

MINUTES  
BOARD OF WATER SUPPLY  
Thursday, January 25, 2024

The Board of Water Supply, County of Kaua'i, met in a regular meeting in Līhu'e on Thursday, January 25, 2024 Vice Chair Julie Simonton called the meeting to order at 9:32 a.m. The following Board members were present:

**BOARD:**

Ms. Julie Simonton, *Vice Chair*  
Mr. Kurt Akamine  
Ms. Micah Finnila  
Mr. Ka'aina Hull  
Mr. Larry Dill  
Mr. Troy Tanigawa (*remote*)

**EXCUSED:**

Mr. Tom Shigemoto

Quorum was achieved with 6 members present at Roll Call.

**ANNOUNCEMENTS**

Next Scheduled Meeting: Thursday, February 15, 2024

**APPROVAL OF AGENDA**

**The agenda was approved with no objections**

**MEETING MINUTES**

1. Regular Board Meeting – December 21, 2023
2. Executive Session – December 21, 2023

**The meeting minutes were approved with no objections.**

**PUBLIC TESTIMONY**

None received.

**OLD BUSINESS**

1. Discussion and Possible Action on Manager's Annual Evaluation timeline, process, and criteria (*Deferred from October 19, 2023 meeting*)

It was clarified that the PIG would meet separately and would propose a recommendation based on their findings to the full Board. There needs to be a meeting to present the findings, and then another meeting subsequent to that for discussion and decision-making.

**Board member Hull moved to establish a Permitted Interaction Group (PIG) consisting of Board members Micah Finnila, Ka'aina Hull, and Kurt Akamine to discuss the proposed timeline, process, and criteria for the Manager's Annual Evaluation, seconded by Ms. Finnila; with no objections, motion carried with 6 Ayes.**

**NEW BUSINESS**

1. Discussion and Adoption of Resolution No. 24-03, Farewell to Russell Yonahara (Retiree), Welder, Operations Division

**Board member Hull moved to adopt Resolution No. 24-03, seconded by Mr. Dill; with no objections, motion carried with 6 Ayes.**

2. Manager's Report No. 24-06 Discussion and Possible Action on Approving Compensation for Proposals for Job No. 24-05, WP2020 WK-39, Kapa'a Homesteads Well No. 4 Pump and Controls RFP, Kapa'a, Kaua'i, Hawai'i

Engineering Division Head Jason Kagimoto explained that this is a new venture they are trying with the design build bidding process to provide compensation for the second and third ranked proposals. The RFP would be two-part process, the first being a resume-based list of qualifications which would be used to short list the final 3 teams and will not be eligible for compensation. The 3 teams that are short-listed would then need to come up with a conceptual design for the project which Engineering will then evaluate; the 2 teams not selected will receive compensation in the amount of \$25,000 each to recognize the time, expense and effort that is put towards submitting a proposal. Mr. Kagimoto and Project Management Officer Scott Suga attended a Design Build conference late last year where this was a topic of discussion. It is not a standard or a requirement, but several utilities have done it, and, in their experience, they received more bids.

Mr. Dill asked if there is an internal estimate for the total design build portion of the project to which Mr. Kagimoto stated, not formally, but an internal estimate of \$10 million. In response to Mr. Dill Mr. Kagimoto confirmed that because we will be compensating the 2 non-successful bidders, we will then own those proposals and will be able to utilize ideas from those other proposals. Mr. Dill asked of the \$25,000 was a standard amount to which Mr. Kagimoto stated there is no standard, but they looked at what was a fair balance based on monies within our budget vs. cost and effort the teams would have to expend. Mr. Dill stated he will be supporting this as he feels it will help the Department get higher quality responses.

Board member Akamine asked if this approach was a result of not getting enough bids, or does it have to do with the quality of bids. Mr. Kagimoto stated Engineering typically solicits for Invitation for Bids (IFBs) which involves hiring a designer to provide a full design which the Department would then bid it out for just the construction side. This new process would morph those together where the design engineers and contractors would have to team up since the design and construction will have to be done under one contract so it will not be solely based on cost, but also the quality of the design and other scoring factors. The more innovative and more developed your design will give you a better chance at winning, so that requires a lot more time and effort.

Board member Hull asked whether the compensation is a flat \$25,000 or is it up to \$25,000 based upon what is submitted. Mr. Kagimoto stated it is a flat rate of \$25,000, but to qualify a conceptual design will need to be submitted; just being short-listed will not qualify.

