

MINUTES
BOARD OF WATER SUPPLY
Thursday, September 22, 2022

The Board of Water Supply, County of Kaua'i, met in a regular meeting in Līhu'e on Thursday, September 22, 2022. Chair Julie Simonton called the meeting to order at 9:32 a.m. The following Board members were present:

BOARD:

Ms. Julie Simonton, *Chair*
Mr. Gregory Kamm, *Vice Chair*
Mr. Kurt Akamine
Mr. Tom Shigemoto
Mr. Lawrence Dill (*entered at 9:35 a.m.*)

EXCUSED:

Mr. Ka'aina Hull
Mr. Troy Tanigawa

Quorum was achieved with 4 members present at Roll Call.

ANNOUNCEMENTS

Next Scheduled Meeting: Thursday, October 27, 2022 – 9:30 a.m.

APPROVAL OF AGENDA

The agenda was approved with no objections.

APPROVAL OF MEETING MINUTES

1. Regular Board Meeting – August 25, 2022
2. Executive Session Meeting – August 25, 2022
3. Finance Committee Meeting – September 9, 2022

The meeting minutes were approved with no objections.

PUBLIC TESTIMONY

No public testimony was received.

BOARD COMMITTEE REPORTS

1. Report of the Finance Committee of the Board of Water Supply, County of Kauai re: Department of Water (DOW)'s Supplemental Budget for Fiscal Year 2023

Staff informed the Board of an updated Finance Committee Report to be received for the record which included the Finance Committee's recommendation to approve the DOW Supplemental Budget for Fiscal Year 2023.

OLD BUSINESS

1. 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 provided a summary of the discussions of the Finance Committee Meeting sessions held on September 6th, 9th, and 19th, 2022.

Mr. Dill reported that the most significant change was the receipt of State Grant funding, which changed the numbers the most significantly. The Finance Committee was satisfied that the Supplemental Budget was appropriate, and approval is recommended.

Waterworks Controller Marites Yano referenced Page 28 to highlight the big ticket items that contributed to the \$29.5 million in Purchase Orders that was added.

Board Member Akamine moved to approve Manager's Report No. 23-03, seconded by Mr. Dill; with no objections, motion carried with 5 Ayes.

NEW BUSINESS

1. Manager's Report No. 23-04 Discussion and Adoption of Resolution No. 23-02, Farewell to Darren Lizama (Retiree), Water Service Supervisor III, Operations Division

Chief of Operations Val Reyna read Resolution No. 23-02 into the record.

Board member Akamine moved to approve Manger's Report No. 23-04, seconded by Mr. Dill; with no objections, motion carried with 5 Ayes.

2. Manager's Report No. 23-05 Discussion and Possible Action to approve the Conveyance of Water Facility from County of Kauai, Housing Agency for Lima Ola Subdivision, Phase I, Subdivision No. S-2018-13; TMK: (4) 2-2-001:054, Eleele, Kauai, Hawaii

Civil Engineer Michael Hinazumi provided a summary of Manger's Report No. 23-05. Vice Chair Kamm asked how many lots there will eventually be to which Mr. Hinazumi stated he does not have the exact number off the top of his head, but there are 3 phases, of which they are currently working to move forward with Phase 2.

Board Member Dill moved to approve Manger's Report No. 23-05, seconded by Mr. Shigemoto; with no objections, motion carried with 5 Ayes.

