

MINUTES

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

January 28, 2025

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

MEMBERS PRESENT: Mr. Stephen Kawena Lopez, Chairperson, Dist. 8
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
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, guest, NPS

DEPARTMENT OF WATER SUPPLY STAFF:

Mr. Kawika Uyehara, Deputy (via videoconference)
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 (via videoconference)
Ms. Nora Avenue, Recording Secretary

- 1) **CALL TO ORDER** – Chair Lopez called the meeting to order at 10:00 a.m. Seven Board Members were present: Ms. Taaora; and Messrs. Bell, Kekela, Lee, Ney, Unger, and Chair Lopez).
- 2) **STATEMENTS FROM THE PUBLIC** – Pursuant to HRS §92-3, oral testimony may be provided entirely at the beginning of the meeting, or immediately preceding the agenda item. There were no statements from the public at this time.

(There were none.)

- 3) **APPROVAL OF MINUTES**: Minutes of December 17, 2024, Water Board Meeting

ACTION: Mr. Kekela moved for approval of the Minutes of the December 17, 2024 Water Board meeting; seconded by Mr. Ney and carried unanimously by voice vote (Ayes: 7 - Ms. Taaora; and Messrs. Bell, Kekela, Lee, Ney, Unger, and Chair Lopez).

CHR. LOPEZ: There is a modification or amendment to the agenda. The meeting date is January 28, 2024, on the first page, and down below “Board shall reconvene” in the case of not having a quorum or interruption of the remote connection, the Board shall reconvene on January 29, 2025, not 2024, so if you could make those two changes, please.

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

5) POWER COST CHARGE:

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

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 \$3.04 to \$2.32 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>
September 1, 2024	\$3.04
May 1, 2024	\$2.77
February 1, 2024	\$2.37
September 1, 2023	\$2.64

A Public Hearing will be held prior to this Board shall be scheduled to accept public testimony.

RECOMMENDATION: It is recommended that the Board approve the decrease of the Power Cost Charge from \$3.04 to \$2.32, effective February 1, 2025.

ACTION: Mr. Unger moved for approval of the recommendation. Seconded by Mr. Kekela and carried unanimously by voice vote (Ayes: 7 - Ms. Taaora; and Messrs. Bell, Kekela, Lee, Ney, Unger, and Chair Lopez).

6) MISCELLANEOUS:

A. DEDICATION OF WATER SYSTEMS

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

The Department received the following document for action by the Water Board. The water system has been constructed in accordance with the Department’s standards and is in acceptable condition for dedication.

1. Grant of Easement and Bill of Sale
PL-SUB-2022-000046
Kukuiola Village Subdivision
Grantor/Seller: County of Hawai‘i
Tax Map Key (3) 7-4-020:037
Kealakehe, North Kona, Island of Hawai‘i, Hawai‘i
Facilities Charge: \$ TBA Date Paid: TBA
Final Inspection Date: 8/7/2024
Water System Cost: \$280,089.00

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

CHR. LOPEZ: Do I hear a motion to approve?

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

CHR. LOPEZ: Any discussion?

MR. OKAMOTO: Yes, for the TBA blanks we do have some numbers for the amount. I think the date paid is still TBA, but even so, we'd still like to proceed with moving forward with this Grant of Easement and Bill of Sale. This is actually a county project. It's the one right across the street, Kukuiola Village. Anyway, Kurt has provided a graphic. Kurt, can you provide the facilities charge amount?

MR. INABA: Yeah, so the facilities charge amount is \$121,900, so basically requesting to have the dedication documents accepted and execution would be subject to payment of the facilities charge when we receive that. It's from the County. The meter will not be installed until the dedication documents get executed anyway.

MR. OKAMOTO: And the facilities charge gets paid.

MR. INABA: The facilities charge would be paid and the documents executed, then the meter can be installed at that point.

CHR. LOPEZ: Question, so is the water already there? Have they tapped it?

MR. INABA: So the connection on the main is there. They actually installed some water lines in there, and they have a lateral off of that, so they still need to apply and install the meter in that service line.

CHR. LOPEZ: This is right across the street. You see some development?

MR. INABA: Yes.

CHR. LOPEZ: Was originally set up as a golf course in West Hawai'i. With that, any other discussion? All in favor of the motion, the Dedication of the Water System?

ACTION: Motion was carried unanimously by voice vote (Ayes: 7 - Ms. Taaora; and Messrs. Bell, Kekela, Lee, Ney, Unger, and Chair Lopez).

B. ESTABLISHING A DEPARTMENT OF WATER SUPPLY AGRICULTURAL WATER USE DEDICATION PROGRAM:

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

(For discussion and possible action.)

CHR. LOPEZ: This was brought to us at the last Board meeting for putting on the agenda by our Board Member Keith Unger, and I'll turn it over to him for introduction, discussion.

MR. UNGER: Yeah, just a quick introduction to this agenda item. I was contacted several months ago by a rancher friend of mine. He had missed his deadline to reapply for his annual ag dedication rate, so that led to the discussion about a dedicated ag rate. I was talking to Keith before the meeting, apparently there are around 900 annual ag water rates that have to be administered every year annually; so when he brought that to my attention, I thought this might be an opportunity to number one, help the farmer/rancher who has been in ag and is dedicated to ag for the next so many years so that they, or we, or I don't have to apply every year; and then Number 2, Department of Water Supply doesn't have to administer 900 applications.

So it seems like a kind of win-win, and this kind of dovetail coincidentally also with Real Property Tax, they are going through a change right now. Real Property Tax changing the rule slightly to create new rules to dedicate your property into a 10-year Real Property Tax Dedication Program. So it seems like it might be kind of a timely proposal for the Water Department if the Board and the Department agree, if it made sense, to look at some sort of longer-term dedication for ag rates, somewhat similar to what Real Property Tax has. So, that's the general concept to be thrown out there. You know, at this point we can open—I did some research, but we can certainly open it to discussion.