**Board member Akamine moved to approve Manager's Report No. 24-06, seconded by Mr. Dill; with no objections, motion carried with 6 Ayes.**

3. Manager's Report No. 24-07 Discussion and Possible Action for Adoption of Budget Resolution No. 24-04 for the acceptance and expenditure of grant monies from the State of Hawai'i Appropriations Act of 2021 – Act 88, SLH 2021 for the Kapa'a Homesteads 325' Tanks, Two 0.5 MG Tanks, Package B

Engineering Division Head Jason Kagimoto stated that prior to his time at DOW, the department was able to secure state legislative appropriations that DOW would need to provide a 100 percent match. The department is able to provide the \$7.2 million match which would total \$14.5 million. In response to Mr. Dill Mr. Kagimoto explained that a contract for this project needs to be executed

by the end of this fiscal year to make the State's deadline. The project has been bid out and awarded and the award amount is higher than anticipated leaving us short about \$8 or \$9 million in budget versus the engineer's estimate. The combined amount of our match with the State appropriation would be \$14.5 million; the award amount is around \$22 million. Mr. Dill expressed concern and asked what the strategy is to come up with the additional funds. Mr. Kagimoto explained that there is \$5.2 million in principal interest under the SRF loan for our Kalaheo project that does not have to be paid back and can be utilized toward this project. Additionally, we have identified areas within our existing budget that can be used. In response to Mr. Dill, Mr. Kagimoto explained that we received 3 bids for this project, however the lowest bidder was non-responsive, so they are going with the number 2 bidder. Manager Tait stated the department is seeing this regardless of the project where the bids are no where near the engineering estimates.

Vice-Chair Simonton noted that the previously discussed design build process may help noting that engineers may not always provide the best, most cost-effective designs and by getting them to work together with the contractor may help. Mr. Kagimoto agreed adding that in his experience depending on the engineer, contractor or construction manager, there can be clashes on the design, so having them all work together will hopefully be more time and cost effective. Manager Tait stated that our biggest challenge is the lack of players available to create the competition. Mr. Kagimoto further explained that these two projects involve more specialized construction work which may reduce the number of qualified bidders; however, they are currently bidding out a pipeline project which there are more qualified contractors for so hopefully that one will receive more competitive bids.

Board member Hull asked if this project has to do with inadequacy with the system or would this free up development rights of some properties. Mr. Kagimoto stated this area of Kapaa Homesteads has been identified as needing these additional storage tanks. Mr. Hull asked if this will free up any properties to get additional meters to which Mr. Kagimoto clarified no, they would still need to wait for the well which is not a part of this project.

Board member Dill requested an update on how the Department is planning to fund the remainder of the project.

**Board member Dill moved to approve Manager's Report 24-07, seconded by Mr. Akamine; with no objections; motion carried with 6 Ayes.**

4. Discussion and Possible Action Granting Authority to the Waterworks Controller to transmit the Department of Water's Draft Financial Statement Amounts for Fiscal Year 2023 to the County of Kaua'i for inclusion in its Annual Comprehensive Financial Report (ACFR).

Waterworks Controller Renee Yadao reported that she did not have the draft financials available for the Board's review noting that they are still working through some open items such as revenue information due to the rebilling, amortization schedules relating to GASB 96 which is subscription-based technology arrangements, compiling, analyzing, and comparing encumbrance amounts. The external auditors need to go through their partner review, and Fiscal also conducts its own quality checks. This request from Fiscal would allow the Waterworks Controller to submit just the financial amounts the County needs to include in their Annual Comprehensive Financial Report (ACFR) which has a submittal deadline of December 31, 2023. Though she does not have the final numbers today, she is confident she can provide them to the County before the deadline.

Board member Dill expressed his appreciation noting this is a big job to be undertaken under the gun. However, he noted the Board has the responsibility to check the box that says these numbers have been reviewed and accepted by the Board. He is uneasy about transmitting that information to the County without having some review of the financial data first. He asked how hard their deadline is and can we let them know we need more time to get everything in place. Ms. Yadao shared Mr. Dill's frustration and she is certain that the County will not meet their deadline as it is; however, she has not been offered the courtesy of an extension and is being held to the December 31 deadline. She added that we are waiting for data from one more source which would involve making changes to their numbers as it relates to the billing issue that impacts revenues. Mr. Dill asked if it's possible to submit to the County with the caveat that there are things awaiting confirmation. Ms. Yadao stated that is the disclaimer she will be including, and the information she sends over will still be considered a draft as the Board has not yet approved it; she will be submitting draft information simply to comply with County's deadline.

