

MINUTES

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

August 27, 2024

West Hawai‘i Civic Center, Building G, 74-5044 Ane Keohokālole Highway, Kailua-Kona, Hawai‘i

MEMBERS PRESENT: Mr. Michael Pono Kekela, Vice-Chairperson, Dist. 4
Mr. Michael Bell, Water Board Member, Dist. 7
Mr. James Kimo Lee, Water Board Member, Dist. 2
Mr. Benjamin Ney, Water Board Member, Dist. 9
Mr. Keith Unger, Water Board Member, Dist. 6
Mr. Keith K. Okamoto, Manager-Chief Engineer,
Department of Water Supply (ex-officio member)

ABSENT: Mr. Stephen Kawena Lopez, Chairperson, Dist. 8
Mr. Thomas Brown, Water Board Member, Dist. 3
Ms. Kea Keolanui, Water Board Member, Dist. 1
Director, Planning Department (ex-officio member)
Director, Department of Public Works (ex-officio member)

OTHERS PRESENT: Ms. Keyra Wong, Deputy Corporation Counsel
Mr. Jeffrey Bray (Guest)

DEPARTMENT OF WATER SUPPLY STAFF:

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

- 1) **CALL TO ORDER** – Vice-Chairperson called the meeting to order at 10:00 a.m. Five Board Members were present: Messrs. Bell, Lee, Ney, Unger, and Vice-Chairperson Kekela).
- 2) **STATEMENTS FROM THE PUBLIC** – Pursuant to HRS §92-3, oral testimony may be provided entirely at the beginning of the meeting, or immediately preceding the agenda item.

VICE-CHR. KEKELA: Is there any Statements from the Public?

MR. OKAMOTO: There is one written testimony submitted. Just for the record, I do want to say that that testimony was actually for an incorrect topic that is actually not on the agenda, but we’ll keep it and retain it for the records.

VICE-CHR. KEKELA: Okay, mahalo. All right, moving on to Approval of Minutes.

3) **APPROVAL OF MINUTES**

ACTION: Mr. Bell moved for approval of the Minutes of the July 23, 2024 Water Board meeting; seconded by Mr. Ney and carried unanimously by voice vote (Ayes: 5 – Messrs. Bell, Lee, Ney, Unger, and Vice-Chairperson Kekela).

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

5) **POWER COST CHARGE:**

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

Departmental power costs from all power sources increased since the last Power Cost Charge rate was determined. The Department proposes to increase the Power Cost Charge from \$2.77 to \$3.04 per thousand gallons as a result of this increase. Power cost charges over the past year were as follows:

<u>Effective</u>	<u>PCC</u>
May 1, 2024	\$ 2.77
February 1, 2024	\$ 2.37
September 1, 2023	\$ 2.64
April 1, 2023	\$ 2.70

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

RECOMMENDATION: It is recommended that the Board approve the increase of the Power Cost Charge from \$2.77 to \$3.04, effective September 1, 2024.

VICE-CHR. KEKELA: Can I get a motion for approval? Seeing none. Is there any opposition? (none) All in favor say “aye.”

ACTION: Mr. Unger moved for approval of the recommendation; seconded by Mr. Ney. Motion was carried unanimously by voice vote (Ayes: 5 – Messrs. Bell, Lee, Ney, Unger, and Vice-Chairperson Kekela).

6) **NORTH HILO:**

A. **JOB NO. 2021-1162 (REBID), LAUPĀHOEHOE DEEPWELL B REPAIR – REQUEST FOR TIME EXTENSION:**

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

The Department of Water Supply (DWS) is requesting a contract time extension of 151 calendar days, due to delays associated with receiving approval from Department of Health for water quality and the troubleshooting and repair of MCC equipment required to start the well.

Note: There are no additional costs associated with this time extension.