3. Discussion and Possible Action on Annual Evaluation Process for the Manager and Chief Engineer
 - a. Establish evaluation criteria

Commission Support Clerk Cherisse Zaima explained that Manager Tait's one-year employment anniversary is coming up on October 1, 2022 and his annual evaluation is due. In response to Deputy County Attorney Mahealani Krafft, Ms. Zaima stated COK HR has provided a deadline of September 30, 2022; however, it was confirmed that it is not a hard deadline and the Board can submit their evaluation beyond that date. The criteria for the evaluation as well as the form to be utilized must be voted on before the actual evaluation process can begin. Board member Akamine asked if a special committee can be created to discuss and propose a new process and form to which Ms. Zaima stated a Permitted Interaction Group made up of no more than two members can be created; however, Ms. Krafft clarified that the establishment of a PIG committee including the details of the scope of the PIG would need to be posted on a meeting agenda to be discussed and approved by the full Board. Additionally, this option would require several subsequent meetings to report on findings, and then to vote on recommendations which would require at least 2 additional Regular Board meetings. Another option discussed was having meetings of the

Committee of the Whole; however, this would require all Board members be present, as well as meeting Sunshine Law posting requirements which did not seem ideal.

Chair Simonton suggested, for fairness, the same criteria and process be used for this annual evaluation as was used for the 6-month evaluation. Ms. Zaima noted that during that evaluation the Board had some concerns with the form provided by County HR as they felt it was a bit too generalized. Board member Dill suggested the same form could be used along with dividing Manager Tait's goals into categories that relate to each of the questions.

Board Member Akamine moved to utilize the same process used for the Manager's 6-month evaluation, and to include the Manager's updated goals and benchmarks for the Department as evaluation criteria in completing the form provided by County HR, seconded by Mr. Dill; with no objections, motion carried with 5 Ayes.

STAFF REPORTS

1. Fiscal - Statement of Revenues and Expenditures
 - b. August Monthly Summary Budget
 - c. Accounts Receivable Aging Summary

Waterworks Controller Marites Yano provided an overview of the Fiscal report submitted. Mr. Dill asked if we are current on our OPEB payments, and whether the entire County is current to which Ms. Yano replied yes.

Referencing the Monthly Budget Summary vs. Actual on Page 62, Ms. Yano pointed out the YTD Encumbered and YTD Expensed and Encumbered columns that were added. Mr. Dill asked how the Variance column on the right is calculated to which Ms. Yano explained it compares the Revised YTD budget column minus the YTD Expensed and Encumbered column. Chair Simonton referenced the 'Capital Contributions Total' line item, noting that number is skewing everything at a 98% variance. Ms. Yano explained that grants anticipated being received from the State are considered Capital Contributions, of which \$4.5 million was estimated to be received; however, they have not received any funds since the grants are on a reimbursement basis. Ms. Simonton asked if that could be placed in a separate category, noting that seeing a -40% variance on revenue is concerning.

Mr. Dill asked for an example of 'Employee Related Expenses' under the Expenses section. Ms. Yano explained that in addition to Salaries and Wages, it includes Fringe Benefits – Social Security, Retirement, Health Benefits – while it has been approved, they had not been paid at the close of this period. Ms. Simonton asked why 'Office and Operating Supplies' appear over-budgeted already. Ms. Yano explained that this summary shows the YTD as of August 31, and should a large order for supplies is placed, some of the biggest being in Operations, a P.O. is created and shows as encumbered; however, only what was delivered is shown in actual expenses. Ms. Simonton stated her assumption is that more materials will need to be ordered, and she is wondering why there is such a large variance only 2 months into the Fiscal Year that is likely going to get bigger. Chief of Operations Val Reyna provided details on the types of large, recurring expenses they incur to which Ms. Simonton reiterated her concern and questioned whether this means the Department will not be ordering anything else for the rest of the year? Ms. Yano further explained that the budget shown under revised YTD budget only shows the July/August budget, so this number needs to be multiplied for 12 months; the variance percentage only reflects 2 months, not the entire year. Ms. Simonton stated with her explanation,

it makes sense; however, it's not clear when looking at this summary. She asked if the YTD budget could be revised to reflect that more accurately. Board member Shigemoto stated he did not understand this budgeting system, but noted that was this included in the review of the Supplemental Budget that was just approved to which Mr. Dill stated no. He further explained that they just looked at the total annual costs, not the burn rate. He added that he understands what the Chair is proposing to get a better idea of the budget amounts but feels that would involve a fair amount of paperwork to go through every line item. Mr. Dill requested that Mr. Reyna provide a summary on the 'Office & Operating Supplies' and the 'Fuel & Utilities' line items at the next Board meeting just for confirmation to the Board that the budget will be back on track by the end of the Fiscal Year. As it appears from this summary, it looks like they are going to blow the budget.

