. Essentially, the careers here and the teacher recognizes certain traits or interest, at least we can educate the teachers, and the teachers can then take it to their students, and let them know there is opportunity on Big Island, career-wise, with Water Supply. We're going to continue to engage Vibrant Hawai'i and their group as much as we can, and hopefully there's some good results.

CHR. LOPEZ: Is Vibrant Hawai'i a part of the school system?

MR. UYEHARA: No, I believe they're a nonprofit. From what I understand, they're their own nonprofit and they have one outreach person.

CHR. LOPEZ: So it's in process, working?

MR. OKAMOTO: Yes.

CHR. LOPEZ: Oh, you don't have the students yet.

MR. UYEHARA: We met with the teachers.

MR. OKAMOTO: We actually do have a high school Junior to be working in our Engineering Division, for free. Hopefully, he's getting some good experience, and so far, it looks like he'll want to pursue a long-term career towards engineering.

CHR. LOPEZ: So the whole goal of this was to help standing issues of open jobs. These kids want to come in and get exposed and don't have to be engineering. This may develop into a good resource stream.

MR. OKAMOTO: At least some kind of pipeline to feed the system. I think the beauty of the program that Kawika just mentioned is that instead of us trying to reach the kids, because we don't really have that direct conduit to the kids, hopefully we can educate the teachers, and the teachers can see what's available in our department, and they can pass it on. I think Kawika even brought them to our Operations side, because not everybody is suited for college, right, and we do have needs in our blue-collar force, as well. Hopefully, that provides a pipeline for future job opportunities in that sector, as well.

CHR. LOPEZ: Thank you very much. We'll hear more about it as it comes down. Looks like you're on your way.

MR. OKAMOTO: Yes, we are making some progress in some of these items. And No. 7, establish an internal newsletter. Hopefully, you guys all received our last one. We're trying to do that on a more regular basis, quarterly if possible. If any of you want to provide any content or comments on the newsletter, please let us know. Currently, besides you folks, it's basically internal.

MR. UYEHARA: We share it with the Mayor's office, too.

CHR. LOPEZ: So it would be, if you leave it up to us we don't respond. If next time you're sitting down to look for content, just put out a reminder, "We're looking for content to contribute," otherwise, we wouldn't know to contribute.

MR. UYEHARA: We'll work with Nora to solicit comments.

CHR. LOPEZ: So quarterly at best may not go. Twice a year would be fine.

MR. OKAMOTO: Twice a year would be great, but we're shooting for quarterly.

CHR. LOPEZ: The last one was very well, presentations. Do you have somebody in-house to do that?

MR. OKAMOTO: Yes.

CHR. LOPEZ: So you didn't have to hire a graphic person.

MR. OKAMOTO: And that's all we have on this for now, Mr. Chair. We do, as you know, have some work to do still, on list.

CHR. LOPEZ: Oh, yeah. That was the whole purpose for this discussion. We'll do this again in September because we're getting towards the end of the year. We've got to have something to use to measure you. Thank you for that report.

**B. ENERGY STUDY REPORT (2025):**

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

MR. OKAMOTO: We'll have Warren briefly summarize the report and entertain questions from the Board.

(Note: At this time, Energy Management Analyst Warren Ching provided a brief overview of the Energy Study Report to the members of the Board. A hard copy of the report is available for viewing in the Department of Water Supply office.)

**Discussion:**

CHR. LOPEZ: I was looking for a table, I could accumulate all these annual cost savings, and it's not in here, but you did say it. It looks like you have a four-year payback, but it doesn't illustrate how much time it will take to do all this infrastructure.

MR. CHING: Right, that's upon the completion of the project.

MR. OKAMOTO: That's a good point. If you look on page 3, Mr. Chair, Table 2.3.A, is that the one, Warren?

MR. CHING: Page 4, Recommended Projects.

MR. OKAMOTO: Page 4, Table 2.3.A, Cost and Savings. There are various projects, and down at the bottom there's a total.

CHR. LOPEZ: Okay, so to correlate to individual tables by unit location, this annual cost savings here is called annual savings?

MR. CHING: Yeah, so that Table 2.3.A is just, I think, what you're looking for, the culmination of all the opportunities.