CHR. LOPEZ: Yes, that's why we're here, discussion, and if there's an action, we may come to that. First question, if we did something like this, I understand that ag, real estate rate, dedicated ag, Board Member Unger talked about similar to what they did, so it's a 10-year dedication in that case. Would this actually save the department a substantial amount of effort?

MR. OKAMOTO: I think so. I don't know exactly how much time. I haven't gotten to that detail, but I did inquire with our Customer Service supervisor; and as Mr. Unger has stated, I believe we processed over 950 a year. Our staff can be doing other things besides that. I think there's also a benefit of course to the farmer/rancher so that we're consistent with what the County Real Property Tax is doing and not have different procedures. I see a benefit to that, as well.

CHR. LOPEZ: In your department's case, is it 900 or whatever it is, all one time or just scattered throughout the year?

MR. OKAMOTO: I think they each have their own anniversary dates. Is that correct, Candace?

CHR. LOPEZ: Obviously, if it was all done in the same period, it would be a big deal. If it was scattered throughout the year, it could be negligible.

MS. GRAY: I believe it's one time processing throughout the year.

MR. OKAMOTO: I don't know the answer. We can double-check on that. It could be one time; it could be their anniversary date.

MR. UYEHARA: So it does look like it's Ag Use Rate applications expire on June 30th of every year. So, it is—

MR. OKAMOTO: It is all one time.

CHR. LOPEZ: This has no effect on the Water rate, right? It's strictly where you don't have to apply every year. You just skip for whatever the predetermined time is, you're good for that period of time.

MR. OKAMOTO: Right.

MR. UNGER: I think that was my idea not to create a special 10-year dedication, whole different rate for that (inaudible), Number 3, the whole idea was just to bypass an annual application type thing; and then even a further discussion. We don't need to get into detail, but another discussion could be okay, well who would qualify and what would the Department of Water Supply would come up with qualifications. It's like well Real Property Tax is doing right now, we can kind of piggyback on that just tell rate users that if you want to apply for the 10-year ag, submit your dedication that you've already gotten through Real Property Tax, and then that would automatically be qualifying you.

CHR. LOPEZ: It's encouraging there's a model to follow, and I'm sure that they also have a process if you lapsed and you sell the property or if something happens, and you don't fulfill the 10 years commitment.

MR. OKAMOTO: What we can do on the department side, and because we haven't really had that discussion yet, I've had it in the past couple of years ago when they were thinking about revamping their Real Property Tax exemption, but I think they put a pause, so we kind of stopped the discussion. I can reinitiate those discussions with the Real Property Tax Administrator and verify that it's something that we can just kind of follow and it's not going to be hurtful to us. If there are incidences where it may be a concern, we'll definitely bring that back to the Board.

MR. NEY: Yeah, that was one of my questions, how expendable is it with more allowance of ag rate, as long as it doesn't adversely affect the financial bottom-line. Are there any thoughts of—I mean it's kind of hard to with the analog equipment, like the analog meters and stuff, but to work with ag guys and go, “Time I use for water,” things of that nature so you're not taxing on peak periods, when people are needing to use water. because I know that's been a concern in terms of the extra capacity of our systems. Most of my discussions, even before being on the Board or representing some of my clients, there's been a little pushback, of you know we've got to be very careful of how much extra a margin we have, for more allowance I guess you could say. Just your thoughts on that, Keith.

MR. OKAMOTO: We don't have those types of meters to monitor during time of use, our billing, but probably for the larger meters, are once every month, so that's what the bill cycle is. I don't think we'll get to that point where we're talking about different rates for different times of day. We're just talking about the ag rate is a subsidized rate and my understanding was we were willing to do that to help encourage really the folks that are actually doing real ag work that will benefit our overall community, but what we've seen happen is there's always those that kind of cheat the system, kind of sorry to say to say, and getting the subsidized rate but not really doing the type of ag that we really wanted to help subsidize. I think the same concept is with the County Real Property, so if we're in line with that, then I think there's a least consistent application throughout the County, which I think makes sense overall.

MR. UNGER: Yeah, this might actually bring some of that ag usage down because if you're familiar with the (inaudible) dedication now, it's my understanding the whole purpose of Real Property Tax modifying their 10-year dedication is to get rid of the gentleman farmer that fenced their property and had a goat on it. So if somebody I don't know is doing excessive watering for their lawn and they have a goat on it, they have an ag (inaudible), I think that might actually cut them out of the program, Number 1. Number 2, I think using this proposal is that we're not planning to change anything other than—instead of your annual rate, an annual application, it's a 10-year dedication.

MR. NEY: That's been a common situation, at least in Kohala where ranchers will, “Hey, I'll run my cattle, you pay the water.” But no, it's a common practice though that the ranchers are pretty much utilizing other people's property, promising them to get the ag designation.

MR. UNGER: Actually, that's still a part of the program with Real Property Tax; you go through a whole vetting process, where if a rancher uses a five-acre piece in Keōpuka mauka to pasture their retired horses or horses being rotated, it does qualify. But again, they're doing all the work for us. They're trying to qualify as best as they can. So those properties still may qualify, but again, a lot of work for the Water Department.

MR. NEY: A little bit of a loophole I think, some abuse of it.

MR. OKAMOTO: Hopefully, this will minimize those loopholes.

CHR. LOPEZ: Personally some of the issues that I see with things of this nature is that you do all the paperwork, it all sounds good and there's no enforcement, and that's probably one of our biggest downfalls. A neighbor could turn them in and have bad neighbors problems. So enforcement on anything we do and it's one of the things that I really look for, how we could maintain it. We can't hire people to just be running around investigating. So there's got to be some sense of rationalization.