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	10/31/2022	3/31/2023	151	Manufacturer delays in providing submittals and receiving materials for pump production.
2	3/31/2023	6/16/2023	77	Manufacturer delays in motor production.
3	6/16/2023	8/15/2023	60	Manufacturer requests motor substitution, delaying shipment.
4	8/15/2023	9/30/2023	46	Vendor staffing challenges.
5	9/30/2023	10/14/2023	21	HECO power shutdown.
	10/14/23	1/19/24		Project suspension.
6	1/19/24	6/19/24	151	DOH water quality approvals and repairs to MCC.
Total Days (including this request)			506	

RECOMMENDATION: It is recommended that the Board approve a contract time extension of 151 calendar days to Derrick’s Well Drilling and Pump Services, LLC., for JOB NO. 2021-1162 (REBID), LAUPĀHOEHOE DEEPWELL B REPAIR. If approved, the contract completion date will be revised from January 19, 2024, to August 27, 2024.

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

VICE-CHR. KEKELA: Is there any discussion?

MR. OKAMOTO: Yes. We do want to make a correction to our recommendation, the date of August 27, 2024 is supposed to be June 19, 2024. I apologize for that. I also want to apologize that we are kind of taking this a little bit late, we should have addressed this sooner because it’s August now, but this request was extended to June, so our apologies on that. But if there are any questions, I believe Greg is available to respond.

Just for the Board’s awareness, this was not a contractor requesting an extension, there’s no—like you see for other time extensions some of the background information in your packet, this one was actually due to the situations on our side, the water quality testing primarily.

MR. GOODALE: Primarily, yes. This well had been off for a long period of time, so when a well is off for that long, it takes longer because we have to submit a report to the State. The report was submitted in January and we didn’t get approval to put it back online until June, and that’s for a lot of reasons on the State side too, with all the things they had going on with their lab and with the Lahaina fire and everything continuing.

MR. NEY: Historically, we had problems with the State responding back in a timely manner, or is this just kind of (inaudible)?

MR. GOODALE: I think it's just due to kind of circumstances with all the activity going on with the State lab.

MR. OKAMOTO: I think we have a good working relationship with the State. They're very aware of the importance of source testing, and I believe to re-activate the source with the water in the system.

MR. NEY: The reason I ask is because it seems like with things getting done, it's like one thing that's a lag that's holding up the whole process. I just want to make sure that's not a recurring thing.

MR. UNGER: What well is backing up this well?

MR. GOODALE: There are two wells there. There's Well A and Well B.

MR. UNGER: Right.

MR. GOODALE: So Well A is online, well actually both of them are online now; but fortunately for us while we're waiting for this, Well A was continuing to function, so we were in good shape.

VICE-CHR. KEKELA: Thank you. Any further discussion? Any opposition to the motion? (none) All in favor say "aye."

ACTION: Motion was carried unanimously by voice vote (Ayes: 5 – Messrs. Bell, Lee, Ney, Unger, and Vice-Chairperson Kekela).

7) NORTH KONA:

A. JOB NO. 2016-1056, WAI'AHA DEEPWELL REPAIR – REQUEST FOR TIME EXTENSIONS:

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

The Contractor, Derrick's Well Drilling and Pump Services, LLC., is requesting a contract time extension of 95 calendar days, due to manufacturer material delays and delays with the pump and motor testing. These delays were beyond the control of the Contractor.

Staff reviewed the request for the time extension and the accompanying supporting documentation and found 95 calendar days to be justified. *Note: There are no additional costs associated with this time extension.*

Ext. #	From (Date)	To (Date)	Days (Calendar)	Reason
1	7/31/2017	9/15/2024	2603	Project completion date was revised as a part of Change Order #2.
2	9/15/2024	12/19/2024	95	Manufacturer delays for submittals for surface plate and motor shroud assemblies, and pump and motor testing.
Total Days (including this request)			2698	

RECOMMENDATION: It is recommended that the Board approve a contract time extension of 95 calendar days to Derrick’s Well Drilling and Pump Services, LLC., for JOB NO. 2016-1056, WAI‘AHA DEEPWELL REPAIR. If approved, the contract completion date will be revised from September 15, 2024, to December 19, 2024.

