

BOARD OF WATER SUPPLY

TOM SHIGEMOTO CHAIR
JULIE SIMONTON, VICE CHAIR
KURT AKAMINE, SECRETARY

MICAH FINNILA, MEMBER
LAWRENCE DILL, MEMBER
KA'AINA HULL, MEMBER
TROY TANIGAWA, MEMBER



JOSEPH E. TAIT
MANAGER AND CHIEF ENGINEER

REGULAR MONTHLY MEETING NOTICE AND AGENDA

Thursday, April 18, 2024
9:30 a.m. or shortly thereafter

Meetings of the Board of Water Supply, County of Kauai will be conducted in-person at the Department of Water Board Room, 2nd Floor located at 4398 Pua Loke Street, Lihue, Kauai, Hawaii, and remotely in accordance with Act 220, Session Laws of Hawai'i 2021 via interactive conference technology as follows:

Click on the link below to join on your computer or mobile app by VIDEO:

<https://us06web.zoom.us/j/87910350207>

Passcode: 575043

OR

Dial phone number and enter conference ID to call in and join by AUDIO:

Phone: 888 788 0099 US Toll-free

Phone Conference ID: 879 1035 0207

Please Note: If you do not provide a name, unique identifier, or alias when joining the meeting, you will be renamed to allow staff to address and manage individual guests.

In the event of a lost connection the Board will recess for up to 30 minutes to restore the connection. If the connection cannot be restored within 30 minutes, the Board will continue the meeting to 12:00 p.m. or shortly thereafter. If the visual link cannot be restored, the Board may reconvene with an audio-only link using the above dial-in phone number and conference ID. A lost connection only applies to remote connections provided as part of the remote meeting but does not apply to a public member being unable to access the meeting due to a connectivity issue on their end.

CALL TO ORDER

ROLL CALL

ANNOUNCEMENTS

Next Scheduled Board Meeting: Thursday, April 18, 2024 – 9:30 a.m.

APPROVAL OF AGENDA

MEETING MINUTES

1. Regular Board Meeting – March 21, 2024
2. Public Hearing – April 8, 2024

PUBLIC TESTIMONY

OLD BUSINESS

1. Manager's Report No. 24-11 Discussion and Possible Action on the Approval of the Department of Water's (DOW)'s Supplemental Operating and Capital Budgets Appropriations for Fiscal Year 2024 (***deferred from March 21, 2024 meeting***)
2. Manager's Report No. 24-12 Discussion and Receipt of the Department of Water's (DOW)'s Independent Auditor's Report for the Fiscal Year Ended June 30, 2023 (***deferred from March 21, 2024 meeting***)

NEW BUSINESS

1. Manager's Report No. 24-13 Discussion and Possible Action to Adopt Resolution No. 24-08, Safe Drinking Water State Revolving Fund (DWSRF) Lead and Copper Rule Revisions (LCRR) Compliance Loan for Board of Water Supply, County of Kauai
2. Manager's Report No. 24-14 Discussion and Possible Action to Reappropriate Certain Budget Line Items to Another Line Item Budget for the Purpose of Ordering Inventory Parts
3. Manager's Report No. 24-15 Discussion, Deliberation, and Possible Decision-Making on Department's No Impact on Small Business Determination as it relates to the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills.
4. Manager's Report No. 24-16 Discussion, Deliberation, and Possible Decision-Making on Department's No Impact re: Ka Pa'akai Analysis as it relates to the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills.
5. Manager's Report No. 24-17 Discussion, Deliberation, and Possible Decision-Making on adoption of the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills. (***Public Hearing was held on April 8, 2024***)

STAFF REPORTS

1. Fiscal:
 - a. Monthly dashboard
 - b. Budget Report for March 2024
 - c. Quarterly BAB Statement
2. Operations – Monthly dashboard
3. Engineering
 - a. Monthly dashboard
 - b. Quarterly Update
4. Administration
 - a. Monthly dashboard
 - b. Public Relations – updates on Public Notices & Announcements, Community Outreach & Education, and Upcoming Events
 - c. Human Resources – updates on Personnel Vacancies
 - d. Information Technology
 - i. Corrective Action Plan updates
5. Manager and Chief Engineer – Required communications to the Board, and update of Department activities

TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING: (May)

TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETING:

1. CIP Update
2. Discussion and Possible Action on Department of Water's DRAFT Proposed Operating and Capital Budgets for FY 2024-2025

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) 3-8-018:001.

ADJOURNMENT

WRITTEN TESTIMONY

The Board is required to afford all interested persons an opportunity to present testimony on any agenda item. The Board encourages written testimony at least two (2) business days prior to a scheduled Board meeting. At each Board meeting, the Board will accept oral and written testimony on any agenda item during the Public Testimony portion.

Please include:

1. Your name and if applicable, your position/title and organization you are representing
2. The agenda item that you are providing comments on; and
3. Whether you are a registered lobbyist and, if so, on whose behalf you are appearing.

Send written testimony to:

Board of Water Supply, County of Kaua'i
C/O Administration
4398 Pua Loke Street
Lihu'e, Hawai'i 96766

E-Mail: board@kauaiwater.org
Phone: (808) 245-5406
Fax: (808) 245-5813

Public Testimony

You do not need to register to provide oral testimony on the day of the meeting. Please note that public testimony is taken after the approval of the meeting agenda to ensure public testimony is received before any action is taken on an agenda item. The length of time allocated to present oral testimony may be limited at the discretion of the chairperson.

SPECIAL ASSISTANCE

If you need an auxiliary aid/service or other accommodation due to a disability, or an interpreter for non-English speaking persons, please call (808) 245-5406 or email board@kauaiwater.org as soon as possible. Requests made as early as possible will allow adequate time to fulfil your request. Upon request, this notice is available in alternate formats such as large print, Braille, or electronic copy.

A horizontal splash of clear blue water with bubbles, positioned behind the text.

DRAFT

MINUTES

MINUTES
BOARD OF WATER SUPPLY
Thursday, March 21, 2024

The Board of Water Supply, County of Kaua‘i, met in a regular meeting in Līhu‘e on Thursday, March 21, 2024. Chair Tom Shigemoto called the meeting to order at 9:43 a.m. The following Board members were present:

BOARD:

Mr. Tom Shigemoto, *Chair*
Ms. Julie Simonton, *Vice Chair*
Mr. Ka‘aina Hull
Mr. Troy Tanigawa

EXCUSED:

Mr. Kurt Akamine
Mr. Larry Dill
Ms. Micah Finnila

Quorum was achieved with 4 members present at Roll Call.

ANNOUNCEMENTS

Scheduled Public Hearing: Monday, April 8, 2024
Next Scheduled Board Meeting: Thursday, April 18, 2024 – 9:30 a.m.

APPROVAL OF AGENDA

The Agenda was approved with no objections.

MEETING MINUTES

1. Regular Board Meeting – February 15, 2024
2. Executive Session – February 15, 2024
3. Rules Committee Meeting – February 22, 2024
4. Special Board Meeting – February 22, 2024

The meeting minutes were approved with no objections.

PUBLIC TESTIMONY

None received.

NEW BUSINESS

1. *Manager’s Report No. 24-09* Discussion and Possible Action on Utility Agreement No. 2430 with the State of Hawai‘i Department of Transportation, Highways Division (DOT-Highways) for the Kuamoo Road Emergency Slope Stabilization, Project No. 580A-01-24M

Engineering Division Head Jason Kagimoto provided a summary of the Manager’s Report submitted. **Vice-Chair Simonton moved to approve Manager’s Report No. 24-09, seconded by Mr. Hull; with no objections, motion carried with 4 Ayes.**

2. *Manager’s Report No. 24-10* Discussion and Possible Action on Construction Contract Award to Hawaiian Dredging Construction Company, Inc. Job No. 02-14, WP2020 WK-08, Kapa‘a Homesteads 325’ Tanks, Two 0.5 MG Tanks, Package B – Tanks Package, Kapa‘a, Kaua‘i, Hawai‘i

Engineering Division Head Jason Kagimoto provided a summary of the Manager’s Report submitted.

Vice-Chair Simonton asked whether there are any contingency funds for this contract to which Mr. Kagimoto replied no, not at this time.

In response to Board member Hull, Mr. Kagimoto stated that this is a 900-day contract, and they anticipate the Notice to Proceed will happen in May or June. Mr. Hull asked if this will serve a substandard area to which Mr. Kagimoto explained this addresses a portion of those issues along with an adjacent well at the site that they will be contracting within this fiscal year as well. Mr. Hull stated that it may be difficult to do so but feels an assessment of how many water meters these large-scale CIP projects free up would help them better understand what will be available as that is always a big question when addressing the housing crisis.

Vice-Chair Simonton moved to approve Manager's Report No. 24-10, seconded by Mr. Hull; with no objections, motion carried with 4 Ayes.

3. Manager's Report No. 24-11 Discussion and Possible Action on the Approval of the Department of Water's (DOW)'s Supplemental Operating and Capital Budgets Appropriations for Fiscal Year 2024

Waterworks Controller Renee Yadao provided a summary of the Manager's Report submitted. Board member Hull stated his preference to have the Finance Committee Chair present before the Board makes a decision on the Supplemental Budget.

Board member Hull moved to defer Manager's Report No. 24-11 to the April 18, 2024 meeting, seconded by Ms. Simonton; with no objections, motion carried with 4 Ayes.

4. Manager's Report No. 24-12 Discussion and Receipt of the Department of Water's (DOW)'s Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2023.

Board member Hull asked if there is an anticipated date when the Board will be going over the rate study. Mr. Kagimoto explained that the Department is still in the discussion stage with the most recent evaluation being that there may be interest in something taking effect as of January 2025. They are proposing to include the FRC rate study discussion as part of the CIP prioritization public meetings planned to be held this summer. Manager Tait agreed that there needs to be extensive public outreach regarding the rates and the board needs to be communicated with frequently along the way no matter what model they decide to follow. Mr. Hull reiterated that he feels it is not appropriate for a 500 square foot cottage to be paying the same FRC rate as a 10,000 square foot mansion with a swimming pool, so the sooner the Department can get those FRC amendments to the Board, the better.

Board member Hull moved to receive and approve Manager's Report No. 24-12 as it relates only to the DOW's Financial Statements, seconded by Ms. Simonton; with no objections, motion carried with 4 Ayes.

Board member Hull moved to defer the remainder of Manager's Report No. 24-12 as it relates to the DOW's independent Auditor's Report, seconded by Ms. Simonton; with no objections, motion carried with 4 Ayes.

STAFF REPORTS

1. Fiscal:
 - a. Monthly dashboard
 - b. Budget Report for February 2024

Waterworks Controller Renee Yado provided an overview of the Monthly dashboard and Budget Report for February 2024. Board member Hull referenced the hazard pay arbitration issues on Maui and asked if the department is monitoring that and setting aside some funds in anticipation of that arbitration being granted. Ms. Yadao stated they are aware of it but are not aware of the liability and how much DOW would end up paying and have not set anything aside yet. However, Fiscal is aware and will pay out whatever we may owe.

2. Operations – Monthly dashboard

Chief of Operations Ryan Smith provided an overview of the Monthly dashboard submitted highlighting that they will be interviewing a Pipefitter Helper in early April. The Hanapepe-Eleele transponder change-out is complete and 3,840 meters should be arriving in about 3 weeks.

3. Engineering – Monthly dashboard

Engineering Division Head Jason Kagimoto provided an overview of the Monthly dashboard submitted, noting that overtime continues to increase due to the amount of projects and existing manpower shortages. He provided a summary of the CIP Project highlights and Water Resources and Planning Project updates. Mr. Kagimoto pointed out that Engineering has quite a lot of work to coordinate with updating the Water Use and Development Plan, the Water Systems Improvement Plan, and the Lead and Copper Rule Revisions all during the same time frame. It is a huge team effort involving all divisions and the assistance is greatly appreciated.

Board member Hull asked for clarification on the UH CTAHR Experimental Station tank. Mr. Kagimoto explained that the tank is located at UH's Experimental facility that is part of their Tropical Agricultural program to study invasive species, environmental management, etc. It's a project that has been 20 years in the making and is a big community need.

In response to Chair Shigemoto, Mr. Kagimoto provided information on what the field work for the Lead and Copper Rule Revisions entails.

Administration:

a. Monthly dashboard

Manager Tait provided an overview of the Monthly dashboard submitted, noting that Administration continues to operate at 50% staffing with priority being given to Engineering and Operations for assisting with critical projects.

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

Public Information Specialist Ani Turner provided an overview of the PR Report submitted and a brief update on PR activities. She highlighted that the Department participated in career day at King Kaumualii Elementary School. The Operations division brought over some of their heavy equipment to showcase job duties of Pipefitters and Heavy Equipment Operators, showing the kids how they find pipes underground, how to listen for water underground, etc. They discussed with the 4th graders the potential careers at the Department of Water. Some of the questions from the 4th graders were what the salaries are, what are the benefits and what is required to obtain those jobs. The Operations division had a great time engaging with the kids and Principal Jason Yoshida was very grateful for DOW's participation. DOW provided County HR with over 800 giveaway items with DOW's logo for participation in the Annual Waimea Town Celebration. We are in the middle of Fix-A-Leak week where we encourage homeowners to hunt for leaks indoors and in their irrigations systems. A facilitator training was put on by the State Coordinator for Project Wet, which resulted in 6 new Project Wet facilitators being certified.

In response to Chair Shigemoto, Ms. Turner further explained that Water Sense is a federal program and a toilet or any product with a Water Sense label indicates that it meets Water Sense standards that will save over 20% of water when used. Ms. Turner also stated that they the Department tries to be a part of career days for all grades to engage with the community, for staff to showcase what they

do, and to allow the students to participate in hand-on activities. The students really enjoy the Operations division presentations because it involves the big machines. They also go to the high schools to showcase the variety of jobs that are available at the Department of Water, not all of which require attending a 4-year college.

c. Human Resources – updates on Personnel Vacancies

d. Information Technology – Monthly update

Information Technology Manager Wayne Takabayashi provided an update on the IT Corrective Action Plan explaining what the different colored text signifies.

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

Manager Tait noted the recent loss of a DOW team member who passed away in an automobile accident. It continues to be a tough time for the staff.

The suggestion program that was recently revamped and reinstated has delivered about 13 suggestions in the last couple of months, most of which revolved around efficiency and communication.

Cartograph training has been completed which will transform the Department in database asset management, and we have completed days of CPR training.

TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING: (May)

1. Quarterly Updates

TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETING:

1. CIP Update

2. Discussion and Possible Action on Department of Water’s DRAFT Proposed Operating and Capital Budgets for FY 2024-2025

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).

ADJOURNMENT

The meeting was adjourned at 10:46 a.m.

Respectfully submitted,

Cherisse Zaima
Commission Support Clerk

PUBLIC HEARING MINUTES
BOARD OF WATER SUPPLY
Monday, April 8, 2024

The Board of Water Supply, County of Kaua‘i held a Public Hearing on Monday, April 8, 2024. Chair Tom Shigemoto called the meeting to order at 8:34 a.m. The following Board members were present:

BOARD:

Mr. Tom Shigemoto, *Chair*
Ms. Julie Simonton, *Vice Chair (remote)*
Mr. Kurt Akamine *(remote)*
Ms. Micah Finnila *(remote)*
Mr. Troy Tanigawa *(remote)*

EXCUSED:

Mr. Ka‘aina Hull
Mr. Larry Dill

Quorum was achieved with 5 members present at Roll Call.

Copies of the proposed rule amendments were posted and published pursuant to Part I, Section IX (I).(A.) Commission Support Clerk Cherrisse Zaima explained the public hearing procedures and public testimony instructions.

With no objections, Chair Shigemoto opened the public hearing . Ms. Zaima called roll and read the public hearing notice into the record.

Deputy Manager Michael Hinazumi provided a presentation on the proposed rule change, noting that the current Rules and Regulations of the Department of Water, County of Kauai do not expressly allow the Department to render estimated billing. Part 2, Section VII, Article 1. Titled “Meter Reading and Rendering of Bills” currently states: *Meters are read and bills are rendered regularly. Special readings will be made when necessary for closing of accounts or for other reasons.*

The Board would like to standardize the rules to allow estimated billing similar to that of our neighboring counties as Honolulu, Maui, and Hawaii County all have some form of estimated billing in their rules. The Board would like to receive comments from the public relating to this proposal.

Ms. Zaima noted for the record that no testimony had been received prior to the public hearing.

There was one (1) guest from the public participating remotely but declined to provide any public testimony.

PUBLIC TESTIMONY

None received.

CONCLUSION OF TESTIMONY

With no further testimony, Chair Shigemoto closed the public testimony portion of the hearing. He noted that discussion, deliberation, and possible decision-making regarding the adoption of the proposed rule amendment is intended for the April 18, 2024 Board Meeting.

The public hearing was closed at 8:41 a.m.

Respectfully submitted,

Cherrisse Zaima
Commission Support Clerk

A horizontal splash of clear blue water with bubbles, centered on the page. The text 'OLD BUSINESS' is overlaid on the splash, with 'OLD' positioned above the water and 'BUSINESS' below it. Both words have a slight 3D effect and are reflected in the water below.

OLD BUSINESS

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 24-11

March 21, 2024

Re: Discussion and Possible Action on the Approval of the Department of Water (DOW)'s Supplemental Operating and Capital Budgets appropriations for Fiscal Year 2024

RECOMMENDATION:

It is recommended that the Board grant approval to the Department to perform the annual encumbrance rollover from Fiscal Year 2023 (July 2022 – June 2023) to Fiscal Year 2024 (July 2023 – June 2024).

BACKGROUND:

The Board approved the Department's Operating and Capital Outlay Budgets for Fiscal Year 2024 on May 19, 2023.

In addition to the approved Operating and Capital Outlay budgets, the Department requests Board approval to rollover outstanding purchase order (PO) balances from FY 2023 to the FY 2024 Operating and Capital Outlay budgets. These PO Rollovers are existing encumbrances of contracts and miscellaneous purchase orders for materials and services as of June 30, 2023. The outstanding PO list is attached.

If approved, the FY 2024 budget will be increased as follows:

Operating Expenses – Water Utility	\$ 6,185,968.88
Capital Outlay:	<u>\$36,170,809.21</u>
Water Utility	\$11,746,514.16
Facility Reserve Charge (FRC)	\$ 1,150,032.68
Build America Bonds (BAB)	\$ 1,326,027.99
State Allotments Appropriations (SAF)	\$13,477,103.89
State Revolving Fund (SRF)	\$ 8,471,130.49
Total Purchase Order encumbrance rollover	<u>\$42,356,778.09</u>

OPTIONS:

Option 1: Approve Manager's Report as recommended.

Pro: The Department will be able to continue the implementation of its ongoing programs and projects.

Con: None known.

Option 2: Do not approve the Supplemental Budget for Fiscal Year 2024.

Pro: None known.

Con: The Department is still obligated to fulfill its contractual obligations for the remaining terms of the contract.