MR. OKAMOTO: I think the benefit to us, if we establish some kind of sharing of information with the Real Property Tax, now with GIS there's a lot of things that can be done easier, faster, more reliably, consistently. That's what I foresee, is us using as our connection with Real Property; and the benefit to us, what happens on our side is that you get converted from that subsidized rate to the regular rate. You're not going to lose your service; you're just losing the subsidized rate. I think that it's fairly straightforward on our end, with our billing system, to switch it from an ag rate to the regular rate.

CHR. LOPEZ: Not to curtail this discussion because it's needed, but is this something that the Board could request that the department go off and develop a framework around this and come back to us?

MR. OKAMOTO: Yes.

CHR. LOPEZ: And it's just that simple, we don't need a PIG, we don't need anything else.

MR. OKAMOTO: I don't think so. So what we can do, we can do our due diligence, have that discussion with Real Property, and when we're ready to report back to the Board with our plan to implement or not, we'll come back and report back to the Board, and we'll put it on the agenda for discussion at that time, potentially with a recommendation for action.

CHR. LOPEZ: How much time do you think you'll need to put this together?

MR. OKAMOTO: Two to three months I think it would be good.

CHR. LOPEZ: Before June?

MR. OKAMOTO: Yes, before the Fiscal Year End.

CHR. LOPEZ: This doesn't take an action report, just our requesting department in the minutes to do this, or do we have to actually vote?

MR. OKAMOTO: I don't think so at this stage, but we'll consult Diana to see if this procedure requires something more formal, say we decide to change our process for allowing ag rates.

MS. MELLON-LACEY: I think what might have to change would be, and I don't know exactly how it addresses it, but what the rule say may have to be —

MR. OKAMOTO: Yeah, we'll review if there are rules that need to be modified.

MS. MELLON-LACEY: I think this doesn't require a formal motion and vote because he's agreeing to do it.

CHR. LOPEZ: Okay let the minutes reflect that, three months. Thank you, anything else on that subject? Thank you, Keith Unger, for bringing that to the table. Good discussion, thank you.

C. MANAGER-CHIEF ENGINEER AND DEPUTY PERFORMANCE REVIEW PROCESS:

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

For discussion and possible action.

CHR. LOPEZ: We just went through this process for the last calendar year, and so during that discussion the review process has some hiccups because in the past, during the reign, I think it was Chairman DeLuz and Steve Hirakami, they came up with an equitable salary adjustment formula. They came up with this matrix where you rate 1 – 5 and so on to get an average. But when you go to the process for the Performance Review, it clearly brings in the Strategic and Business Plan, which we'll get to next, but in there is the criteria for the evaluation. Personally, I had a strong disconnect.

I believe that the Board needs to tackle the concept or the process for the Performance Review. One thing that I'm unclear of, and Diana straighten me out, who reviews the Deputy, is it the Board or is it the—so that's when I got hung up on this when we had the Deputy performance, I'm not sure that applies to the Board. I mean it actually has as a subject.

The other part of the Performance Review, which encompasses the salary, no, never mind, I'll table it. This subject as discussed by the Board at the last meeting was to look at potentially, if you agree, to look at the whole process of how we do a performance review, using what's been done in the past and using the instructions let's say relative to the Strategic Plan and development of that plan. So, any other discussion? None, okay.

I don't know how we proceed here. I think we would have to perform a PIG to assign members of the Board to review the process and come up with recommendations for future changes. We're not changing the past, whatever the case would be.

MR. LEE: How did we do it before?

CHR. LOPEZ: We've never done this before.

MS. MELLON-LACEY: Actually, it was done.

CHR. LOPEZ: The performance?

MS. MELLON-LACEY: I think it was done with Steve Hirakami.

MR. OKAMOTO: Yes.

MS. MELLON-LACEY: And I think it was done with the full Board. There were proposed changes to be made.

CHR. LOPEZ: But that was a process to adjust the salary issues at that time.

MS. MELLON-LACEY: No, they adjusted the instrument because it was Steve Hiramami working with the rest of the Board to adopt a different evaluation format. It was done in a regular meeting, and I think Steve had a model from his work that he circulated, and the Board voted on adopting it.

CHR. LOPEZ: So the Board approved this as the performance measures instead of this, and the instruction says to use this. What happened?

MR. OKAMOTO: Again this is based on my memory, I think Diana went through it with me as well as Kawika. I think what she said was correct, and I believe what Chair Lopez said was correct as well. This initiated when David DeLuz was Chair, and it was in front of the whole Board, so I don't believe a PIG was established, however I think Steve Hiramami at that time, and I don't know if he was Vice Chair, he said, "Hey, I have this system," he was either volunteered or handed the task of coming up with an improved system versus what it was before which was quite vague. Then what I provided Steve was a national format that utilities used nationwide as far as criteria to determine I guess how you're doing overall as a water utility, and various key metrics. I provided that to Steve and I think he extracted from that as far as the various categories: Leadership, Financial Management, Planning, and Organization. I guess based on that, that's how this system was formulated, but it's up to the Board whether or not they want to revamp that, modify it, change it totally. I agree that we should have a solid Strategic and Business Plan.

Under the current review process, if I understand it correctly, that's part of the components, I believe either under leadership, planning, and organization, or something to that effect. The last time we did a full-blown one, I did some research, was back in 2004 or prior to that. We can talk about that in more detail on the next agenda item, but I do agree this really needs to be updated.

MR. NEY: It's kind of my recollection too that we reconcile the issues with the PIG disparities and stuff and fix that issue. We've never used this as a baseline to evaluate Keith on, and the only way you're going to really do it based on this is to goal-set and tell him what the Board is looking to achieve and then evaluate his performance on how close to that achievement he reaches. Because it was pretty arbitrary when I got in, like you say, "very vague," not very specific on how we go about it. We're at least trying to bring some sense to that.

But again, if you're going to use the Strategic Plan to compare his progress against—then you have to set the finer terms of that whole setting, in terms of seeing his result to that, if that makes sense.