**Board member Akamine moved to grant authority to the Waterworks Controller to transmit DOW's draft financial statement amounts to COK for inclusion in its ACFR, seconded by Mr. Dill; with no objections, motion carried with 6 Ayes.**

## **STAFF REPORTS**

1. Fiscal:
  - a. Monthly dashboard
  - b. Budget Report for December 2023
  - c. Quarterly BAB Statement

Waterworks Controller Renee Yadao provided a summary of the Fiscal dashboard, budget report and Quarterly BAB Statement submitted. She highlighted Fiscal's overtime chart noting that they are still in the audit cycle, and though that is starting to taper down they are still experiencing elevated workloads relating to the rebilling and transponder issue. The Operations team have been replacing them in much larger quantities now so they are making a lot of progress, but it will still take some time. Vice-Chair Simonton stated she received a couple of calls regarding the meters, and one of the concerns raised was that the reconciliation amount for the overages for the previous 6-months appeared to have been applied to their bill as one lump sum usage, which brought their usage up to Tier 5 category. Ms. Yadao explained that Fiscal has been trying to catch those and place them back in the appropriate category depending on the situation and the different variables. She asked that anyone with questions or concerns please call or email the Department. Mr. Dill asked how the staffing is in Fiscal and whether the overtime they are experiencing is with full staff. Ms. Yadao stated they lost an 89-day hire who they are trying to manage without, and they are currently waiting for a current hire to be approved by COK DHR. She has expressed to the Manager what the needs are in Fiscal, and she is confident they will work something out.

Next month, Ms. Yadao hopes to share information about the stand-alone kiosk is coming which will allow for self-serve bill payment via credit card.

Ms. Yadao provided an overview of the November budget report that was submitted. Mr. Dill noted that we have only expended about half our budget for Services which tells him that we are not getting those services. Do we anticipate getting those professional service contracts executed by the end of the fiscal year? Ms. Yadao stated that those are primarily in Engineering to which Engineering Division Head Jason Kagimoto acknowledged that they will. Mr. Dill expressed surprise at the Debt Service Principal and Interest variable, stating that he thought that to be a well understood number when we budget. Ms. Yadao stated it is again a matter of the timing between when the payments are made which don't coincide with the reporting schedule, but it should even out by the end of the year.

## Operations – Monthly dashboard

Chief of Operations Ryan Smith provided a summary of the Operations dashboard, highlighting that they just hired a new Pipefitter Helper and continue to plug away at trying to fill positions. The Kalaheo meter transponder changeout in December went well; they learned some things made some slight tweaks to the process mainly with the paperwork. This week, they began covering the Wailua-Kapaa and it has been going well. Mr. Smith pointed out that water loss dropped significantly during the month of December, partly due to the work fiscal has been doing with the rebilling, and partly because we had a lot of rain in December which brings down a lot of the usage and reduction in overtime. The leak investigators have been doing great work an incredible amount of work locating leaks, helping identify areas where leaks are and minimizing the amount of road needing to be dug up. Vice-Chair Simonton noted that the Board keeps seeing improved efficiency and improved ways of doing things between Fiscal and Operations, so the curve is going in the right direction.

## Engineering – Monthly dashboard

Engineering Division Head Jason Kagimoto provided a summary of the Engineering dashboard highlighting the status of some of the ongoing CIP projects. Project Management continues to move forward, and they are starting to move forward on some key projects. Overtime continues to be high which is a result of trying to keep up with the CIP work, and bigger projects on the planning side. They currently have two engineers doing plan review for our private projects and they are continuing to have weekly meetings to find efficiencies and ways to do things more efficiently.

Within Water Resources there are three larger projects going on that are not typical:

- Water Use and Development Update - based on feedback from public comment at CWRM, they have scheduled meetings with Hawaiian Homelands beneficiaries in March.
- Water System Improvements Plan – working on prioritizing all the projects on their CIP list.
- Lead and Copper Rule Revisions – field investigations are about to commence to identify materials on either the customer or utility side using a DOH approved statistical method that will require field verification of approximately 1,500 laterals. The amount of effort needed to keep up with the timeline, so Engineering received a lot of help from other divisions and sections in DOW and it was nice to see everyone working together toward a common goal. In response to Mr. Dill, Mr. Kagimoto explained that this portion of the field work is just to identify and inventory materials though the hope is that they won't find any lead. The three points of verification are in the meter box on both the utility side and the customer side as well as the pipe that goes to the house. If lead is found, it would require follow up and trigger what the Department would need to provide to the customer. Several iterations of randomized addresses were compiled through GIS which is what was used to identify the 1,500 laterals. Mr. Dill asked if we are able to provide the customer with mitigation assistance if lead is found on the customer side of the meter. Mr. Kagimoto stated one of the things they are required to submit is a lead service replacement plan which they haven't developed yet, but it could include grant funding or loans. In addition to that the department would be required to provide some level of protection, such as filtration, until the lateral is replaced.