RY/cz

Attachment: Supplemental Budget FY 2024 Year End Encumbrance Increase Report FY 2023 PO Rollovers

Supplemental Budget - FY 2024 (July 2023 - June 2024)
 Year End Encumbrance Increase Report
 FY 2023 PO Rollovers

FY 2024 Budget Increase for Purchase Order (PO) Rollovers from FY 2023 totaling \$42,356,778.09			Sources of Funds					
			Operating Expense: Water Utility	Capital Outlay: Water Utility	Capital Outlay: Facility Reserve Charge (FRC)	Capital Outlay: Build America Bonds (BAB)	Capital Outlay: State Allotments Appropriations (SAF)	Capital Outlay: State Revolving Fund (SRF)
Account Number	Encumbrance 6/30/2023	Account Description						
10-01-10-540-010	36,730.33		36,730.33					
PO0004964	4,469.09	WU-Adm-Adm-Professional Services-General						
PO0005404	3,020.94	WU-Adm-Adm-Professional Services-General						
PO0005407	25,000.00	WU-Adm-Adm-Professional Services-General						
PO0005431	3,640.30	WU-Adm-Adm-Professional Services-General						
PO0005441	600.00	WU-Adm-Adm-Professional Services-General						
10-01-10-542-010	5,387.06		5,387.06					
PO0005125	5,091.06	WU-Adm-Adm-Public Relations-General						
PO0005222	296.00	WU-Adm-Adm-Public Relations-General						
10-01-10-544-000	2,000.00		2,000.00					
PO0005283	2,000.00	WU-Adm-Adm-Freight and Postage						
10-01-10-551-000	12,532.35		12,532.35					
PO0005298	12,177.45	WU-Adm-Adm-Utility Services						
PO0005299	354.90	WU-Adm-Adm-Utility Services						
10-01-10-563-000	7,863.34		7,863.34					
PO0005355	7,863.34	WU-Adm-Adm-Operating Supplies						
10-02-00-604-999	52,660.74			52,660.74				
PO0004956	25,428.91	WU-IT-RandR Capital Purchases						
PO0005091	12,488.75	WU-IT-RandR Capital Purchases						
PO0005253	12,094.10	WU-IT-RandR Capital Purchases						
PO0005477	2,648.98	WU-IT-RandR Capital Purchases						
10-02-10-540-010	351,542.07		351,542.07					
PO0005057	6,270.00	WU-IT-Adm-Professional Services-General						
PO0005382	106,844.57	WU-IT-Adm-Professional Services-General						
PO0005409	10,456.00	WU-IT-Adm-Professional Services-General						
PO0005573	227,971.50	WU-IT-Adm-Professional Services-General						
10-02-10-543-000	9,248.70		9,248.70					
PO0004750	146.88	WU-IT-Adm-Communication Services						
PO0005105	7,195.00	WU-IT-Adm-Communication Services						
PO0005193	1,110.01	WU-IT-Adm-Communication Services						
PO0005237	47.00	WU-IT-Adm-Communication Services						
PO0005303	523.73	WU-IT-Adm-Communication Services						
PO0005306	45.58	WU-IT-Adm-Communication Services						
PO0005307	180.50	WU-IT-Adm-Communication Services						
10-02-10-545-000	1,729.46		1,729.46					
PO0004933	983.32	WU-IT-Adm-Rentals and Leases						
PO0005302	746.14	WU-IT-Adm-Rentals and Leases						
10-02-10-561-000	171,720.13		171,720.13					
PO0004938	550.95	WU-IT-Adm-Repairs and Maint-Non Water System						
PO0004939	3,613.60	WU-IT-Adm-Repairs and Maint-Non Water System						
PO0005057	2,703.43	WU-IT-Adm-Repairs and Maint-Non Water System						
PO0005076	1,544.86	WU-IT-Adm-Repairs and Maint-Non Water System						
PO0005180	69.90	WU-IT-Adm-Repairs and Maint-Non Water System						
PO0005218	0.01	WU-IT-Adm-Repairs and Maint-Non Water System						
PO0005252	4,630.81	WU-IT-Adm-Repairs and Maint-Non Water System						

Supplemental Budget - FY 2024 (July 2023 - June 2024)
 Year End Encumbrance Increase Report
 FY 2023 PO Rollovers

FY 2024 Budget Increase for Purchase Order (PO) Rollovers from FY 2023 totaling \$42,356,778.09			Sources of Funds					
			Operating Expense: Water Utility	Capital Outlay: Water Utility	Capital Outlay: Facility Reserve Charge (FRC)	Capital Outlay: Build America Bonds (BAB)	Capital Outlay: State Allotments Appropriations (SAF)	Capital Outlay: State Revolving Fund (SRF)
Account Number	Encumbrance 6/30/2023	Account Description						
PO0005255	630.22	WU-IT-Adm-Repairs and Maint-Non Water System						
PO0005338	62.70	WU-IT-Adm-Repairs and Maint-Non Water System						
PO0005396	83,495.14	WU-IT-Adm-Repairs and Maint-Non Water System						
PO0005423	74,418.51	WU-IT-Adm-Repairs and Maint-Non Water System						
10-02-10-563-000	15,305.16		15,305.16					
PO0004938	726.00	WU-IT-Adm-Operating Supplies						
PO0004939	6,604.00	WU-IT-Adm-Operating Supplies						
PO0004956	51.02	WU-IT-Adm-Operating Supplies						
PO0004983	33.80	WU-IT-Adm-Operating Supplies						
PO0004995	1,265.71	WU-IT-Adm-Operating Supplies						
PO0005075	2,200.00	WU-IT-Adm-Operating Supplies						
PO0005091	532.72	WU-IT-Adm-Operating Supplies						
PO0005168	19.96	WU-IT-Adm-Operating Supplies						
PO0005181	582.36	WU-IT-Adm-Operating Supplies						
PO0005239	0.59	WU-IT-Adm-Operating Supplies						
PO0005405	3,289.00	WU-IT-Adm-Operating Supplies						
10-10-40-540-010	8,758.00		8,758.00					
PO0004723	6,669.00	WU-Qual-Purif-Professional Services-General						
PO0005013	2,089.00	WU-Qual-Purif-Professional Services-General						
10-10-40-544-000	1,144.47		1,144.47					
PO0005291	1,144.47	WU-Qual-Purif-Freight and Postage						
10-10-40-561-000	4,212.98		4,212.98					
PO0005412	2,106.49	WU-Qual-Purif-Repairs and Maint-Non Water System						
PO0005518	2,106.49	WU-Qual-Purif-Repairs and Maint-Non Water System						
10-10-40-563-000	1,222.45		1,222.45					
PO0005024	561.86	WU-Qual-Purif-Operating Supplies						
PO0005517	0.20	WU-Qual-Purif-Operating Supplies						
PO0005566	660.39	WU-Qual-Purif-Operating Supplies						
10-20-00-604-001	9,407.62			9,407.62				
PO0004335	9,407.62	WU-Eng-ALLR-17-10-KW-07 Paua Valley Tank Repair						
10-20-00-604-009	127,489.00			127,489.00				
PO0005561	119,283.00	WU-Eng-ALLR-Hanapepe Stream Crossing						
PO0005563	8,206.00	WU-Eng-ALLR-Hanapepe Stream Crossing						
10-20-00-604-010	44,832.18			44,832.18				
PO0005561	44,832.18	WU-Eng-CIPR-23-14 Wailua Hmsteads 538 1.0 MG Tank						
10-20-00-604-136	100,000.00			100,000.00				
PO0005522	81,000.00	Job 12-01 H-05 Weke Anae Hee 6-8IN Mains						
PO0005563	19,000.00	Job 12-01 H-05 Weke Anae Hee 6-8IN Mains						
10-20-00-604-138	90,795.00			90,795.00				
PO0005555	90,795.00	WU-Eng-69%R-11-07 HE-03 Hanapepe & Koloa Well MCC						
10-20-00-604-147	210,599.65			210,599.65				
PO0005556	44,827.65	WU-Eng-ALLR-23-07 Rehabilitate Puupilo Steel Tank						
PO0005563	165,772.00	WU-Eng-ALLR-23-07 Rehabilitate Puupilo Steel Tank						
10-20-00-604-148	139,257.30			139,257.30				
PO0003601	94,110.30	WU-Eng-Job 18-3-Kuhio Hwy Hardy-Oxford 16IN Main						

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Account Number	Encumbrance 6/30/2023	Account Description						
PO0005560	45,147.00	WU-Eng-Job 18-3-Kuhio Hwy Hardy-Oxford 16IN Main						
10-20-00-604-149	448,078.27			448,078.27				
PO0005560	448,078.27	WU-Eng-56%R-Job 23-03 Kuhio Hwy Papaloa to Waikaea						
10-20-00-604-157	66,863.70			66,863.70				
PO0002836	66,863.70	WU-Eng-16-4-WKK-03-Kilauea Wells MCC Rehab						
10-20-00-604-160	346,218.15			346,218.15				
PO0003581	346,218.15	Job 18-02 Islandwide Rehabilitation of Tanks						
10-20-00-604-164	229,632.00			229,632.00				
PO0004577	229,632.00	WU-Eng-Job. 18-9 Makaleha Tunnel						
10-20-00-604-177	184,370.00			184,370.00				
PO0005563	184,370.00	WU-23-02 WK-34, Kuamoo Rd 8" Main Replace (6,500')						
10-20-00-605-139	125,200.00			125,200.00				
PO0002624	125,200.00	WU-Eng-ALLE-02-11 M-02 100K Tank & Pipeline Moloaa						
10-20-10-540-010	2,266,280.20		2,266,280.20					
PO0002836	25,116.10	WU-Eng-Adm-Professional Services-General						
PO0003149	48,460.83	WU-Eng-Adm-Professional Services-General						
PO0004301	12,016.68	WU-Eng-Adm-Professional Services-General						
PO0004577	11,636.00	WU-Eng-Adm-Professional Services-General						
PO0004593	80,039.82	WU-Eng-Adm-Professional Services-General						
PO0004705	1,571.00	WU-Eng-Adm-Professional Services-General						
PO0005197	18,617.80	WU-Eng-Adm-Professional Services-General						
PO0005383	7,862.50	WU-Eng-Adm-Professional Services-General						
PO0005384	4,729.94	WU-Eng-Adm-Professional Services-General						
PO0005387	22,000.00	WU-Eng-Adm-Professional Services-General						
PO0005388	275,780.64	WU-Eng-Adm-Professional Services-General						
PO0005430	20,340.00	WU-Eng-Adm-Professional Services-General						
PO0005461	24,089.00	WU-Eng-Adm-Professional Services-General						
PO0005520	253,945.00	WU-Eng-Adm-Professional Services-General						
PO0005521	460,074.89	WU-Eng-Adm-Professional Services-General						
PO0005562	1,000,000.00	WU-Eng-Adm-Professional Services-General						
10-20-10-563-000	895.01		895.01					
PO0005143	895.00	WU-Eng-Adm-Operating Supplies						
PO0005456	0.01	WU-Eng-Adm-Operating Supplies						
10-21-00-604-001	1,138,851.01			1,138,851.01				
PO0004404	1,138,851.01	Job 17-10 KW-07 Paua Valley Tank Repair						
10-21-00-604-029	3,060,005.95			3,060,005.95				
PO0005257	1,020,005.95	WU-Cns-44%R-09-01 Yamada Tank Clearwell, Conn Pipe						
PO0005258	2,040,000.00	WU-Cns-44%R-09-01 Yamada Tank Clearwell, Conn Pipe						
10-21-00-604-146	217,103.74			217,103.74				
PO0003576	217,103.74	Job 15-07 HE-01 HE-10 Kaunualii Hwy 16" Main Boost						
10-21-00-604-157	152,270.76			152,270.76				
PO0005525	152,270.76	Job 16-4 WKK-03-Kilauea Wells MCC Rehab						
10-21-00-604-167	238,112.58			238,112.58				
PO0004976	238,112.58	WU-CM-R&R-Job 11-9 Kukuilono Tank Demo						
10-21-00-604-171	32,899.55			32,899.55				

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Account Number	Encumbrance 6/30/2023	Account Description						
PO0005574	32,899.55	WU-Const-R&R-Tank Remediation Repair						
10-21-00-605-017	2,990,220.00			2,990,220.00				
PO0003577	2,990,220.00	Job 16-02 PLH-35B Kapaia Cane Haul Rd 18" Main						
10-21-00-605-118	194,120.62			194,120.62				
PO0005397	194,120.62	Job 02-14 WK39 WK08 Kapaa Hmstd Well 4; Pkg A Well						
10-21-00-605-153	4,020.00			4,020.00				
PO0005221	4,020.00	WU/Cons/Exp/Job 15-08-HW-11-Haena 0.2MG Tank						
10-21-10-540-010	1,959,602.42		1,959,602.42					
PO0002835	279,570.40	WU-CM-Adm-Professional Services-General						
PO0004461	700,000.00	WU-CM-Adm-Professional Services-General						
PO0005044	11,412.38	WU-CM-Adm-Professional Services-General						
PO0005260	968,619.64	WU-CM-Adm-Professional Services-General						
10-21-10-563-000	895.00		895.00					
PO0005145	895.00	WU-CM-Adm Operating Supplies						
10-22-10-540-010	843,172.38		843,172.38					
PO0004217	102,581.40	WU-WRP-Adm-Professional Services-General						
PO0005038	26,160.00	WU-WRP-Adm-Professional Services-General						
PO0005146	668,255.11	WU-WRP-Adm-Professional Services-General						
PO0005235	46,175.87	WU-WRP-Adm-Professional Services-General						
10-30-20-540-010	1,778.96		1,778.96					
PO0005288	1,778.96	WU-Bill-Collection-Professional Services-General						
10-30-20-563-000	844.00		844.00					
PO0005192	844.00	WU-Bill-Collection-Operating Supplies						
10-31-10-540-010	133,257.79		133,257.79					
PO0004959	124,357.79	WU-Acc-Adm-Professional Services-General						
PO0005246	1,000.00	WU-Acc-Adm-Professional Services-General						
PO0005284	3,700.00	WU-Acc-Adm-Professional Services-General						
PO0005559	4,200.00	WU-Acc-Adm-Professional Services-General						
10-31-10-562-000	200.94		200.94					
PO0005157	144.17	WU-Acct-Adm-Office Supplies						
PO0005191	-	WU-Acct-Adm-Office Supplies						
PO0005289	56.77	WU-Acct-Adm-Office Supplies						
10-40-00-604-170	5,238.75			5,238.75				
PO0005200	5,238.75	WU/Ops/R&R/Meter Replacement Program						
10-40-00-604-999	1,479,817.47			1,479,817.47				
PO0004566	6,400.00	WU-Ops-RandR Capital Purchases						
PO0004831	7,839.09	WU-Ops-RandR Capital Purchases						
PO0005054	26,134.06	WU-Ops-RandR Capital Purchases						
PO0005090	58,534.00	WU-Ops-RandR Capital Purchases						
PO0005185	22.85	WU-Ops-RandR Capital Purchases						
PO0005314	0.02	WU-Ops-RandR Capital Purchases						
PO0005316	328.06	WU-Ops-RandR Capital Purchases						
PO0005317	17,819.24	WU-Ops-RandR Capital Purchases						
PO0005319	91.04	WU-Ops-RandR Capital Purchases						
PO0005320	1,217.83	WU-Ops-RandR Capital Purchases						

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Account Number	Encumbrance 6/30/2023	Account Description						
PO0005340	7,024.43	WU-Ops-RandR Capital Purchases						
PO0005353	0.01	WU-Ops-RandR Capital Purchases						
PO0005394	0.01	WU-Ops-RandR Capital Purchases						
PO0005452	0.11	WU-Ops-RandR Capital Purchases						
PO0005479	395,287.80	WU-Ops-RandR Capital Purchases						
PO0005493	588,344.06	WU-Ops-RandR Capital Purchases						
PO0005502	4,699.12	WU-Ops-RandR Capital Purchases						
PO0005527	198.73	WU-Ops-RandR Capital Purchases						
PO0005529	794.85	WU-Ops-RandR Capital Purchases						
PO0005538	0.08	WU-Ops-RandR Capital Purchases						
PO0005539	403.00	WU-Ops-RandR Capital Purchases						
PO0005544	5,544.67	WU-Ops-RandR Capital Purchases						
PO0005546	13.24	WU-Ops-RandR Capital Purchases						
PO0005547	787.86	WU-Ops-RandR Capital Purchases						
PO0005549	2,284.15	WU-Ops-RandR Capital Purchases						
PO0005550	25,747.80	WU-Ops-RandR Capital Purchases						
PO0005557	4,823.53	WU-Ops-RandR Capital Purchases						
PO0005571	14,649.21	WU-Ops-RandR Capital Purchases						
PO0005572	193,228.62	WU-Ops-RandR Capital Purchases						
PO0005575	117,600.00	WU-Ops-RandR Capital Purchases						
10-40-00-605-999	58,450.12			58,450.12				
PO0005088	58,450.00	WU-Ops-Expansion Capital Purchases						
PO0005473	0.12	WU-Ops-Expansion Capital Purchases						
10-40-30-563-000	60.20		60.20					
PO0005372	60.20	WU-Ops-Source-Operating Supplies						
10-40-30-565-000	27,978.15		27,978.15					
PO0005275	2,956.93	WU-Ops-Source-Bulk Water Purchase						
PO0005278	25,021.22	WU-Ops-Source-Bulk Water Purchase						
10-40-40-563-000	37,845.82		37,845.82					
PO0005269	37,845.82	WU-Ops-Purif-Operating Supplies						
10-40-50-560-000	177,833.64		177,833.64					
PO0005481	51.64	Wu-Operations-P&P-Repairs & Maint W/S						
PO0005516	177,782.00	Wu-Operations-P&P-Repairs & Maint W/S						
10-40-50-563-000	4,333.50		4,333.50					
PO0005226	4,333.50	WU-Ops-PowerAndPump-Operating Supplies						
10-40-60-545-000	2,809.00		2,809.00					
PO0005564	2,809.00	WU-Ops-T andD-Rentals and Leases						
10-40-60-560-000	3,764.00		3,764.00					
PO0005123	3,764.00	WU-Ops-T andD-Repairs and Maintenance-Water System						
10-40-60-561-000	70,583.21		70,583.21					
PO0004960	2,544.01	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005132	5,333.87	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005189	2,451.33	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005263	397.33	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005264	43.64	Wu-Ops-T andD-Repairs and Maint-Non Water System						

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Account Number	Encumbrance 6/30/2023	Account Description						
PO0005280	10,945.90	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005321	30,941.93	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005351	2,117.38	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005377	523.56	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005403	19.51	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005410	187.60	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005414	215.50	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005422	83.37	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005466	303.51	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005491	1,219.96	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005497	12,380.31	Wu-Ops-T andD-Repairs and Maint-Non Water System						
PO0005504	874.50	Wu-Ops-T andD-Repairs and Maint-Non Water System						
10-40-60-563-000	13,854.47		13,854.47					
PO0005186	3,223.46	WU-Ops-T andD-Operating Supplies						
PO0005229	488.18	WU-Ops-T andD-Operating Supplies						
PO0005277	112.22	WU-Ops-T andD-Operating Supplies						
PO0005293	23.82	WU-Ops-T andD-Operating Supplies						
PO0005341	25.10	WU-Ops-T andD-Operating Supplies						
PO0005357	4.52	WU-Ops-T andD-Operating Supplies						
PO0005358	0.07	WU-Ops-T andD-Operating Supplies						
PO0005371	2,132.39	WU-Ops-T andD-Operating Supplies						
PO0005392	0.02	WU-Ops-T andD-Operating Supplies						
PO0005410	8.84	WU-Ops-T andD-Operating Supplies						
PO0005432	8.80	WU-Ops-T andD-Operating Supplies						
PO0005438	135.64	WU-Ops-T andD-Operating Supplies						
PO0005453	79.16	WU-Ops-T andD-Operating Supplies						
PO0005458	150.50	WU-Ops-T andD-Operating Supplies						
PO0005469	2,022.88	WU-Ops-T andD-Operating Supplies						
PO0005476	99.89	WU-Ops-T andD-Operating Supplies						
PO0005487	40.40	WU-Ops-T andD-Operating Supplies						
PO0005492	367.51	WU-Ops-T andD-Operating Supplies						
PO0005498	0.38	WU-Ops-T andD-Operating Supplies						
PO0005510	704.02	WU-Ops-T andD-Operating Supplies						
PO0005511	9.07	WU-Ops-T andD-Operating Supplies						
PO0005527	4,217.60	WU-Ops-T andD-Operating Supplies						
10-40-60-563-010	218.71		218.71					
PO0005223	218.71	WU-Ops-T andD-Supplies-Inv Stock						
10-40-60-564-000	10,364.99		10,364.99					
PO0005274	694.99	WU-Ops-TandD-Fuel						
PO0005276	9,670.00	WU-Ops-TandD-Fuel						
20-20-00-605-018	130,000.00				130,000.00			
PO0005524	130,000.00	FRC-Eng-ALLE--H-08 Hanalei Well 2						
20-20-00-605-117	304,981.00				304,981.00			
PO0004612	26,832.00	FRC-Eng-ALLE-12-02 WK-23 UH Expmntal Storage Tank						
PO0005534	278,149.00	FRC-Eng-ALLE-12-02 WK-23 UH Expmntal Storage Tank						

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Account Number	Encumbrance 6/30/2023	Account Description						
20-20-00-605-118	202,424.49				202,424.49			
PO0004545	61,504.69	Job 04-08 WK-39 Drill Kapaa Homestead Well 4						
PO0005536	140,919.80	Job 04-08 WK-39 Drill Kapaa Homestead Well 4						
20-20-00-605-120	7,212.24				7,212.24			
PO0002611	7,212.24	FRC Eng-90%E-Kilauea 1.0MG Tank Job 02-06						
20-20-00-605-153	8,174.95				8,174.95			
PO0002616	8,174.95	Job 15-08-HW-11Haena 0.2MG Tank						
20-20-00-605-154	297,240.00				297,240.00			
PO0003149	297,240.00	Job 17-11 Drill & Test Kilauea Well #3						
20-20-00-605-155	200,000.00				200,000.00			
PO0005523	200,000.00	FRC-Eng-ALLE-Wainiha Well #4						
30-20-00-604-105	63,998.94					63,998.94		
PO0004334	33,672.05	BAB-Eng-ALLR-09-01 K-01 Kalaheo 1111FR & 1222FT						
PO0005519	30,326.89	BAB-Eng-ALLR-09-01 K-01 Kalaheo 1111FR & 1222FT						
30-20-00-605-120	22,649.00					22,649.00		
PO0002611	22,649.00	BAB-Cns-ALLE-02-06WKK15-Kilauea 466 Tank Puu Pane						
30-20-00-605-125	53,508.05					53,508.05		
PO0002608	53,508.05	BAB-Eng-98%E-02-01 Land for Kukuioolono Tank Site						
30-20-00-605-139	94,222.00					94,222.00		
PO0002620	94,222.00	BAB-Eng-ALLE-02-11 M-02 100K Tnk & Pipeline Moloaa						
30-21-00-604-017	1,091,650.00					1,091,650.00		
PO0003577	1,091,650.00	Job 16-02 PLH-35B Kapaia Cane Haul Rd 18" Main						
40-21-00-604-001	677,103.89						677,103.89	
PO0005386	677,103.89	SAF/CM-ALLR-17-10-KW-07 Paua Valley Tank Repair						
40-21-00-604-157	2,600,000.00						2,600,000.00	
PO0005220	2,600,000.00	SAF/Cons/R&R/Kilauea Wells MCC Rehab						
40-21-00-605-029	10,200,000.00						10,200,000.00	
PO0005256	10,200,000.00	SAF/Cons/Exp/Yamada tank Clearwell, Conn Pipe						
60-21-00-604-029	8,471,130.49							8,471,130.49
PO0005259	8,471,130.49	SRF/Cons/R&R/Yamada Tank clearwell Conn Pipe						
Grand Total	42,356,778.09		6,185,968.88	11,746,514.16	1,150,032.68	1,326,027.99	13,477,103.89	8,471,130.49

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 24-12

Re: DISCUSSION AND RECEIPT OF THE DEPARTMENT OF WATER'S (DOW) FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023.

