

MINUTES
BOARD OF WATER SUPPLY
Thursday, March 24, 2022

The Board of Water Supply, County of Kaua‘i, met in a regular meeting in Līhu‘e on Thursday, March 24, 2022. Chair Julie Simonton called the meeting to order at 9:40 a.m. The following Board members were present:

BOARD:

Ms. Julie Simonton, *Chair*
Mr. Greg Kamm, *Vice Chair*
Mr. Lawrence Dill
Mr. Ka‘aina Hull
Mr. Troy Tanigawa

EXCUSED:

Mr. Kurt Akamine

Quorum was achieved with 5 members present at Roll Call.

STAFF:

Manager & Chief Engineer Joseph Tait
Deputy County Attorney Mahealani M. Krafft
Commission Support Clerk Cherisse Zaima
Computer Systems Support Technician Darrel Acob
Deputy Manager Judith Hayducsko
Civil Engineer Michael Hinazumi

Waterworks Controller Marites Yano
Asst. Waterworks Controller Marcelino Soliz
Info. and Education Specialist Jonell Kaohelaulii
Chief of Operations Valentino Reyna
I.T. Specialist Wayne Takabayashi
Private Secretary Mary-jane Akuna

ANNOUNCEMENTS

Next Scheduled Meeting: Thursday, April 28, 2022 – 9:30 a.m.

APPROVAL OF MEETING MINUTES

1. Regular Board Meeting – February 24, 2022

Board member Dill moved to approve the minutes of the February 24, 2022 Regular Board Meeting, seconded by Mr. Tanigawa; with no objections, motion carried with 5 Ayes.

APPROVAL OF AGENDA

Board member Dill moved to approve the agenda, seconded by Mr. Tanigawa; with no objections, motion carried with 5 Ayes.

PUBLIC TESTIMONY

The department received no public testimony prior to the meeting, and there were no registered speakers.

There was one (1) caller from the public who joined in the meeting.

NEW BUSINESS:

1. *Manager’s Report No. 22-59* – Discussion and Possible Action to approve the Conveyance of Water Facility from BBCP Kukuiula Infrastructure, LLC for Kahela Subdivision (Parcel H)

No. S-2016-02; TMK: (4) 2-6-022:054, 061, 062, 063 and 064 [FKA 2-6-015:014(por.)], Koloa, Kaua'i, Hawai'i.

2. Manager's Report No. 22-60 – Discussion and Possible Action to approve a Grant of Easement agreement from BBCP Kukuiula Infrastructure, LLC for Kahela Subdivision (Parcel H) No. S-2016-02; TMK: (4) 2-6-022:061 {FKA 2-6-015:014(por.)}, Koloa, Kaua'i, Hawai'i.

Civil Engineer Michael Hinazumi noted for the record that there is an error in the title of Manager's Report No. 22-60 where the Tax Map Key numbers should be the same as the Tax Map Key numbers in Manager's Report 22-59 as they are part of the same project. He also noted that the signature on the documents may change as Kukuiula has been acquired by another company and they are working through that transition. In response to Vice Chair Kamm, Mr. Hinazumi clarified that everything has been installed, inspected and certified.

Board member Dill moved to approve Manager's Report Nos. MR 22-59 and MR 22-60, with amendments to the title, seconded by Mr. Kamm; with no objections, motion carried with 5 Ayes.

3. Discussion and Possible Action on the 6-month Probationary Evaluation form for the Manager and Chief Engineer

Chair Simonton explained that staff did not realize that a 6-month evaluation was required, but now the board needs to come up with a form to use. Currently, the Board has not adopted a standard form, nor has the Chair been delegated the authority to make such a decision. For the sake of getting it done by the March 31, 2022 due date, Chair has elected to use the standard County HR form and is asking for an approval for using that form with the caveat that moving toward the Manager's 1-year review, the Board can formally work on and adopt their own form. The use of the County HR standard evaluation form would be for the purposes of completing this 6-month evaluation.