CHR. LOPEZ: All these, yeah.

MR. CHING: And the totals that I kind of pull from—

CHR. LOPEZ: Okay, thank you

MR. OKAMOTO: About \$3.8 million in capital investment for anticipated annual cost savings of \$1.4 million and a payback period of 2.7 years.

CHR. LOPEZ: Okay. You said that's a good start. So now, how you prioritize these things, take a plan of action.

MR. CHING: Yes, so the next step is to go through this. We kind of did that with the 5-Year Energy Improvement Plan that's also in here, that's on page—it's close to the end. But just for heads-up, so the projects on this table, Recommend Projects 2.3.A, all of these go into in more detail toward the end. If you look at page 179, that's kind of our 5-Year Energy Plan, I guess the roadmap for how we're going to implement the projects that were listed, with the amount of budget that's available to us currently; you know, not to say that we won't get funding from elsewhere to the other projects. But again, kind of a starting point and kind of a roadmap to follow. That starts in Fiscal Year 2027, so we're currently in Fiscal Year 2026, so it's starting next fiscal year.

CHR. LOPEZ: So between now and then, you'll be determining which ones you're going to work on in 2026-2027.

MR. CHING: Yeah, yeah.

CHR. LOPEZ: Thank you. The last question, maybe not, at the very back I was confused with this Energy Policy, dated 2011. Is this what's being updated? What was this intended to provide?

MR. CHING: This was the Energy Policy that was established back when. It might have been a recommendation on a previous energy report that was kind of similarly done. I mean, looking at it, we could update it, but it looks like it satisfied, or how it relates to our mission, our vision, and what we want to kind of use.

CHR. LOPEZ: Thank you. Anybody else?

MS. TAAROA: In that same table. 2.3.A, under ECM 4, it says there will be significant cost savings, but no initial cost estimate. Is that accurate for cost (inaudible) estimate? Could you explain that?

MR. CHING: You know, we're looking at our well replacements and booster replacements, and that recommendation was made to be done at the next well repair. The assumption is that it needs to be repaired anyway, we might as well make some size corrections to the pump at the same time. So assuming the budget is going to come from the well repair budget.

MR. OKAMOTO: Good question, Emily. It's not free, it's just that it's not an additional cost.

MR. CHING: Right, so we're not—

MS. TAAROA: Thank you for explaining. That makes sense, thank you.

MR. CHING: Yeah, and that was just because the energy savings that were calculated, it wouldn't pay back, to just pull out a well that's running and put in a more efficient one, just the capital cost was too immense.

MR. OKAMOTO: But if we were going to fix it, we may as well put a better one. Good question, though.

MR. UNGER: Are the State or the Federal Government participating in all that alternate energy? Are there grants still available, or are any kind of credit available to help with these costs?

MR. CHING: So alternative energy, I would say there is something. Well, when it comes to grants and stuff, there are some opportunities currently still, and that's for technical help.

As far as tax credit-wise, it is going away, a part of the big, beautiful bill. It is going away at the end of the year; so for residents if you don't have it completed by the end of the year, it's going from basically 30 percent to nothing, starting next year.

For commercial, I think as long as you show you started or paid for something by the end of the year, I think they call that—I forget what they call it—but they'll kind of grandfather you in that way. But at least alternative energy solar, that is going away, is part of that bill. It was 2030, it would sunset, and it would slowly go down. So, that was kind of a curveball.

MR. OKAMOTO: I think what that would do, it would affect the third-party folks. If we were to try and contract somebody to build a solar farm for us, and we do a Power Purchase Agreement, probably the rate would be based on, right, whatever tax credits they would build into their capital investment. I know some of the big ones that are supposed to feed into the electrical utility would be seriously impacted by that loss of that Federal Tax Credit. So the bottom-line is I don't think we can rely on federal monies, maybe for some of these, but the good part is we have built into our rate structure the energy CIP portion, which helps fund some of these projects right now, so in other words we're having our customers help themselves by allowing us to reinvest and put in projects that will in turn in the long-run saved our cost for everybody.

CHR. LOPEZ: Any other questions?

MS. TAAROA: Looking at feedback here on the photovoltaic, it's extremely fast. What are the systems going to look like.