RECOMMENDATION:

It is recommended that the Board receive and accept DOW's audited Financial Statements and Independent Auditor's Report.

BACKGROUND:

DOW's independent auditor, N&K CPAs has completed the audit of the DOW's financial accounts and the internal controls in place for the fiscal year ended June 30, 2023.

A draft copy of the audited Financial Statements as of June 30, 2023, together with the Independent Auditor's Report are hereby submitted for your review, discussion, and necessary action. The auditors representing N&K CPAs are available to discuss the results of the audit and to answer any questions the Board may have.

OPTIONS:

Option 1: It is recommended that the Board review and accept the DOW's Financial Statements and Independent Auditor's Report by N&K CPAs, Inc for the fiscal year ended June 30, 2023.

Pros: Upon Board approval, DOW will be able to transmit the final copy of the audited Financial Statements to the County of Kauai, Department of Finance.

Cons: None known.

Option 2: Do not receive and accept the DOW's Financial Statements and Independent Auditor's Report by N&K CPAs, Inc. for the fiscal year ended June 30, 2023. Do not transmit the audited Financial Statements to the County of Kauai Department of Finance.

Pros: The Board will have additional time to discuss additional questions that they may have surrounding the results of the audit.

Con: Deferral may affect the County's timeline in finalizing its Annual Comprehensive Financial Report (ACFR) and DOW not meeting the targeted deadline of March 22, 2024.

RY/crz

Attachment: Financial Statements and Independent Auditor's Report FY 2023

**Department of Water,
County of Kaua'i**



**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITOR'S REPORT**

Fiscal Year Ended June 30, 2023

**DEPARTMENT OF WATER
COUNTY OF KAUAI**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION (Unaudited)	4 - 6
INDEPENDENT AUDITOR'S REPORT	7 - 10
MANAGEMENT'S DISCUSSION AND ANALYSIS	12 - 18
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	20 - 21
Statement of Revenues, Expenses, and Changes in Net Position	22
Statement of Cash Flows	23 - 24
Notes to Financial Statements	25 - 52
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability	54
Schedule of Contributions (Pension)	55
Notes to Required Supplementary Information Required by GASB Statement No. 68	56
Schedule of Changes in the Net OPEB Liability and Related Ratios	57
Schedule of Contributions (OPEB)	58
Notes to Required Supplementary Information Required by GASB Statement No. 75	59

**DEPARTMENT OF WATER
COUNTY OF KAUAI**

TABLE OF CONTENTS

	<u>Page</u>
SUPPLEMENTARY INFORMATION	
Schedule I – Supplemental Schedule of Utility Plant-in-Service	61
Schedule II – Supplemental Schedule of Selective Account Classifications	62
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64 - 65
SCHEDULE OF FINDINGS	67 - 72
CORRECTIVE ACTION PLAN	74 - 80

**Department of Water
County of Kauai
INTRODUCTION (Unaudited)
Fiscal Year Ended June 30, 2023**

To the Members of the Board of Water Supply and our Customers:

We are pleased to submit to you the Financial Statements of the Department of Water, County of Kaua'i (Department) for the fiscal year ended June 30, 2023.

The accuracy of the financial statements and the completeness and fairness of their presentation are the responsibility of the Department. We believe the data presented in the financial statements are complete and accurate in all material respects and are provided in a manner designed to present the financial position and results of operations of the Department. All disclosures necessary to convey the maximum understanding of the Department's financial activities have been included.

The Fiscal Division is tasked with the responsibility of establishing and maintaining an internal control structure and process that is designed to ensure that the assets of the Department are protected from loss, theft, or misuse. Furthermore, it is the responsibility of the Fiscal Division to compile adequate accounting data to allow for the accurate preparation of the financial statements in conformity with generally accepted accounting principles (GAAP).

Management is required to make decisions and judgments as to the concept of what constitutes reasonable assurance in reviewing the internal control mechanisms. Management must also weigh the cost of the control against the benefit that will likely be attained.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This introduction is designed to complement the MD&A and should be read in conjunction with it.

History of the Department

The Department was created in 1960 by the authority of Act 20, Session Laws of Hawaii and established by the County Charter as a semi-autonomous and self-supporting component unit (enterprise fund) of the County government. The Department is not subsidized by nor receives contributions from the County's General Fund. The Department's operations are financed primarily by revenues from water sales, facility reserve charges (FRC), and water meter service charges.

The Department is governed by the Board of Water Supply (Board), consisting of seven members. Four members are appointed by the Mayor and confirmed by the County Council. The remaining three consist of the State District Engineer of the Department of Transportation, County Engineer, and Planning Director. The Board appoints the Manager and Chief Engineer to administer the Department.

Mission Statement

"Together, we provide safe, affordable, sufficient, drinking water through wise management of our resources and with excellent customer service for the people of Kaua'i."

**Department of Water
County of Kauai
INTRODUCTION (Unaudited)
Fiscal Year Ended June 30, 2023**

Department Operations

The Department is the primary water utility on the island of Kaua'i, operating ten separate and unconnected water systems with over 443 miles of pipeline. During the fiscal year, the Department delivered potable and non-potable water to approximately twenty-three thousand customers. The annual water consumption in gallons was 4.1 billion. Additionally, the Department maintained and serviced over three thousand fire hydrants.

The Department consists of four divisions: Administration, Fiscal, Engineering, and Operations. There are a total of 119 budgeted positions; of which, 89 were filled as of June 30, 2023.

Major Initiatives

In November 2021, the passing of the Bipartisan Infrastructure Law provided for unprecedented funding to support upgrades to the nation's drinking water, with funding dedicated to lead service line replacement and access to federal Drinking Water State Revolving Funds. Through this passing of legislation, water utilities are required to comply with Lead and Copper Rule Revisions with the Environmental Protection Agency (EPA). In August 2022, the EPA issued additional guidance and information to assist water utilities to prepare and maintain an inventory of service line materials by October 16, 2024. The Department continues to work towards meeting this deadline.

In February 2022, the Department initiated the Water System Investment Plan (WSIP) project that would span over a two-year period. This project includes updating the water system's geographical information system (GIS) and hydraulic model, water demand study, capital improvement program, FRC, and a climate change and resiliency study. Subsequently and in November 2023, the WSIP project was amended to include a water rate study utilizing the information and data obtained from the ongoing project. The Department's last water rate increase was in July 2014 and current water rates are only sufficient to cover operational and annual debt service expenses.

The water rate study will provide a five-year rate recommendation beginning July 1, 2025, and will consider the outlook of the Department's projected revenues, expenses, capital project financing, annual debt service, and reserve funding.

In June 2023, a blessing was held for the \$21.8 million Kalaheo Water Systems Improvement Project. This is the largest project in the Department's history and is funded by State Legislative Appropriations (\$10.2 million), State Department of Health Drinking Water State Revolving Fund (DWSRF) grant (\$5.2 million), loans financed by the State of Hawaii DWSRF (\$7.8 million), and Department matching funds (\$2 million). In addition to construction costs, approximately \$1 million was awarded for contract management utilizing Department funds. The project is anticipated to be completed by 2025 and will be conducted in three phases, eventually replacing two water storage tanks.

**Department of Water
County of Kauai
INTRODUCTION (Unaudited)
Fiscal Year Ended June 30, 2023**

Long-term Financial Planning

The Department's mission is to provide residents with a safe, dependable, and affordable drinking water supply. Efforts to maintain and improve water system facilities, aging water infrastructure, and improvements for fire protection are continuous. The Department actively pursues State funding through grants and loans. Federal resources will be pursued to help subsidize projects in the future. The major projects in progress or on the horizon include:

- IT Infrastructure Improvements
- Meter Replacement Project
- Kapaa Homesteads Well and Tanks
- Weke, Anae, Mahimahi, and Hee Road Main Replacement
- Kapaa Homesteads Well and Tanks
- Kalaheo Water System Improvements
- Kuhio Highway Main Replacement
- Kapaia Cane Haul Road Environmental Impact Statement (EIS)

Awards

Annually, the EPA recognizes and awards WaterSense partners who contribute to enhancing the market for water-efficient products, practices, and services. WaterSense recognizes those partners who have gone above and beyond in supporting this program. On October 5, 2023, the Department won its third WaterSense Excellence Award for Education, Outreach, and Promoting WaterSense Labeled Products. The EPA recognized a total of 25 Excellence Award winners.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Water Supply
Department of Water, County of Kauai

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Department of Water, a component unit of the County of Kauai, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Department of Water, County of Kauai's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Department of Water, County of Kauai, as of June 30, 2023, and the changes in financial position and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department of Water, County of Kauai and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note O to the financial statements, net position as of July 1, 2022 has been restated to correct misstatements. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department of Water, County of Kauai's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of Water, County of Kauai's internal control. Accordingly, no such opinion is expressed.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department of Water, County of Kauai's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 to 18 and the schedules of proportionate share of the net pension liability, pension contributions, proportionate share of the net OPEB liability, and OPEB contributions on pages 54 to 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department of Water, County of Kauai's basic financial statements. The accompanying Supplemental Schedules I and II, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

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procedures in accordance with GAAS. In our opinion, the Supplemental Schedules I and II are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March XX, 2024 on our consideration of the Department of Water, County of Kauai's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department of Water, County of Kauai's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department of Water, County of Kauai's internal control over financial reporting and compliance.

Honolulu, Hawaii
March XX, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Department of Water
County of Kauai
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023**

The management of the Department of Water, County of Kauai (the "Department") offers to readers a narrative overview and analysis of the Department's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Department's basic financial statements that follow this section.

Financial Highlights

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements (SBITAs)*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for SBITAs by governments. The Department adopted GASB 96 in the current fiscal year.

Additionally, the Department recorded a prior period adjustment to beginning net position in of \$5.6 million. The prior period adjustment was due to reclassifying construction-in-progress (CIP) assets to properly recognize these amounts as expenses (\$2.6 million), record pollution remediation liabilities (\$3.3 million) under GASB Statement No. 49 – *Accounting and Financial Reporting for Pollution Remediation Obligations*, and decrease the accrued compensated absence liability by \$0.3 million. The prior period adjustment resulted in an overall decrease to net position as of July 1, 2022. Additional information can be found in Note O in the notes to the basic financial statements.

The Department's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year by \$220.8 million, an increase of \$4 million from the prior year. Restricted net position increased by \$2.6 million, ending at \$5.2 million. Unrestricted net position decreased by (\$2.5) million, ending at \$19.2 million.

The following explains the significant changes in net position:

- Operating expenses remained relatively flat, increasing by \$0.2 million as compared to the prior year, ending at \$28.7 million.
- Operating revenues remained flat as compared to the prior year, ending at \$30.9 million.
- Operating revenues and capital contributions exceeded total operating expenses by \$4 million, increasing net position.
- Assets, including capital assets, ended at \$303.6 million; a decrease of \$4.3 million or 1.4% from the prior year.

**Department of Water
County of Kauai
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023**

Overview of the Financial Statements

The Department is a semi-autonomous component unit of the County of Kaua'i. The financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private-sector business. Accordingly, it presents the financial picture of the Department from the economic resources measurement and the accrual basis of accounting; whereby, revenues and expenses are recognized in the period earned or when incurred.

The basic financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and notes to the financial statements. The statement of net position presents the resources and obligations of the Department as of the end of the reporting period. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating. The statement of revenues, expenses, and changes in net position presents the results of operations and the resulting change in net position for the fiscal year. The statement of cash flows presents changes in cash and cash equivalents, resulting from operating, investing, capital and related financing activities, and non-capital financing activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 25 - 52 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Department's progress in funding its obligation to provide pension and postemployment benefits other than pension (OPEB) to its employees. Required supplementary information can be found on page 54 - 59 of this report.

Supplementary Information

The schedule of utility plant-in-service and schedule of selective account classifications are presented immediately following the required supplementary information on pensions and OPEB. Supplementary information can be found starting on page 61.

**Department of Water
 County of Kauai
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 Fiscal Year Ended June 30, 2023**

Financial Condition

**Statements of Net Position - Condensed
 June 30, 2023 and 2022**

	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023 - 2022</u>	
			<u>Increase (decrease)</u>	<u>% Change</u>
Assets				
Current assets	\$ 16,194,257	\$ 17,500,410	\$ (1,306,153)	-7.5%
Net capital assets	240,894,941	241,016,393	(121,452)	-0.1%
Other noncurrent assets	46,547,745	49,394,594	(2,846,849)	-5.8%
Total assets	<u>303,636,943</u>	<u>307,911,397</u>	<u>(4,274,454)</u>	
Deferred outflows of resources	<u>7,750,280</u>	<u>5,358,040</u>	<u>2,392,240</u>	44.6%
Total assets and deferred outflows	<u>\$ 311,387,223</u>	<u>\$ 313,269,437</u>	<u>\$ (1,882,214)</u>	-0.6%
Liabilities				
Current liabilities	\$ 12,747,085	\$ 12,283,464	\$ 463,621	3.8%
Noncurrent liabilities				
Bonds payable, noncurrent	37,812,449	41,179,190	(3,366,741)	-8.2%
Notes payable, noncurrent	8,916,937	10,685,305	(1,768,368)	-16.5%
Net pension liability	17,948,894	13,195,469	4,753,425	36.0%
Net OPEB liability	3,735,663	4,866,291	(1,130,628)	-23.2%
Other liabilities	1,522,811	4,126,709	(2,603,898)	-63.1%
Total liabilities	<u>82,683,839</u>	<u>86,336,428</u>	<u>(3,652,589)</u>	-4.2%
Deferred inflows of resources	<u>7,876,976</u>	<u>10,089,749</u>	<u>(2,212,773)</u>	-21.9%
Total liabilities and deferred inflows	<u>\$ 90,560,815</u>	<u>\$ 96,426,177</u>	<u>\$ (5,865,362)</u>	-6.1%
Net position				
Net investment in capital assets	\$ 196,424,711	\$ 192,553,137	\$ 3,871,574	2.0%
Restricted	5,205,779	2,622,889	2,582,890	98.5%
Unrestricted	19,195,918	21,667,234	(2,471,316)	-11.4%
Total net position	<u>\$ 220,826,408</u>	<u>\$ 216,843,260</u>	<u>\$ 3,983,148</u>	1.8%
Total liabilities, deferred inflows, and net position	<u>\$ 311,387,223</u>	<u>\$ 313,269,437</u>	<u>\$ (1,882,214)</u>	-0.6%

The Department's liquidity ratio was 1.3 and 1.4 at June 30, 2023 and 2022, respectively. Current assets and other noncurrent assets decreased by \$1.3 million and \$2.8 million, respectively. The decrease is primarily due to decreases in cash and cash equivalents, investments, and less than favorable return on investments.

**Department of Water
County of Kauai
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023**

Current liabilities remained relatively flat to the prior year, increasing slightly by \$0.5 million. Noncurrent liabilities decreased by \$4.1 million and was primarily attributable to principal payments of outstanding bonds and loans of \$5.1 million, a decrease in net OPEB liability of \$1.1 million, offset by a \$4.7 million increase in net pension liability. The increase in pension liability was primarily due to an increase in the Department's proportionate share of the collective net pension liability, changes in assumptions, and differences between projected and actual investment earnings.

As noted earlier, net position may serve over time as a useful indicator of the Department's financial condition. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating. The Department's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$220.8 million at the close of the fiscal year.

The largest portion of the Department's net position reflects its net investment in capital assets, ending at \$196.4 million or 88.9% of net position. The Department uses these capital assets to provide services to customers; consequently, these assets are not available for future spending.

The Department's restricted net position category represents \$5.2 million or 2.4% of net position. These restrictions on net position are imposed by enabling legislation or parties outside the government (such as creditors, grantors, contributors, laws or regulations of other governments).

The difference between total net position and the two categories just discussed (net investment in capital assets and restricted net position) is the unrestricted net position. As of June 30, 2023, the Department's unrestricted net position ended at \$19.2 million or 8.7% of net position.

**Department of Water
 County of Kauai
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 Fiscal Year Ended June 30, 2023**

Results of Operations

**Statements of Revenues, Expenses and Changes in Net Position - Condensed
 Fiscal Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023 - 2022</u>	
			<u>Increase (decrease)</u>	<u>% Change</u>
Operating revenues	\$ 30,914,161	\$ 30,879,580	\$ 34,581	0.1%
Operating expenses				
Administration and general	8,688,962	9,582,038	(893,076)	-9.3%
Depreciation and amortization	6,898,201	7,020,814	(122,613)	-1.7%
Transmission and distribution	5,997,608	4,531,358	1,466,250	32.4%
Power and pumping	3,196,987	3,197,442	(455)	0.0%
Source of supply	2,512,842	2,655,934	(143,092)	-5.4%
Customers' accounting and collection	1,042,809	957,472	85,337	8.9%
Purification	640,486	795,211	(154,725)	-19.5%
Total operating expenses	<u>28,977,895</u>	<u>28,740,269</u>	<u>237,626</u>	0.8%
Operating income	1,936,266	2,139,311	(203,045)	-9.5%
Nonoperating revenues (expenses)	(2,654,219)	(4,467,145)	1,812,926	-40.6%
Capital contributions	<u>4,701,101</u>	<u>2,727,461</u>	<u>1,973,640</u>	72.4%
Change in net position	<u>3,983,148</u>	<u>399,627</u>	<u>3,583,521</u>	896.7%
Net position				
Beginning of year	<u>216,843,260</u>	<u>216,443,633</u>	<u>399,627</u>	0.2%
End of year	\$ <u>220,826,408</u>	\$ <u>216,843,260</u>	\$ <u>3,983,148</u>	1.8%

The Department's operating revenues remained flat as compared to the prior year, ending at \$30.9 million. During the fiscal year, the Department experienced delays in processing monthly billing statements due to an increase in failing transponder units preventing automatic meter readings for a growing number of customer accounts. The accounts that were affected were billed on a lower-than-average estimate water consumption versus actual consumption. As a result of the delays in billing and subsequent collection of payments, the Department recorded a \$1 million adjustment to properly reflect water sales revenue as of the fiscal year ended June 30, 2023. Refer to Schedule of Findings 2023-002, starting on page 67.