Mr. Dill referenced the work starting on the FRC and rate study task and asked if we expect to have information that might fold into next year's budget, or if it will be subsequent to that. Mr. Kagimoto stated there has been preliminary work that has been done; the Fiscal Division has been providing information to the consultants. One of the big pieces is to have an updated CIP list to determine the investment that is needed; they are currently working on the prioritization list. They are looking to have public meetings in the next couple of months so they may have draft information including in next year's budget, but it's doubtful there will be final numbers prior to

next year's budget approval. Mr. Dill requested that the Board continue to be updated on the status of this.

**Board member Ka'aina Hull exited the meeting at 10:30 a.m.**

Revisiting Mr. Dill's previous question regarding the budget report Services line item, Mr. Kagimoto explained that as it relates to the Engineering budget, under professional services, there is money identified for the Lead and Copper Rule Revisions and the Water Systems Investment Plan, which include work for the GIS and hydraulic model. The biggest portion of their budget money-wise is related to the design and construction for their CIP projects which have not been awarded contracts yet, but they anticipate those to be awarded and funds encumbered by the end of the fiscal year which should then even out the variance shown in the budget report.

Board member Finnila noted the amount of work Engineering has on their plate with very limited resources and asked in addition to the Engineering Permit Clerk they are recruiting for, what other positions remain open and is there any traction on those. Mr. Kagimoto stated there is currently 1 Engineer position open in Water Resources and Planning, and 3 in Project Management. They are in a similar position as Public Works in having a tough time finding qualified candidates. Manager Tait added that the current process is such that County DHR determines the qualifications for the candidates that apply, and while DHR qualifies them on paper, they are not qualified by Water Engineering standards. Additionally, the time it takes for DHR to submit the candidates to the hiring managers continues to be a challenge. Mr. Tait echoed what the other division heads shared that other divisions have all pitched in to help one another which is all we can do at this point. He noted that Administration is at a 50% vacancy, which hasn't been focused on because most of the heavy lifting is happening in the other divisions, but the workload is tremendous for a number of people. Board member Finnila expressed big kudos to everyone for helping to keep things moving despite the number of vacancies; it takes a team to do all of this.

2. Administration:
  - a. Monthly dashboard

Manager Tait stated the overtime for Administration will continue to stay up as there are not enough bodies. Most of the IT related items are pending projects or service contracts to support the changes we are going through. In addition to Admin. being at a 50% vacancy, half of the current staff are assisting other divisions as well.

- b. Public Relations – updates on Public Notices & Announcements, Community Outreach & Education, and Upcoming Events

Information and Education Specialist Jonell Kaohelaulii provided an overview of the PR report submitted, highlighting the Shower Better campaign that wrapped up in December. As a result of this campaign, we encouraged 277 households to install low-flow showerheads in their homes contributing to a savings of approximately 740,000 gallons of demand on our system. Manager Tait added that they had a mini-Make-A-Splash event at Hanalei Elementary School, which had a great volunteer turnout from different islands. They will be having another one at Kapaa Elementary School. Ms. Kaohelaulii explained the mini-Make-A-Splash events are being held at various schools for those schools that were unable to participate at the large-scale event due to school scheduling conflicts. Manager Tait also noted that one of the activity stations focused on water conservations, and many teachers and students were surprised to learn that DOW won a national conservation award for the 3<sup>rd</sup> consecutive year.

- c. Human Resources – updates on Personnel Vacancies

d. Information Technology – Monthly update

Manager Tait noted that this update will be done in Executive Session as there are updates of a confidential nature relating to safety and security

3. Manager and Chief Engineer – Required communications to the Board, and update of Department activities

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

**TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETING**

1. Employees of the Year Resolutions
2. CIP Update

**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 to consider sensitive matters related to public safety or security.
2. Pursuant to Hawai'i Revised Statutes (HRS) Sections 92-4 and 92-5(a)(3), the purpose of this Executive Session is to deliberate on the acquisition of public property, specifically, property identified by tax map key: 4-3-018-001.

**The Board entered into Executive Session at 10:48 a.m.**

**The Board resumed in open session at 11:10 a.m.**

In accordance with Act 19 Relating to Public Agency Meetings, Vice-Chair Simonton reported that the Board was provided an update on current IT challenges and steps being taken to notify the public of potential data breaches, and an update on the acquisition of public property identified as TMK 4-3-018-001.

**ADJOURNMENT**

The meeting was adjourned at 11:11 a.m.

Respectfully submitted,



Cherisse Zaima  
Commission Support Clerk