Board member Tanigawa moved to approve the County HR standard evaluation form for the 6-month evaluation of the Manager, seconded by Mr. Dill; with no objections, motion carried with 5 Ayes.

STAFF REPORTS

1. Statement of Revenues and Expenditures
 - a. January Monthly Summary Budget
 - b. Accounts Receivable Aging Summary
2. Statement of Revenues and Expenditures
 - a. February Monthly Summary Budget
 - b. Accounts Receivable Aging Summary

Assistant Waterworks Controller Marcelino Soliz provided a summary of the Fiscal report.

Manager Tait asked to clarify that the two numbers recorded for January and February's capital are low numbers compared to what he is aware of for Professional Service contracts, and that those would be counted under Professional Services as opposed to Capital to which Mr. Soliz replied yes.

Board member Dill referenced the Summary Sheet for January (Page 81) under Capital Projects it shows the department budgeted \$29 million and spent about half a percent of that. He questioned whether the budgeted number is an encumbrance versus an expense and is unsure why there is a huge discrepancy between the two. Mr. Soliz explained that the \$29 million includes encumbrances that were rolled over from the previous year for projects that were not expensed out. He stated for example that if they have a 5-year project, it's been DOW's practice to open up a Purchase Order for the total expenses for the five years. Those funds are encumbered and the unused portion rolls over to subsequent years. The \$29 million includes rollovers from the Fiscal Year 2018-2019 budget to the current budget year.

Mr. Dill agrees that has been the practice, but he would like to request that the department take a look at how those numbers are presented so the numbers are a little more useful to the board to determine whether or not things are on track. Manager Tait asked if Fiscal could provide a breakdown of encumbrances by year with the names of the projects attached to them.

Mr. Dill referenced Operating Expenses noting that a significant portion of that \$6 million difference was due to capital contributions and asked why the department is so far off in its capital contributions. Mr. Dill noted that the capital contributions line item on Page 83 shows the revised YTD budget is \$9.4 million and the actual is at \$470,000 which is 95% off our projections and asked why that is the case. Mr. Soliz explained that some of those could be appropriations that have not yet been encumbered. Mr. Dill requested that those types of highlights be included in the fiscal report. Manager Tait suggested that the format of the fiscal reports be changed to provide more detail and clarity the board members need to see. Mr. Dill added that when the report is presented every month, he'd like to track how the department is doing against the budget the board has approved.

Chair Simonton stated that she has been approached by members of the public reporting egregious billing errors and asked how those significant errors are reflected in the monthly fiscal report. She noted that she was made aware just this January of a six-figure error and would like to know how many incorrect bills are going out in any given month so they can figure out how to improve that. Manager Tait pointed out that he does address some of that in his Manager's update and would like to focus on that discussion further at that time. Mr. Soliz explained that once those incorrect bills were brought to his attention, he began implementation of a plan to retrain and refresh staff to be more cognizant of following the proper procedure and how to identify instances where an incorrect bill was sent out. He stated that some shortcuts were being taken by staff which they are addressing to ensure it does not continue to happen. He added that they are able to pull a report on how many incorrect bills have gone out. Chair Simonton stated that the fiscal report is not reflecting those errors, noting that there were two that totaled a lot of money that would throw off their revenue projections. Manager Tait added that there are fail-safes in place but it's a question of whether or not they are followed.

Mr. Dill asked whether the water consumption rates have recovered from the pandemic to which Mr. Soliz explained the department is still in recovery mode and are working with KGEFCU who are administering the Relief Act fund. They are working with them to do some outreach to those customers and catch up with the backlog of arrearages. Mr. Dill stated that speaks to the Aging and receivables and asked about actual water consumption. Mr. Soliz stated that its not quite at 100% but they expect to see a huge increase in April now that the travel industry has opened up; all those commercial properties should be coming back online.

1. Public Relations Activities for January and February

Information and Educational Specialist Jonell Kaohelaulii provided a summary of the Public Relations reports highlighting the national Fix-A-Leak Week campaign. She thanked all staff members who assisted with restocking of leak detection kits and assisting our customers with promotional information about this campaign. As of today, they have exceeded their outreach goal to distribute 150 toilet tablets and 200 leak detection starter kits. Kits will be available through the end of March and toilet tablets are available year-round.