Overall operating expenses remained relatively flat to the prior year, ending at \$28.9 million. Major factors may be attributable to a combination of the following:

- Administration and general decreased by \$0.9 million. As mentioned previously, the Department had prior period adjustments for pollution remediation and accrued compensated leave liabilities. The decrease is primarily due to the restated amount as of July 1, 2022, whereby adjusted expenses in the reporting period created a larger variance.
- Transmission and distribution increased by \$1.4 million. The increase is primarily due to equipment purchases such as meters, transponders, and registers.

**Department of Water
 County of Kauai
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 Fiscal Year Ended June 30, 2023**

- Large expenses came from the funding of OPEB and pension; whereby, qualified employees are promised specific healthcare and pension related benefits upon separation and/or retirement. The Department paid 100% of its annual required contribution (ARC) for OPEB, amounting to \$1 million and pension expense of \$1.6 million in the current fiscal year. Additional information surrounding pension and OPEB can be found in the notes to the basic financial statements and required supplementary information in Notes J and K, respectively.
- Net nonoperating revenues (expenses) decreased by approximately \$1.8 million. The decrease was primarily due to net realized and unrealized loss on investments.
- Capital contributions increased by approximately \$2 million. The increase was due to FRC and conveyances from new developments and residential properties requiring water from the Department.

Capital Assets and Debt Administration

Capital Assets

The Department's net capital assets as of June 30, 2023, amounted to \$240.9 million. Capital assets include land, buildings and improvements, machinery and equipment, infrastructure (e.g., transmission and distribution, pipelines), and construction-in-progress, less accumulated depreciation and amortization. Most capital projects pass through construction-in-progress before being capitalized because of the multi-year completion process.

**Summary of Capital Assets
 June 30, 2023 and 2022**

	<u>2023</u>	<u>2022 (Restated)</u>
Non-depreciable assets:		
Land	\$ 1,307,422	\$ 1,307,422
CIP	8,489,135	6,705,641
Depreciable assets:		
Utility plant	339,663,936	335,594,225
General plant	25,440,887	24,774,299
Intangible	2,224,382	1,990,260
Less: accumulated depreciation	<u>(136,230,821)</u>	<u>(129,355,454)</u>
Total capital assets, net	\$ <u>240,894,941</u>	\$ <u>241,016,393</u>

Major assets added and capital asset activity during the current fiscal year included the following:

- Generator and excavator power equipment.
- Completion of Hanapepe-Eleele connecting pipeline.
- Completion of County Housing Lima Ola affordable housing project infrastructure buildout (pipelines, service laterals, hydrants, etc.)
- Improvements/rehabilitation to Kilauea wells MCC.

**Department of Water
County of Kauai
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023**

Additional information on the Department's capital assets can be found in Note E in the notes to the basic financial statements.

Long-term Debt

At the end of the fiscal year, the Department had total bonds and loans outstanding of \$51.8 million. Of this amount, \$41.1 million is comprised of debt backed by the full faith and credit of the County government (general obligations) and \$10.7 million represents DWSRF loans used to finance construction projects.

There were no new general obligation bonds or loans issued during the fiscal year. The Department's debt to equity ratio was 23.6% and 26.2% at June 30, 2023 and 2022, respectively.

Outstanding Series 2010A, Series 2021A and Series 2021B, have been assigned underlying ratings of AA from S&P Global, Aa2 from Moody's, and AA from Fitch.

Additional information on the Department's long-term debt can be found in Note F in the notes to the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Department's finances. Questions surrounding any information provided in this report or requests for additional information should be addressed to the Waterworks Controller, Department of Water, County of Kaua'i at 4398 Pua Loke Street, Lihue, Kaua'i, Hawai'i 96766.

BASIC FINANCIAL STATEMENTS

**Department of Water
 County of Kauai
 STATEMENT OF NET POSITION
 June 30, 2023**

ASSETS

Current assets

Cash and cash equivalents	\$	4,886,347
Investments		5,726,216
Receivables		
Accounts, net of allowance for doubtful accounts of approximately \$207,000		1,323,014
Unbilled accounts, net of allowance for doubtful accounts of approximately \$123,000		2,463,064
Grants and subsidies		469,710
Accrued interest		139,363
Materials and supplies		1,132,866
Prepaid expenses		<u>53,677</u>
Total current assets		<u>16,194,257</u>

Restricted assets

Facility reserve charge funds		
Cash and cash equivalents		4,707,137
Grants and subsidies		201,304
Bond funds		
Cash and cash equivalents		832,782
Investments		8,298,557
Accrued interest		50,892
Other		
Grants and subsidies		<u>246,446</u>
Total restricted assets		<u>14,337,118</u>

Investments, noncurrent 32,210,627

Capital assets

Utility plant in service		368,636,627
Less accumulated depreciation		<u>(136,230,821)</u>
Total utility plant, net		232,405,806
Construction work in progress		<u>8,489,135</u>
Net capital assets		<u>240,894,941</u>

Total assets 303,636,943

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to pensions		6,570,691
Deferred outflows of resources related to OPEB		<u>1,179,589</u>
Total deferred outflows of resources		<u>7,750,280</u>
Total assets and deferred outflows of resources	\$	<u>311,387,223</u>

See accompanying notes to financial statements.

**Department of Water
 County of Kauai
 STATEMENT OF NET POSITION (Continued)
 June 30, 2023**

LIABILITIES

Current liabilities

Current portion of long-term debt	\$	5,099,369
Accounts payable and accrued liabilities		5,030,275
Contracts payable, including retainages		572,121
Accrued compensated absences		628,445
Pollution remediation obligation		500,000
Customer deposits		<u>916,875</u>
Total current liabilities		<u>12,747,085</u>

Noncurrent liabilities

Long-term debt, net of current portion and unamortized premiums		46,729,386
Net pension liability		17,948,894
Net OPEB liability		3,735,663
Accrued compensated absences, net of current portion		752,353
Pollution remediation obligation, net of current portion		<u>770,458</u>
Total noncurrent liabilities		<u>69,936,754</u>
Total liabilities		<u>82,683,839</u>

DEFERRED INFLOWS OF RESOURCES

Deferred gain on refunding		78,938
Deferred inflows of resources related to pensions		4,868,707
Deferred inflows of resources related to OPEB		<u>2,929,331</u>
Total deferred inflows of resources		<u>7,876,976</u>

NET POSITION

Net investment in capital assets		196,424,711
Restricted for capital activity		5,205,779
Unrestricted		<u>19,195,918</u>
Total net position		<u>220,826,408</u>
Total liabilities, deferred inflows of resources and net position	\$	<u>311,387,223</u>

See accompanying notes to financial statements.

**Department of Water
 County of Kauai
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Fiscal Year Ended June 30, 2023**

OPERATING REVENUES	
Water sales	\$ 28,254,997
Other water revenue	
Public fire protection service	2,228,166
Other	<u>430,998</u>
Total operating revenues	<u>30,914,161</u>
OPERATING EXPENSES	
Administration and general	8,688,962
Depreciation and amortization	6,898,201
Transmission and distribution	5,997,608
Power and pumping	3,196,987
Source of supply	2,512,842
Customers' accounting and collection	1,042,809
Purification	<u>640,486</u>
Total operating expenses	<u>28,977,895</u>
Operating income	<u>1,936,266</u>
NONOPERATING REVENUES (EXPENSES)	
Investment loss, net	(172,152)
Interest expense	<u>(2,482,067)</u>
Total nonoperating expenses, net	<u>(2,654,219)</u>
Loss before contributions	(717,953)
CAPITAL CONTRIBUTIONS	
Change in net position	<u>4,701,101</u>
NET POSITION	
Beginning of year, as previously reported	222,453,299
Restatement	<u>(5,610,039)</u>
Beginning of year, as restated	<u>216,843,260</u>
End of year	\$ <u>220,826,408</u>

See accompanying notes to financial statements.

**Department of Water
County of Kauai
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 27,897,592
Payments to suppliers for goods and services	(10,001,802)
Payments to employees for services	<u>(11,437,043)</u>
Net cash provided by operating activities	<u>6,458,747</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(6,855,180)
Principal payment on long-term debt	(4,961,482)
Interest paid on long-term debt	(2,619,332)
Proceeds from capital contributions	<u>3,168,438</u>
Net cash used in capital and related financing activities	<u>(11,267,556)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(5,951,767)
Sales and maturities of investments	11,511,845
Interest on investments	<u>779,381</u>
Net cash provided by investing activities	<u>6,339,459</u>
Net increase in cash and cash equivalents	1,530,650

CASH AND CASH EQUIVALENTS

Beginning of year	<u>8,895,616</u>
End of year	\$ <u><u>10,426,266</u></u>

Reconciliation of cash and cash equivalents to the statement of net position

Unrestricted	\$ 4,886,347
Restricted - Facility reserve charge funds	4,707,137
Restricted - Bond funds	<u>832,782</u>
	\$ <u><u>10,426,266</u></u>

See accompanying notes to financial statements.

**Department of Water
 County of Kauai
 STATEMENT OF CASH FLOWS (Continued)
 Fiscal Year Ended June 30, 2023**

**RECONCILIATION OF OPERATING INCOME TO NET CASH
 PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$	1,936,266
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization and loss on disposals		6,898,201
Bad debt expense		123,000
Decrease (increase) in assets and deferred outflows of resources:		
Accounts receivable		317,321
Unbilled accounts		(1,275,905)
Materials and supplies		(130,929)
Deferred outflows of resources		(2,392,240)
Increase (decrease) in liabilities and deferred outflows of resources:		
Accounts payable and accrued liabilities		1,426,734
Accrued compensated absences		22,707
Pollution remediation obligation		(2,064,224)
Customer deposits		170,181
Net pension liability		4,753,425
Net OPEB liability		(1,130,628)
Deferred inflows of resources		(2,195,162)
Net cash provided by operating activities	\$	<u><u>6,458,747</u></u>

**DISCLOSURE OF NONCASH INVESTING, CAPITAL
 AND FINANCING ACTIVITIES**

Net decrease in fair value of investments	\$	943,338
Capital contributions - conveyances of capital assets	\$	1,671,217
Capital asset additions included in contracts and accounts payable at year end	\$	1,693,876
Amortization of bond premium	\$	53,351

See accompanying notes to financial statements.

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE A - BACKGROUND

On May 10, 1960, by authority of Act 20, Session Laws of Hawaii 1960, the Board of Water Supply (the "Board") of the County of Kauai, Hawaii (the "County") was created. The County transferred to the Board the operation and management of the water transmission and distribution systems. Under Act 20, the Board has the power to make and alter rules and regulations relating to the management, control, operation, preservation, and protection of the waterworks. The rules and regulations adopted by the Board have the force and effect of law.

As of January 2, 1969, under a new charter for the County, the policy-making responsibility for the water system was retained by the Board. The Board, however, is specifically stated to be an executive department of the County government. To the extent that they were not in conflict with the provisions of the charter, laws governing the County water supply which were in existence at the time of the enactment of the charter continued in effect. The water system is now being operated as the Department of Water, County of Kauai (the "Department"), a self-supporting component unit (enterprise fund) of the County, which renders water services throughout the island.

The Department is responsible for establishing rates for services based upon current operating costs and expected future capital and operating revenue requirements. The rates determined by the Department are subject to approval by the Board.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) **Financial Statement Presentation** - The Department is a component unit of the County (the primary government). The accompanying financial statements present only the financial position and activities of the Department and do not include other organizations, activities, and functions of the County.
- (2) **Measurement Focus and Basis of Accounting** - The accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.
- (3) **Use of Estimates** - The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the revenue recognized related to unbilled accounts, the net carrying amount of utility plant-in-service, accrued liability for workers' compensation claims and judgments, pollution remediation obligation, the Department's proportionate share of the net pension liability, and the net liability for postemployment benefits other than pensions. Actual results could differ from those estimates.

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (4) **Cash and Cash Equivalents** - The Department's cash and cash equivalents includes cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.
- (5) **Investments** - Investments are measured at fair value, except for non-negotiable certificates of deposit which are recorded at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in the fair value of investments are recognized in investment income (loss) in the accompanying statement of revenues, expenses, and changes in net position. The cost of securities sold is generally determined by the weighted average method.
- (6) **Materials and Supplies** - Materials and supplies are stated at average cost (which approximates the first-in, first-out method). The cost of materials and supplies are recorded as expenses when consumed rather than when purchased.
- (7) **Receivables** - Receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Department's best estimate of the amount of probable credit losses in the Department's existing receivables. The Department determines the allowance based on past collection experience and the length of time individual receivables are past due. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.
- (8) **Restricted Assets** - Restricted assets are comprised of cash and cash equivalents, investments, and accrued interest maintained in accordance with bond resolutions and other agreements for the purpose of funding capital improvements of the water system. When both restricted and unrestricted assets are available for use, it is the Department's policy to use restricted assets first, then unrestricted assets as they are needed.
- (9) **Capital Assets** - Purchased or constructed capital assets in excess of \$5,000 are reported at cost. Contributed capital assets are reported at cost or estimated cost at the date of donation. Maintenance and repairs are charged to operations as incurred.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Motor vehicles	7 to 10 years
Equipment and machinery	5 to 20 years
Buildings and improvements	40 to 50 years
Transmission and distribution equipment	18 to 63 years

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (10) **Deferred Outflows and Inflows of Resources** - Deferred outflows (inflows) of resources represent a consumption of (benefit to) net position that apply to a future period.
- (11) **Net Position** - Net position comprises the various accumulated net earnings from operating and non-operating revenues, expenses, and capital contributions. Net position is classified in the following three components: net investment in capital assets, restricted for capital activity, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments at year-end are not included in the calculation of net investment in capital assets. Restricted for capital activity consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted consists of all other net position not included in the above categories.
- (12) **Operating Revenues and Expenses** - The Department distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Department's principal ongoing water operations. The principal operating revenues are from charges for water usage, while operating expenses include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.
- (13) **Revenue Recognition** - The Department recognizes revenue on the accrual method of accounting as services are rendered. Revenue recognized for services rendered but not billed is reflected as unbilled accounts receivable in the accompanying statement of net position.
- (14) **Capital Contributions** - Capital contributions include both cash received by the Department to fund capital improvements to the water supply system and contributions of capital assets from governmental agencies, developers and customers. The Department recognizes revenue on these nonexchange transactions when all applicable eligibility requirements are met.
- (15) **Facilities Reserve Charge** - Under the authority provided to the Board, the Department assesses a fee to commercial and residential developers based upon the number and size of water meters installed at respective projects. These fees are restricted to fund the capital improvements of the water supply system and recorded as capital contributions in the statement of revenues, expenses, and changes in net position.

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (16) **Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Hawaii (the "ERS") and additions to/deductions from the ERS's fiduciary net position have been determined using the accrual basis of accounting, which is the same basis as they are reported by the ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Plan investments are reported at fair value.
- (17) **Postemployment Benefits Other Than Pensions ("OPEB")** - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF") and additions to/deductions from the EUTF's fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- (18) **Risk Management** - The Department is exposed to various risks of loss from: (1) torts; (2) theft of, damage to, and destruction of assets; (3) employee injuries and illnesses, (4) natural disasters; (5) employee health, dental, and accident benefits; and (6) miscellaneous others. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims in excess of this commercial coverage were not significant in any of the three preceding years. The Department is self-insured for workers' compensation claims and judgments.

NOTE C - DEPOSITS

The Department's deposits consist of cash on hand, cash held at financial institutions, and cash maintained by the County. As of June 30, 2023, the carrying value of the Department's cash deposits amounted to approximately \$10,414,000 and the balances carried by the banks were approximately \$10,635,000. The County Director of Finance has arranged for all of the Department's deposits at June 30, 2023 to be collateralized with securities held by the pledging financial institution in the County's name.

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE D - INVESTMENTS

The Director of Finance of the County makes investments on behalf of the Department. The Department's investments are consistent with the investment guidelines contained in the Hawaii Revised Statutes ("HRS") and are generally invested in bonds or interest-bearing notes or obligations of the United States or agencies of the United States, money market mutual funds, certificates of deposits with federally insured financial institutions, and mutual funds.

The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

Following is a description of the valuation techniques used by the Department to measure fair value:

U.S. Treasury obligations and money market mutual funds: Valued using quoted prices in active markets for identical assets.

U.S. government agencies and municipal bonds: Valued using quoted prices for identical or similar assets in markets that are not active.

The following table presents the fair value of the Department's investments by level of input as of June 30, 2023:

	Assets at Fair Value at June 30, 2023			
	Total	Level 1	Level 2	Level 3
U. S. Treasury obligations	\$ 989,260	\$ 989,260	\$ --	\$ --
U. S. government agencies	37,678,005	--	37,678,005	--
Municipal bonds	1,276,132	--	1,276,132	--
Money market mutual funds	818,003	818,003	--	--
	<u>\$ 40,761,400</u>	<u>\$ 1,807,263</u>	<u>\$ 38,954,137</u>	<u>\$ --</u>
Investments measured at amortized cost				
Certificates of deposit	<u>5,474,000</u>			
Total investments	<u>\$ 46,235,400</u>			

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE D - INVESTMENTS (Continued)

The following table represents the Department's investments by maturity as of June 30, 2023:

	Investment Maturities (In Years)		
	Reported Value	Less Than 1	1 - 5
U. S. Treasury obligations	\$ 989,260	\$ --	\$ 989,260
U. S. government agencies	37,678,005	4,180,950	33,497,055
Municipal bonds	1,276,132	54,360	1,221,772
Certificates of deposit	<u>5,474,000</u>	<u>1,982,000</u>	<u>3,492,000</u>
	<u>\$ 45,417,397</u>	<u>\$ 6,217,310</u>	<u>\$ 39,200,087</u>
Money market mutual funds	<u>818,003</u>		
Total investments	<u>\$ 46,235,400</u>		

Interest Rate Risk - State law limits the Department's investment portfolio to maturities of less than five years. The Department does not have a formal investment policy that further limits investment maturities.

Credit Risk - State law limits investments to the top rating issued by nationally recognized statistical rating organizations or investments that have the full faith and credit of the United States pledged for the payment of principal and interest. The Department has no investment policy that would further limit its investment choices. As of June 30, 2023, with the exception of the Department's investment in certain fixed income and money market funds which were not rated, all of the Department's investments were rated AA or greater.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk - The Department places no limits on the amount which may be invested in any one issuer. As of June 30, 2023, more than 5% of the Department's investments are held in the following: Federal Home Loan Bank (54%), Federal Farm Credit Bank (14%), and Federal Home Loan Mortgage Company (12%).

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE E - CAPITAL ASSETS

Capital asset activity during the fiscal year ended June 30, 2023 were as follows:

	Balance July 1, 2022 (restated)	Additions	Reductions/ Transfers	Balance June 30, 2023
Capital assets not being depreciated				
Land and land rights	\$ 1,307,422	\$ --	\$ --	\$ 1,307,422
Construction in progress	6,705,641	3,993,409	(2,209,915)	8,489,135
Total capital assets not being depreciated	<u>8,013,063</u>	<u>3,993,409</u>	<u>(2,209,915)</u>	<u>9,796,557</u>
Capital assets being depreciated				
Utility plant	335,594,225	4,092,549	(22,838)	339,663,936
General plant	24,774,299	666,588	--	25,440,887
Intangible assets	1,990,260	234,122	--	2,224,382
Total capital assets being depreciated	<u>362,358,784</u>	<u>4,993,259</u>	<u>(22,838)</u>	<u>367,329,205</u>
Less accumulated depreciation and amortization				
Utility plant	(116,915,001)	(5,848,307)	19,663	(122,743,645)
General plant	(10,582,365)	(941,048)	--	(11,523,413)
Intangible assets	(1,858,088)	(105,675)	--	(1,963,763)
Total accumulated depreciation and amortization	<u>(129,355,454)</u>	<u>(6,895,030)</u>	<u>19,663</u>	<u>(136,230,821)</u>
Total capital assets, net	<u>\$ 241,016,393</u>	<u>\$ 2,091,638</u>	<u>\$ (2,213,090)</u>	<u>\$ 240,894,941</u>

NOTE F - LONG-TERM DEBT

Bonds Payable - The full faith and credit of the County is pledged for the payment of the Department's bond obligations. The County has the power and is obligated to levy ad valorem taxes, without limitation as to rate or amount, on all real property subject to taxation by the County.

