

MINUTES

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

January 27, 2026

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

- MEMBERS PRESENT: Mr. Michael Kekela Jr., Chairperson, Dist. 4
Mr. Keith Unger, Vice-Chairperson, Dist. 6
Mr. Colin Miura, Water Board Member, Dist. 1
Mr. James Lee, Water Board Member, Dist. 2
Mr. Guy Alameda, Water Board Member, Dist. 3
Mr. Stephen Lopez, Water Board Member, Dist. 8
Mr. Philip Aiona, Water Board Member, Dist. 9
Mr. Keith K. Okamoto, Manager-Chief Engineer,
Department of Water Supply (ex-officio member)
- ABSENT: Ms. Emily Taaroa, Water Board Member, Dist. 5
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

DEPARTMENT OF WATER SUPPLY STAFF:

Mr. Kawika Uyehara, Deputy
Ms. Candace Gray, Waterworks Controller
Mr. Gregory Goodale, Chief of Operations
Mr. Alvin Inouye, Water Operations Superintendent
Mr. Allan Simeon, Engineering Division Head
Ms. Shari Uyeno, Assistant Engineering Division Head
Mr. Eric Takamoto, Mechanical Engineer III
Ms. Ka‘iulani Matsumoto, Private Secretary
Ms. Maraea Keamo, Senior Clerk Stenographer
Mr. Damien Joaquin, Information Systems Manager
Mr. Mark Yoshioka, Information Systems Analyst V

- 1) CALL TO ORDER – Chair Kekela called the meeting to order at 10:00 a.m. Board Members who were present: Messrs. Miura, Lee, Alameda, Unger, Lopez, Aiona, and Chair Kekela.

CHR. KEKELA: Thank you all for being here. I just want to make notice that there are a lot of new faces. If we can introduce ourselves to get better acquainted with our new staff and Board Members. I’ll go first. Pono Kekela, serving as Chair for this year, District Four.

MR. UNGER: Keith Unger, District Six, South Kona.

MR. ALAMEDA: Guy Alameda, District Three, Hilo, Kurtistown.

MR. LOPEZ: Kawena Lopez, District Eight.

MR. AIONA: Ippy Aiona, District Nine.

MR. LEE: Kimo Lee, District Two.

MR. MIURA: Colin Miura, District One.

MS. MELLON-LACEY: Diana Mellon-Lacey, Deputy Corporation Counsel. Old face.

MR. OKAMOTO: We'll have Allan introduce himself. He's our new Engineering Division Head for our Department.

MR. SIMEON: I'm Allan Simeon, moving from Public Works to Water Supply. It's been great working with great people in the Department. Thank you.

CHR. KEKELA: Welcome, Allan. Can staff go through and introduce themselves?

MR. GOODALE: Greg Goodale, Chief of Operations.

MS. GRAY: Candace Gray, Waterworks Controller.

MR. UYEHARA: Good morning. Kawika Uyehara, Deputy, Department of Water.

MS. KEAMO: I'm Maraea Keamo, standing in for the Water Board Secretary position they're filling.

MS. MATSUMOTO: Kai'ulani Matsumoto, Private Secretary.

MR. CHING: Warren Ching, Department of Water, Civil Engineer.

MS. UYENO: Shari Uyeno, Assistant Engineering Division Head.

MR. TAKAMOTO: Eric Takamoto, Mechanical Engineer with Operations, Department of Water.

MR. JOAQUIN: Damien Joaquin, IT.

MR. YOSHIOKA: Mark Yoshioka, IT.

MR. OKAMOTO: Keith Okamoto, Manager.

CHR. KEKELA: Thank you. Some housekeeping, since we got a new secretary, maybe we can speak up into the nice recording devices we have, and then we'll try to keep in spirit with our last former Chair, Kawena, and have an orderly way to, you know—if you have questions, discussion, I'm hoping to be positive and have a good time. Thank you, folks.

Any guests today? No? Alright, let's move to our first item.

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.

3) APPROVAL OF MINUTES:

Minutes of December 16, 2025, Water Board Meeting:

ACTION: Mr. Lopez moved for approval of the Minutes of the December 16, 2025, Water Board meeting; seconded by Mr. Unger and carried unanimously by voice vote (Ayes: 7 – Board Members Miura, Lee, Alameda, Unger, Lopez, Aiona, and Chairperson Kekela).

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

5) POWER COST CHARGE:

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

Departmental power costs from all power sources decreased since the last Power Cost Charge rate was determined. The Department proposes to decrease the Power Cost Charge from \$2.98 to \$2.84 per thousand gallons as a result of this decrease. Power cost charges over the past year were as follows:

<u>Effective</u>	<u>PCC</u>
November 1, 2025	\$2.98
June 1, 2025	\$2.08
February 1, 2025	\$2.32
September 1, 2024	\$3.04
May 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 February 24, 2026, at 9:45 a.m., to receive testimony on decreasing the Power Cost Charge from \$2.98 to \$2.84, effective March 1, 2026.