Mr. Dill pointed out another item that throws the budget numbers around, as discussed during the Finance Committee meetings, are the Capital Projects, explaining that they are required to encumber the total amount of the project even though some of them are multi-year projects. So if you have a 2-year project totaling \$10 million, that whole amount needs to be encumbered in a single fiscal year rather than \$5 million one year, and \$5 million the next. He does not know how to address that issue to more accurately reflect the actual rate of expenditures but suggested that those expenses be shown separately to alleviate the appearance of the budget projections being way off. Ms. Yano stated she will adjust her report next month to even out the operating revenues and operating expenses. Manager Tait suggested attaching a page listing the anomalies or exceptions for that month as well.

There was further discussion on the requirements for multi-year construction contracts versus multi-term professional services contracts and the related Purchase Order process.

Vice Chair Kamm stated that this is all public record, so it is especially important that this is clarified and easy to understand.

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 Public Relations report submitted highlighting the Make-A-Splash event that was held on September 15, 2022. She recognized the various community volunteer groups and agencies that assisted with the event.

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 highlighting the August leak repairs totaling 58, which is the highest number in the last 12 months. As a result of that, August water loss was at more than 10 million gallons. Chair Simonton asked if those leaks had gone on for a while and then finally became visible, or did we have that many breaks. Mr. Reyna explained that largest leak fronting the Marriott may have gone unnoticed for a while because there is a drainage way. The most challenging thing is that unless someone notices and reports it, they may not know about it, citing the Anini leak as an example. Mr. Dill asked to clarify that the Department has a Leak Detection Program to which Mr. Reyna stated there is a program, but it is not being utilized right now due to a lack of

personnel. They are actively recruiting and working with HR on training entry-level employees to qualify for these jobs. Mr. Dill expressed his concern with the statement that these leaks would never be found unless someone calls to notify the Department to which Mr. Reyna stated he misspoke. He explained that staff does go out when they notice a spike in water loss in a particular area. Mr. Shigemoto asked how many of the wells are on the SCADA system, and whether they are able to determine if there is a leak with the data that comes to which Mr. Reyna stated unless the leak is large it will not register. Mr. Shigemoto asked to clarify that the warnings are dependent on the amount of water loss to which Mr. Reyna explained when a storage tank reaches a certain level, they receive an alarm if the pumps do not replenish. Ms. Simonton added that the actual water loss number provided is based on Operation's well pumping data along with Fiscal's meter-reading data, so it only provides a snapshot. Manager Tait stated the Department is in the middle of the Water Investment Plan Study which involves assessing the SCADA system, GIS and other hydraulic modeling. Once that study is complete, the Department will be able to implement a more efficient water loss protection system thorough SCADA as well as a pipeline replacement program to provide more permanent solutions to address our aging pipe systems. Mr. Dill stated his assumption is that they are looking at hotspots in the system to help identify areas of priority for pipe replacement projects. Mr. Reyna stated yes, explaining that there are problem areas and priority areas that are assessed. Ms. Simonton asked how they are keeping track of where the leaks are and asked if this can somehow be included in some kind of reporting system that can be referenced in the future. Mr. Reyna stated they refence their work orders in their MPET system and look at how many repairs were conducted in a certain area.