As of June 30, 2023 bonds payable consisted of the following:

General Obligation Bonds - County Series 2021A, due in annual installments of \$368,000 to \$406,000 through August 2025, interest payments semi-annually from 3% to 5%.	\$ <u>1,160,000</u>
Subtotal	\$ <u>1,160,000</u>

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE F - LONG-TERM DEBT (Continued)

Subtotal carried forward	\$ 1,160,000
General Obligation Bonds - County Series 2021B, due in annual installments of \$233,600 to \$250,000 through August 2029, interest payments semi-annually from 3% to 5%.	1,680,800
Build America Bonds - County Series 2010A, due in annual installments of \$2,730,000 to \$4,470,000 through August 2033, interest payments semi-annually from 4.76% to 5.76%.	<u>38,185,000</u>
	<u>41,025,800</u>
Premium on bond issuance	<u>117,649</u>
	<u>\$ 41,143,449</u>

The approximate annual debt service requirements to maturity as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 3,331,000	\$ 2,109,000	\$ 5,440,000
2025	3,491,000	1,949,000	5,440,000
2026	3,667,000	1,775,000	5,442,000
2027	3,429,000	1,596,000	5,025,000
2028	3,612,000	1,414,000	5,026,000
2029 - 2033	20,506,000	3,859,000	24,365,000
2034	<u>2,990,000</u>	<u>86,000</u>	<u>3,076,000</u>
Total	<u>\$ 41,026,000</u>	<u>\$ 12,788,000</u>	<u>\$ 53,814,000</u>

In previous years, the County and the Department defeased certain general obligation bonds by placing the proceeds of new bonds in an escrow account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Department's financial statements. As of June 30, 2023, \$7,127,090 of bonds outstanding are considered defeased.

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE F - LONG-TERM DEBT (Continued)

Loans Payable - The full faith and credit of the Board and the Department's revenue is pledged as security for the payment of the Department's loan obligations. The Board has the power to adjust water rates in order to raise funds sufficient to repay the Department's loan obligations.

The Department's outstanding loan obligations contain provisions that, in the event of default, an interest penalty will be assessed on outstanding loan repayment amounts beginning on the first day following the repayment due date and ending on the date the defaulted balances are paid.

As of June 30, 2023 loans payable consisted of the following:

State Revolving Fund ("SRF") Loan - Stable 1.0 MG Tank, last installment March 2029. Interest rate - 0.26%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2009. Original amount - \$7,274,998.	\$ 2,325,823
SRF Loan - Poipu Road 16-inch Main Replacement, last installment January 2027. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2007. Original amount - \$5,158,886.	1,073,190
SRF Loan - Wailua Houselots Main Replacement, last installment April 2033. Interest rate - 0.5%. Semi-annual loan fee rate - 0.5%. Date issued - April 15, 2013. Original amount - \$4,463,084.	1,969,968
SRF Loan - Kaumualii Highway 12-inch Main Replacement, last installment August 2029. Interest rate - 0.32%. Semi-annual loan fee rate 1.625%. Date issued - August 15, 2009. Original amount - \$3,989,537.	1,361,441
SRF Loan - Kapilimoa 0.5 MG Tank, last installment January 2030. Interest rate - 0.42%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2010. Original amount - \$3,793,779.	1,422,983
SRF Loan - Lihue Baseyard Improvements for the Department of Water, last installment December 2034. Interest rate - 0.5%. Semi-annual loan fee rate - 0.5%. Date issued - December 15, 2014. Original amount - \$4,000,000.	<u>1,197,480</u>
Subtotal	<u>\$ 9,350,885</u>

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE F - LONG-TERM DEBT (Continued)

Subtotal carried forward	\$ 9,350,885
SRF Loan - Waha, Wawae and Niho Roads Main Replacement, last installment August 2029. Interest rate - 0.32%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$1,936,018.	663,291
SRF Loan - 16-inch Waterline Replacement Along Kuhio Highway, Leho Drive to North Papaloa Road, last installment February 2026. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2005. Original amount - \$2,305,093.	368,746
SRF Loan - Rehabilitate Lihue Steel Tanks 1 & 2, last installment January 2025. Interest rate - 0.46%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2005. Original amount - \$1,243,017.	137,343
SRF Loan - Replace Pipeline at Hanapepe River Crossing and Control of Slope Failure at Hanapepe Well No. 3, last installment July 2023. Interest rate - 0.99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$1,243,976.	34,940
SRF Loan - Ornellas 0.2 MG Tank, last installment March 2025. Interest rate - 0.58%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2005. Original amount \$809,398.	88,569
SRF Loan - Rehabilitation of 27-inch Steel Pipeline - Hanapepe - Eleele Water System, last installment July 2023. Interest rate - 0.99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$691,134.	19,515
SRF Loan - Wailua Homesteads Well No. 3, last installment March 2024. Interest rate - 0.54%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2004. Original amount- \$397,737.	<u>22,017</u>
	<u>\$ 10,685,306</u>

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE F - LONG-TERM DEBT (Continued)

The approximate annual debt service requirements to maturity as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,768,000	\$ 300,000	\$ 2,068,000
2025	1,698,000	244,000	1,942,000
2026	1,589,000	191,000	1,780,000
2027	1,471,000	142,000	1,613,000
2028	1,206,000	98,000	1,304,000
2029-2033	2,795,000	121,000	2,916,000
2034-2035	158,000	2,000	160,000
	<u>\$ 10,685,000</u>	<u>\$ 1,098,000</u>	<u>\$ 11,783,000</u>

NOTE G - POLLUTION REMEDIATION OBLIGATION

The Department recognized a pollution remediation obligation to address the existence of polychlorinated biphenyls ("PCBs") and lead-containing and lead-based paint identified at one of the Department's water tanks. The location of the tank is out of the public access and has been taken out of service while the Department addresses this issue in coordination with the State Department of Health and U.S. Environmental Protection Agency. Management's estimate of the liability is based on amounts specified in executed contracts for remediation services that include both pre-cleanup and cleanup activities. Unforeseen events and circumstances could alter the estimate of the costs associated with these remediation services, which could change management's estimate of the pollution remediation obligation in the future. As of June 30, 2023, the estimated pollution remediation obligation was \$1,270,458.

NOTE H - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2023 were as follows:

	Balance July 1, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion
General obligation bonds payable	\$ 44,170,800	\$ --	\$ (3,145,000)	\$ 41,025,800	\$ 3,331,000
Add premiums on bond issuance	153,390	--	(35,741)	117,649	--
Total bonds payable	44,324,190	--	(3,180,741)	41,143,449	3,331,000
Loans payable	12,501,788	--	(1,816,482)	10,685,306	1,768,369
Accrued compensated absences	1,358,091	560,604	(537,897)	1,380,798	628,445
Pollution remediation obligation	3,334,682	262,711	(2,326,935)	1,270,458	500,000
	<u>\$ 61,518,751</u>	<u>\$ 823,315</u>	<u>\$ (7,862,055)</u>	<u>\$ 54,480,011</u>	<u>\$ 6,227,814</u>

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE I - NET POSITION

As of June 30, 2023, net position consisted of the following:

Net investment in capital assets	
Capital assets, net	\$ 240,894,941
Less: Long-term debt, net	(51,828,755)
Less: Accounts and contracts payable attributable to capital assets	(1,693,876)
Unspent debt proceeds	9,131,339
Deferred gain on refunding	(78,938)
	<u>196,424,711</u>
Restricted for capital activity, debt service, and reserved funds	
Cash	5,539,919
Investments	8,298,557
Grants and subsidies	498,642
Less: Unspent debt proceeds	(9,131,339)
	<u>5,205,779</u>
Unrestricted	<u>19,195,918</u>
	<u>\$ 220,826,408</u>

NOTE J - EMPLOYEES' RETIREMENT SYSTEM

Plan Description - All eligible employees of the State of Hawaii (the "State") and counties are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by the ERS. Benefits, eligibility, and contribution requirements are established by HRS Chapter 88 and can be amended through legislation. The ERS issues a publicly available financial report that can be obtained at the ERS website: <https://ers.ehawaii.gov/resources/financials>.

Benefits Provided - The ERS provides retirement, disability and death benefits that are covered by the provisions of the noncontributory, contributory and hybrid retirement membership classes. The three classes provide a monthly retirement allowance equal to the benefit multiplier multiplied by the average final compensation multiplied by years of credited service. Average final compensation is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for employees hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for employees hired prior to January 1, 1971. For members hired after June 30, 2012, average final compensation is an average of the highest salaries during any five years of credited service excluding any salary paid in lieu of vacation.

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE J - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Each retiree's original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.5% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

The following summarizes the provisions relevant to the largest employee groups of the respective membership class. Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

Noncontributory Class

- *Retirement Benefits* - General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with 10 years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.
- *Disability Benefits* - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.
- *Death Benefits* - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or dependent children, no benefit is payable.

Ordinary death benefits are available to employees who were active at time of death with at least ten years of credited service. The surviving spouse/reciprocal beneficiary (until remarriage/re-entry into a new reciprocal beneficiary relationship) and surviving dependent children (up to age 18) receive a benefit equal to a percentage of the member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100% joint and survivor lifetime pension and the surviving dependent children receive a percentage of the member's accrued maximum allowance unreduced for age.

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE J - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Contributory Class for Members Hired Prior to July 1, 2012

- *Retirement Benefits* - General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 55.
- *Disability Benefits* - Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member's contributions and accrued interest plus a lifetime pension of 50% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.
- *Death Benefits* - For service-connected deaths, the designated beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or dependent children/parents, the death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least one year of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributory Class for Members Hired After June 30, 2012

- *Retirement Benefits* - General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with 10 years of credited service are eligible to retire at age 60.
- *Disability and Death Benefits* - Disability and death benefits for contributory class members hired after June 30, 2012 are generally the same as those for contributory class members hired June 30, 2012 and prior.

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE J - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Hybrid Class for Members Hired Prior to July 1, 2012

- *Retirement Benefits* - General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.
- *Disability Benefits* - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.
- *Death Benefits* - For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or dependent children/parents, the death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least five years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 150%, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Class for Members Hired After June 30, 2012

- *Retirement Benefits* - General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with 10 years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60. Sewer workers, water safety officers, and EMTs may retire with 25 years of credited service at age 55.

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE J - EMPLOYEES' RETIREMENT SYSTEM (Continued)

- *Disability and Death Benefits* - Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least 10 years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributions - Contributions are governed by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every three years. Employer contribution rates are a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The Department's contribution rate for the year ended June 30, 2023 was 24%. Contributions to the pension plan from the Department were \$1,873,340 for the year ended June 30, 2023.

The employer is required to make all contributions for members in the noncontributory plan. Contributory members hired prior to July 1, 2012 are required to contribute 7.8% of their salary, except for police officers and firefighters who are required to contribute 12.2% of their salary. Contributory members hired after June 30, 2012 are required to contribute 9.8% of their salary, except for police officers and firefighters who are required to contribute 14.2% of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6.0% of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8.0% of their salary.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Department reported a liability of \$17,948,894, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2022, the Department's proportion was .17%, which was an increase of .04% from its proportion measured as of June 30, 2021.

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE J - EMPLOYEES' RETIREMENT SYSTEM (Continued)

For the year ended June 30, 2023, the Department recognized pension expense of approximately \$1,594,000. At June 30, 2023, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 322,096	\$ 259,841
Changes of assumptions	26,336	227,664
Net difference between projected and actual earnings on pension plan investments	--	776,854
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,348,919	3,604,348
Employer contributions subsequent to the measurement date	1,873,340	--
	\$ 6,570,691	\$ 4,868,707

The Department reported \$1,873,340 as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2023 will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Net Deferred Outflows (Inflows)
2024	\$ 86,098
2025	(564,355)
2026	(676,330)
2027	938,398
2028	44,833
	\$ (171,356)

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE J - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Actuarial assumption - The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Investment rate of return, including inflation	7.00%
Projected salary increases, including inflation	3.75% - 6.75%

Mortality rates used in the actuarial valuation as of June 30, 2022 were based on the following:

Active members: Multiples of the Pub-2010 for active employees based on the occupation of the member.

Healthy retirees: The 2022 Public Retirees of Hawaii mortality table. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multiplier and setbacks based on plan and group experience.

Disabled retirees: Base Table for healthy retiree's occupation, set forward 3 years, generational projection using the UMP projection table from the year 2022. Minimum mortality rate of 3.5% for males and 2.5% for females.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period ended June 30, 2021.

The long-term expected rate of returns on pension plan investments was determined using a "top down approach" of the Client-Constrained Simulation-based Optimization Model (a statistical technique known as "re-sampling with replacement" that directly keys in on specific plan-level risk factors as stipulated by the ERS Board) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected nominal real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return are summarized in the following table:

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE J - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Classes	Target Allocation	Long-Term Expected Rate of Return	Long-Term Expected Real Rate of Return*
Broad growth			
Private Equity	13.5%	11.0%	8.9%
Global Equity	20.0%	8.5%	6.4%
Low Volatility Equity	4.0%	7.8%	5.7%
Global Options	4.0%	6.4%	4.3%
Credit	6.0%	7.7%	5.6%
Core Real Estate	6.0%	6.4%	4.3%
Non-Core Real Estate	4.5%	9.5%	7.4%
Timber/Agriculture/Infrastructure	5.0%	8.3%	6.2%
Diversifying strategies			
TIPs	2.0%	3.3%	1.2%
Global Macro	4.0%	5.4%	3.3%
Reinsurance	4.0%	6.4%	4.3%
Alternative Risk Premia	8.0%	5.4%	3.3%
Long Treasuries	5.0%	3.8%	1.7%
Intermediate Government	4.0%	3.2%	1.1%
Systematic Trend Following	10.0%	6.2%	4.1%
	100.0%		

* Uses an expected inflation rate of 2.10%

Discount rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE J - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate - The following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage lower (6.00%) and one percentage higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$ <u>24,051,431</u>	\$ <u>17,948,894</u>	\$ <u>12,897,159</u>

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the ERS's separately issued annual comprehensive financial report.

Payable to the Pension Plan - As of June 30, 2023, the amounts payable to the ERS totaled \$361,143, which consists of excess pension costs required by the HRS for fiscal year 2023.

NOTE K - POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS

Plan description - The Department provides certain healthcare and life insurance benefits to all qualified employees. Pursuant to Act 88, SLH 2001, the Department contributes to the EUTF, an agent multiple-employer defined benefit plan. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees and their dependents. The EUTF issues a publicly available annual financial report that can be obtained at <https://eutf.hawaii.gov/reports/>.

For employees hired before July 1, 1996, the Department pays the entire base monthly contribution for employees retiring with 10 or more years of credited service, and 50% of the base monthly contribution for employees retiring with fewer than 10 years of credited service. A retiree can elect a family plan to cover dependents.

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE K - POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS (Continued)

For employees hired after June 30, 1996, but before July 1, 2001, and who retire with fewer than 10 years of service, the Department makes no contributions. For those retiring with at least 10 years of service but fewer than 15 years of service, the Department pays 50% of the base monthly contribution. For employees retiring with at least 15 years of service but fewer than 25 years of service, the Department pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the Department pays 100% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

For employees hired on or after July 1, 2001, and who retire with less than 10 years of service, the Department makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the Department pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the Department pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the Department pays 100% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage but must pay the difference.

Employees Covered by Benefit Terms - At July 1, 2022, the following number of plan members were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	62
Inactive employees entitled but not yet receiving benefits	8
Active employees	<u>91</u>
	<u><u>161</u></u>

Contributions - Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan from the Department were \$1,058,000 for the year ended June 30, 2023. The employer is required to make all contributions for members.

Net OPEB Liability

The Department's net OPEB liability was measured as of July 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. As of June 30, 2023, the Department reported a net OPEB liability of \$3,735,663.

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE K - POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS (Continued)

Actuarial Assumptions - The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2022
Actuarial cost method	Entry age normal
Discount rate	7.00%
Inflation	2.50%
Salary increases	3.75% to 6.75%, including inflation
Demographic assumptions	Based on the 2022 actuarial experience study as conducted June 30, 2021 for the ERS.
Mortality	System-specific mortality tables utilizing ultimate scale MP2021 to project generational mortality improvement.
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution ("BMC"). Healthcare participation rates of 25%, 65% and 90% for retirees that receive 0%, 50% or 75% of the BMC, respectively. 100% for life insurance and 98% for Medicare Part B.
Healthcare cost trend rates	
PPO*	Initial rate of 6.40%, declining to a rate of 4.25% after 22 years
HMO**	Initial rate of 6.40%, declining to a rate of 4.25% after 22 years
Part B & base monthly contribution	Initial rate of 5.00%, declining to a rate of 4.25% after 22 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

*Blended rates for medical and prescription drug.

**Includes prescription drug assumptions

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE K - POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Strategic Allocation	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	27.50%	6.62%
Private equity	12.50%	11.72%
Real assets	10.00%	6.59%
Trend following	10.00%	4.53%
Private credit	8.00%	6.38%
Long treasuries	6.00%	2.32%
U.S. microcap	6.00%	8.28%
Alternative risk premia	5.00%	3.74%
Global options	5.00%	4.45%
Reinsurance	5.00%	4.81%
TIPS	5.00%	1.35%
	100.00%	

Discount rate. The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Department contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE K - POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2022	\$ <u>19,322,501</u>	\$ <u>14,456,210</u>	\$ <u>4,866,291</u>
Changes for the year:			
Service cost	438,674	--	438,674
Interest on the total OPEB liability	1,349,585	--	1,349,585
Difference between expected and actual experience	(1,388,028)	--	(1,388,028)
Changes of assumptions	(668,033)	--	(668,033)
Contributions - employer	--	1,143,000	(1,143,000)
Net investment income	--	(283,267)	283,267
Benefit payments	(524,110)	(524,110)	--
Administrative expense	--	(1,242)	1,242
Other	--	4,335	(4,335)
Net changes	<u>(791,912)</u>	<u>338,716</u>	<u>(1,130,628)</u>
Balance at June 30, 2023	\$ <u>18,530,589</u>	\$ <u>14,794,926</u>	\$ <u>3,735,663</u>

Sensitivity of the net OPEB Liability to changes in the discount rate - The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$ <u>6,571,747</u>	\$ <u>3,735,663</u>	\$ <u>1,470,222</u>

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE K - POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS (Continued)

Sensitivity of the net OPEB Liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ <u>1,348,188</u>	\$ <u>3,735,663</u>	\$ <u>6,765,806</u>

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in the EUTF's separately issued annual financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Department recognized OPEB expense of approximately \$206,000. At June 30, 2023, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,958	\$ 2,294,291
Changes of assumptions	104,498	635,040
Net difference between projected and actual earnings on OPEB plan investments	3,133	--
Employer contributions subsequent to the measurement date	<u>1,058,000</u>	<u>--</u>
	<u>\$ 1,179,589</u>	<u>\$ 2,929,331</u>

**Department of Water
 County of Kauai
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023**

NOTE K - POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS (Continued)

The Department reported \$1,058,000 as deferred outflows of resources related to OPEB resulting from Department contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	Net Deferred Inflows
2024	\$ (543,057)
2025	(593,363)
2026	(715,629)
2027	(293,468)
2028	(371,274)
Thereafter	(290,951)
	\$ (2,807,742)

NOTE L - DEFERRED COMPENSATION PLAN

The Department offers its employees, through the County, a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Department employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The plan's assets have been placed in trust accounts with the plan administrators for the exclusive benefit of participants and their beneficiaries, and are not considered assets of the County of the Department. Accordingly, the Department has excluded the plan assets from the financial statements. All such amounts are not subject to the claims of the Department or the County's general creditors.