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

CHR. KEKELA: Is there any discussion?

MR. OKAMOTO: Really quick, primarily for Colin’s benefit, just some background on this. We split our water rates into basically two components. One for the operational costs of the Department, but a significant cost of our operations is to pay the electricity bill. Some years back, the Board recognized this after it was through our waterworks, our finance folks, it was discussed that there was a significant shortfall one year because we were locked in, and the electrical rates went significantly higher. So now the Board has established this rate schedule to allow for us to be flexible when the electrical or the power cost goes up and down, so that it doesn’t have a significant fiscal impact to the Department. So, it’s basically a passthrough to cover the cost of power to our customers. It goes up and down. It kind of lags behind the power fluctuations, but in the last several years, I think we’ve added a component to hopefully somewhat address that lag. Basically, it’s a simple equation to come up with what we pay for power versus how many gallons we produce, and we come up with this power cost charge.

MS. MELLON-LACEY: One other thing, we talked about Chapter 54, and how the Water Department has this special status, and in Chapter 54, we're required to have a public hearing for any water rate change. So that's why any time we want to make any kind of change, even a passthrough change, we have to have a public hearing.

MR. OKAMOTO: Other utilities, private, including the electrical utility, typically have to go through the State PUC, but, because we are a semiautonomous government agency governed by a water board, that process goes through this Body.

MR. MIURA: Thank you.

MR. OKAMOTO: Sometimes the public will ask, "How come you guys didn't go through PUC to adjust your rates?" It's because this is the official body that establishes the rates for our Department.

MR. MIURA: Thank you.

CHR. KEKELA: Any other discussion? *(no response)*

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

6) SOUTH KOHALA:

A. JOB NO. 2019-1107, LĀLĀMILO 10 MG RESERVOIR – REQUEST FOR ADDITIONAL FUNDS AND TIME:

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

The Department requested the Contractor, Isemoto Contracting Co., Ltd., to pause the contract while the Department negotiated purchasing the site with PR Puu Pa, LLC (Parker Ranch) and subsequently subdividing the parcel. Due to the COVID-19 pandemic, the requested pause, and building permit delays, the costs for labor and materials increased and require additional funds to pay for the escalation costs.

The Department has used the existing contract contingency on a portion of the escalation costs and requests additional funds of \$1,160,000.00 (\$828,628.68 escalation, \$331,371.32 contingency) for the remaining escalation costs for the Contractor and their sub-contractors, and any additional expenses that may occur for the remainder of the project.

Original Contract Amount:	\$18,035,449.00
<u>Contract Contingency Amount:</u>	<u>\$1,804,551.00</u>
Original Approved Funding:	\$19,840,000.00

Original Contract Amount:	\$18,035,449.00
<u>Change Order #1 Amount:</u>	<u>\$1,804,497.94</u>
Revised Contract Amount:	\$19,839,946.94

Original Approved Funding:	\$19,840,000.00
<u>Additional Funds Request:</u>	<u>\$1,160,000.00</u>
Total Revised Contract Funding:	\$21,000,000.00

The Contractor also requests a time extension due to the delays of 1,110 calendar days to complete the project. Staff have reviewed this time extension request and find that the 1,110 calendar days are justified in completing the project. This is the first time extension request.

RECOMMENDATION: It is recommended that the Board approve an increase in contingency of \$1,160,000.00 for a total project funding of \$21,000,000.00 and the contract time extension of 1,110 calendar days to Isemoto Contracting, Co., Ltd. If approved, the contract completion date will be revised from March 12, 2024, to March 26, 2027, for JOB NO. 2019-1107, LĀLĀMILO 10 MG RESERVOIR.

MOTION: Mr. Lopez moved for approval of the recommendation; seconded by Mr. Lee.

CHR. KEKELA: Discussion?

MR. OKAMOTO: First of all, our apologies for bringing it this late. If you noticed, the original contract completion date was March 2024. It did take some time to actually go through several matters that caused the delay. It's kind of written up as part of our write-up for this. Part of it was the purchase from Parker Ranch that didn't go as smoothly as we had anticipated at the beginning of the project. Then we also had some issues with the building permit process, and we also had unexploded ordnance matters that we had to deal with. Fortunately, the contractor stuck with us; I guess they could have pulled out. We're actually, finally, now we're making pretty good progress. The whole floor is poured. We're planning to pour the first wall section this Thursday. We're making good progress. If there are questions regarding both the requested funding or time extension, Allan, Shari, and myself will be able to answer.

MR. UNGER: This is a big time extension and a big request for additional funding. I just had a basic question, more of a real estate question. Why did the work start prior to the transaction being completed? The subdivision being completed? The ordinances being taken care of? That's a pretty basic real estate situation.