MR. CHING: Yeah, it is fast just because we're intending to kind of use a third-party. In those instances, we don't have to put up capital cost. So they'll cover the capital, we just start paying them a monthly usage rate, so kind of how we've done with the Windfarm, and with our solar PV (photovoltaic) at our offices. The provider is essentially a design, build, own, maintain, repair contract, where they cover it all, so it's no upfront cost to us, but we pay them monthly for the amount of energy we use. It's almost like an immediate payback, if the rate that you're getting from your Power Purchase Agreement is less than the utility rate. So, that's kind of the concept with that. The only initial cost for that one was possibly bringing on a consultant to help us with the RFP process, and since it's going to be probably large project, that's the only cost that I've accounted for. But the construction cost and maintenance cost would all come from the provider.

MS. TAAROA: Thank you.

CHR. LOPEZ: Anybody else? With that, thank you very much. Thanks, Warren.

MR. OKAMOTO: Thanks, Warren.

MR. CHING: Thank you.

CHR. LOPEZ: Great roadmap and all the work that went into this, thank you.

MR. OKAMOTO: And he did it internally, but very impressive. Initially, before we had an Energy Management Analyst. Maybe we didn't have one; we actually had to contract it out. It was partially paid for by who?

MR. CHING: The one in 2015 was paid for by Hawaiian Electric, in full. It may not have had as much detail, but yeah, so I would encourage if we can get that funding again, we go that route and utilize that funding source. But I think this last time around, there wasn't much available to us. So yeah, we just did it.

MR. UNGER: So HECO funded the last—

MR. CHING: Hawai'i Energy.

MR. OKAMOTO: And you said Hawaiian Electric.

MR. CHING: Oh, sorry. Hawai'i Energy is like a rebate program.

MR. OKAMOTO: Is that a state department associated with the State?

MR. CHING: I think it's associated with the PUC. Part of your Hawaiian Electric bill goes to fund those types of programs.

MR. OKAMOTO: So if you're paying an electric bill, you're helping fund Hawai'i Energy. Individual homeowners can take advantage of some of their programs, too.

MR. BELL: That's a little (inaudible) outlet, right?

MR. CHING: Right.

CHR. LOPEZ: I have a suggestion, and if you will, the Energy Policy, Appendix I, I don't disagree. Everything here is "mother good, now apply." But because of this report, because of the years not going forward with it, this should probably be executed with current case, current management staff that sign up for this; and perhaps the references you checked, because you know how often those things change. Anyway, just a suggestion.

MR. CHING: Yeah, we'll check it out.

MR. OKAMOTO: Be good to have a current Energy Policy.

MR. UNGER: I don't know if this is a finance question or an energy question, and I was looking at the Financial Report just a little bit earlier. What is the CIP accumulation right now, for the total amount of money? Is the consumer paying into the CIP every month? What is the total right now? What kind of dollars are we talking about?

MR. CHING: I think it's five cents per thousand gallons.

MR. OKAMOTO: What's the total we got—

MR. UNGER: Right, what is the total in the pot?

MR. CHING: I would say we have—yeah, I don't think it shows up on the financial reports.

MR. UNGER: Yeah, I didn't see it.

MR. CHING: But in the pot right now it is like \$800,000, just to start us off for the fiscal year. We're going to draw it down throughout the year, but that's about where it's at now.

MR. UNGER: Oh, okay. That's good reference.

MR. CHING: Yeah, that I think is what we've collected.

CHR. LOPEZ: But the excess of our budget at the end of the year rolls over the CIP?

MR. CHING: Yep, well we try to keep it together for energy-related projects.

MR. OKAMOTO: That's kept separate, the energy CIP funds.

MS. GRAY: We don't have, let's say, a separate fund established for that. It is included with the rest of the funding, but currently, right now it just kind of sits in the General Fund.

CHR. LOPEZ: Can you tell us what she said?

MS. GRAY: Sorry. We don't have a separate energy CIP reserve fund set up currently, so those funds are basically kept in our General Fund.

CHR. LOPEZ: So it doesn't roll over to the CIP?