NOTE M - COMMITMENTS AND CONTINGENCIES

Sick Leave

Accumulated sick leave as of June 30, 2023 was approximately \$2,082,000. Sick leave accumulates at the rate of 14 hours for each month of service, as defined, without limit. Sick pay can be taken only in the event of illness and is not convertible to pay upon termination of employment. As a result, no liability for sick pay is recorded in the accompanying financial statements. However, a public employee who retires or leaves government service in good standing with sixty days or more of unused sick leave is entitled to additional service credit in the ERS.

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE M - COMMITMENTS AND CONTINGENCIES (Continued)

Workers' Compensation Insurance

Claims are reported to and managed by the County. Prior to July 1, 2001, the County retained all of its workers' compensation risk. Beginning July 1, 2001, the County purchased insurance with a \$500,000 deductible. The current deductible is \$550,000. The Department provides reserves for claims not covered by insurance that in the opinion of management will result in probable judgment against the Department. These reserves include an estimate of claims that have been incurred but not reported ("IBNR"). Claim liabilities, including IBNR, are based on the estimated ultimate cost of settling the claims. Claims liabilities are estimated by a case-by-case review of all claims and the application of historical experience to outstanding claims. As of June 30, 2023, the workers' compensation liability amount to approximately \$156,000 and is recorded in accounts payable and accrued liabilities in the statement of net position.

Safe Drinking Water Act

The Department is subject to the requirements of the Safe Drinking Water Act (the "Act"), which is administered by the State Department of Health on behalf of the U.S. Environmental Protection Agency. Management believes that the Department is in full compliance with the requirements of the Act and is not aware of any matters under the Act that may materially affect the Department's customer service area.

Water Treatment and Delivery Commitment

On February 19, 2004, the Department entered into a Water Treatment and Delivery Agreement ("Agreement") with an unrelated third-party developer. The Agreement requires the developer to build, operate, and maintain a surface water treatment plant ("SWTP") with a capacity of 3.0 million gallons per day ("MGD"). The Department is required to purchase, at a minimum, 2.0 MGD and also to provide the developer a credit towards its facility reserve charge. The term of the Agreement extended through February 2023 and is currently on a month-to-month arrangement. The Agreement also provides the Department with the option of accepting the dedication of the SWTP at no cost after the reimbursement date, as defined. Expenses incurred under this Agreement totaled \$1,835,000 for the fiscal year ended June 30, 2023.

Other Legal Matters

The Department is party to various legal proceedings arising in the normal course of business. The outcome of individual matters is not predictable. However, management believes that the ultimate resolution of all such matters, after considering insurance coverage, will not have a material adverse effect on the Department's financial position or results of operations.

Other

Other commitments, primarily for utility plant construction, approximated \$42,357,000 as of June 30, 2023.

**Department of Water
County of Kauai
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE N - RELATED PARTY TRANSACTIONS

The Department charges the County for fire protection services (hydrant use) at agreed-to-rates that approximate the cost for such services. The County provides certain services to the Department and charges the Department for these services at an amount equal to the charge for fire protection services. The amount charged totaled \$2,228,166 for the fiscal year ended June 30, 2023.

NOTE O - RESTATEMENT

Net position as of June 30, 2022 has been restated to correct the following misstatements. As of June 30, 2022, construction in progress included certain costs that should not have been capitalized, an estimated pollution remediation liability related to one of the Department's water tanks was not recorded, and accrued compensated absences included estimated contributions to the pension and OPEB plans that should not have been included as an additional liability. The effects of the restatement was to decrease construction in progress by \$2,578,137, increase the pollution remediation liability by \$3,334,682, decrease accrued compensated absences by \$302,780 and decrease net position by \$5,610,039 as of June 30, 2022, and to decrease the change in net position by \$1,479,686 for the fiscal year ended June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

**Department of Water
 County of Kauai
 SCHEDULE OF PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 Last Ten Fiscal Years**

Measurement Period Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a %age of Covered Payroll	Plan Fiduciary Net Position as a %age of the Total Pension Liability
June 30, 2022	0.17%	\$ 17,948,894	\$ 6,332,000	283.46%	62.76%
June 30, 2021	0.13%	\$ 13,195,469	\$ 6,382,000	206.76%	64.25%
June 30, 2020	0.17%	\$ 20,785,838	\$ 5,966,000	348.40%	53.18%
June 30, 2019	0.16%	\$ 21,971,493	\$ 5,840,000	376.22%	54.87%
June 30, 2018	0.12%	\$ 16,156,668	\$ 5,633,000	286.82%	55.48%
June 30, 2017	0.12%	\$ 15,423,518	\$ 5,515,000	279.66%	54.80%
June 30, 2016	0.13%	\$ 16,921,133	\$ 5,110,000	331.14%	51.28%
June 30, 2015	0.13%	\$ 11,310,002	\$ 4,836,000	233.87%	62.42%
June 30, 2014	0.12%	\$ 9,317,991	\$ 4,645,000	200.60%	63.92%
June 30, 2013	0.12%	\$ 10,322,299	\$ 4,385,000	235.40%	57.96%

See accompanying notes to required supplementary information.

**Department of Water
 County of Kauai
 SCHEDULE OF CONTRIBUTIONS (PENSION)
 Last Ten Fiscal Years**

<u>Fiscal Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a %age of Covered Payroll</u>
June 30, 2023	\$ 1,873,000	\$ 1,873,000	\$ --	\$ 6,301,000	29.73%
June 30, 2022	\$ 1,792,000	\$ 1,792,000	\$ --	\$ 6,332,000	28.30%
June 30, 2021	\$ 1,532,000	\$ 1,532,000	\$ --	\$ 6,382,000	24.01%
June 30, 2020	\$ 1,325,000	\$ 1,325,000	\$ --	\$ 5,966,000	22.21%
June 30, 2019	\$ 1,109,000	\$ 1,109,000	\$ --	\$ 5,840,000	18.99%
June 30, 2018	\$ 1,016,000	\$ 1,016,000	\$ --	\$ 5,633,000	18.04%
June 30, 2017	\$ 938,000	\$ 938,000	\$ --	\$ 5,515,000	17.01%
June 30, 2016	\$ 911,000	\$ 911,000	\$ --	\$ 5,110,000	17.83%
June 30, 2015	\$ 798,000	\$ 798,000	\$ --	\$ 4,836,000	16.50%
June 30, 2014	\$ 745,000	\$ 745,000	\$ --	\$ 4,645,000	16.04%

See accompanying notes to required supplementary information.

**Department of Water
County of Kauai
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
REQUIRED BY GASB STATEMENT NO. 68
Fiscal Years Ended June 30, 2023**

NOTE A - CHANGES OF ASSUMPTIONS

There were no changes of assumptions or other inputs that significantly affected the measurement of the total pension liability since the measurement period ended June 30, 2016.

Amounts reported in the schedule of the proportionate share of the net pension liability as of the measurement period ended June 30, 2016 (fiscal year ended June 30, 2017) were significantly impacted by the following changes of actuarial assumptions:

- The investment return assumption decreased from 7.65% to 7.00%
- Mortality assumptions were modified to assume longer life expectancies as well as to reflect continuous mortality improvement

Prior to the measurement period ended June 30, 2016 (fiscal year ended June 30, 2017), there were no other factors, including the use of different assumptions that significantly affect trends reported in these schedules.

**Department of Water
 County of Kauai
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
 AND RELATED RATIOS
 Last Ten Fiscal Years***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 438,674	\$ 432,883	\$ 426,197	\$ 406,353	\$ 380,070	\$ 380,075
Interest on the total OPEB liability	1,349,585	1,302,575	1,307,741	1,221,753	1,144,135	1,073,630
Difference between expected and actual experience	(1,388,028)	(544,543)	(1,183,289)	33,498	(135,272)	--
Changes of assumptions or other inputs	(668,033)	--	(109,324)	83,252	237,370	--
Benefit payments	<u>(524,110)</u>	<u>(520,381)</u>	<u>(516,535)</u>	<u>(536,228)</u>	<u>(525,000)</u>	<u>(368,000)</u>
Net change in total OPEB liability	(791,912)	670,534	(75,210)	1,208,628	1,101,303	1,085,705
Total OPEB liability - Beginning	<u>19,322,501</u>	<u>18,651,967</u>	<u>18,727,177</u>	<u>17,518,549</u>	<u>16,417,246</u>	<u>15,331,541</u>
Total OPEB liability - Ending	<u>\$ 18,530,589</u>	<u>\$ 19,322,501</u>	<u>\$ 18,651,967</u>	<u>\$ 18,727,177</u>	<u>\$ 17,518,549</u>	<u>\$ 16,417,246</u>
Plan fiduciary net position						
Contributions - employer	\$ 1,143,000	\$ 1,077,000	\$ 1,041,000	\$ 1,011,000	\$ 948,000	\$ 1,287,000
Net investment income	(283,267)	2,973,978	199,294	399,132	588,700	654,929
Benefit payments	(524,110)	(520,381)	(516,535)	(536,228)	(525,000)	(368,000)
Other OPEB Administrative expense	(1,242)	(1,541)	(1,598)	(2,874)	(1,803)	(1,485)
Other	<u>4,335</u>	<u>1,919</u>	<u>1,781</u>	<u>271,018</u>	<u>--</u>	<u>8,474</u>
Net change in plan fiduciary net position	338,716	3,530,975	723,942	1,142,048	1,009,897	1,580,918
Plan fiduciary net position - Beginning	<u>14,456,210</u>	<u>10,925,235</u>	<u>10,201,293</u>	<u>9,059,245</u>	<u>8,049,348</u>	<u>6,468,430</u>
Plan fiduciary net position - Ending	<u>\$ 14,794,926</u>	<u>\$ 14,456,210</u>	<u>\$ 10,925,235</u>	<u>\$ 10,201,293</u>	<u>\$ 9,059,245</u>	<u>\$ 8,049,348</u>
Net OPEB liability - ending	<u>\$ 3,735,663</u>	<u>\$ 4,866,291</u>	<u>\$ 7,726,732</u>	<u>\$ 8,525,884</u>	<u>\$ 8,459,304</u>	<u>\$ 8,367,898</u>
Plan fiduciary net position as a percentage of the total OPEB liability	79.84%	74.82%	58.57%	54.47%	51.71%	49.03%
Covered-employee payroll	\$ 6,332,000	\$ 6,382,000	\$ 5,966,000	\$ 5,840,000	\$ 5,787,000	\$ 5,700,000
Net OPEB Liability as a Percentage of Covered-employee payroll	59.00%	76.25%	129.51%	145.99%	146.18%	146.81%

*This schedule is intended to present information for ten years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying notes to required supplementary information.

**Department of Water
 County of Kauai
 SCHEDULE OF CONTRIBUTIONS (OPEB)
 Last Ten Fiscal Years***

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a %age of Covered- Employee Payroll
June 30, 2023	\$ 1,058,000	\$ 1,058,000	\$ --	\$ 6,301,000	16.79%
June 30, 2022	\$ 1,143,000	\$ 1,143,000	\$ --	\$ 6,332,000	18.05%
June 30, 2021	\$ 1,077,000	\$ 1,077,000	\$ --	\$ 6,382,000	16.88%
June 30, 2020	\$ 1,041,000	\$ 1,041,000	\$ --	\$ 5,966,000	17.45%
June 30, 2019	\$ 1,011,000	\$ 1,011,000	\$ --	\$ 5,840,000	17.31%
June 30, 2018	\$ 1,002,000	\$ 948,000	\$ 54,000	\$ 5,787,000	16.38%
June 30, 2017	\$ 968,000	\$ 968,000	\$ --	\$ 5,700,000	16.98%
June 30, 2016	\$ 914,000	\$ 883,000	\$ 31,000	\$ 5,269,000	16.76%
June 30, 2015	\$ 884,000	\$ 885,000	\$ (1,000)	\$ 5,068,000	17.46%

*This schedule is intended to present information for ten years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying notes to required supplementary information.

**Department of Water
 County of Kauai
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 REQUIRED BY GASB STATEMENT NO. 75
 Fiscal Years Ended June 30, 2023**

NOTE A - SIGNIFICANT METHODS AND ASSUMPTIONS

The actuarially determined annual required contributions for the fiscal year ended June 30, 2023 was developed in the July 1, 2020 valuation. The following summarizes the significant methods and assumptions used to determine the actuarially determined contribution for the fiscal year ended June 30, 2023:

Actuarial valuation date	July 1, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Equivalent single amortization period	15.3 as of June 30, 2023
Asset valuation method	4-year smoothed market
Inflation rate	2.50%
Discount rate	7.00%
Payroll growth	3.50%
Salary increases	3.50% to 7.00% including inflation
Demographic assumptions	Based on the experience study covering the five year period ending June 30, 2018 as conducted for the ERS
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution. Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the base monthly contribution, respectively. 100% for life insurance and 98% for Medicare Part B
Healthcare cost trend rates	
PPO	Initial rate of 7.5%, declining to a rate of 4.7% after 13 years
HMO	Initial rate of 7.5%, declining to a rate of 4.7% after 13 years
Part B	Initial rate of 5%; declining to a rate of 4.7% after 10 years
Dental	Initial rate of 5% for first year, followed by 4% for all future years
Vision	Initial rate of 0% for first year, followed by 2.5% for all future years
Life Insurance	0%

There were no factors that significantly affected trends in the amounts reported in the schedule of changes in the net OPEB liability and related ratios or the schedule of contributions (OPEB).

SUPPLEMENTARY INFORMATION

**Department of Water
 County of Kauai
 SCHEDULE I - SCHEDULE OF UTILITY PLANT-IN-SERVICE
 Fiscal Year Ended June 30, 2023**

	Balance July 1, 2022	Additions	Reductions/ Transfers	Balance June 30, 2023
Cost basis				
Land and land rights				
Source	\$ 837,879	\$ --	\$ --	\$ 837,879
Pumping	156	--	--	156
Water treatment	150	--	--	150
Transmission and distribution	469,237	--	--	469,237
Total land and land rights	<u>1,307,422</u>	<u>--</u>	<u>--</u>	<u>1,307,422</u>
Utility plant				
Source	12,241,005	76,693	--	12,317,698
Pumping	49,464,347	33,733	--	49,498,080
Water treatment	10,415,202	--	--	10,415,202
Transmission and distribution	263,473,671	3,982,123	(22,838)	267,432,956
Total utility plant capital assets	<u>335,594,225</u>	<u>4,092,549</u>	<u>(22,838)</u>	<u>339,663,936</u>
General Plant	24,774,299	666,588	--	25,440,887
Intangible assets				
Easements	35,722	--	--	35,722
Software	1,954,538	234,122	--	2,188,660
Total intangible assets	<u>1,990,260</u>	<u>234,122</u>	<u>--</u>	<u>2,224,382</u>
	<u>\$ 363,666,206</u>	<u>\$ 4,993,259</u>	<u>\$ (22,838)</u>	<u>\$ 368,636,627</u>
	Balance July 1, 2022	Additions	Reductions/ Transfers	Balance June 30, 2023
Accumulated depreciation and amortization				
Utility plant				
Source	\$ 6,259,009	\$ 259,141	\$ --	\$ 6,518,150
Pumping	30,861,133	1,328,917	--	32,190,050
Water treatment	9,379,270	56,665	--	9,435,935
Transmission and distribution	70,415,589	4,203,584	(19,663)	74,599,510
Total utility plant accumulated depreciation	<u>116,915,001</u>	<u>5,848,307</u>	<u>(19,663)</u>	<u>122,743,645</u>
General Plant	10,582,365	941,048	--	11,523,413
Intangible assets	1,858,088	105,675	--	1,963,763
	<u>\$ 129,355,454</u>	<u>\$ 6,895,030</u>	<u>\$ (19,663)</u>	<u>\$ 136,230,821</u>

**Department of Water
 County of Kauai
 SCHEDULE II - SCHEDULE OF SELECTIVE ACCOUNT CLASSIFICATIONS
 As of and for the Five Fiscal Years Ended June 30, 2023
 (All Dollars in Thousands)**

	2023	2022	2021	2020	2019
Statements of Net Position					
Utility plant in service	\$ 368,637	\$ 363,666	\$ 349,460	\$ 347,015	\$ 345,665
Net Position					
Net investment in capital assets	\$ 196,425	\$ 192,553	\$ 193,552	\$ 163,824	\$ 160,382
Restricted for capital activity and debt service	5,205	2,623	3,575	2,050	905
Unrestricted	19,196	27,277	23,447	32,387	36,807
	<u>\$ 220,826</u>	<u>\$ 222,453</u>	<u>\$ 220,574</u>	<u>\$ 198,261</u>	<u>\$ 198,094</u>
Statements of Revenues, Expenses and Changes in Net Position					
Resources					
Water Sales	\$ 28,255	\$ 28,473	\$ 25,321	\$ 26,672	\$ 27,959
Other	2,659	2,407	2,405	2,341	2,599
	<u>30,914</u>	<u>30,880</u>	<u>27,726</u>	<u>29,013</u>	<u>30,558</u>
Operating Expenses					
Administrative and general	8,689	8,102	9,550	10,895	8,951
Depreciation and amortization	6,898	7,021	7,110	7,190	6,865
Transmission and distribution	5,998	4,531	5,342	5,210	4,047
Power and pumping	3,197	3,197	2,904	2,941	3,034
Accounting and collection	1,043	957	1,257	1,151	1,200
Other	3,153	3,453	6,093	3,579	3,013
	<u>28,978</u>	<u>27,261</u>	<u>32,256</u>	<u>30,966</u>	<u>27,110</u>
Nonoperating expenses	(2,654)	(4,467)	(2,775)	(1,384)	(923)
Contributions	4,701	2,727	4,000	3,505	6,731
	<u>\$ 3,983</u>	<u>\$ 1,879</u>	<u>\$ (3,305)</u>	<u>\$ 168</u>	<u>\$ 9,256</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS**



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Water Supply
Department of Water, County of Kauai

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Department of Water (the "Department"), a component unit of the County of Kauai, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated March XX, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2023-001, 2023-002, and 2023-003 to be material weaknesses.

N&K CPAs, Inc.

ACCOUNTANTS | CONSULTANTS

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2023-004 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Department of Water's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Department's response to the findings identified in our audit and described in the accompanying schedule of findings. The Department's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Honolulu, Hawaii
March XX, 2024

SCHEDULE OF FINDINGS

**Department of Water
County of Kauai
SCHEDULE OF FINDINGS
Fiscal Year Ended June 30, 2023**

2023-001 IT General Control Deficiencies

Criteria:

Information technology (IT) is used to initiate, record, process and report on transactions included in the financial statements. The systems and related processes should include internal controls to prevent and/or detect misstatements over financial reporting.

Condition:

Several IT internal control deficiencies in the areas of logical security, physical security, and change management existed during the fiscal year ended June 30, 2023:

Logical security

- Formal security procedures are not consistently followed for terminated users.
- Password security requirements are not consistent with current industry standards.
- Lack of formal policies and procedures over domain administrator and other privileged accounts.
- Lack of security awareness training for employees.
- Informal patch management process for critical systems.
- Lack of vulnerability assessment.

Change management

- Lack of formal change management policies and procedures.

Cause:

The Department's IT policies and procedures do not include internal control procedures addressing the internal control deficiencies described above and procedures are not consistently followed.

**Department of Water
County of Kauai
SCHEDULE OF FINDINGS (Continued)
Fiscal Year Ended June 30, 2023**

2023-001 IT General Control Deficiencies (Continued)

Effect:

Internal controls in the areas of logical security and change management address the following risks:

Logical security

Unauthorized access to financial systems could result in the loss of data and/or data integrity, unauthorized or nonexistent transactions being made, or transactions being inaccurately recorded.

Change management

Unauthorized or untested changes to the production environment could cause the financial systems to either process data differently than intended or unexpectedly compromise the integrity of the data maintained.