MR. OKAMOTO: A totally legitimate question. So, this one we got significant funding from the State Legislature, and of course, as you know, those fundings come with a timeframe where you need to spend it or lose it. So, we had that to deal with, and originally our understanding with the landowner at the time was that they were going to allow us to proceed with a construction right of entry. We thought we were okay with proceeding with the project; that's why we bid it out and whatnot. Then, that changed to, oh no, we're not comfortable with you proceeding on the property until we figure out the sale of it. Then that's where it started this process of needing to go through that appraisal, negotiations, then subdivision of that property out of the original land. That took about, I would say, over a year and a half to do that. That's what happened.

MR. UNGER: So the money was appropriated, the work started, and then all these issues came up?

MR. OKAMOTO: Well, we were going to start the work. We kind of had a groundbreaking scheduled and everything in anticipation that the construction right of entry would allow us to proceed, then the situation kind of changed on us.

MR. UNGER: I appreciate that answer. That's a difficult situation to be put in, especially when you read about all the funds that the legislature says at the state level appropriates and just does not get spent. So, there you are, with well do we spend this money or not? If we don't, then we have to go back in. That's a tough situation. How long was the—you said the project was paused, how long was it paused for?

MR. OKAMOTO: Do we have an indication of the pause length?

MS. UYENO: Two years.

MR. OKAMOTO: Yes, I think it was almost two years while we were going through that subdivision and negotiation for purchase of the property.

MR. UNGER: So, that's a three-year request to extend?

MR. OKAMOTO: Yes. Again, on top of that, we had the unexploded ordnance survey and the—

MR. UNGER: One more thing. Since this is a long extension, well, actually to 2027, so it's actually just till next year. When we approve these major extensions, do we ever put penalties at the end of this? For example, if there's any request for an extension after this is there any penalties? Or is it pretty much a conventional contract?

MR. OKAMOTO: Typically, in all of our construction contracts, if they don't accomplish the work in the contract allotted time without a valid reason to request a time extension, then we have that liquidated damages provision.

MR. UNGER: We have that in this contract?

MR. OKAMOTO: Yes.

MR. UNGER: So, at the end of this extension, bar any more legitimate extensions, there are some ramifications?

MR. OKAMOTO: Yes. And as I think we know, and the contractors as well, they don't like to delay their jobs, right? It's tying up their resources as well.

MR. UNGER: Understood.

MR. OKAMOTO: They're actually progressing very well right now with the tank under construction. We're hopeful that this requested time extension should be adequate to finish the job.

MR. AIONA: Is this—there was a solar component to it? Is that the well?

MR. OKAMOTO: No. So, the renewable energy that we have nearby is the wind farm.

MR. AIONA: Got it.

MR. OKAMOTO: Our anticipation is this large storage tank will help us utilize more of that renewable energy resource as well.

CHR. KEKELA: Since then, the sale and purchase went through, right?

MR. OKAMOTO: Yes.

CHR. KEKELA: Thank you. Any other discussion? (*no response*)

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

CHR. KEKELA: I'm going to take a quick break. I noticed we have some guests. If you guys can please introduce yourself, we want to recognize you for being here today.

MR. BRAY: Jeff Bray, water utility consultant.

MR. ZIMPFER: Jeff Zimpfer, National Park Service.

CHR. KEKELA: Thank you.

B. JOB NO. 2025-1263, LĀLĀMILO A DEEPWELL MOTOR REPAIR – REQUEST FOR ADDITIONAL FUNDS:

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

The Department is requesting a contract change order for the additional work required for a motor refurbishment. The description of additional work and associated fees are as follows (see attached):

ITEM	DESCRIPTION	AMOUNT
1.	Mobilize/Demobilize	\$ 1,500.00
2.	Refurbish Motor	\$ 10,000.00
	TOTAL	\$ 11,500.00

Original Contract Amount: \$ 92,443.00
Original Contingency amount: \$ 9,057.00
1st Additional Contingency request: \$ 2,443.00
Total Revised Contract Amount: \$ 103,943.00

RECOMMENDATION: It is recommended that the Board approve an increase in contingency of \$2,443.00 to Derrick’s Well Drilling Pump Services, LLC, for JOB NO. 2025-1263, LĀLĀMILO A DEEPWELL MOTOR REPAIR. If approved, the total revised contract amount shall be \$103,943.00.

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

CHR. KEKELA: Discussion?

MR. OKAMOTO: This was an actual Department request of the contractor to refurbish the motor. Sorry, we didn’t include it in the packet that was mailed to you, but I think it was provided to you today, the proposal from the contractor, Derrick’s Well Drilling and Pump Service. Staff determined it was prudent to refurbish that old motor; I guess it was salvageable.

MR. TAKAMOTO: It was the spare motor that we had intended for this repair.

MR. OKAMOTO: Any technical questions, we have Eric here.

MR. LOPEZ: Is there time and/or money savings by doing this now in conjunction with some other work?

MR. TAKAMOTO: The work is actually required to proceed with the rest of the repair.

MR. LOPEZ: The refurbishing is required?