MR. OKAMOTO: And FYI, the last time we did it comprehensively, the Board was a part of developing it.

MR. UNGER: How about we recirculate that work that Steve did, so it can refresh our memory? It sounds like you want to maybe take one step beyond that or incorporate that into the next process.

CHR. LOPEZ: Do we have what Steve did other than this template here?

MR. OKAMOTO: I have what I gave him as the framework.

CHR. LOPEZ: For other utilities?

MR. OKAMOTO: Yes, that national—

MR. UNGER: Yeah, I'd be interested.

CHR. LOPEZ: My particular input to this is that I want to follow a process. I want a clear direction on how to do this job, and it's not there.

MS. MELLON-LACEY: Just to make it clearer, this body has brought discretion to develop what would be—you don't have to follow—I mean within the rest of the County there's something already set, and you could look at that. You have some authority to amend it and make it different.

MR. OKAMOTO: I think what Board Member Unger said made sense. I guess we probably moved along, and there's quite a bit of people that came on since then. It would be good for you to see how this rating system was established, some of the background to that, and we'll provide that to you folks; and then probably from there I think a PIG could also be done, could be the PIG or the full Board, up to this body.

CHR. LOPEZ: So is that something we could have for the next Board meeting?

MR. OKAMOTO: Sure.

CHR. LOPEZ: We'll keep this on the next agenda for the next Board meeting with that input, so we have a basis for understanding how we got to where we are and then decide from there what we want to do. Is that good everybody?

MR. OKAMOTO: Sounds good.

CHR. LOPEZ: Good, okay. Thank you.

D. DEPARTMENT OF WATER SUPPLY ANNUAL STRATEGIC AND BUSINESS PLAN:

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

(For discussion and possible action.)

CHR. LOPEZ: Discussion, I'll open that again. When I went to the instructions on how to do performance here it says, "Go to here, and look at the goals," and I agree that the Board should come up with what their goals are, what they think the department needs to do, but I think that's only 40% of the process, the others are the department from within itself, the department manager, the department head, and this related in the commercial world you go offsite or you go somewhere you're alone and you hammer out a day, these are my issues in engineering, this is what I'd like to accomplish, these are my issues and whatever inputs the departments have, maybe Kawika represents, or somebody from Operations out there, you all get together and say, "This is what I want to bring to the table for my goals and the department goals for next year. You mesh that all together, and the Board adds its own particular—whatever it may be, that's my style the way I came up in corporations, then whoever is measuring has something tangible to measure. I'll use this as an example only, we have 14 wells in Kona, 11 are operating, 3 are down, or whatever it may be. We need to put screws on this issue. It's been going on for years, and in my department, I want to get at least one more—I want to get the number down to 12 operating, and that's a measure, and there may be a reason why we can't do it, and that's

understandable. It's something that the Board can target, something that the individual department can target and work to achieve. That's just an example of measures and goals and how the measuring party looks at the overall performance.

When I looked at the responses, in the last three years I've seen, last three I've seen Keith write about his—what the status was. Certain things they started, just one, and then he just added to it the next year, and it was “in progress.” I'm watching this, and continue to do that, but there's no measurable achievement. That's personally what I'm looking for, what is the measurable achievement that gets us to where we want to go? So, that's my input on this Strategic Plan. I think this needs to be redone or it needs to be thrown out because in the instructions, useless. But I would vote to keep this and just get it updated, and update it every year, and it needs to be updated in a timeframe manner. The department can work towards these goals for the review that happens in December. Anybody else?

MR. NEY: Yeah, I kind of like your idea of, provide guidance on what we want the department to improve upon, not to put any like, “Hey, if you don't achieve this, “ there's a lot of (inaudible) to running an organization, there are a lot of things that are outside of his control. But to evaluate how are we moving towards that target I guess, I like your idea though, we need to provide what objectives that we want to see him try to make movement towards.

CHR. LOPEZ: Not to cut it up, but for instance cut the write-ups by \$1 million, maybe by half of it. I'm just using that as a number, that's all, how we measure performance to goals. I'm totally agreeing with Ben. There are a lot of head-winds. A lot of things why you can't do it, but by constant communication in the review period, it was Tom Brown who suggested that maybe we do it every three months or every six months, we review the Strategic Plan, how are you progressing through that and help you if you need help, or certainly understand the head-winds that you're facing, so I totally agree with you Ben.

MR. OKAMOTO: Yes, I totally agree, so it sounds like looking for some more concrete measurables instead of quantitative responses, and I'm all on board with that. What I want to share is I think it's due, it's been over 20 years since we did the formal Strategic and Business Plan, and it was a useful document that we could—the formal big comprehensive one, I don't think we need to do every year. Once it's done, it's done for a period of time, with actual timeframes for various tactics, and it sets specific metrics and objectives. It takes a lot of effort though, and it actually took several days, including the Board. I do give these guys specific things that I want to see by certain times, but I don't put that in the review that I presented to you folks, but part of what will help me manage the department better, like Ben mentioned, is I'll need from you folks the priorities that you want me to focus on, and what kind of results that we're looking for.

So, I do think it's time for a comprehensive redo of this. Whether we call it this or something else, I think that can be figured out. It does take a significant effort, but I do think it's worth it. My time is limited; I might have two, three years, more like two, before I can retire, but I'd like to set the framework for this department beyond that for where we want to be. I think overall we're still moving in the right direction, for us finance is a big one. Water quality safety, that's not even in question. We've got to provide safe drinking water; there's no compromising that. On the other part, we've got to be financially viable for the long term, and then all the rest I think can be navigated, but it would be good to get your input on all the rest, as far as prioritizing and things like that.

MR. NEY: Make sure it's a workable outline of what they can do that it doesn't put you guys in a stress-induced environment, feeling like the Board is pressuring you for too much.

