

MINUTES
BOARD OF WATER SUPPLY
Thursday, August 25, 2022

The Board of Water Supply, County of Kaua'i, met in a regular meeting in Līhu'e on Thursday, August 25, 2022. Chair Julie Simonton called the meeting to order at 9:35 a.m. The following Board members were present:

BOARD:

Ms. Julie Simonton, *Chair*
Mr. Gregory Kamm, *Vice Chair (remote)*
Mr. Tom Shigemoto
Mr. Lawrence Dill
Mr. Ka'aina Hull

EXCUSED:

Mr. Kurt Akamine, *Secretary*
Mr. Troy Tanigawa

Quorum was achieved with 5 members present at Roll Call.

STAFF:

Manager & Chief Engineer Joseph Tait	Waterworks Controller Marites Yano
Commission Support Clerk Cherisse Zaima	Info. and Education Specialist Jonell Kaohelaulii
Deputy County Attorney Mahealani M. Krafft (<i>remote</i>)	Chief of Operations Valentino Reyna
Deputy Manager Judith Hayducsko (<i>remote</i>)	I.T. Specialist Wayne Takabayashi
Civil Engineer Michael Hinazumi	

ANNOUNCEMENTS

Next Scheduled Meeting: Thursday, September 22, 2022 – 9:30 a.m.

APPROVAL OF AGENDA

Manager Tait requested that an Executive Session be added at the end of the meeting. The agenda, as amended, was approved with no objections.

APPROVAL OF MEETING MINUTES

1. Regular Board Meeting – July 28, 2022
2. Executive Session – July 28, 2022

The meeting minutes were approved with no objections.

PUBLIC TESTIMONY

No public testimony was received.

NEW BUSINESS

Manager's Report No. 23-01 Discussion and Adoption of Resolution No. 23-01, Farewell to Alan Iwasaki (Retiree), Water Service Investigator II, Operations Division

Chief of Operations Val Reyna read Resolution No. 23-01 into the record.

Board Member Hull moved to approve Manager's Report No. 23-01, seconded by Mr. Dill; with no objections, motion carried 5:0

Manager's Report No. 23-02 Discussion and Possible Action for Job No. 02-14, Package A – Well and Drainage Package of Water Plan 2020 No. WK-08, Kapaa Homesteads 325' Tanks, Two 0.5 MG Tanks, and WK-39, Drill and Develop Kapaa Homesteads Well No. 4, Wailua-Kapaa Water System for Additional Construction Funding

Civil Engineer Michael Hinazumi provided a summary of the report. In reference to the removal of the retention aspect of the drainage system, Board member Dill asked whether that had been reviewed and approved by Public Works. Mr. Hinazumi explained that the drainage basin was not a requirement by Public Works but was a mutual benefit to for the landowner; however due to the maintenance and liabilities with the structure, they agreed to create another system.

Board member Shigemoto asked what kind of discussion occurred with the landowner prior to the start of the project. Mr. Hinazumi explained that as part of DOW's normal process the Department reached out to the landowner and they all agreed on the drainage structure as well as an agreement to utilize the water that would potentially be stored. However, during the course of construction and the development of legal documents for the easements, DOW and the landowner could not come to an agreement on the maintenance and long-term liabilities related to the use of the property. He stated that those things are generally worked out up-front, but he is not certain how this developed this far without a mutual agreement. Chair Simonton added that at the time, she and former Chair Kamm visited the property, prompted by letters from lawyers being exchanged, and feels that DOW did a good job of working with the landowner to reach a solution that satisfied everyone. Mr. Shigemoto asked at the point that the retention pond was built, what solutions were offered relating to the potential liabilities. Mr. Hinazumi stated the concerns were with the long-term maintenance as well as security enforcement and potential breach of the security fence. Mr. Shigemoto commented that it is troubling that this is a quarter of a million-dollar error and hopes this is the exception and not the rule. He added that he does not fully understand where this money is coming from, but noted it is a huge hit on someone's budget. Mr. Hinazumi stated he completely agrees, noting that DOW has since revamped its Engineering structure as well as training for staff in how to resolve issues up-front at the planning stage vs. the construction stage.