MR. TAKAMOTO: Yes. The refurbishing of this motor is required to proceed with the rest of the repair of the well.

MR. LOPEZ: Thank you.

MR. AIONA: Is the well currently operational?

MR. TAKAMOTO: The well is currently not operational.

MR. UNGER: What is the definition of refurbishing?

MR. TAKAMOTO: In this instance, it would be tearing down the motor, basically baking the windings, repairing one of the bearings in the motor, and then adding some additional vermin protection to keep birds from nesting inside the motor.

MR. UNGER: So just breaking it down?

MR. TAKAMOTO: Yes. Breaking it down and bringing it back up to manufacturer's standards.

MR. OKAMOTO: This is the spare we kind of had stored for a while?

MR. TAKAMOTO: Yes. We had it stored at our Waimea base yard.

MR. OKAMOTO: So, no sense in dropping down an old motor that could fail shortly after putting it down the hole. If you look at the breakdown from the contractor, it kind of provides some additional information. Removal of that motor at the Waimea base yard, removed from the rotted pallet. Everything has been stored there for a fair amount of time. That's some of the challenges with having backup equipment like pumps and motors; we don't know when it's going to be used, but at the same time, we don't want to have to wait six to nine months when we need one quickly.

CHR. KEKELA: If I'm not mistaken, you mentioned that it's going to be used in the repair?

MR. TAKAMOTO: Yes.

CHR. KEKELA: And that's at Lālāmilo A?

MR. OKAMOTO: Yes.

MR. AIONA: Is this well feeding the Lālāmilo reservoir, I assume?

MR. OKAMOTO: Yes.

CHR. KEKELA: Any other discussion? *(no response)*

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

7) MISCELLANEOUS:

A. MATERIAL BID NO. 2025-05, FURNISHING AND DELIVERING SPARE PUMP AND MOTOR SETS, AND PAD-MOUNTED TRANSFORMER FOR THE DEPARTMENT OF WATER SUPPLY:

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

The Department is requesting a contract change order for a change in materials of construction for the pump bowl assembly intended as the spare equipment for Saddle Road #1 Deepwell A. Changes are to mitigate material compatibility issues, which would compromise the service life of the equipment. The description of the additional work and associated fees are as follows:

ITEM	DESCRIPTION	AMOUNT
1.	Change in materials of construction for pump bowl bearing, impeller wear rings, and stationary wear rings.	\$ 7,375.00
	TOTAL	\$ 7,375.00

Original Contract Amount:	\$ 942,527.48
Original Contingency Amount:	\$ 0.00
1 st Additional Funds Request:	\$ <u>7,375.00</u>
Total Revised Contract Amount:	\$ 949,902.48

Staff reviewed the request for the additional funds and found the \$7,375.00 is justified.

RECOMMENDATION: It is recommended that the Board approve an increase in contingency of \$7,375.00 to Derrick’s Well Drilling & Pump Services, LLC, for a total project cost of \$949,902.48 for SECTION 1 – SADDLE ROAD #1 DEEPWELL A of MATERIAL BID NO. 2025-05, FURNISHING AND DELIVERING SPARE PUMP AND MOTOR SETS, AND PAD-MOUNTED TRANSFORMER FOR THE DEPARTMENT OF WATER SUPPLY.

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

CHR. KEKELA: Discussion?

MR. OKAMOTO: This one is a little bit different from the prior one. If you notice, this one is a material bid, not a construction or repair job; that’s why the contingency amount is zero. With a material bid, you buy a product, but in this case, I think discussions with the manufacturer indicated to staff that it would be better or more prudent to change the material to get added life out of it, rather than the one that was originally spec’d. Before they build it—so, this is a spare for Saddle Road, our uppermost source in Hilo. The challenge with that source is that if it goes down, our only backup is the old spring source, which comes with a lot of regulatory requirements because it’s groundwater under the influence of surface water, so a lot of monitoring and whatnot. We want to have a spare on hand. Knock on wood, that well has been reliable for us, so I believe staff wants to make sure that if we get a spare, we’ll get long life out of it as well. That’s the reason for our request to change the material based on discussions with the manufacturer.

MR. UNGER: To clarify, a contract was signed, and then discussion ensued after the contract was signed? Like, hey, maybe we should upgrade the material to make it more compatible?

MR. OKAMOTO: Yes.

MR. UNGER: That’s what came down?

MR. TAKAMOTO: Yes.

MR. UNGER: Who made that suggestion? That Water Department, the manufacturer, or the contractor?

MR. TAKAMOTO: The manufacturer reviewed and then, in their assessment, they noticed that components of that certain material were going to be wearing against each other. If it’s wearing against a different material, they said it’s fine, but it should not be used against itself. That’s where they recommended a change in the materials.

MR. UNGER: That was identified after the contract was signed?

MR. TAKAMOTO: Yes.

MR. AIONA: So, these are kind of like spare parts?

MR. OKAMOTO: Yes.