MR. OKAMOTO: Part of this last effort took into account the personnel, the Human Resource component, for that reality check. We would hire a consultant, so there's a third party, it's not us giving you what we think, and then it will allow you folks if we hire the right consultant who has experience working with other utilities in the nation, they can give you that reality check too I think, compared to other utilities. So anyway, that's just food for thought. We can agendaize this again for further discussion and possible action. I get it, hard to manage what you don't have numbers for. Yes, welcome any other thoughts.

CHR. LOPEZ: Yeah, anybody's thoughts. Emily, entertain any thoughts you might have on this subject?

MS. TAAROA: It makes sense to get a consultant like you said, to give us some guidance, compare what other utilities use as their metrics. I like that one.

CHR. LOPEZ: I'm not sure where we are in terms of an action, if an action is needed now. For example, if you decide to form a PIG to review the process and come back with recommendations at the same time, the department could look for a consultant on a strategic plan I'd be happy to be on that committee, but of course you'd need more people. Or we can table this until we hear from the department on how they think best to tackle this discussion, from their perspective, realizing and it's well-taken, this Board—I would be opposed to—strongly support a collaborative effort and not something the Board just throws out things that are unreasonable. That doesn't work for anybody.

MR. NEY: Mr. Chair, I suggest maybe everyone throws their ideas of what things—I mean I speak my mind when I have something I see but bring their ideas and we narrow it from there. But try to get everyone to come to maybe the next Board meeting or the following—observe the department and say, “What do you feel as a Board member is an area that the organization is deficient on or needs an improvement on?” Bring all those ideas, then narrow them to whatever scope of that—what it's going to be that they're going to—objectives you're going to play out for them to focus on, if that makes sense.

MS. MELLON-LACEY: Keith, have you worked with a consultant to do one of these before, was the Board included in the process and also working with the consultant? That's usually the way I've seen this done, it wouldn't be in isolation, and the consultant would illicit the information from the Board, the department, and bring it all together.

MR. OKAMOTO: To be fair, and I see what Ben's saying, but sometimes you don't know what you don't know, so hard to provide stuff. What I kind of foresee as part of the process, Mr. Chair, it's going to take some time, so we'll have to go through the procurement process; and in the meantime, the evaluation is a separate thing, that's something you can work on as well. I really strongly believe that the roadmap for the next 5, 10, 20 years would be good to have a solid Strategic Business Plan for the short, medium, and long term for the department that's transparent, that people can hear in a forum like this, where the department is going or where the department wants to go. If you will agree with me on this, I propose that we go through the professional services procurement process, evaluate some consultants who have done this, and then what we'll do as part of their scope will be to present a scope to the Board of the process to come up with a product like this, a Strategic and Business Plan. What that will entail, it will entail involvement with you folks, with staff members, and things like that, and at that time, you can get feedback on whether or not you agree with that process or have some concerns; and then after that, it's going to take its course, it will run through that process of getting input, and then by that point, I think they can guide the Board with what kind of information they need from the Board as well as work with our staff on the various objectives, our personnel challenges, things like that, to establish those goals and timeframes to meet those goals' objectives and the actual tactics, specific tactics, to bet us there, with I think measurables included. Operational wells, whether that be that, for resiliency; number of backup

generators that we should have island-wide. Personnel management, even though you're short-staffed here, you really need to focus on recruitment in these particular areas so that you can get to some of the objectives that the goals that collectively we've established.

CHR. LOPEZ: I like that very much. I would be totally onboard with you, what we do for this year. We're going to up for review December, and it may be the December after that.

MR. OKAMOTO: So that's why I'm saying the review process can be separated because this process is going to take a while to come up with a comprehensive one .

CHR. LOPEZ: Okay, so then we have to come up with different instructions for doing performance review.

MR. OKAMOTO: For this year.

CHR. LOPEZ: Yes, the leak of the use of this document.

MR. OKAMOTO: Or reduce the dependence on this document for this year.

CHR. LOPEZ: Keith, I like Ben's idea about the Board members coming through with—in what areas do you see, or do you know of any, but honestly from where I sit, I have no confidence of this Board will respond. How many of these did you get back on paper? You don't have to answer that question, very few. You couldn't even fill out this form to submit in time. It's just not that dependable process, and it's not going to yield what—I think would be a great idea to do it. I don't think this Board is prepared to take that on.

MR. NEY: I mean does it have to be written down in advance or could it just be a discussion? Like with Keith, I mean, he's concerned with ag use availability and having some things firmed up there. I didn't like seeing us write off a lot of money off our balance sheet. So everyone comes and says, "During the course of me being on the Board, here's what see an area that needs to be improved on." Whether or not you adopt that person's objective or not, you know, everyone throwing in the hat decides which one you want to take.

CHR. LOPEZ: Absolutely. So with discussion in this forum of what you just said, we just repeat for a long time, and there will be a lot of silence.

MR. NEY: I think for you, the pump redundancy and operational thing in Kona is kind of one of the issues.

CHR. LOPEZ: Well, it's the one that comes to mind quickly because I've been hearing that this—

MR. NEY: Well, that might be the one you want to—you know what I mean?

CHR. LOPEZ: No, I have three or four, I got more.

MR. OKAMOTO: I think if we give you some of that background document because it was like 80 pages, which I gave to Steve, and he whittled it down to more specific objectives from those 80 pages. I'll give you guys the 80 pages. Take a look at that. That might stimulate some thoughts on where you want to see some movements or improvements.

CHR. LOPEZ: I think that will be really good. Let me throw this out there, see what you all think. We'll keep this on the agenda till Keith has that 80-page document, and then we could bring that up for discussion again. In the meantime, I would encourage you all to really think about this. Some of us don't even pay full attention during Board meetings, they're off doing other things, and it becomes difficult to try to—how do you vote when you're not listening? We'll just leave it on the agenda. This is again my proposal to the Board. We'll wait for the 80-page document, and then we'll bring it back in for discussion after you've had the time to digest that and perhaps come up with your own inputs to it. That's going to take a couple of months.