Mr. Shigemoto asked what the typical response/repair time to reports of leaks to which Mr. Reyna stated an average of 2-3 hours, but that is also dependent upon whether there are other leaks being worked on, and the level of priority. Mr. Shigemoto asked if a leak repair could take weeks or months to which Mr. Reyna explained sometimes a supervisor will see a small leak that is not a safety hazard, is not impacting other customers, and the customer whose line is affected is not reporting reduced pressure. Mr. Dill asked how much AC pipe we still have in our system to which Mr. Hinazumi stated at least 10 percent and possibly up to 25 percent. Mr. Shigemoto asked if HDPE is an accepted material to which Mr. Reyna stated it is not the preferred material, but it depends on the location.

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

Manager Joe Tait provided an overview of the Manager's Update submitted highlighting the Sole-Source Contract Award to FSM US LLC for the Great Plains software license which is a critical tool for Fiscal's financial reporting. He noted some of the challenges the Department is facing with recruiting through County HR. He pointed out challenges with finding candidates that the Department knows are qualified, but do not qualify with COK DHR noting that no one at DHR has any Water background. Additionally, the time the recruiting process takes – in some cases upwards of 5 months – results in good candidates acquiring employment elsewhere. Manager Tait congratulated Michael Hinazumi, Wayne Takabayashi, and Jason Kagimoto for the new opportunities they are taking on. He also commended Wayne Takabayashi in I.T. and Debra Peay in HR as they are one-person shops in their areas of work.

Manager Tait stated that they have completed System Water Audits and Sanitary surveys and are continuing to meet with contractors, developers and customers to address water loss issues.

Ongoing discussions continue with Grove Farm and Goodfellow which will be discussed in Executive Session at the October Board meeting. The Department is exploring grant opportunities that were not being utilized, and though there is a tremendous amount of money available, it requires a lot of effort to obtain, and the Department does not have a Grant Writer position. Vice Chair Kamm asked if it would be possible to hire a non-County employee contract-hire for Grant Writer, noting there are many people that are good at that. Manager Tait explained that they have to be careful of what collective bargaining agreements say as if a position is listed in their collective bargaining agreement that would need to be their first option.

Manager Tait stated he spent a few days in the field visiting sites with staff and extended a huge thank you to the East and West side crews; Virgil, Naka, Darren and their staff. It was a good learning experience to understand what they are doing and what resources, tools and equipment they need.

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

1. Hanalei Satellite Base Yard update
2. Organizational changes
3. Final Performance Benchmarks & Division Dashboards

TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETINGS:

1. Updates and assignments of DOW Programs
2. Strategic Technology Business Plan

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.

Ms. Zaima informed the Board that in lieu of the Executive Session, Manager Tait wished to meet with board members individually or in pairs to provide personnel updates, and if necessary, hold an executive session at the October Board meeting.

ADJOURNMENT

The meeting was adjourned at 10:48 a.m.

Respectfully submitted,

Cherisse Zaima

Cherisse Zaima
Commission Support Clerk

Approved,

kurt akamine
kurt akamine (Nov 3, 2022 09:59 HST)

Kurt Akamine
Secretary, Board of Water Supply


09-22-22 RBM Open Session Minutes

Final Audit Report


2022-11-03

Created:	2022-10-31
By:	Cherisse Zaima (czaima@kauaiwater.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAmwYDgjMlh70Ofs7ycp2R56i81VtenMT

"09-22-22 RBM Open Session Minutes" History

 Document created by Cherisse Zaima (czaima@kauaiwater.org)


2022-10-31 - 5:56:23 PM GMT

 Document emailed to kakamine@kauaiwater.org for signature

2022-10-31 - 5:56:36 PM GMT

 Email viewed by kakamine@kauaiwater.org

2022-11-03 - 7:58:09 PM GMT

 Signer kakamine@kauaiwater.org entered name at signing as kurt akamine

2022-11-03 - 7:59:15 PM GMT

 Document e-signed by kurt akamine (kakamine@kauaiwater.org)

Signature Date: 2022-11-03 - 7:59:17 PM GMT - Time Source: server

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2022-11-03 - 7:59:17 PM GMT