MR. AIONA: We also go to a contractor for that instead of just straight to the manufacturer?

MR. OKAMOTO: Yes.

MR. UNGER: Is the manufacturer usually a part of those discussions also, and he just missed it, or he came in after the discussions?

MR. TAKAMOTO: We're not sure how much the contractor shares with the manufacturer ahead of time when they're securing their bids. We're assuming they didn't see it at the time they submitted their quotations.

MR. OKAMOTO: For a lot of this larger type of equipment, we cannot go straight to the manufacturer. I don't know if there are regional distributors or second-party folks that we put out the bid, and then they are the ones who submit the bid on behalf of the manufacturer.

MR. UNGER: I think that the good news is that it got picked up, and it sounds like a more efficient way to move forward. The bad news is, it would be nice to have that all as a part of the original discussion and not have to go through this.

MR. OKAMOTO: Staff has been pretty good about, you know, once they find out that this is a better way to proceed—

MR. UNGER: Make a change.

MR. OKAMOTO: Yeah. So, the spec for the next time around will include that consideration.

MR. UNGER: Appreciate that.

MR. LOPEZ: I have a comment. I very, quite strongly recall many years ago when I think the whole west side was down because parts were not interchangeable, one from the other. The Department took a black eye with the community over that. There were a lot of comments flying around. But the good news is, which I appreciate, over the years since then, they have really worked to standardize motors, standardize parts, and things like keeping an eye open for suggestions like you just made, so you can get longer life out of a pump; I thank you for that. Complete paradigm change. I don't know if it was not there before, I just know that it happened, and you've recovered exceedingly well. That's something that as we go through the years and we have opportunity, the community, particularly, we have a lot of naysayers out there, they need to be reminded, things have changed dramatically. This whole attitude about process improvement is well taken. Thank you very much for that.

MR. OKAMOTO: I appreciate that, Kawena. I want to credit our staff because what I see from our staff is that they don't think they know it all. Then every manufacturer may have a little bit different comments, but they're always willing to research, have that discussion with these manufacturers, and we'll bring it to you folks for transparency as to why we're asking for more funding to do what we think is the right thing to do. These guys really do a great job.

MR. UNGER: Just to add on to that. Anytime, for me at least, when I see additional expenses to the Water Department to backup, refurbish, whatever spare parts; that's a yes. Thank you for having the spare parts and having the spare pumps, and we recognize that it is an additional cost, but a good investment.

CHR. KEKELA: Thank you, Vice-Chair. Any other questions? *(no response)*

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

B. MONTHLY PROGRESS REPORT:

Chair Kekela 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.

CHR. KEKELA: Is this Allan?

MR. OKAMOTO: Yes, his debut.

MR. SIMEON: Thank you again for allowing me to be here and meeting you all. I'm happy to report on three projects that we have ongoing for construction. The first one, since our Manager has touched base on it a bit, is the Lālāmilo 10 MG reservoir. The slab construction pouring has been completed, and they are working on the first portion of the walls. I believe it's planned to be poured this coming Thursday. We are hoping that the weather continues to cooperate with us, and with the availability of the materials, so that the progress they are having will continue and be able to meet the deadline that will be approved, and hopefully, we won't need to come back here for another extension.

MR. OKAMOTO: Real quick, before you move on from there, that just reminded me, Allan, I just went out last week Friday. One of the concerns I had is—you know how windy it can get up there? I believe there are going to be 15 wall sections, and they stood up the first wall form. This wall form is 42 feet wide by over 40 feet tall, so that's basically a sail up there if it's not properly braced. That's what I wanted to go check out, what the setup looked like. Happy to report it looks solid. Prudently, what the contractor is proposing to do, so, the prevailing wind direction is kind of coming from Waimea towards the project site. They set up that wall first, so it can brace internally against the wind. Now, if they set it up on the opposite side, you would have that acting like a sail blowing downhill. Contractors think about things, fortunately for us, and I think as the walls get built, it will create more of a wind block component for the rest of the walls and the interior columns. So, we're working on site visits. We're planning to schedule one there and a couple of other existing sites for you folks as well. Thanks, Allan.

MR. SIMEON: Thank you for adding that. The second couple of projects we are working on is related to the 2018 Lava Eruption under the FEMA HIEMA 428 Projects. The first one is the Highway 137 restoration that is coming from four corners, Kapoho side, all the way down to Pohoiki. Progress has been very well. Also, the waterline has been installed, namely, about 15,000 linear feet of the waterline. They are doing a great job.

The second one is Pohoiki Road, that is coming from Highway 132, approximately from the Geothermal plant, and meeting with Highway 137 at the bottom by the park. Preparation work is ongoing, not much construction as far as waterline installation. Fortunately, the lava has cooled enough to allow the Department and consultant to do some redesign or realigning portions of the waterline, so that is already finalized. Thank you.

MR. OKAMOTO: Any questions for Allan?

CHR. KEKELA: Has the FEMA funding for that project been affected?