MS. MELLON-LACEY: Mr. Chair, if I may, the Office of Information Practices in interpreting the Sunshine Law discourages what they call placeholders on agendas, and if we're having something on the agenda, there should be something tied to it, and that's because the public in looking at it would know what's going to be discussed. So if we say that you're going to keep it on and then the 80 pages will be distributed for discussion, that would be one thing; but if it's just there and there's nothing, then people can't tell what it's really about, and that could be a problem.

CHR. LOPEZ: Yes, that's what we did with the delinquency process, so it makes sense what they say there. It makes perfect sense. Well, let's wait to get Keith's document and then I will request the secretary to put it on the agenda for whatever Board meeting is appropriate for that. When you send it out though, request the Board to read it and provide their own ideas on how they might submit input. I couldn't do that outside of a meeting.

MR. OKAMOTO: It's a significant document, so maybe what you guys can do then is pick from within that document. That way it's easier, you're not thinking about your own whatever. But there's a whole pile of stuff in there. You guys can say, "Hey, I want this to be considered."

CHR. LOPEZ: That gives us a lot to consider. With that, any further discussion? So we have a plan to move forward, and it won't be agendized until we have something to talk about. Would it be the same as the previous one we just did?

MS. TAAROA: Did we not address the issue that Keith has asked us to approve a solicitation for consultants to help develop the Strategic Business Plan going forward?

CHR. LOPEZ: That's in his department, and he's already agreeing to do that. He is volunteering to do that and supportive of that. The Board doesn't need to take an action yet at this point.

MS. TAAROA: Okay, gotcha. I think it's a wonderful idea. Thank you.

CHR. LOPEZ: Keith, did you have something?

MR. UNGER: Yes, I think the significant part of this discussion I see is updating the Strategic Business Plan and the goals because that answers a lot of questions that are before us right now. It gives the Water Department a real specific roadmap to follow. Then as far as evaluation, there could be only one question on the evaluation from Board members, you know, has the manager been following the Strategic Plan and goals as set out in the document? That's going to be pretty significant and help us with the evaluation.

MR. OKAMOTO: And of course my answer will be "yes."

MS. TAAROA: That's what I was trying to say, if the department is going to proceed with developing a new Strategic Business Plan going forward?

CHR. LOPEZ: The answer is yes.

MS. TAAROA: That process is going to start?

MR. OKAMOTO: Yes.

CHR. LOPEZ: That's in Keith's hands for now. Any other discussions? It was a very, very good discussion. I appreciate everybody's input. There are no wrong answers, and we recognize it as a group. It's a collaborative effort. Nobody is driving one thing. Nobody is dictating anything. Whatever document comes out, it will be because we all agreed on it, down to the last period. So thank you very much for that discussion.

E. DEPARTMENT OF WATER SUPPLY COLLECTION AND DELINQUENCY POLICIES:

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

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

(There was no discussion on this agenda item.)

CHR. LOPEZ: This is another one that we probably should strike from the agenda. So all three of these, C, D, and E, should be struck from the agenda until there's an item to be discussed?

MR. OKAMOTO: Yes. We'll work with you, Chair, that's one of the purviews of being the Chair. We'll provide the documentation, and then we can have that discussion when it's appropriate to put it on what month's agenda.

MS. MELLON-LACEY: You might want like a quarterly report of it, Collections or something like that, and then there would be—

MR. OKAMOTO: A report.

MS. MELLON-LACEY: You will also report, and that would be an item.

CHR. LOPEZ: Okay, so we'll take that action and strike those from the agenda until we come up with—

F. MONTHLY PROGRESS REPORT:

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

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

MR. INABA: Pohoiki bid—awarded, the bid amount for the water portion was only \$11.2 million, and the estimate was probably \$8.2 million, so it is higher than expected. That's the low bidder for the overall project. There are some potential costs saving measures. We'll look into it, but it really depends on the field conditions very unknown at this time. When they do the clearing, the initial grading, the temperatures will either allow us to make adjustments or not.

MR. OKAMOTO: Just fyi, for the Board's awareness, so this one is really going to be key. Like Kurt said, once they start excavating for the rough profile of the road itself, the waterline basically follows the road profile. Normally, our waterline is buried about 3 feet below finish grade; but because we were concerned, Pohoiki Road crosses that line of fissures that erupted back in 2018, from our understanding, it still could be hot down there, and they're excavating down 20 feet.

MR. INABA: Some places would be even a little more.

MR. OKAMOTO: So the more you excavate down towards the source of lava, the tendency is going to be hot or still warm. I think if you even go down Highway Road 132, which was graded shortly after 2018, there's still steam coming out off the shoulders when it rains.

The gaskets in our pipeline can only withstand temperatures up to 150 degrees, and we don't even want to get close to that, so part of our design was to go nonstandard and actually put it above the surface and not variant, because as you know if you bury something with heat coming up from the ground, it's like an imu. It kind of bakes it and cooks it rather than letting the heat disburse. It could be scalding water and then there's a hole, another issue with that. If the gaskets get compromised, we have every joint leak, which wouldn't work.

So anyway, we're crossing our fingers that the temperature will be manageable. If it's higher than we'd like, we would have to put it above ground so that it's not subject to those temperatures, but that would cost more which is why the price tag. Anyway, I just wanted to share that with you folks. It's an unconventional design because of that temperature situation.

MR. NEY: How many accounts does that line service?

MR. INABA: I don't have that number in front of me. We do have all of the previous account holders on there. I don't how many of them participated in the buyout program also. There are a number of lot owners that participated, so no longer would be there. Somebody came in yesterday, knowing that the project is moving forward, that they intend to go back. We do have plans for all of the laterals, and how they would go back to the property.