VICE-CHR. KEKELA: Can I get a motion to approve?

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

MR. OKAMOTO: All right, so for this one, the contractor requested a time extension due to issues on the manufacturer’s side, so not really within his control. In your packet is the email documenting the delay. If there are any further questions, Greg’s available for this one also.

MR. UNGER: This original contract started in 2017?

MR. OKAMOTO: Yes.

MR. UNGER: So is this job ever going to get done?

MR. OKAMOTO: Yes.

MR. GOODALE: Yeah, I don’t know how far into—yeah, this job started, and then there was the Settlement Agreement that was arrived at—so this is all still just a continuation of one job.

MR. UNGER: As understood.

MR. OKAMOTO: Good reminder, you know it’s actually worth saying for the record, and maybe for the newer Board members who weren’t around when it started, and when it experienced the issues that it did, basically there was an issue during repair. Things were dropped down the hole. We went through a form of litigation, and mediation, and basically, the bottom line is we need to get this well back in service, and we hoped to negotiate with the contractor a Settlement Agreement that allows us to move forward. But during that time, that’s where that first row on that table looks kind of egregious, is the word I guess, stands out. But yeah, that’s what we were going back and forth with the contractor during that litigation period. We’ve moved past that and now we’re actually getting—the contractor is also trying to get that well operational.

MR. UNGER: How is backup wells performing? Is it working overtime?

MR. GOODALE: Well, we don’t have a—there is no redundant well on that side.

MR. UNGER: No, not on that side but—

MR. GOODALE: But within the North Kona system, I mean even with some of the other wells that we’ve had go out with Honokōhau, I mean we’re still doing well. The shaft makes up a big percentage. But with the remainder of the wells we have, we’re holding our ground. We kept the 25 percent restriction in effect, as a matter of fact I think that got put back into effect with the most recent one that we had go down; but even with that, we’re still doing all right.

MR. UNGER: Keep turning those valves.

MR. NEY: Have you guys put more proactive actions in place that this doesn't happen again?

MR. OKAMOTO: Yes. Really, we're kind of getting off the agenda topic because this is for the Wai'aha Well repair. Kawika will cover some of that during the Manager's Report. That's why every month we have under there the update of the North Kona Wells.

MR. NEY: Okay, I guess that will be asked at that certain time.

MR. OKAMOTO: Yes, we can bring that up during that portion.

VICE-CHR. KEKELA: Is there any further discussion? There being none. Any opposition to the motion? All in favor say "aye."

ACTION: Motion was carried unanimously by voice vote (Ayes: 5 – Messrs. Bell, Lee, Ney, Unger, and Vice-Chairperson Kekela).

8) MISCELLANEOUS:

A. DEPARTMENT OF WATER SUPPLY COLLECTION AND DELINQUENCY POLICIES:

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

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

VICE-CHR. KEKELA: This isn't a report from the PIG though because I think they're requesting to have that.

MR. NEY: Actually, just a comment but nothing to report. Actually, I'd like to probably finalize the report for PIG so we can dissolve that, and I'd like to see progression to the next step and towards kind of making a decision of what we're going to do in regards to that because we have (inaudible). I think it's time to settle (inaudible). I'll commit to getting that report for the next agenda. So, if we could get it agendized?

MR. OKAMOTO: Yes.

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

MR. OKAMOTO: Yes. So for this particular Board meeting, we don't have anything more to offer than what we shared at the last meeting.

B. MONTHLY PROGRESS REPORT:

Vice-Chairperson 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.

MR. INABA: I just want to report, kind of exciting, our Lālāmilo 10 MG Reservoir Project is under construction. The contractor is grading right now, so that's really good.

Puakō, the waterline, basically we're complete and done with that project. The paving is—we are participating, but it's going to be handled by the County. Public Works will be paving the entire roadway.