Vice Chair Kamm commented that the heart-shaped sponges last month were excellent and Vice Chair Kamm thanked Ms. Kaohelaulii for all her hard work.

2. Operational Activities January and February

Chief of Water Operations Val Reyna provided a summary of the Operations report submitted noting that in January the department's estimated water loss due to flushing was almost 4 million gallons, which is way more than the losses usually seen. This was due to a leak in Anini that according to the home-owner, he was hearing water gushing near his property for almost 7 months which was due to a partially severed service lateral. Once that was repaired, February's report shows that number was reduced significantly. Chair Simonton stated she does not see a spike on the chart and questioned if that should be reflected. Mr. Reyna explained that the charts are for January and February and this water loss was happening for over 7 months so these charts would not reflect that spike. Mr. Dill asked to clarify that the department still purchases water from Princeville, for which we receive a monthly bill and asked if there is a way for the department to use those bills to track something like this. In response to Mr. Dill, Mr. Reyna stated the department is starting to track the meter readings to which Mr. Dill requested that be done on a monthly basis. Manager Tait suggested that this monthly report include a graph that shows trending numbers over a period of months.

Ms. Simonton stated that the graph shows the annual impact of water loss is about \$1 million, which is significant. She stressed the importance of making sure those meters get read and compare master meters with the billing department; whatever we can do in-house first before sending the crews out. Mr. Dill suggested that our meter readers go out and read the meters at the same time as the Princeville meter readers.

There was further discussion about tracking water loss and non-revenue water.

Mr. Dill referenced the Operations Services Dashboard noting that each month the work orders issued is greater than the work orders closed and asked if he is misunderstanding the numbers. Mr. Reyna explained that there are months where a bunch of preventative work orders are issued, but because they are on-going for the whole year, they are not being closed. Mr. Dill stated that is a problem for him and he would like to request documentation on the status of the work orders.

Board member Tanigawa asked if there are months where there are greater amounts of calls for service than work orders issued to which Mr. Reyna stated yes, that happens when multiple people call about the same leak or same area. Mr. Tanigawa asked what the numbers listed under "Auto Repair Shop" represent to which Mr. Reyna explained those are in-house repairs for vehicles and equipment. Mr. Tanigawa asked what do the lack of numbers from February

through October mean to which Mr. Reyna stated they were not tracking those items during that time period.

3. Manager and Chief Engineer

Manager Joe Tait stated there has been a history of issues with billing, which doesn't seem to be anything new, but has been coming to light more recently. He explained that there is a system in place to flag anomalies, but obviously the process for addressing those anomalies is not being followed and the bills get sent out anyway. There is a mix of more recent and long-standing issues that have not been addressed. As Mr. Soliz mentioned, some of the issued are training related, but training can only do so much without an understanding of the process. It's become apparent to him that this is a performance and training issue rather than a system issue. This is currently being addressed through documenting performance and filling training gaps.

Chair Simonton stated that the water bills issued are the bread and butter of the department. She noted the recent bill brought to her attention was so wrong, and not only had been billed, but then had a credit applied to it without explanation. She commented that things like this makes people question the competency of the department and whether we are billing correctly. Manager Tait stated it is apparent that the priorities have been production over accuracy and while we want to have both the importance needs to be on accuracy, and those mistakes need to be acknowledged and fixed. Chair Simonton asked if the meter replacement program factor into this in terms of transferring data to which Manager Tait replied yes, because theoretically they will provide more accurate data; however, there is still the matter of fixing the process which he wants to focus on.

Mr. Dill stated that it was mentioned that part of the issue was the number of bodies and asked if they need more staff in billing. Manager Tait stated the issue is determining how the workload is distributed between each person and the number of staff at the counter is part of why he's looking at the staffing and reorganization. There are currently 25 vacancies; however, if we wanted to fill all of those positions today, the department would not be able to fit them in the existing buildings. Staffing is an issue but the bigger issue is procedural.