MR. NEY: So they're going to rebuild this area (inaudible) up again. Is that the plan?

MR. INABA: Yes, depends on—again, it's not up to us, people go back or not. We know we are bringing the water down. They are redoing the boat ramp out there, the County's park also. We're bringing that back.

MR. BELL: Uncertainty, with the Federal Government, can we work out any FEMA funding?

MR. OKAMOTO: From what we understand, those funds were already set aside and hopefully provided to HIEMA, which is the State Emergency Management Agency. Had it been given to us; we would have liked it. Hey, you got it, just give it over to us, but that didn't happen. Short answer, Michael, we should be okay with those funds. There's no 100 guarantee apparently nowadays.

MR. NEY: Just to be clear, our portion is \$11(million) outside of what the FEMA contribution is.

MR. INABA: No, this is the overall cost of the water. FEMA contribution would be 75%.

MR. NEY: Oh, okay. I think it would be done. Hopefully, people will move back. It's money well spent, but if we were going to pay any more than that. Say maybe put the brakes on the—but it's all good.

MR. INABA: That's about it. Heads-up on the Lālāmilo Reservoir Project, we're right now kind of waiting on some materials, that's why there maybe not so much working on that right now, but I expect that to be picking up soon. That's the 10-million-gallon reservoir. Waiting for some material to arrive so that it can get installed before building the actual tank itself. Larger piping than what would normally be available.

CHR. LOPEZ: Is there any concern, impact, or comment from the department regarding the approval for DHHL putting wells in?

MR. OKAMOTO: Actually, those should be part of this list, right?

MR. INABA: It should be. It will be eventually.

MR. OKAMOTO: It will be. Yeah, we've been coordinating those efforts with Hawaiian Homes; we're not sure. They're going to face whatever they may come up with when their well construction permits are submitted, I guess.

CHR. LOPEZ: Oh, they don't even tell if it's possible.

MR. OKAMOTO: Not on one well.

MR. INABA: Not on one. So I think the one referring to the article that came out on the EA, that was just released, they're just in the planning stage of that one.

CHR. LOPEZ: But at this point it's not really a big concern for you.

MR. OKAMOTO: We're coordinating with them because I believe like most other infrastructure, the intent is for them to develop it, probably into a Water Development Agreement with us, so that document will come before the Board, and ultimately when it's done which is going to take awhile because drilling it is just Phase 1, outfitting it is Phase 2, and then they'll dedicate it to us.

CHR. LOPEZ: Another question, who decides the volume of our aquifers and a new well?

MR. OKAMOTO: CWRM. So that well construction permit goes to CWRM (Commission on Water Resource Management), which is a body under State DLNR. They're the ones who oversee all the groundwater as well as the surface water of the State.

CHR. LOPEZ: And they're the ones that determine, yes there's sufficient capacity at the treatment plant.

MR. OKAMOTO: Yes.

CHR. LOPEZ: Thank you.

MR. NEY: One more project I just wanted to revisit, this was the one that was a while back, the reservoir repair which was a project that I think you completed but the \$1.2 million we spent, because it says day-to-day, what amount of work was done with that money.

MR. INABA: That work was some of the—that was actually the contract work for initial attempt, so they did do repairing—it was mainly exterior work on the reservoir. Of course on the interior, where the conditions had changed so much that the Change Order would have exceeded the contract once we cancelled the contract at that point. But this was of the work on the exterior that didn't lead it up to that point.

MR. NEY: So the work that was completed in terms of like degradation over time of that work, it would still be work that would be good to go—I mean if we were to continue finishing the project, wouldn't have to be repeated or re-evaluated.

MR. INABA: It would be re-evaluated since we need to address revisions, too. It's a code or requirement for the reservoir design; they will be re-evaluated.

MR. NEY: Just curious, thanks.

CHR. LOPEZ: Okay, anything else on that subject? (none)

G. REVIEW OF MONTHLY FINANCIAL STATEMENTS:

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

Submission of financial statements and information relating to the financial status of the Department. Department personnel will be available to respond to questions by the Board relating to the financial status of the Department.

(Note: At this time Finance Controller Candace Gray came forward and provided a brief overview of the Financial Statements for December 2024 to the members of the Board. A hard copy of the Financial Statements is available for viewing in the Department of Water Supply office.)

MR. OKAMOTO: As a reminder, the cover letter, the balance sheet, and the bold items are new explanations that have met the criteria, either changed by \$10,000 or a 20% change, up or down, but it's a snapshot of December 2024 compared to December 2023. But if you want to look at more of the overall current state of our financials, that's why Candace took you to page 6 which kind of gives you indication of how much of our budget we spent so far. We're halfway through the year, but our income is ahead of our projection, it's at 55% instead of 50% where we are in time; and then our expenditures are at 40% of budget, which is less than 50%. We're taking in more than we're spending, bottom line is financially we're in a good place, and moving forward that will help us hopefully putting money into our reserves which has been one of our financial goals from the last Rate Study, giving more cushion for the department and the Board for Rainy Day funds or help us pay more cash for CIP rather borrow funding, things like that.

MR. NEY: Well, there's like receivables and payables, like difference that you guys start to get nervous if—I mean obviously you got to have more coming in than it's going out, that's kind of Business 101. But at what point do you guys go, "Oh wow, things are getting close here," and then have to make

adjustment or bring it to us to go, “Hey, I think if we’re on this course, this is not sustainable for that much longer.” Do you guys kind of have established a difference there?

MR. OKAMOTO: Yeah, so normally things don’t pop up like that, with that significant amount, which is why we come to you monthly with these reports. One thing I will make you aware of is that FEMA projects for the 2018 Lava Flow, so what Candace and our team has been working on is communications with HI-EMA because they don’t want to give us the \$30 million that FEMA has provided, and it’s more of a reimbursable program, so in other words we got to pay the bill to the contractor and then submit that to HI-EMA for reimbursement. We’ve seen it where it’s taken awhile for that reimbursement to come in, so we want to make sure that doesn’t happen, so if you see—with Kurt’s report, that \$11 million project—so if like a bill comes for \$5 million from the contractor, I don’t think we’ll have a bill that big at one time, but as an example even if it’s \$1 million, if we pay it out we want to get the reimbursement in a timely manner. We do have some cushion, but we don’t have \$11 million cushion in one month kind of thing.