Really briefly, we had the presentation last meeting on the Lead and Copper rule, but we are still on track, so I just wanted to update you folks on that, we will be doing our initial—looking at South Hilo, the individual systems will have to be submitted to the Department of Health. We're going to wrap up South Hilo, hopefully this week, and submit that on the first system to be reviewed by the Department of Health. Once that is all squared away, I think the rest will follow.

MR. OKAMOTO: I did get a chance to go up myself to check out what is happening at Lālāmilo, and it's pretty impressive, so if anybody wants to take a look, let us know. If they're still there, but they had a couple of large dozers, getting it to subgrade, and a huge excavator loading it onto a dump truck that was taking it off-site to some other project that is not ours, but good to see progress on that. It's going to be, again, the biggest potable water tank in the State. So, it's quite impressive.

MR. UNGER: Who's the contractor?

MR. OKAMOTO: That one is Isemoto.

MR. NEY: They're having hard time getting the machines up the road was that doable?

MR. OKAMOTO: They got them to the site. I am not exactly sure how, but they're there.

MR. NEY: Because I remember that road, it was a little bit tight.

MR. INABA: Wind farms attached to a trailer I think to get the blades up.

MR. OKAMOTO: I'm not sure how they got them there, but these contractors figure out ways how to mobilize.

MR. UNGER: Is there a completion date?

MR. INABA: Oh sorry, that has to be completed. We did suspend the project while we were acquiring the property, so that was the initial delay, and then we just issued that, like a restart. We'll have it corrected for the next meeting. I think we had the property acquisition.

MR. NEY: So the company that the engineers was DK Tanks or something like that, right?

MR. OKAMOTO: DN Tanks, the contractor.

MR. NEY: All materials are like procured and (inaudible), snags or delays. We're getting for the kind of equipment that might be needed for the tank.

MR. OKAMOTO: The biggest equipment is going to be the concrete and the reinforcement steel. I'm guessing all that have been factored in.

MR. NEY: Okay.

MR. INABA: They're going to have another piece of equipment coming in that wraps the tank that will attach to the tank.

MR. NEY: There's no other (inaudible), like stairs, things that—

MR. OKAMOTO: Yes, there will be.

VICE-CHR. KEKELA: Thank you, Kurt. Anything else?

MR. INABA: That's all, unless anyone has any questions.

VICE-CHR. KEKELA: Any more questions from the Board? (none) Okay, mahalo.

C. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

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

MS. GRAY: So everyone should have received two sets of financial statements, and they were emailed and which were handed out today. The first financial statement would be our June 2024 Final Financial Statement for Fiscal Year 2024, which includes all of our End of Year closing adjustments. So last month, we had our initial closing of June 2024, and this is the final report before we present our statements to the auditor. Once our audit is complete, then the final report will include any adjustments as a result of the audit, just to give them a reminder of the process. So for June 2024, we ended again on a positive note. On page 4, for FY 2024 Financial Statement, our net income, we ended the year with \$5.2 million, and our net position is at \$18.2 million.

Moving on to our Budget Status Report, page 5, our revenues exceeded our budget at a budget of \$65.5 million, and our revenues at June 30, 2024 was \$69.7 million.

Our expenditures, we ended the year at 87% of our budget, with the budget of \$65.5 million, and our expenditures totaled \$57 million.

MR. OKAMOTO: Spent. Which helps us continue to meet our financial goals of setting aside and improving our reserves.

MS. GRAY: Regarding that point, on page 2, specific towards our financial objectives, I'll just refer to the Cash section, the department's overall Cash & investments balance increased by \$10.2 million or 17% to \$70.9 million in comparison to the same month last fiscal year, and that's due to the rate increases as well. I'll also reference the General Fund cash balance, the \$18.6 million. In comparison to our objectives, we're looking at having at least 60 days of reserves, let's say \$18.6 million. We're actually at that point, using those objectives.

I do reference a slight decrease in the General Fund Cash Reserve, and that's due to the increase in our encumbrances for our construction projects and transfers to our CIP reserves. As far as the CIP reserves, we are let's say maybe about 50% of our target.