Upon clarification from Mr. Hinazumi that this project was started in 2016/2017, Manager Tait noted that this is not the first, nor will it be the last project that was inherited from years ago that has either been retooled, re-reviewed by the new Engineering team, or readdressed as far as cost estimates. Board member Hull stated this particular issue was initiated prior to and has been on-going as long as he has been on the board, noting that there were significant management issues as well as a significant amount of time that the Department was without a Manager. The action before the board today was set in motion a year ago with Manager Tait taking the helm and numerous executive session discussions on how to put a patch on these major issues. Chair Simonton added that the team that is in place now started from the point of the agreement with lawyers. Joe added that since he arrived things are still in the process of being corrected where necessary, not just in Engineering, but throughout the Department in general.

Board member Dill stated that though he was not a part of previous board discussion relating to this, his understanding is the Department presented this and showed plans to the landowner, who discussed the desire to access water for his agricultural activities, and all information was given which he agreed to and signed-of on it to which Mr. Hinazumi replied yes. Mr. Dill added that he has difficulty holding the Department largely to blame noting the landowner was present at the Board meeting where he admitted lack of expertise in the area and when he saw what was going

on in the field, he eventually changed his mind. He does not blame the Department and gives them kudos for walking it back to reach out to the landowner and spending funds to satisfy both parties. Legally, everything was done properly, but moreover, ethically, and morally he feels the Department handled itself appropriately. He feels the main reason this is before them today is because the landowner did not have a grasp of what would be out there in the field, and while it is an unfortunate situation, he thinks the Department has taken steps to try and address these situations on behalf of our customers moving forward.

Board member Dill moved to approve Manager’s Report 23-02, seconded by Mr. Shigemoto; with no objections, motion carried 5:0.

Manager’s Report No. 23-03 Discussion and Possible Action on the Approval of the Department of Water (DOW)’s Supplemental Budget for Fiscal Year 2023

Board member Dill stated that in reviewing the report presented, which is essentially a summary of numerous budget items, he would not feel comfortable approving this at this time and would be recommending that the Finance Committee review how this report was prepared, what’s behind it and make sure it’s understood well before bringing it back before the full board for a decision.

Board member Dill moved to refer Manager’s Report 23-03 to the Finance Committee, seconded by Mr. Shigemoto; with no objections, motion carried 5:0.

STAFF REPORTS

1. Fiscal - Statement of Revenues and Expenditures
 - a. June and July Monthly Summary Budget
 - b. Accounts Receivable Aging Summary

Waterworks Controller Marites Yano provided an overview of the Fiscal Report highlighted their ongoing technical issues for which consultants have been contacted. Two reports were not submitted in time and were provided at the board meeting to be received for the record. In response to Chair Simonton regarding the long-standing issues with the Great Plains accounting software, Ms. Yano explained that the existing consultant is not available to help immediately so they are going through the solicitation process for another consultant.

Ms. Yano provided an overview of the Statement of Net Position for June and July. Manager Tait referenced the top 3 items on Page 22 which he noted were not accurate and were going to be adjusted to which Ms. Yano stated yes. He asked if he was incorrect in saying that budget vs. actual expenses is about 37% to date. Ms. Yano stated she would not look at the bottom numbers since it included capital projects which are big. She would take Capital Projects out of the picture and look at the Operating Expenses which reflects a more realistic analysis. Board member Dill stated his understanding is that the budget column represents encumbrances rather than actual expenses, so it is not comparing apples to apples. He requested again that the information provided to the board shows a more appropriate comparison. Comparing the Revised YTD Budget numbers vs. the YTD actual numbers on Page 24 under Expenses, Total Contracts and Services, Mr. Dill asked if the \$11 million represents the budget projection or what was encumbered. Ms. Yano stated it represents the budget, and the encumbrances are what is being submitted today in the Supplemental Budget. Mr. Dill rephrased his question stating his assumption is that the \$11 million represents Contracts & Services that were budgeted encumbered in FY 22 but were not actually expended. Ms. Yano stated the \$11 million was budgeted for Professional Services but