MR. NEY: So it’s more of just a cashflow awareness?

MR. OKAMOTO: Yes.

MR. NEY: Got it.

MS. MELLON-LACEY: If I can add too, I think that when we had the Rate Study done, that was another way that the cost of running the department, it probably doesn’t take into account all the foreseeable things, but that was the basis for triggering the rate at which to increase the cost of water, sort of expected operational activities for the department. So I think this kind of shows the way we’re on track, that that was done well.

MR. OKAMOTO: Yes. Thanks, Diana. That’s the reason for the reserves. You don’t want to be running so thin that it’s a month-to-month you’re trying to pay the bills kind of thing. That will probably keep Candace up at night, and we don’t want that.

H. MANAGER-CHIEF ENGINEER’S REPORT:

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

1. North Kona Wells:

MR. UYEHARA: Okay, for this month’s North Kona Well status report, again we have 10 of the 14 operational, and four are offline. I’ll go in the order of anticipated repair timeframe.

So Mākālei, we reported last month that the air conditioning unit needed to be installed, and that has been done, that’s to help cool the Motor Control Center building room. Once that’s been tested, there’s also might have to be some rechecks of the water quality equipment that’s uphill of this well. So that would be the first hopeful well back online.

Next, we’re looking at possibly Honokōhau in the May 2025 timeframe, that one we’re still waiting for some submittals for pump equipment to be reviewed and approved, and also replacement motor shroud needs to be provided.

The third one would be Wai‘aha, estimated completion date of June of this year. That one also we’re waiting for product submittals for surface plate and motor shroud.

Fourth one is Hōlualoa, that we need to put out to bid, and estimated completion date of October of this year. So Hōlualoa is the one we reported that it was suspected burnt motor, so the bid specs are going to involve providing—or replace the motor/pump, some column pipe, power cable in the repair contract. Thank you, Chair. Are there any questions?

CHR. LOPEZ: First one made it this year.

MR. UYEHARA: So Mākālei, I think we're looking at in the next month or two. Mākālei Well, in the next one to two months, and after that would be Honokōhau in May of this year.

CHR. LOPEZ: Well, let's hope so.

MR. OKAMOTO: Wai'aha is about June.

CHR. LOPEZ: Okay, thank you.

2. Pacific Water Conference at the Hawai'i Convention Center from February 4-6, 2025

MR. OKAMOTO: Just a reminder, thank you, I think Kawena and Ben will be joining us at the Pacific Water Conference next week. I think you folks probably have your travel arrangements all taken care of, your lodging. Looking forward to another great event. Take advantage of checking out the vendors. Again, we encourage all other Board members when can please join us at these. The next one coming up will be in June and that is the American Water Works Association annual event, and that's happening in Denver, Colorado. That's it for my report, Mr. Chair.

CHR. LOPEZ: I want to make a comment on the attendance of these. In my estimation, this particular conference is the better of the one of the three that I go to. It is all the local, you meet consultants, and you meet people from other utilities within Hawai'i. Very friendly, very sociable. Good information passed on. Personally, I just ask other Board members to consider. It's only a three-day event, I mean that's total time, from departure here to return. If you can give up the time, it's well worth it if you could bring back to this body after your attendance, and that's not to say you'll come back with gem stones every meeting, but you establish a rapport with them, as well. It's a really good meeting to attend. Anyway, that's all. I just want to encourage more of you to attend. I think we have room for as many as four sometimes.

MR. OKAMOTO: Yes.

I. CHAIRPERSON'S REPORT:

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

CHR. LOPEZ: On January 13th, we received an immediate resignation notice from Tom Brown. That's all we have. Hopefully, everything is okay with him. Whatever personal (inaudible). There is no reason for me to expect that it had anything to do with his Board service. He was very involved in the discussion of this Strategic Plan to bring it to the Board. But anyway, whatever the reason is, Tom Brown has resigned and is just looking for a replacement.

7) ANNOUNCEMENTS:

CHR. LOPEZ: Next meeting is February 25 in Hilo, Department of Water Supply, at 10:00 a.m.

MR. OKAMOTO: Mr. Chair, this may change. Just for your awareness, we're trying to establish a location, but it looks like our Waimea folks would be able to host a site visit to the Waimea Treatment Plant at the next meeting, so we're looking for a venue for the actual sit-down Board meeting. We think we can get it done, so it will likely change to somewhere in Waimea.

CHR. LOPEZ: I think last time we met at the recreational facility.

MR. OKAMOTO: I think so. We've got to see if that's available.

CHR. LOPEZ: For those who have not seen that, it's a really, really interesting tour, from the time the water comes down the mountain into these reservoirs. It's ugly and murky, you don't know how you'd ever drink it. You could see the process under which it becomes clean drinking water. It's a fascinating view of appreciation for what it takes to take water out of a hole and deliver it to your tank. I encourage you all to attend, please. That's the goal, we'll see if it happens. I encourage all of you to please make whatever arrangements if you have to. It's a Board meeting time. The only thing you have to do is drive.

8) ADJOURNMENT:

ACTION: Mr. Ney moved to adjourn the meeting; seconded by Mr. Kekela and carried unanimously by voice vote (Ayes: 7 - Ms. Taora; and Messrs. Bell, Kekela, Lee, Ney, Unger, and Chair Lopez).

(Meeting adjourned at 11:26 a.m.)

Recording Secretary

APPROVED BY WATER BOARD
(February 25, 2025)