MR. OKAMOTO: Goals. Work in progress, but we are progressing towards that goal, yes. Very good. Any questions? So that, again, that was the final factor, the audit. Basically that's what we're going to do every year, is we'll give you guys that unaudited financial report for June, but once we get the audit done and tidy up the numbers and things like that, we'll give you an updated report, hopefully shortly thereafter, and this is pretty quick actually. We gave you June last month the unaudited financial report, and now one month later Candace was able to put together a report with the adjusted figures, so good job.

MS. GRAY: Actually, I would say at this point this year, we're probably two months ahead of where we were last year, at this point in time, so we're trying our best. I guess the hard part is, is that we have just a limited time in order to close the books and then get ready for the audit. We're trying to make sure we cover all the reconciliations, the adjustments, trying to catch things as we go along in order to include it with the closing year-end adjustments, which we do our best not to miss anything. That's the challenge, but we're getting there.

MR. UNGER: Is that an annual audit?

MR. OKAMOTO: Yes, we have an annual audit. To me, it's typical, especially in government organizations. We're trying to make it as clean and minimize the adjustments every fiscal year, so that's what Candace is doing a good job of, you know, kind of tightening up things so our adjustments are minimal. What we present in July should be fairly close. It's going to be a continued work-in-progress. I want to give Candace a lot of credit because she had this vision to move us in that direction. Thank you, Candace. We'll work on her projection.

VICE CHR. KEKELA: Her projections great.

MR. OKAMOTO: Yes, her projections—her number side is great.

MR. NEY: Oh no, I'd like to—looks really positive in terms of having kind of a buffer financially. Now, are we going—like having cash on hand as an organization? Is there a restriction on how much? I kind of thought Diana Mellon-Lacey said they look unfavorable when you have too much cash on hand when you're increasing the rate. I mean I like being in this kind of position, but after you see the reserves that you have, backup reserves I guess, would you use those funds to offset other expenses in excess of that, I guess? I guess the lending rates coming back down, but could you keep the rate increases good (inaudible) over the year, and then kind of use what's in excess of our reserves to knock down some other expenses?

MR. OKAMOTO: All of that goes into our rate study, you know that Ann Hajnosz went through her presentation. So we're not there yet, I just want to make it very clear we're not there yet. Those rates were established because we had certain financial goals in mind, which had a couple of reserves that we want to build up: emergency, CIP.

MR. NEY: What was the debt servicing cost?

MR. UYEHARA: That was one of the financial goals. The last rate study that was done that kind of established the Operating and Capital Reserves.

MR. NEY: It looks great. I mean we're well ahead of—

MR. OKAMOTO: Even the debt ratio is a factor that goes into determining rates. But yes, for sure, if it's ever a point where we have too much cash—what I want to make clear is there's a perception sometimes out there that Water Supply, a semi-autonomous agency, they control their own revenues, they get plenty cash, that's not true. I want to make it clear for the record right now, that is not true. We may be in better financial health than the other departments just because we can control our income, our revenues, and things like that, but we are not there yet. In the past, we could actually fund our own CIP projects with cash and not have to borrow so much money. Those days have been 20 years gone, so we're nowhere close to that, but as was mentioned in the last presentation by our Rate Study Consultant is that we do have goals regarding reserves, and debt ratios, and things like that, that are factored in.

The next step beyond that too, I want to try and help with our community is, are there ways for us to provide some I guess break to allow for workforce or affordable housing units with our facilities charges. So that's another component that we're asking our Rate Consultant to look at in the upcoming work that she's doing currently.

So anyway, again I don't want to get Keyra nervous, and we may be venturing off the topic of the financial report. But if there are any other questions on the June Financial Statement, fire away; if not, we can have Candace move on to the July Financial Statement.