MS. GRAY: No. Well, it's separate. As far as Warren's budget, it's included in our General Operating Budget, so his budget reported or included in the general Operating Budget. But we are moving towards having separate—

CHR. LOPEZ: So the excess is the General Fund at the end of June 30, when does that get reported? Because I heard it once that it was deposited into the CIP?

MS. GRAY: That's something I can discuss with the Financial Statements.

CHR. LOPEZ: Okay, very good.

MR. UNGER: We can talk about it in financials, but I'm surprised to hear that we collect a separate source of revenue from the customers, and it doesn't go to a separate account.

MR. OKAMOTO: Yeah, me too.

MR. UNGER: So it just goes into a General Fund account.

MR. OKAMOTO: That may change.

MR. CHING: That's how it was set up originally.

MR. UNGER: Yeah, I think as a Board, we can discuss that.

C. 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: We have our Acting Engineering Division Head Shari Uyeno available to provide a couple of updates.

MS. UYENO: Most of the projects that I'm reporting on have been ongoing. We did meet with our tank contractor yesterday for Lālāmilo 10 million gallon. We have some problems. It looks like they're anticipating starting the tank built in September, so we have some work to do as far as that. The project has been on hold, so we're looking at trying to compensate them for some escalation cost. We want to look at everything before we bring them out, but we can be able to do that before July. That is ongoing and we look forward to having the tank started soon.

MR. OKAMOTO: Just to clarify, there is work on site. They're doing the sub-grade, installing the pipe that goes below the tank and everything. Isemoto's been working for several months, right?

MS. UYENO: Yes.

MR. OKAMOTO: But the actual construction of the tank itself is actually a sub-contractor to the general contractor. So once that gets going, we'll probably plan to schedule maybe some site visits and things like that. Anything else, Shari?

MS. UYENO: Just going back to that, just so you guys are aware. Even the tank's sub-contractor, it's being looked at by a lot of different people in the State, yeah, there's a lot of interest in being able to come out and see it being constructed.

As far as our other project that had some movement other than previous projects, we had Iki Place Water System Improvements, which is an Improvement District in Kona. We've been working with Finance Department to get our resolution and ordinances through. They just started moving on that, so we're looking at probably finishing all the Council action, probably end of August. There is going to be some paperwork at the end of August, but we hope to issue our Notice to Proceed then by October 2025, all pending what happens at Council.

MR. OKAMOTO: Tomorrow actually there's a Council agenda item, specifically.

MS. MELLON-LACEY: The resolution and the assessments is before Council tomorrow. It was pushed passed, waived at Committee. And then I think the USDA loan documents will be presented. On the sixth (August)?

MR. OKAMOTO: I think so, yeah, that's the plan that we hear. Anything else, Shari?

MS. UYENO: No. Well, just so you know, once that paperwork gets started, we're looking at about six months to get that project (inaudible) so the residents could then be able to have their own water meter.

MR. OKAMOTO: Well, some of them have their own water meter now, but it's out of bounds. It's at the top, on the mauka highway. All right, thanks, Shari.

CHR. LOPEZ: I have a question. Under Nālani Project, working on that almost two years ago. I know we're waiting for Council and waiting for the neighborhood to get together and all that stuff, and kind of

took a little detour, all around the normal process. But I saw, the last sentence “DWS to procure consultant,” now is once something happens, or are they waiting for that now? What is that statement?

MS. UYENO: Well, actually the procurement part, we have to go through a selection kind of thing. We can procure it, but we won't enter into a contract necessarily. It's hard to enter into a contract and then have our people just waiting. So we can procure it, that's the process of procuring the consultant for it.

CHR. LOPEZ: But that's not something that has to be done before they can do anything?

MR. OKAMOTO: No.

CHR. LOPEZ: We're just doing that as part of the process. All right, thank you.

**D. 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, Waterworks Controller Candace Gray provided a brief overview of the Financial Statements for June 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:**

MR. OKAMOTO: Can you go back to that Energy CIP thing?

MS. GRAY: The question was, if we have a separate energy CIP reserve fund, we do not at this point. That's probably something we may consider. From the beginning, the Energy Program was already included in the General Operating Budget, included with our Operations. I'd say over the years and up until this point it's been increasing or expanded as far as the projects, as we've heard today that (inaudible) this 5-Year CIP plan, so I'm thinking maybe something to consider as far as having a separate Energy CIP reserve.