MR. OKAMOTO: Yes. Just real quick, for the Board's awareness, we participated in what they call an alternate projects program. The benefit to that is we give them an estimate of all our affected or impacted infrastructure due to the event. The benefit is we can take those funds and use it in other areas that wasn't directly impacted by the event, that's why we have other projects proposed outside, still within Puna, but

outside of the actual inundated area. The bad side to that is they lock you into that funding. So, that estimate I think was a little over forty million, so 75% of that would be FEMA provided, approximately 30 million. As we've seen on our first agenda item, 30 million doesn't go as far in 2026 as it did back in 2018. Anyway, that's both the good and the bad for this funding resource. Long story short, FEMA fund 75%, and we've got to come up with the 25% match.

CHR. KEKELA: Has the Department been able to cover that?

MR. OKAMOTO: Yes.

CHR. KEKELA: Thank you.

MR. UNGER: I have a question on the HOVE Well No. 2 Planning and Design. Can you just give me an update on that? It sounds like the State appropriated \$725,000 for a study. The study turned out that no nearby sources to make a project feasible. Is there a well now that's online at Hawaiian Ocean View? There is one well?

MR. OKAMOTO: There's one well, yes.

MR. UNGER: And this was a study to decide the feasibility of a second well?

MR. OKAMOTO: Yes.

MR. UNGER: And the answer was no. So, it sounds like the book is closed on that, and there's no further discussion of a second well at this time?

MR. OKAMOTO: I think so, yes. Correct me if I'm wrong, but basically I think the finding from that study was that it would make more sense to run a waterline from our existing water system by South Point all the way to Ocean View, and that would be a lot of money. Even the existing well that we have is not producing the amount of water that we had hoped and designed it for. Again, correct me if I'm wrong, Shari, but when we started pumping it and monitoring the water quality, I think we were given an informal directive from CWRM not to exceed a certain daily pumping amount of about 100,000 gallons a day.

MS. UYENO: The study came about because of the water quality. The residents complained. They wanted another source.

MR. UNGER: Where is that well located? Is that by South Point?

MR. OKAMOTO: No.

MR. UNGER: It's in Hawaiian Ocean View?

MR. OKAMOTO: Yes.

MR. UNGER: There are some lots on county water, there?

MR. OKAMOTO: No. It was designed and built only to provide water to a spigot site. A spigot and a standpipe for water haulers.

MR. UNGER: I got it.

MS. UYENO: The well is right next to the park in Ocean View.

MR. UNGER: Okay, so there's a spigot fill up there?

MR. OKAMOTO: Yes. Great question through.

MS. UYENO: We did provide water to the county, the park; there is a service.

MR. UNGER: So, the park has water.

MR. OKAMOTO: And one fire hydrant.

MS. UYENO: One fire hydrant for the fire—

MR. UNGER: So, as far as the Department knows, there are no other plans right now to do any exploratory studies for Hawaiian Ocean View?

MR. OKAMOTO: Yes.

MR. UNGER: Good to know, thank you.

C. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

Chair Kekela 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.

CHR. KEKELA: Candace, the floor is yours.

MS. GRAY: For this month, we have your financial statements for December 2025. We're at the halfway point for fiscal 25-26. As you can see on the cover memo, each month we provide explanation for balance sheet and income statement accounts that change \$10,000.00 and 20% or more from the prior fiscal year, 2025. New explanations that were added for this month are in bold. For this month, looking at our balance sheet, which is on page four, the new items added were accounts and construction contracts, which decreased \$384,913.00 or 30% from the prior year due to less pending payments to be processed for our prior fiscal year-end invoices. So, we are paying our invoices that we had set aside or approved from the prior year.

I'd also like to just point out on page two of our cover memo, we're starting to see the effects of our staff, customer service, Hilo, Waimea, Kona, as well as our collections, accounting, as well as some operations staff, their efforts to help reduce our delinquency for the greater than 90-day category. Happy to report it decreased \$80,166.00 to \$583,608.00 during the month of December. This is the lowest that I've reported for the financial statements, so we appreciate everybody's efforts.

I'll just jump to our budget status report, page six. This is our halfway mark. Our target percent is 50%, our revenues or total receipts in total are at 49%, and our expenditures are 40%, 10% under our 50% target. We're on a positive track.

MR. OKAMOTO: Real quick, I wanted to acknowledge the Board. The Board was the one that kind of urged us to tackle those delinquencies greater than 90 days. Then, from there, we were wrestling with

several different potential strategies to accomplish that. The most effective one was old school, and our guys, based on discussions with our staff, they came up with the plan to just pick up the phone and call the customers that has delinquencies and say hey, can we address this? And it's been the most effective.

MR. UNGER: I was going to ask what the most efficient change was in bringing that delinquency down; nothing like a phone call.

MS. GRAY: We're helping them.

MR. OKAMOTO: I think that was the spirit, too, that was conveyed to the customer.