MS. GRAY: Okay, for the July Financial Statements, I'm just going to I guess touch on the bold areas, page 2 of the memo. So for July, we have our Accounts and Construction Contracts Payable including retainages decreased (\$631,526) or -23% from the prior year, and that's due to pending payments that we've accrued in June, and then we've made payments in July to clear those obligations. So this is reflected in the Balance Sheet. The items that are listed on the cover memo, they met the criteria of the accounts that changed \$10,000 or 20% more from the prior fiscal year. The new items that appear on this cover memo are bolded in each section.

On the Income Statement, the Total Operating Revenues increased just about \$1.7 million or 34%, and due to an increase in consumption and the 9.5% rate increase that became effective on 7/1/2024.

Also, I believe for closing this fiscal year, we've pretty much completed I'd say all of our closing adjustments for June 2024, so that also rolls over into July, so that might be also another factor on why it's noted as significant for this July 2024.

Our power and pumping operating expenses increased \$210,325 or 61% in comparison to the same month in the prior fiscal year primarily due to an increase in electricity expenses paid this month.

As far as our transmission and distribution operating expenses increased 144,214 or 37% in comparison to the same month in the prior fiscal year primarily due to increases in expenses paid for salaries, materials and supplies, and equipment.

Customers accounting operating expenses, which increased 58% in comparison to July 2023.

We also have other non-operating revenues, increased 93% in comparison to the same month in the prior year due to an increase in installation income for new service connections and the \$47,114 Hawai'i Energy rebate payment.

Another item, noted on page 3, those are other non-operating expenses, which increased \$15,574 or 2532% due to an increase in our electricity expenses paid this month.

I'll just skip over to page 6, our Budget Status Report for July 2024. The first month of our FY 2024-2025, our revenues, we're at \$6.9 million, 10% in comparison to our target of 8%; and our expenditures, looking at 3%. If there are any other questions?

MR. OKAMOTO: Thank you, Candace. Are there any questions?

MR. UNGER: So to clarify the rate, we've just implemented a 9.5% rate increase for the standby charges, the water consumption. So back to our rate change power cost charge, I think we just agreed to today, so that will come into effect the first day of the month, following the established rate by the Water Board, so are we talking September 1st?

MR. OKAMOTO: Yes.

MR. UNGER: Okay, so that's good.

MR. NEY: Make sure you got all your leaks fixed, and in top shape.

MR. OKAMOTO: We are hopeful. From my understanding, I think Warren will cover this during his Energy Report on relationship and the potential of Hawaiian Electric's rates and the history, their rates.

VICE-CHR. KEKELA: All right, mahalo, Candace.

MR. OKAMOTO: Thanks, Candace.

VICE-CHR. KEKELA: At this moment, I'd like to move to 8D.

D. EXECUTIVE SESSION REGARDING OPEN LITIGATION FOR CIVIL NO. 3CCV-20-0000007, LĀLĀMILO WIND COMPANY, LLC:

The Board anticipates convening an executive meeting for the purposes of discussing the legal rights, duties and liabilities of the Board concerning open litigation against the Board, as authorized by Hawai'i County Charter Section 8-2 and Hawai'i Revised Statutes ("HRS"), Sections 92-4 and 92-5(a)(4). The Board wishes to have its attorney present, in order to consult with the Board's attorney on its questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities pursuant to HRS Section 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 the affirmative vote constitutes a majority of the Board.

MS. WONG: Is there a motion to convene into Executive Session so that the Board members can vote with the Board's attorney on its questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities pursuant to HRS Section 92-5(a)(4)?

ACTION: Mr. Unger moved that the Board enter into Executive Session; seconded by Mr. Ney and carried unanimously by the following voice vote: (Ayes: 5 – Messrs. Bell, Lee, Ney, Unger, and Vice-Chairperson Kekela).

(The Board entered into Executive Session at 10:43 a.m., and returned at 11:47 a.m.)

RECESS: At 11:47 a.m., Vice-Chairperson Kekela called for a short recess.

RECONVENE: The meeting reconvened at 11:59 a.m.