Regarding the funding or the net income at the end of the year, we do have a budget that's included as far as how much we're going to transfer towards the CIP reserve, and we have done that. In our Budget Status Report, page 6, we met our target 100%, and transferred \$6,728,171 to our CIP Reserve, although when we talk about our net income, that's still below our net income. If you look at page 5, our Income Statement, our net income for FY25 is actually \$13.9 million. Whether we are going to do a transfer to the CIP Reserve physically, based on the net income alone which will—before I see the budget, I guess that's something we can address as part of our Year-End adjustments, otherwise it just kind of generally sits in the General Fund, but it is available for contribution to the reserve.

CHR. LOPEZ: So it sits in the General Fund and without designation at the time we transfer it.

MS. GRAY: Correct.

CHR. LOPEZ: And then it's used depending on where funds are needed.

MS. GRAY: Correct.

CHR. LOPEZ: For lack of a better term, it's called a Slush Fund. That's a change to my earlier understanding, which I apologize. And then, income went to CIP.

MS. GRAY: But right now, it's just according to what we have budgeted, as far as excess.

CHR. LOPEZ: Yeah, you haven't closed the books yet. So just be there, and be reassigned to some account in the General Fund. So is the General Fund depleted or something because of moving things around, or is it just always sits there and it's something to draw from?

MS. GRAY: As far as the General Fund, we do have a general amount that we need to operate.

CHR. LOPEZ: Oh, operating funds.

MS. GRAY: Any excess is used for better use.

CHR. LOPEZ: And those funds that roll over in the next fiscal year.

MS. GRAY: They're included. I wouldn't say it's reported, let's say like a fund balance on our budget itself. It's just a little bit different, I believe.

MR. UNGER: Yeah, I'd like to make a recommendation. Water Board had some internal discussion as to the pros and cons of setting up a separate CIP account, especially if we're going into (inaudible) can't reach us, completed as an intent energy project. I was surprised to hear that there isn't already a separate account set up for CIP for whatever reason. I'd like to make that correction (inaudible), and then you all can get back to the Board with it. It's a good idea. We're going to do one. It's not, and here's why.

MR. OKAMOTO: It's a good idea and we'll do it.

CHR. LOPEZ: So it would be a future agenda item.

MR. OKAMOTO: No, I agree. I believe we got to account for it somehow, right, in the ledger?

MS. GRAY: Yes.

MR. OKAMOTO: So we know how much we're bringing in from that Energy CIP, and how much we're spending on an Energy CIP project.

MS. GRAY: Yes.

MR. OKAMOTO: Okay, so it's a matter of somehow getting that information and putting it in a report, so you know what we took in, how much we got, and what we spent. We can do that, right?

MS. GRAY: We can do that.

MR. OKAMOTO: So it will happen. Done.

MS. GRAY: As far as any kind of CIP projects, including energy, those were just included in our 5-Year CIP budget.

MR. OKAMOTO: Okay. But we do account for the income and expenses.

MS. GRAY: Yes, we do.

CHR. LOPEZ: All right, so do we need to agendize that, or you just want to include it for future financial—

MR. OKAMOTO: Yes, we'll have that internal discussion and figure out how we can communicate that to the Board.

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

MR. UNGER: Back to the Balance Sheet, and again, I probably asked this several times, but it looks like we've increased our income \$15 million (inaudible) interest, went down by \$215,000. Was that end-of-the-year accounting?

MS. GRAY: Okay, I'm sorry, you're looking at the Balance Sheet?

MR. UNGER: I'm looking at the Balance Sheet, page 4, line 2. Cash & Investments went up \$15 million, and Accrued Interest Receivables went down \$215,000. That's usually when the income goes up.

MS. GRAY: Yes, yes. That is, let's say, due to the timing of our Year-End adjustments. Actually, for this fiscal year, we are working on accelerating our closing process, so the timing is a little bit off between prior year and (inaudible).

MR. UNGER: Okay, because that could be really helpful.

MS. GRAY: Yes. I recognize that, and I was—to your question.