Board member Hull stated that in the Planning Department, the shift to working from home during the pandemic showed an increase in work productivity. Now that the County has opened back up, they are implementing shifts for their front counter technicians to work both at home and in-office on a rotating basis, with all technicians in-office one day a week. Mr. Hull stated he does not know if that would work with DOW's billing staff, but Planning has noticed far more efficiency through this tele-working program. Manager Tait stated that DOW has had a practice that under extreme circumstances everyone has to be on-site; however, he currently has some staff that report directly to him that are not on-site every day and are able to work just as efficiently from home. This may address some of the issues regarding having enough space to accommodate the current vacancies.

Manager Tait stated the department is currently assessing the permit application process and how to ensure that the department protects public health and safety versus addressing the desire of the customer to get it. He noted that he's been communicating with customers who have not even had their phone calls addressed. There were 7 applicants who he met with at their properties to look at the meters and their intended building plans. The pressing issue involves the cost of building materials and how much costs have been increasing while they wait. He pointed out that the Engineering division leads have rearranged their workforce to be more efficient, and the process they oversee has significantly decreased the lag time, though the angst from the

customers remain. Michael Hinazumi explained that Engineering still has 2 vacancies in permitting. They have made changes to their processes and have become more efficient, so the building permit turnaround time is around 2-weeks. However, that doesn't mean the permits are approved in 2-weeks. There is still a process in which reviews are done and comments are to determine if an application is ready for approval. Board member Hull commented that in the Planning Department, if one, single item was missing the application was just denied rather than the team having conversations with the applicant. It made for a quick turnaround but in the long run made for a lengthier process. While it made the numbers look great it added 4 to 6 more weeks to the permitting process. He cautioned that having a quick turnaround is good but should not be at the expense of the overall process. Manager Tait added that the second piece of that after the permit approval is done, there is the inspection process; currently the department has 3 vacancies for Inspectors. Chair Simonton added that she gets calls from commercial properties that are unaware of the actual process and so it's not that they don't want to comply, they just may not be aware.

Manager Tait reported that there are a tremendous amount of personnel issues that he, the Deputy Manager and division heads have been addressing which unfortunately has taken precedence over the billing and permitting issues. Administration has been spending a lot of time working on policies, practices and procedures noting that some practices have become historical and cultural policies that need to be looked at.

Board member Dill asked about plans for future financial policies to which Manager Tait explained that they are looking at how they are addressing current, ongoing, routine billing practices to explore other options that may be available to resolve issues.

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

1. Update on recommended meter communication system
2. Proposed Budget for FY 2022-2023
3. Manager's Goals update – 1st Quarter
4. Quarterly Reports

TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETINGS:

1. Recommendation for baseyard improvements
2. Fleet Management Program

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)(2), the purpose of this Executive Session is for the Board to consider the hire, evaluation, dismissal, or discipline of an officer or employee or of charges brought against the officer or employee, where consideration of matters affecting privacy will be involved; provided that if the individual concerned requests an open meeting, an open meeting shall be held.

6-Month Probationary Job Performance Evaluation for Manager

Board member Tanigawa moved to go into executive session, seconded by Mr. Dill; with no objections, motion carried with 5 Ayes.

The Board entered into executive session at 10:56 a.m.

The board resumed in open session at 12:28 p.m.

Board member Tanigawa moved to ratify actions taken in Executive Session, seconded by Mr. Hull; with no objections, motion carried with 5 Ayes.

ADJOURNMENT

The meeting was adjourned at 12:29 p.m.

Respectfully submitted,

Cherisse Zaima

Cherisse Zaima
Commission Support Clerk

Approved,

Julie Simonton
Julie Simonton (May 3, 2022 12:10 HST)

Julie Simonton
Chair, Board of Water Supply






03-24-22 RBM Open Session Minutes - for signature

Final Audit Report

2022-05-03

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