Recommendation:

We recommend that the Department perform the following:

Logical security

- Design and implement a formal process for management to monitor the effectiveness of security procedures to remove or disable access of terminated users to the Department's systems.
- Reevaluate the sufficiency of the Department's password security policies and reconfigure systems accordingly.
- Design and implement formal policies and procedures over domain administrator and other privileged accounts.
- Design and implement a formal security awareness training program for employees.
- Appropriately update systems to ensure vendor support and maintenance.
- The Department has completed several vulnerability assessments performed by independent contractors and external third-parties. Management should carefully review the findings from these assessments and develop a plan to prioritize and address the findings.

Change management

- Implement formal policies and procedures to ensure changes to production are consistently and appropriately authorized, tested, accepted and tracked.

Views of Responsible Officials and Planned Corrective Action:

See management's Corrective Action Plan on pages 74 to 80.

**Department of Water
County of Kauai
SCHEDULE OF FINDINGS (Continued)
Fiscal Year Ended June 30, 2023**

2023-002 Timeliness of Processing Monthly Billing Statements to Customers

Criteria:

The Department's main source of revenue is derived from the sale of water to approximately 23,000 customer accounts on the island of Kauai. Water charges are comprised of both a fixed service charge and a variable use charge. Monthly billing statements based on actual water consumption should be processed and mailed to customers in a timely manner in order to ensure the completeness and accuracy of water sales recorded by the Department and the timely receipt of amounts owed from the Department's customers for the provision of water and related services.

Condition:

The Department's water sales for the fiscal year ended June 30, 2023 was understated by approximately \$1,018,000. An adjusting journal entry to correct the financial statements as of and for the fiscal year ended June 30 2023 has been recorded by management.

Cause:

During the fiscal year ended June 30, 2023, there was a rapid increase in the number of customer water meters that could not be automatically transmitted during the monthly water meter reading and customer billing cycle. This issue is primarily attributed to the failure of transponder units, which is a component of the automated meter reading equipment that is connected to the water meter. When the transponder unit fails, it cannot wirelessly transmit the customer's water consumption data to the Department's meter reader system, which serves as the basis for the amount charged to the customer each month.

Management determined that it was impractical for the Department to obtain manual reads from water meters that could not be automatically transmitted due to the limited number of meter reader and field collection personnel available to perform the task. As a result, estimates of water consumption were used in order to properly recognize water sales revenue in a timely manner. However, this created the following issues that resulted in lower than expected water sales revenue:

1. Management's estimate assumed lower-than-average water consumption for impacted customers to minimize the likelihood of overstating water sales revenue. However, it also resulted in estimated water sales revenue that was likely to be lower than the amount that the Department was entitled to had actual water consumption data been readily available.

**Department of Water
County of Kauai
SCHEDULE OF FINDINGS (Continued)
Fiscal Year Ended June 30, 2023**

**2023-002 Timeliness of Processing Monthly Billing Statements to Customers
(Continued)**

2. During 2023, the Department's billing system was configured to automatically suspend billings for customer accounts that had more than two consecutive estimated billings. This is an automated control designed to initiate the manual investigation of water meters that could not produce actual consumption data. However, due to the limited number of meter reader and field collection personnel, the manual investigation of impacted water meters were not performed in a timely manner resulting in impacted customer accounts that were not billed for water usage.

Effect:

The inability to process monthly billing statements, based on actual water consumption data, to customers in a timely manner may result in material misstatements in water sale revenue reported by the Department. It may also prevent the Department from being able to collect all of the consideration to which it is entitled for providing water and related services to the Department's customers.

Recommendation:

We recommend that the Department perform the following:

- Continue its effort to replace meter transponder units as part of the Department's Meter and Transponder Replacement Project.
- Evaluate the current number of meter reader and field collection personnel to ensure that the number of personnel is sufficient to retrieve actual water consumption data and process monthly billing statements in a timely manner.
- Evaluate whether the Department's billing systems should be reconfigured to allow for more estimated billings to occur before automatically suspending billings that would require a manual read.

Views of Responsible Officials and Planned Corrective Action:

See management's Corrective Action Plan on pages 74 to 80.

**Department of Water
County of Kauai
SCHEDULE OF FINDINGS (Continued)
Fiscal Year Ended June 30, 2023**

2023-003 Improve Internal Communication

Criteria:

An entity should have a process in place to facilitate effective communication of all significant matters and activities which may have an effect on the determination of financial statement amounts and disclosures in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Condition:

Net position as of June 30, 2022 has been restated to correct the following misstatements. As of June 30, 2022, construction in progress included certain costs that should not have been capitalized, an estimated pollution remediation liability related to one of the Department's water tanks was not recorded, and accrued compensated absences included estimated contributions to the pension and OPEB plans that should not have been included as an additional liability. The effects of the restatement was to decrease construction in progress by \$2,578,137, increase the pollution remediation liability by \$3,334,682, decrease accrued compensated absences by \$302,780 and decrease net position by \$5,610,039 as of June 30, 2022.

Cause:

During the year-end financial close and reporting process for the fiscal year ended June 30, 2022, the Department did not effectively communicate between the fiscal division and other divisions of the Department on certain significant matters and activities that were relevant to the determination of financial statements amounts in accordance with GAAP.

Effect:

The lack of effective communication could result in a material misstatement of the Department's financial statements.

Recommendation:

We recommend that the Department implement a process to facilitate effective communication of all significant matters and activities which may have an effect on the Department's financial statements.

Views of Responsible Officials and Planned Corrective Action:

See management's Corrective Action Plan on pages 74 to 80.

**Department of Water
County of Kauai
SCHEDULE OF FINDINGS (Continued)
Fiscal Year Ended June 30, 2023**

2023-004 Improve Procedures to Identify and Account for Contracts

Criteria:

The Department enters into contracts for many types of goods and services. Management should analyze all of the Department's contracts to determine the appropriate accounting and financial reporting treatment in accordance with GAAP.

Condition:

In connection with the 2023 year-end financial closing and reporting process management needed to compile and analyze certain contracts in order to determine the proper accounting and financial reporting treatment of these contracts in accordance with GAAP.

Cause:

The Department does not have formal policies and procedures designed to identify and analyze all contracts for goods and services for proper accounting and financial reporting treatment in accordance with GAAP.

Effect:

The lack of formal policies and procedures could result in a misstatement of the Department's financial statements

Recommendation:

We recommend designing and implementing formal policies and procedures to identify and analyze all contracts for goods and services in order to determine the proper accounting and financial reporting treatment for each contract in accordance with GAAP. This would include the establishment of a centralized contract register that includes pertinent data about each contract, such as the commencement date, the contract term (including any options to extend or terminate the contract), the payment terms (including any variable payment arrangements), and a brief description of the nature of the goods and services received by the Department. This would likely require effective and timely communication between the various divisions of the Department to ensure that the Fiscal division is provided with all relevant information needed to carry out its accounting and financial reporting responsibilities.

Views of Responsible Officials and Planned Corrective Action:

See management's Corrective Action Plan on pages 74 to 80.

CORRECTIVE ACTION PLAN

DEPARTMENT OF WATER

COUNTY OF KAUAI

4398 PUA LOKE STREET LIHUE, HAWAII 96766

WWW.KAUAIWATER.ORG (808) 245-5400 BUSINESS (808) 245-5813 FAX



JOSEPH E. TAIT
MANAGER AND CHIEF ENGINEER

MICHAEL K. HINAZUMI, P.E.
DEPUTY MANAGER-ENGINEER

March 22, 2024

Mr. Lawrence Chew
N&K CPAs, Inc.
999 Bishop Street, Suite 2200
Honolulu, HI 96813

Dear Mr. Chew:

Thank you for the opportunity to provide comments on the *Schedule of Findings* issued in connection with the financial statement audit of Department of Water, County of Kauai (Department) for the fiscal year ended June 30, 2023.

We commend N&K CPAs audit team for the way they conducted the audit in a professional, timely, and collaborative manner and the opportunity they provided for staff and management to respond to and interact with your audit team.

The following section reflects management's planned corrective action for the findings and recommendations presented in this annual audit.

Sincerely,

A handwritten signature in black ink that reads "JE Tait".

Joseph E. Tait
Manager and Chief Engineer

Department of Water, County of Kaua'i
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2023

**Ref.
No.**

SCHEDULE OF FINDINGS

2023-001 IT General Control Deficiencies

Auditor's

Recommendation: The Department should perform the following:

Logical security

- Design and implement a formal process for management to monitor the effectiveness of security procedures to remove or disable access of terminated users to the Department's systems.
- Reevaluate the sufficiency of the Department's password security policies and reconfigure systems accordingly.
- Design and implement formal policies and procedures over domain administrator and other privileged accounts.
- Design and implement a formal security awareness training program for employees.
- Appropriately update systems to ensure vendor support and maintenance.
- The Department has completed several vulnerability assessments performed by independent contractors and external third-parties. Management should carefully review the findings from these assessments and develop a plan to prioritize and address the findings.

Change management

- Implement formal policies and procedures to ensure changes to production are consistently and appropriately authorized, tested, accepted and tracked.

**Corrective
Action:**

IT concurs with the auditor's findings and recommendations.

Logical security

- A reminder of the current policy and procedures for on/offboarding will be communicated to all Division and Section Heads.
- A reminder of the current password security policy in place will be communicated to all employees.
- System analysis continues with the assistance of IT professionals and peers to help define the policies and procedures to be implemented. Department Policies and Procedures will be developed for use by Management upon recommendations from the IT Steering Committee and retained IT consultants contracted by the Department.
- The Department currently utilizes Microsoft Defender to implement our Security Awareness Program. We have set up training and simulation for peer groups and will roll out when ready.
- Efforts have been underway to address critical issues with hardware, software, and system security. We have budgeted for a Managed Services Provider (MSP) contract. Measure of success will be MSP contracted. The Department is currently in the process of hiring another IT Specialist to assist with addressing the findings corrective action.

Department of Water, County of Kaua'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2023

**Ref.
No.**

SCHEDULE OF FINDINGS (Continued)

2023-001 IT General Control Deficiencies (Continued)

**Corrective
Action:**

Change Management

The Department has been and continues to work through the process of creating a stable environment; and will be creating a process of change authorization, unit testing, system test and implementation. Database schema and use cases being developed. Planned implementation using software or dev IIS server and SQL Server. Software will be written or purchased.

End Date:

Continuous; on-going.

**Responding
Person(s):**

Wayne Takabayashi
Phone: (808) 245-5412

Department of Water, County of Kaua'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2023

Ref. No. **SCHEDULE OF FINDINGS (Continued)**

2023-002 Timeliness of Processing Monthly Billing Statements to Customers

Auditor's

Recommendation: The Department should perform the following:

- Continue its effort to replace meter transponder units as part of the Department's Meter and Transponder Replacement Project.
- Evaluate the current number of meter reader and field collection personnel to ensure that the number of personnel is sufficient to retrieve actual water consumption data and process monthly billing statements in a timely manner.
- Evaluate whether the Department's billing systems should be refigured to allow for more estimated billings to occur before automatically suspending billings that would require a manual read.

Corrective Action:

The Fiscal Division concurs with the auditors finding and recommendations. We continue to work collaboratively with the Operations Division in planning the targeted route(s) for transponder replacements. Our priority to continue the momentum gained over the last several months surrounding the transponder replacement count. It is imperative we keep up with the placement of orders for additional equipment.

With respect to the billing statements, we continue to work diligently to correct and adjust affected customer accounts. In our current operating environment, we are not adequately staffed to handle and resolve the volume of billing issues we are currently facing. Our efforts continue to be challenged due to staffing constraints. The Billing Section, including the Meter Readers are primarily the key driving force in bringing in the Department's main source of revenues – Water Sales. I will request additional positions in the FY2025 budget with the goal to ultimately lay the foundation for a strong and sound Billing Section, provide for adequate coverage during paid time off, and effectively minimize the impact of vacancies due to retirement or attrition.

The billing software has the ability to allow for processing of estimated bills, up to a specified number of months. We will revisit automatically billing on estimated readings once the Department's Rules and Regulations have been approved.

End Date: Continuous monitoring; on-going. We anticipate a recurring finding for FY2025.

Responding Person(s): Renee M. Yadao, Waterworks Controller
Phone: (808) 245-5422

Department of Water, County of Kaua'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2023

Ref. No. **SCHEDULE OF FINDINGS (Continued)**

2023-003 Improve Internal Communication

Auditor's

Recommendation: The Department should perform the following:

- Implement a process to facilitate effective communication of all significant matters and activities which may have an effect on the Department's financial statements.

Corrective Action:

Fiscal Division

The Fiscal Division acknowledges the importance of effective communication, especially when the result has an impact on financial statement amounts. With respect to the construction-in-progress (CIP) restatement, it involved several projects that continued to roll from one fiscal year to the next without a clear understanding of the status of these projects. This was primarily due to personnel within the Engineering Division retiring and leaving with the institutional knowledge and history of the projects. We will continue to follow up on existing CIP projects with the Engineering Division as part of our annual year-end closing procedures and request a thorough understanding of proposed future projects during the annual operating budget process.

With respect to the pollution remediation liability, this was primarily due prior leadership in the Fiscal Division's lack of awareness of the issues surrounding Paua Tank. Going-forward, we will continue to communicate and work collaboratively with the Engineering Division and request to be informed if and when these matters recur in the future. Our goal is to maintain accurate records of our assets and liabilities that ultimately impact financial reporting and financial statement amounts.

Administration Division

The Manager and Chief Engineer (MCE) continues to hold leadership meetings with both Division Managers and Section Managers, and as well with Departmental staff, as requested by employees or as required. Minutes are taken by the Commission Support Clerk and, in her absence, the MCE. Employees frequently visit the MCE's office throughout the week to inform, converse, and ask questions of the Manager. This has been a standing practice and invitation to all employees since October 2021.

To enhance the internal communication within the Department, the MCE has re-instituted an employee suggestion program which was discontinued years ago. Titled, "Water First," the program has received numerous employee suggestions over the past two months when the new program was launched.

Department of Water, County of Kaua'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2023

**Ref.
No.**

SCHEDULE OF FINDINGS (Continued)

2023-003 Improve Internal Communication (Continued)

**Corrective
Action:**

Administration Division

A suggestion proposed was to re-institute the regular all-hands meetings that allowed all Departmental staff to attend one of two Manager-conducted meetings to exchange Department-wide updates, plans, items of information, actions, and activities throughout the Department and to ask questions of the Manager for all employees to hear at the same time. This was another program eliminated over time from past leadership.

End Date:

Fiscal Division

On-going; continuous.

Administration Division

Completed; implemented.

**Responding
Person(s):**

Renee M. Yadao, Waterworks Controller
Phone: (808) 245-5422

Joseph E. Tait, Manager and Chief Engineer
Phone: (808) 245-5403

Department of Water, County of Kaua'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2023

Ref. No. **SCHEDULE OF FINDINGS (Continued)**

2023-004 Improve Procedures to Identify and Account for Contracts

Auditor's

Recommendation: The Department should perform the following:

- Design and implement formal policies and procedures to identify and analyze all contracts for goods and services in order to determine the proper accounting and financial reporting treatment for each contract in accordance with GAAP. This would include the establishment of a centralized contract register that includes pertinent data about each contract, such as the commencement date, the contract term (including any options to extend or terminate the contract), the payment terms (including any variable payment arrangements), and a brief description of the nature of the goods and services received by the Department. This would likely require effective and timely communication between the various divisions of the Department to ensure that the Fiscal division is provided with all relevant information needed to carry out its accounting and financial reporting responsibilities.

Corrective Action:

This task was jointly owned by the Fiscal Division and the IT Section for coordinating the assemblage of all Department-wide Contracts, Leases, Agreements, and Licenses for inclusion into an IT-populated database that would be globally utilized within the Department to access and track when the various legal documents are in need of renewing, expiring, transferring, updating, and/or replacing. Fiscal was to assemble the various areas of subject matter documents from each Division, screen and confirm the documents were current and valid, and provide the final, cleared documents to IT for inclusion into a global database for employee use.

Due to change in Fiscal leadership, who was not here long enough to be aware of what documents existed throughout the Department, combined with the departure of several Fiscal Division staff and the lack of adequate IT and Administration Division staff, this task remains incomplete and should be included in FY24-25 objectives.

End Date: In process; December 2024

Responding Person(s): Joseph E. Tait, Manager and Chief Engineer
Phone: (808) 245-5403

A horizontal splash of clear blue water with bubbles and ripples, set against a white background. The water splash is centered and spans most of the width of the page.

NEW

BUSINESS

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 24-13

April 18, 2024

Re: Discussion and Possible Action of Resolution No. 24-08, Safe Drinking Water State Revolving Fund (DWSRF) Lead and Copper Rule Revisions (LCRR) Compliance Loan for Kaua'i Board of Water Supply (Board)

RECOMMENDATION:

The Board's approval is requested to adopt Resolution No. 24-08 pertaining to the subject loan agreement between the Board of Water Supply (Board) and the State of Hawai'i, Department of Health.

FUNDING:

None required.

BACKGROUND:

The State of Hawai'i, Department of Health, Safe Drinking Water Branch is proposing to issue a loan to the Department from the Drinking Water State Revolving Fund for the subject project. The Safe Drinking Water Branch has committed loan funds in the amount of \$875,747.00, with \$290,485.28 of the \$875,747.00 identified as principal forgiveness, and \$585,261.72 with 0.25% interest and 1.50% annual loan fee, for a term of 20 years.

Board of Water Supply approval, documented by resolution, is required to enter into this loan agreement to secure and expend the DWSRF funds.

The funds will allow the Department to lessen the impact of the project's cost, which is required as a result of the Environmental Protection Agency's (EPA's) LCRR Update, on our ratepayers.

OPTIONS:

Option 1: Approve to accept and expend DWSRF loan funds.

Pro: DWSRF loan will provide a loan with a portion being provided as principal forgiveness and the repayable portion with cost spread out over 20 years, which will lessen the impact of the project's cost, which is required as a result of the EPA's LCRR Update, on our rate payers.

Con: DWSRF funds require additional level of project management oversight to ensure that the funds are expended per State regulations and are subject to State project level audit.

Option 2: Do not accept and expend DWSRF loan funds.

Pro: Project management expenditures will not be subject to State project level auditing.

Con: The funds required for the project will be higher and will not be spread out over 20 years.

JK/crz

Attachment(s): Resolution No. 24-08 DWSRF Funding for CIP Projects

RESOLUTION NO.

24-08

APPROVING THE RECEIPT AND EXPENDITURE OF MONIES FOR:

KAUA'I DOW LCRR COMPLIANCE, KDOW-LS01:

FUNDED BY THE DRINKING WATER STATE REVOLVING FUND (DWSRF); AND AUTHORIZING THE MANAGER AND CHIEF ENGINEER TO REDUCE, REPLACE, ALLOCATE, AND EXPEND UP TO \$875,747.00 IN MONIES FOR SAID PROJECT, IN THE FORM OF A LOAN AGREEMENT OR GRANT BETWEEN THE STATE OF HAWAII (State) AND BOARD OF WATER SUPPLY, COUNTY OF KAUAI (Board)

WHEREAS, Hawai'i Revised Statutes sections 340E-31 through E40E-41 establish a drinking water treatment revolving loan fund, also known as the Drinking Water State Revolving Fund (DWSRF), for the purpose of protecting and improving drinking water quality by financing eligible projects consistent with applicable federal and state laws; and

WHEREAS, the State Department of Health may execute a loan for each of the Projects; and

WHEREAS, the Department of Water, County of Kaua'i (DOW) appropriate monies for professional services for the Lead and Copper Rule Revisions (LCRR) Update project and DOW has encumbered monies for the project; and

WHEREAS, under Article XVII of the Kaua'i County Charter, expressly and by implication, the Board is the governing body of the DOW and the Board warrants that it has the full authority to manage, control, and operate waterworks of the County of Kaua'i, and all waterworks finances and property; and

WHEREAS, the Board has broad authority over the County waterworks and facilities under the authorities granted to Counties and their Boards of Water Supply by Hawai'i Revised Statutes Sections 46-1.5 (19) and (23), and Chapter 54; and to the extent that such statutes are not superseded by the County Charter's provisions; and

WHEREAS, for the purpose of this Resolution, any loan from the DWSRF shall constitute an obligation of the DOW; therefore,

BE IT RESOLVED BY THE BOARD OF WATER SUPPLY COUNTY OF KAUAI, STATE OF HAWAII:

1. That the Board Chair is authorized to enter into loan agreements with the State of Hawai'i for the project mentioned in paragraph 2 below, and
2. That the Manager and Chief Engineer of DOW is hereby authorized to reduce, replace, and/or allocate up to \$875,747.00 in funds advanced by the DOW to undertake the project in the form of loan or grant agreement(s) between the State Department of Health and the Board, and is hereby authorized to execute any and all documents necessary to effectuate such loan and/or grant agreement(s); and

RESOLUTION NO.	24-08
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- 3. That the receipt and expenditure of loan and/or grant monies from the DWSRF for the project is hereby approved; and
- 4. That any monies received as a loan and/or grant be used to reduce or replace funds advanced by the DOW to undertake the project; and
- 5. That the monies received as a loan and the resulting debt service be included as a part of DOW debt service with annual payments budgeted according to the debt service schedule to be provided by the State; and
- 6. That the funds borrowed by the DOW are to be held to the same accounting standards as funds borrowed through the issuance of bonds; and
- 7. That the Board and DOW further pledge sufficient DOW revenue as to provide security for repayment of the loan, plus interest, pursuant to the loan agreement; and
- 8. That the Board and DOW pledge it shall exercise their revenue bond, revenue, assessment, and other authority as needed, to the extent allowed by law, to pay the semiannual repayments and any loan fees under this agreement. As needed, the Board and DOW shall establish, increase, and collect such fees, assessments, and revenues and make such adjustments to raise funds sufficient to repay the loan and pay any loan fees under this agreement, as permitted by law; and
- 9. BE IT FURTHER RESOLVED that this Resolution shall take effect upon the adoption thereof, and that the Secretary be directed to provide certified copies of this Resolution to the Manager and Chief Engineer of the DOW, Controller of DOW, Mayor of the County of Kaua'i, and the Director of the State Department of Health.