has not been encumbered. Mr. Dill asked for a comparison of what we would encumber in 2022 as opposed to the amount we were going to spend to which Ms. Yano stated roughly \$4 million is being rolled over as professional services not spent. Mr. Dill asked whether the \$11 million is the amount we anticipated encumbering in FY22 to which Ms. Yano stated that was the initial plan; however, we have not encumbered it. Mr. Dill then stated that, right off the bat, is a problem as there is still no apples-to-apples comparison with this line item, which is a very big number. Ms. Yano stated she could probably provide a column for the encumbered amount as well as a revised report.

2. Public Relations Activities – updates on Public Notices & Announcements, Community Outreach & Education, Upcoming Events, and Project WET

Information and Education Specialist Jonell Kaohelaulii provided an overview of the PR Report submitted highlighting the completion of their Habitat For Humanity Eleele partnership. They hosted a New Homeowners Welcome presentation that included information on water services, how to apply for water service, how to read their bill and ways to conserve water. The Make-A-Splash festival plans are being finalized and there are currently 747 5th grade students from 11 schools that will be participating and 7 outer-island agencies will be assisting. Because it's been 2 years since the last event, there will be a small ceremony prior to the event which will include a blessing, and welcome.

3. Operational Activities – Monthly service dashboard & highlights, Monthly comparison of water produced, customer meter read, and water loss

Chief of Operations Val Reyna provided an overview of the Operations Report submitted noting that 5 hydrants were hit. Mr. Reyna pointed out an error under Work Orders Closed and Auto Repair Shop which he failed to include numbers for but will provide an update at the next meeting. Board member Dill stated State DOT noticed a trend of less utility poles being hit during the height of the COVID restrictions to which Mr. Reyna stated DOW did notice a similar trend during the pandemic.

Chair Simonton asked for an update on the GasBoy replacement to which Mr. Reyna stated they are in contact with the contractors, and all necessary information has been submitted. Once that is finalized, they will be coming to install the system; they are nearing completion.

4. Manager and Chief Engineer – update on monthly activities, personnel matters, and required communications to the Board

Manager Tait stated he will be handling much of his discussion in closed session. He reported that DOW vacancies have grown from 25 to 29 vacancies over the last month, and while Debra is doing a phenomenal job, the County HR process is a factor. Manager Tait thanked the Board for their feedback on the proposed benchmarks which will be presented at the next Board meeting.

TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING: *(September)*

1. Retirement Resolutions
2. Status update on dashboard and benchmarks

TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETINGS:

1. Facility Improvement Program including discussion regarding Base Yard Improvements

2. Hanalei Satellite Base Yard updates
3. Future Organizational changes
4. Updates on Department Programs

EXECUTIVE SESSION:

Pursuant to Hawai'i Revised Statutes (HRS) §92-7(a), the Board may, when deemed necessary, hold an executive session on any agenda item without written public notice if the Executive Session was not anticipated in advance. Any such executive session shall be held pursuant to HRS §92-4 and shall be limited to those items described in HRS §92-5(a).

1. Pursuant to Hawai'i Revised Statutes §92-4 and §92-5(a)(6), the purpose of this Executive Session is for the Board to consider sensitive matters related to public safety or security.

The Board entered into Executive Session at 10:21 a.m.

The Board resumed in Open Session at 10:32 a.m.

ADJOURNMENT

The meeting was adjourned at 10:32 a.m.

Respectfully submitted,

Cherisse Zaima

Cherisse Zaima
Commission Support Clerk

Approved,

kurt akamine
[kurt akamine \(Sep 26, 2022 09:30 HST\)](#)

Kurt Akamine
Secretary, Board of Water Supply

08-25-22 RBM Open Session Minutes

Final Audit Report

2022-09-26

Created:	2022-09-26
By:	Cherisse Zaima (czaima@kauaiwater.org)
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