E. MANAGER-CHIEF ENGINEER'S REPORT:

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

1. North Kona Wells

MR. UYEHARA: Thank you. So for this month, our North Kona Wells status updates we had 9 of our 14 wells in operation or be available to use; five are offline, so we do have the 25% water restriction. The five wells that are offline: Kalaoa , Mākālei, Honokōhau, Wai'aha, and Holualoa.

So, the status for this month. Kalaoa is under repairs right now. Our staff are up there now. We're completing that, and hopefully bringing that back online early September, so in a week or so.

Mākālei Well, the contractor—the developer had installed the pump and the motor. Good progress. Hopefully, we'll bring that one back online the end of September.

Honokōhau is the one where the contractor still has to assemble another fishing tool to get whatever shroud is in the well. That's ongoing, but I estimate right now to bring that back online in mid-October.

Wai'aha, we went over that in this month's agenda, that the expected completion date is December 19th.

Holualoa Well, that is offline. We are working on our bid specs, and once that's out to bid, we can move forward.

MR. OKAMOTO: Questions?

MR. NEY: Are they confident they can (inaudible).

MR. UYEHARA: This is probably I believe the third attempt to get the shroud out. There are different challenges and different sizes of the equipment, so we're hopeful that this time we get it out. That's very important well (source?) to get back online.

MR. NEY: Are these costs put an end on us on this effort? Are these costs open-ended in terms of the effort? Or is this like, "No, you've got to get it out for these costs."

MR. UYEHARA: So I believe each subsequent additional attempt, there's going to be additional costs.

MR. GOODALE: Yes, it's all costs we're going to bear. I mean it was unknown to them at the time of removal, as to the status of the shroud or how it was attached. So through the video camming work they've done, they were able to kind of see how the thing was attached. But bottom line, yeah, it's something that has to get removed out of there in order for us to be able to replace the well.

MR. NEY: Kind of like a forced account basis. Is that the right term you guys were using earlier?

MR. GOODALE: I don't know if force—I guess technically it was—basically it's a Change Order.

MR. NEY: Okay.

MR. GOODALE: But this is also done under emergency procurement; but even so with that, it's still done as a Change Order. I mean we've got original scope of work that was implemented at the beginning, but as these things occur and because they're unknown to us and the contractor. Effectively, if you want to get the materials out of the well, you've got to keep trying. One of the things, we did try to evaluate, was whether that was something that could remain in the well and not have any effect, but it was determined that we had to get that shroud out.

MR. NEY: Yeah, just more like along the lines of the language of unknown and variable there. Like not even specifically in this situation but in future situations, like when we negotiate these things out. Is the language is correct and the contracts and stuff that we're explicitly allowing that? (inaudible) of costs, or is this like we're going to be a little flexible on this?

MR. OKAMOTO: They still got to justify when they request for additional funding, there still has to be a basis. We're not just going to have a blank check, and our staff is out there monitoring the work to make sure who's on-site, when and what days they're actually on site, they're actually working or not. All of that factors into our evaluation, whether or not their proposed Change Order amount is reasonable.

MR. NEY: Hopefully they're (inaudible).

MR. UYEHARA: Thank you.

MR. OKAMOTO: Thanks, Kawika.

VICE-CHR. KEKELA: All right, next is the Department of Water Supply Quarterly Energy Report.

(Note: At this time, Warren Ching, Energy Management Analyst, came forward to address the members of the Water Board, and provided an overview of the Quarterly Energy Report.)

MR. CHING: Any questions in general? Thank you very much.

MR. OKAMOTO: Thanks, Warren. Basically, for everybody's awareness, we pay over \$20 million a year in power cost, so it is a significant O&M expense, which is why we actually have a position dedicated to help us be better at that, a summary of what we are trying to do.

Item No. 3, as we should be doing, we've summarized—you know every once in a while we'll come in, we'll put something out to bid, there might be for whatever reason no bidders, no responsible bidders, so we get the Board's approval to do an Alternative Procurement. So this is a summary of the Alternative Procurement that we've done and the results. Again, for transparency sake both for the Board and the public. So if there are any questions, Greg's ready because it's all his projects basically. As you can see, some vehicle bids, some material bids, the treatment plant chemicals.