MR. OKAMOTO: Good catch, Keith.

CHR. LOPEZ: So on a scale from 1 to 5, our financial position is 5?

MR. OKAMOTO: Four point something. Yeah, we always want room for improvement.

CHR. LOPEZ: All right, that's good enough.

MR. OKAMOTO: Because I think we still want to meet. We have targets for reserves. I forgot what the names were. One is Capital CIP Reserve; and another, some kind of O&M Operating Reserve, established with our Water Rate Study. We still got to hit those targets.

MS. GRAY: Actually at this point, I would say that we actually met our target based on the study that was the beginning of this 5-Year Study. But I would think because of the cost, especially for projects, it needs to be updated. \$15 million today reserved for projects is not much. One or two projects can wipe it out just like that.

MR. OKAMOTO: I guess we met the dollar target, not the—so yeah, closer to five maybe. Thanks, Candace.

E. MANAGER-CHIEF ENGINEER'S REPORT:

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

1. North Kona Wells:

MR. UYEHARA: So for this month, actually as of early July, July 10<sup>th</sup>, Operations and the contractor were able to bring Kalaoa well back online; so with Kalaoa well back online, it gives us 11 of the 14 that are either in operation or available to use. So the three that are still offline are Mākālei, Wai'aha, and Hōlualoa. But with Makalei, as reported last month, it can actually pump water. Now we're working on getting Water Quality confirmation. Water Quality has also confirmed that, I guess, the Department of Health OK'd use again. So we hope it works, just needed to get that confirmation.

CHR. LOPEZ: So they've already got the samples to drink it?

MR. UYEHARA: Yes.

CHR. LOPEZ: You're waiting for them.

MR. UYEHARA: The results of the samples, and approvals from DOH. Now, to Wai'aha and Hōlualoa. Wai'aha, we're still projecting mid-August, mid-next month; Hōlualoa, we just got to bid that one out. We have November 2025, return to service for that one. So, that's this month's update.

CHR. LOPEZ: That's an improvement over the previous months.

MR. UNGER: Is there a chance all 14 might be online at once?

MR. UYEHARA: But yeah, kudos again to Operations. Operations and the engineers in Ops., and our electricians and staff. They know all the priorities, and they work well with the contractors to push them.

CHR. LOPEZ: Team efforts.

MR. OKAMOTO: With only two contractors again. Statewide almost, Thanks, Kawika. Any questions for Kawika? (none)

2. 2025 HWWA Conference – October 15 – 17, 2025, O'ahu:

MR. OKAMOTO: Just wanted to let the Board know there's another conference coming up mid-October, and we can bring up to four Board members. So e-mail Nora if you would like to go. I believe the early bird registration rate cut-off is September 8<sup>th</sup>, so if you could let us know before that, before the price goes up, it would be helpful. This one is going to be on O'ahu at the Aulani Resort. The Ko Olina area, I believe. That's all I have for my report, Mr. Chair.

CHR. LOPEZ: Thank you.

F. CHAIRPERSON'S REPORT:

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

CHR. LOPEZ: I don't have anything new. On a side note, I have taken a look—well, I've been ears open for desalination potential, that's floating around here, for me that's acceptable, but it is a matter of interest. If there's something you want to know more about, just let me know.

The meeting in O'ahu, this meeting Keith just talked about, some of you came back from the national conference and really enjoyed the interface you had with other Hawai'i Water Boards or staff, so this is a chance to continue to reinforce that. The national, as you saw, is so huge. You can get lost in there, actually. There are a lot more topics and discussions you can learn from. These are more focused, and you'll meet a lot of people who are in the trenches here in Hawai'i. The local ones are very good for closer-to-home information. I have nothing else to report.

G. ANNOUNCEMENTS:

- Next Meeting – August 26, 2025, 10:00 a.m., Department of Supply, Hilo Operations, 889 Leilani Street, Hilo, Hawai'i

H. ADJOURNMENT:

**ACTION**: Mr. Aiona 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: We are adjourned. Thank you very much.

(Meeting adjourned at 11:43 a.m.)

  
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Recording Secretary

APPROVED BY WATER BOARD  
(July 22, 2025)