CHR. KEKELA: Thank you, Candace, and your staff, and the customer service department. Any other questions for financial statements?

MR. UNGER: I had a question on the temporary hazard payout; it was over one point five million dollars for the temporary hazard payout, that was a huge hit on the budget. I don't know if that was budgeted or not. Did the Water Department get any kind of reimbursement or help from the County, or that's all on the Department?

MR. OKAMOTO: Yes.

MR. UNGER: Was that COVID? Is that whoever was working during COVID got this pay increase?

MR. OKAMOTO: Yes. Me and Kawika didn't get it, though, just so you're aware, which we're totally fine with. I think Candace's folks did budget for it because it was discussed prior to our setting up the budget for this current fiscal year. We didn't know what the amount was going to be because every county kind of handled it differently and negotiated with the respective unions on their own, interestingly enough. Candace was on it as much as she could be.

MR. UNGER: So it was a discussion between the Water Department and the union?

MR. OKAMOTO: Actually, the County and the union, because we have the same bargaining units and positions and salaries and whatnot.

CHR. KEKELA: So it was kind of standardized amongst all the departments?

MR. OKAMOTO: Yes. So, for the white-collar folks, BU13 folks, for example, the County negotiated with that particular union on what the THP would be. You know, on face value, it might look simple, right? This many percent for the hours you work in the office and exposed to the hazard, but the devil was in the details with the overtime, the off-hour work, things like that. It took some calculating.

CHR. KEKELA: Has it been pretty aligned with what you guys projected?

MR. OKAMOTO: Yes.

MR. ALAMEDA: Speaking of the back pay, COVID, being somebody who was in a leadership role of where I worked, knowing what the workforce was facing, safety at work, all the normal duties at work and yet leaving their families to come to work, you know, knowing what's happening at home and going through some kind of thinking like, hey, how am I going to get paid? But still coming to work because there's a duty to do, and then hopefully down the road when the dust settles, everything gets paid out accordingly, and everybody is appreciated accordingly, and everybody gets a pat on the back. Good to see that you guys did get what you deserve and I'm glad that both sides did come to an agreement because COVID was really hard, and skeleton crews were every day, and the work needed to be done. Appreciative of all of that, and that's what was said during our time as well. Thank you.

CHR. KEKELA: One more question, sorry. Was this a lump sum payment? Or is this going to be monthly?

MR. OKAMOTO: Lump sum.

CHR. KEKELA: Alright, thank you.

D. MANAGER-CHIEF ENGINEER'S REPORT:

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

1. North Kona Wells

MR. OKAMOTO: For the first one, as typical, we'll have Kawika provide an update on the North Kona wells.

MR. UYEHARA: For this month, for our North Kona water system, and just for Colin, some background information, in 2017, we did have issues in the North Kona water system when we had multiple wells failing. Since then, the Board has asked us to provide monthly updates of the situation and status of our water sources in North Kona, basically, which goes from Mākālei up in the north down to Keauhou area in the south, Teshima's area in the south. In the North Kona water system, we have 14 water sources. Right now, there are 11 of the 14 that are operational or can be used. The three that are offline right now are Wai'aha Well, Honokōhau, and Hōlualoa Well. The time frames for our estimated return to service for each are: Wai'aha, the contract is complete; installation of the well equipment. We still need to work on some electrical and electronic programming, and so we have an estimated return to service end of March 2026. Honokōhau Well, the spare equipment set is expected to arrive about March of 2026, estimated return to service is end of April 2026. The third one that is offline is Hōlualoa Well; that one we still need to bid out. Estimated award after we bid out would be April 2026, with an estimated return to service of about October of this year. So, again, just in a nutshell, staff out here in Kona adjust the system when needed as far as operational needs. Anybody have any questions?

MR. LOPEZ: Which was the most recent one that came in line, because we have been working with 10 for some time.

MR. UYEHARA: Most recent might have been Kalaoa.

MR. GOODALE: Makalei.

MR. OKAMOTO: Makalei was the last.

MR. LOPEZ: It was a long time, that one. Thank you.

MR. MIURA: Kawika, sorry, what was the second well you said?

MR. UYEHARA: Honokōhau.

MR. MIURA: And April?

MS. MELLON-LACEY: April 2026.

MR. OKAMOTO: Maybe in general too, and I'll use Colin as the excuse again, just real quickly, there's 14 wells, which is more sources than any other water system that we have. Out of the 23 water systems

that we operate and maintain, there's 14, and there's seven that tap the basal lens, which is that fresh water that floats on the salt water. Seven of them tap what we call a high-level source. Something geologically is kind of holding up this water body up mauka, that doesn't have the interaction with the saltwater underneath, so the water quality from the mauka wells are really high quality. Really, really good. The basal lens, with any basal source, there's always a concern that if you pump those too much, you can actually draw up the salt water into them. In a nutshell, that's the water system in Kona. It's very unique. The other sources that we have in different parts of the island don't have the same geologic features, and it's actually something that's already being discussed at the state level, how these different geological features affect sustainable yields in a region and whatnot. Just wanted to touch on that and take this opportunity to explain to the Board just some basics of this particular system. Thanks, Kawika.