MR. NEY: On the alternate procurement for the vehicles, when we put that out to bid, are these local vendors not bidding on it and are just kind of waiting until it rolls over to Alternative Procurement?

MR. GOODALE: Yeah, we can't speculate as to how or why they're doing what they're doing. I mean we do know that these bids have been sent out to many of our normal dealerships. Actually, they're sent out to even ones in O'ahu. Yeah, there's quite a broad target that we're trying to shoot

these things out to. But yeah, as to why they go one way or the other, I mean that can work kind of against the person because if they were to think they were going to do that and then somebody else bid on the normal process, then you're out.

MR. NEY: It's kind of interesting.

MR. GOODALE: It is interesting. We have seen over the past several years that this has been kind of more of a trend, where we're not getting as many. I mean there have been procurements where we've received bids, but yeah, it's just no rhyme or reason as to why they do or they don't participate in the normal process.

VICE CHR. KEKELA: Do we have an update on the water treatment because this says results pending.

MR. GOODALE: So there's one, yeah for the chlorine deliveries. Is that the one you're talking about?

MR. NEY: Yes.

MR. GOODALE: So that's been ongoing. We actually ended up having to—because the contractor wasn't able to meet their Hawai'i Compliance Express, so we ended up having to do even a separate one to get that ammonia we needed for the chloramination at the water treatment plant. So, we were able to get the ammonia we needed to continue doing what we do.

MR. OKAMOTO: All right, if there are no further questions. Thanks, Greg. The last one, just a reminder that there is a conference, the Hawai'i Water Works Association, which is basically the organization primarily of the four water utilities. This conference rotates location every year. We hosted last year at Mauna Lani, and then it basically goes back to the west side of the island chain, Kaua'i, then it will go O'ahu, and then Maui, then back to us. Kaua'i is hosting it this year. It should be another great conference. Registration is currently already open for Early Bird rates. We have I think a budget that will allow for three Board members to attend; so if you want to attend, please submit a request to Nora as soon as possible so we can take advantage of the Early Bird rate.

VICE CHR. KEKELA: What are the dates for the conference?

MR. OKAMOTO: Oh yeah, good question. The date is October 23rd through the 25th, and because it's not that easy to get from the Big Island to Kaua'i, I think we're going on the assumption that we may have to fly out on Tuesday, the 22nd, otherwise you might miss half the day on the 23rd. So yeah, please check your calendars and let us know if you'd like to go. Kawika, do we know when the Early Bird rate changes?

MR. UYEHARA: I don't have that. I'll have to find that out.

MR. OKAMOTO: We'll find that out. The sooner you can get us that would be good. I think we kind of blocked off some rooms already. All right, that's all I have for my report, Mr. Chair.

F. CHAIRPERSON'S REPORT

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

VICE CHR. KEKELA: Mahalo. I just wanted to inform you and Board that Kawena has been working to kind space for scheduling for next year, so just kind of heads-up that might be a topic

for discussion in a future meeting, so I just wanted to report that. Trying to see the availability. So right now they're not scheduling for the year until September, so they'll open for facilities, mainly West Hawai'i facilities. That's it for the Chair's report.

9) ANNOUNCEMENTS:

- **Next Meeting** –September 24, 2024, 10:00 a.m., Hilo Operations Baseyard, 889 Leilani Street, Hilo, Hawai'i

10) ADJOURNMENT:

VICE CHR. KEKELA: That being said, I need a motion to adjourn.

ACTION: Mr. Ney moved to adjourn the meeting; seconded by Mr. Bell and carried unanimously by voice vote: (Ayes: 5 – Messrs. Bell, Lee, Ney, Unger, and Vice-Chairperson Kekela).

VICE CHR. KEKELA: The Water Board meeting is adjourned.

(Meeting adjourned at 12:08 p.m.)

Recording Secretary

APPROVED BY WATER BOARD
(SEPTEMBER 24, 2024)