2. Pacific Water Conference at the Hilton Hawaiian Village from February 10-12, 2026

MR. OKAMOTO: Pacific Water Conference coming up in a couple of weeks, thank you to a couple of Board Members who will be joining us. Should be another good event. I think in total we have 13 attending, two from the Board and 11 from staff. It's a great conference and a new venue this time. It used to be held at the Convention Center; this year it's at the Hilton Hawaiian Village. Should be good.

3. Employee of the Quarter Award

MR. OKAMOTO: Sorry, we're going to have to defer this one to next month.

MR. LOPEZ: I have a comment that is somewhat related because it comes under Chief Engineer, but I noticed the minutes have this banner across it, and it's well taken, but my request is that it's a little dimmer. I found it difficult to read; it's a little too dark.

MR. OKAMOTO: We can change it too and just put it on a header. Thanks for that.

E. CHAIRPERSON'S REPORT:

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

CHR. KEKELA: I want to welcome Colin, who is our newest member, and Allan as our Engineering Department Head. It's good to see everybody here. Happy New Year. I also want to encourage everyone, there will be more conferences coming up throughout the year, and I know it takes a little bit of sacrifice, it's like half a week at least to take off work which can be kind of difficult, but it also serves as a good opportunity to learn a lot of the stuff that we represent and are pushing for. It's a good opportunity to meet your staff, members of the Water Department, the ones that really do the boots on the ground stuff so as more opportunities come, I just encourage our Board Members to take advantage of it. From what I heard, this might be off the record, but I don't think other boards have opportunities to travel as much for their industry, so I encourage that. Appreciate everybody coming today, it was a good showing of members.

MR. OKAMOTO: Yes, thank you.

CHR. KEKELA: Appreciate you guys making the travel. Safe travels back to where you're coming from. If you can share, put us all on the email, is that Sunshine?

MS. MELLON-LACEY: Yes, that's kind of Sunshine.

CHR. KEKELA: What about for populating the agenda?

MS. MELLON-LACEY: I think the best way to do that is to go through the board secretary and provide her with—

CHR. KEKELA: Can I be cc'd on this?

MS. MELLON-LACEY: You and the board secretary can then work together to put the agenda together. That's really what most boards do because anyone can—

CHR. KEKELA: Can she share my contact info with the Board? Sorry, I'm just learning.

MS. MELLON-LACEY: Generally, as you know, two board members can speak to each other. I think for the board members to have your contact information would be fine if there was a question or concern that one board member could contact you, but then you'd have to be careful about serial communication. If it's something that has to be shared with everybody, then it would need to go to the board secretary to put out the notice to avoid any problems.

CHR. KEKELA: Duly noted.

MS. MELLON-LACEY: Did that help?

CHR. KEKELA: Yes, thank you.

MR. UNGER: I don't know what protocol is, but I wanted at some point an update on the dedicated ag water rate and if we need to put it on the agenda to talk about it next month, or can you give us a two-minute update? I don't care. Do you want to put it on the agenda?

MR. OKAMOTO: Yes.

MR. UNGER: Let's do that.

MR. OKAMOTO: What we plan to do, just real quick, is that it'll require a rule change, so I think prior discussions was that staff will work on the rule change language to present to the Board.

MR. UNGER: I think that was the status, or were we waiting for Real Property Tax?

MR. OKAMOTO: No, I think we squared that away.

MR. UNGER: Good to know. So, we're working on a rule change at this point?

MR. OKAMOTO: Yes.

MR. UNGER: If I could request to put it on the agenda, I don't know who I should request it to.

MR. OKAMOTO: It's planned—I believe we're shooting for March. We're shooting for March, and the hope is that we'll have some other rule change proposals for the Board's consideration as well.

MR. UNGER: Thank you.

MR. LOPEZ: About two or three months ago, I had wanted, I think I mentioned this to the Board, bring an educational presentation about the subject of One Water. We've heard about this throughout many reports. So, it's not just water that comes out of the ground; it's anything about water all bumped into one, and I know that Keith is working on that now, where a consultant has offered to come and give a

quick educational presentation, so I just want to point that out. I'm looking forward to that as a Board educational thing, and hopefully it'll be done in the next two or three months. Thank you.

CHR. KEKELA: That'll be it for the Chairperson's report.

8) ANNOUNCEMENTS:

- **Next Meeting** – February 24, 2026, 10:00 a.m., Department of Water Supply, Hilo Operations, 889 Leilani Street, Hilo, Hawai'i; Public Hearing at 9:45 a.m.

9) ADJOURNMENT:

CHR. KEKELA: Can I get a motion to adjourn?

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

(Meeting adjourned at 11:02 a.m.)

Recording Secretary

APPROVED BY WATER BOARD
(February 24, 2026)