APPROVED AS TO FORM AND LEGALITY:

BOARD OF WATER SUPPLY

Tyler C. Saito
Deputy County Attorney,
County of Kaua'i

Tom H. Shigemoto, Chair
4398 Pua Loke Street
Līhu'e, Hawai'i 96766

RESOLUTION NO.	24-08
----------------	-------

CERTIFICATION OF ADOPTION

KAUA'I DOW LCRR COMPLIANCE, KDOW-LS01:

APPROVING THE RECEIPT AND EXPENDITURE OF MONIES FOR THE DEPARTMENT OF WATER'S PROJECT FUNDED BY THE DRINKING WATER STATE REVOLVING FUND (DWSRF); AND AUTHORIZING THE MANAGER AND CHIEF ENGINEER TO REDUCE, REPLACE, ALLOCATE UP TO \$875,747.00, THE AMOUNT CURRENTLY ENCUMBERED BY CONTRACT, IN THE FORM OF A LOAN AGREEMENT OR GRANT BETWEEN THE STATE OF HAWAII (State) AND BOARD OF WATER SUPPLY, COUNTY OF KAUA'I (Board)

It is hereby certified that the foregoing resolution was adopted by the Kaua'i County Board of Water Supply, State of Hawai'i, at its meeting held April 18, 2024, by the following vote:

APPROVED:	[Insert Names]	Total: X
DISAPPROVED:	[Insert Names]	Total: X
ABSENT:	[Insert Names]	<u>Total: X</u>
		TOTAL: X

CERTIFICATION

The undersigned hereby certifies that the foregoing Resolution is a true and correct copy of Resolution No. 24-~~XX~~, adopted at the meeting of the Kaua'i Board of Water Supply, duly held on the 18th day of April, 2024.

Joseph E. Tait
Manager & Chief Engineer

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 24-14

April 18, 2024

Re: Discussion and Possible Action to reappropriate certain budget line items to another line-item budget for the purpose of ordering inventory parts.

RECOMMENDATION:

It is recommended that the Board approve the budget line-item movements.

FUNDING:

Account No:	Account Description	Amount	
10-40-60-563-010	WU-Ops-TandD-Supplies-Inv Stock	\$630,000.00	
10-40-00-604-175	WU-Ops-R&R-Demolish Admin Bldg./Add Temp Lot	\$400,000.00	(defund)
10-40-00-604-176	WU-Ops-R&R-Satellite Operations Facility	\$70,000.00	(defund)
10-40-60-560-000	WU-Ops-TandD-Repairs and Maintenance-Water System	\$160,000.00	(defund)
	Total	\$630,000.00	

BACKGROUND:

The re-appropriation of funds from existing accounts totaling \$630,000.00 is to support inventory purchases. The inventory budget was utilized to purchase meter register/transponders to replace the failing meters island wide. The request to transfer from the existing accounts is due to the funds not being able to be expended this fiscal year. The funds can be better utilized for inventory purchases to replenish the stock inventory, including some meter purchases.

OPTIONS:

Option 1: Approve Manager's Report as recommended.

Pro: DOW will move forward with ordering the necessary inventory items including some meter parts.

Con: Funds will not be able to be utilized for the items they were originally budgeted for.

Option 2: Do Not Approve Manager's Report as recommended.

Pro: Pre-established line-item budget amounts will remain unspent and will lapse to unrestricted fund balance.

Con: DOW will not be able to purchase all the required inventory items to replenish those that have been used this FY.

RS/crz

Attachment(s): None

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 24-15

April 18, 2024

Re: Discussion, Deliberation, and Possible Decision-Making on Department's No Impact on Small Business Determination as it relates to the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills.

RECOMMENDATION:

It is recommended that the Board approve the Department's determination that the proposed rule amendment does not affect small businesses.

DETERMINATION:

The Board held a public hearing on April 8, 2024, on the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills. The proposed amendment reads [addition bolded and underlined]:

1. Meters are read and bills are rendered regularly. Special readings will be made when necessary for closing of accounts or for other reasons. **If a meter cannot be read, an estimated bill will be rendered, said bill to be calculated whenever possible on prior consumption.**

The Department finds that the above proposed amendment will not affect small businesses. HRS 201M-2(a) states in part, "the agency shall determine whether the proposed rules affect small business, and if so, the availability and practicability of less restrict alternatives that could be implemented[.]" HRS 201M-1 defines "affected small business" or "affects small business" to mean "any potential or actual requirement imposed upon a small business through an agency's proposed or adopted rule that will cause a direct and significant economic burden upon a small business, or is directly related to the formation, operation, or expansion of a small business."

The Department concludes that the above proposed amendment regulates internal administrative process on how the Department would render bills when a meter cannot be read, and will not have a direct and significant economic burden upon small businesses, nor is directly related to the formation, operation, or expansion of a small business.

OPTIONS:

- Option 1: Approve Manager's Report as recommended.**
- Option 2: Do Not Approve Manager's Report as recommended.**
- Option 3: Defer the Manager's Report to further evaluate any impact on small businesses and/or consultation with the SBRRB.**

Attachment(s): None

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 24-16

April 18, 2024

Re: Discussion, Deliberation, and Possible Decision-Making on Department's No Impact re: Ka Pa'akai Analysis as it relates to the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills.

RECOMMENDATION:

It is recommended that the Board approve the Department's determination that the proposed rule amendment does not impact any readily apparent Native Hawaiian traditional or customary right or practice.

DETERMINATION:

The Board held a public hearing on April 8, 2024, on the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills. The proposed amendment reads [addition bolded and underlined]:

1. Meters are read and bills are rendered regularly. Special readings will be made when necessary for closing of accounts or for other reasons. **If a meter cannot be read, an estimated bill will be rendered, said bill to be calculated whenever possible on prior consumption.**

The Department finds that the above proposed amendment does not impact any readily apparent Native Hawaiian traditional or customary right or practice¹.

The Supreme Court of the State of Hawai'i concluded in *Flores-Case 'Ohana v. University of Hawai'i*, 153 Hawai'i 76 (2023), that the Ka Pa'akai framework applies to rulemaking. Accordingly, before adopting rules, the Department must consider (1) "the identity and scope of" Native Hawaiian traditional and customary right affected by the rule, if any; (2) "the extent to which" Native Hawaiian traditional and customary rights "will be affected or impaired by the [rule]"; and (3) "whether the proposed rules "reasonably protect" Native Hawaiian traditional and customary rights, "if they are found to exist," as balanced with the State's own regulatory right." However, the Court also limited the analysis "[i]f an agency determines that a proposed rule will not impact any Native Hawaiian traditional and customary practices, the analysis ends there [at the first element] and the agency will have met its constitutional obligations." *Id.*

The Department concludes that the above proposed amendment regulates the internal administrative process on how the Department would render bills when a meter cannot be read, and such regulation of the internal processes of the Department will not impact any readily apparent Native Hawaiian traditional or customary right or practice.

OPTIONS:

Option 1: Approve Manager's Report as recommended.

Option 2: Do Not Approve Manager's Report as recommended.

Option 3: Defer the Manager's Report to further evaluate impact on any Native Hawaiian traditional or customary right or practice.

Attachment(s): None

¹ See, e.g., Article 12, Section 7, State Constitution ("all rights customarily and traditionally exercised for subsistence, cultural and religious purposes and possessed by ahupua'a tenants who are descendants of native Hawaiians who inhabited the Hawaiian Islands prior to 1778[.]"); HRS 7-1 (to take firewood, house-timber, aho cord, thatch, ki leaf; access to springs of water, running water, roads)

DEPARTMENT OF WATER

County of Kaua'i

"Water has no Substitute – Conserve It!"

MANAGER'S REPORT No. 24-17

April 18, 2024

Re: Discussion, Deliberation, and Possible Decision-Making on adoption of the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills.

RECOMMENDATION:

It is recommended that the Board adopt the proposed amendment.

BACKGROUND:

The Board held a public hearing on April 8, 2024, on the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills. The proposed amendment reads [addition bolded and underlined]:

1. Meters are read and bills are rendered regularly. Special readings will be made when necessary for closing of accounts or for other reasons. **If a meter cannot be read, an estimated bill will be rendered, said bill to be calculated whenever possible on prior consumption.**

OPTIONS:

Option 1: Adopt the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills.

Pro: Approving this option will allow the Department to render estimated bills when a meter cannot be read. This will help in alleviating the undue burden placed on Department staff resulting from failing meter equipment, and will allow the Department to more timely issue bills to customers.

Con: Approving this option will result in an amendment to the Department's Rules and Regulations and will result in additional use of resources to prepare, file, and publish the new Rules and Regulations.

Option 2: Reject the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills.

Pro: Rejection of the amendment will result in no changes to the Rules and Regulations. This avenue may allow the Department to re-asses the proposed amendment, re-evaluate and determine whether there are other additional factors that should be considered in drafting a subsequent proposed amendment for Board consideration.

Con: Rejection of the amendment will permit the on-going challenges and undue burden placed upon the Department to continue until the failing meter equipment is repaired and/or replaced or alternative amendments to the Department's Rules and Regulations to address the issues are considered and adopted.

Attachment(s): Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills

**PROPOSED AMENDMENTS TO THE
DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND
REGULATIONS**

BE IT RESOLVED BY THE BOARD OF WATER SUPPLY OF THE COUNTY OF KAUA'I,
STATE OF HAWAII:

SECTION 1. These Amendments are made pursuant to Sec. 17.03(D) of the Kaua'i County Charter, and Chapter 91 of the Hawaii Revised Statutes.

SECTION 2. Material to be repealed, if any, is bracketed and stricken. New material is underscored. In printing this rule amendment, the brackets and bracketed material need not be included.

SECTION I – DEFINITIONS

For the purpose of these rules and regulations, unless it is plainly evident from the context that a different meaning is intended, certain words and phrases used herein are defined as follows:

1. The word "**DEPARTMENT**" shall mean the Department of Water, County of Kauai, State of Hawaii.
2. The word "**BOARD**" shall mean the Board of Water Supply of the Department, County of Kauai, State of Hawaii.
3. The term "**MANAGER AND CHIEF ENGINEER**" shall mean the person holding the office of Manager and Chief Engineer of the Department.
4. The word "**CONSUMER**" shall mean the person, firm, corporation, association, or governmental department, whether owner or tenant, whose name appears on the records of the Department as the party responsible and liable for receiving water service from the Department.
5. The term "**SERVICE CONNECTION**" shall mean the main tap, pipe fittings, meter and valve from the water main to and including the shut-off valve on the Consumer's side of the meter.
6. The term "**COST OF SERVICE CONNECTION**" shall mean the sum of the cost of the labor, materials, equipment, and road repair, if any, and other incidental charges necessary for the complete installation of a service connection, but excluding the cost of the meter.
7. The term "**CONSUMER'S SUPPLY PIPE**" shall mean the pipe extending from the consumer's end of the service connection.
8. The word "**MAIN**" or "**MAIN PIPE**" shall mean the Department's supply or distribution pipe to which service connections are made.
9. The term "**FACILITIES RESERVE CHARGE**" shall mean the fee to be paid by subdividers or, when applicable, new consumers as their proportionate share in improvements to the Department's water system.

SECTION II - GENERAL CONDITIONS

1. Any prospective consumer may obtain water service provided all of the following conditions are met:
 - a. In the event that Water Service Areas are established by the Department that the premises are within a Water Service Area.

PROPOSED AMENDMENTS TO THE DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND REGULATIONS

A "Water Service Area" is defined as an area that is serviced by existing water system facilities. A water Service Area is generally limited to areas that have appropriate planning and zoning approvals in place. Water service is generally available within a Water Service Area unless system infrastructure improvements are needed to provide adequate water supply without detrimentally affecting existing consumers. As identified in Water Plan 2020, water systems and the Water Service Area can be used for purposes of planning and can be applied to guide service and development of future water service.

Consistent with the Kaua'i General Plan and for the purposes of Water Plan 2020, the Department takes a conservative approach in defining service areas of the existing water systems, in effect, limiting them to areas that have appropriate planning and zoning approvals in place. Land use policies area established and governed by the County. The Department seeks to coordinate development effort with the County and private developers seeking to connect to the Department-operated water systems.

If the premises are not located within a Water Service Area, then the Department may grant an exemption to this section pursuant to procedures adopted by the Department.

- b. The Department has a sufficient water system developed for domestic use and, if required by the Department, a sufficient water system for fire protection. In order to determine the sufficiency of the water system, the Department may require the prospective consumer to estimate the amount of water to be used.
 - c. The consumer agrees to design, construct, and install any component of the water system required by the Department in compliance with (1) all applicable statutes, ordinances, rules, and regulations of the State of Hawai'i and the County of Kaua'i, and (2) the 2002 Water System Standards ("Standards") developed by Hawai'i's four county departments of water, as it may be subsequently amended. The Standards (as amended) are hereby incorporated by reference into the Department's rules. The Manager and Chief Engineer may, for good cause shown, permit departure from the Standards (as amended).
 - d. The consumer agrees to abide by these rules and regulations.
 - e. All applicable charges have been paid.
2. **Extension of Mains.** Where an extension of mains is necessary or where large quantities of water are required or a substantial investment is necessary to provide service, the consumer will be informed by the Department as to the conditions and charges to be made for the particular area and situation in question before water service may be approved.
- a. When an extension of mains for service is necessary, the consumer shall install and pay for any extensions of water system required from the public water system to any particular area. All such water systems shall be designed and located in accordance with the standards of the Department. The consumer may be required to improve the public water system if the public water system is inadequate to serve the area.
 - b. Whenever the Department finds it necessary that the water main extensions proposed to deliver water to any particular area should be of a greater capacity than is required to provide adequate service and fire protection for such area, in order to supply water and fire protection to other adjacent areas along the main extensions, the Department shall require the consumer to install mains of such greater capacity.
 - c. When the consumer is required to install a larger sized main for the reasons set forth in the preceding paragraph, the Department will reimburse the consumer, as soon as practicable after the acceptance by the Department of the completed work, the additional cost of the

**PROPOSED AMENDMENTS TO THE
DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND
REGULATIONS**

installation over and above the cost of mains that would have been required, provided that reimbursement will not be made to the consumer where such larger main or mains will serve only areas under the same ownership as the area under consideration.

Before the consumer enters into a contract where a reimbursement for additional costs of main will be made, the Department shall review and either approve or disapprove the contract. If the contract is disapproved, the consumer shall revise the contract until its form and content is acceptable to the Department.

After the installation has been completed and accepted by the Department, the consumer shall furnish the Department with an affidavit itemizing the costs incurred by him in the installation of mains or larger main. The said costs and additional costs shall be determined by the Department.

- d. A pipeline will be considered a main extension if and only if:
- (1) the pipe size is at least 6" in urban or rural residential areas, 8" in business, multi-family, resort or industrial areas, and 6" in agricultural areas;
 - (2) it is installed along existing government road provided that the Department may consider a pipeline or main extension installed within an easement in favor of the Department and it is found non-feasible for the pipeline to be installed along existing government roads;
 - (3) it has the capacity and the potential of serving additional customers; and
 - (4) it is not adjacent to or within land owned by or developed by the consumer.
3. All water supplied by the Department will be measured by means of suitable meters registering in gallons. When it is impractical to meter the service, a flat rate may be charged. The amounts to be paid for water and water service shall be in accordance with the rates established by the Board. The Department will determine the location and size of all meters and service connections to its system. All service connections shall become the property of the Department for operation and maintenance after installation and new connections or disconnections may be made thereto by the Department at any time.

**SECTION III - CONSERVATION MEASURES AND
INTERRUPTION OF WATER SUPPLY**

1. The Department will exercise reasonable diligence and care to deliver an adequate supply of water to the consumer and to avoid shortages or interruptions in water service, but will not be liable for any interruption, shortage, insufficiency of supply, or any loss or damage occasioned thereby.
2. Whenever, in the Department's opinion, special conservation measures are advisable in order to forestall water shortage and a consequent emergency, the Department may restrict the use of water by any reasonable method of control.
3. The Department reserves the right at any and all times to shut off water from the mains without notice for the purpose of making repairs, extensions, alterations, or for other reasons. Consumers depending upon a continuous supply of water shall provide emergency water storage and any check valves or other devices necessary for the protection of plumbing or fixtures against failure of the pressure or supply of water in the Department's mains. Repairs or improvements will be prosecuted as rapidly as practicable and, insofar as practicable, at such times as will cause the least inconvenience to the consumer.

**PROPOSED AMENDMENTS TO THE
DEPARTMENT OF WATER, COUNTY OF KAUAI RULES AND
REGULATIONS**

SECTION IV - ELEVATION AGREEMENT, PRESSURE CONTROLS

1. The Department will make every effort to maintain pressure but will not accept responsibility for maintaining pressure in its water mains.
2. Where property is situated at such an elevation that it cannot be assured of a dependable supply or of adequate service from the Department's distribution system, the consumer, in consideration of connection with the Department's system, must agree to accept such water service as the Department is able to render from its existing facilities and to install, if necessary, and maintain at his expense a tank and pump of suitable design and of sufficient capacity to furnish an adequate and dependable supply of water. When required by the Department the consumer shall install an air gap or other protective devices between the consumer's supply pipe and the service connection. The consumer shall execute a written release in favor of the Department for all claims on account of any inadequacy in the Department's system or inadequacy of water supply to the consumer.
3. When the pressure of the Department's supply is higher than that for which individual fixtures are designed, the consumer shall protect such fixtures by installing and maintaining pressure reducing and relief valves. The Department will not be liable for damage due to pressure conditions or caused by or arising from the failure or defective condition of such pressure regulators and relief valves or for damage that may occur through the installation, maintenance or use of such equipment.

**SECTION V - APPLICATION FOR WATER SERVICE AND
SERVICE CONNECTION**

1. When applying for water service and service connection, each prospective consumer shall:
 - a. complete a standard application form;
 - b. pay any applicable charges due at the time of application. The Department shall state what the applicable charges are at the time of application;
 - c. If applicable, complete all infrastructure requirements, as determined by the Department; and
 - d. Any other requirements as determined by the Department.
2. The Department shall inform the prospective consumer, in writing, that the application is complete and accepted for filing, or that the application is deficient and what specific information is necessary to make the application complete. If the application is deficient, computation of time for accepting or denying the request shall not begin until all requirements are met.
3. Once completed and filed, the Department shall approve or deny the application within forty-five (45) working days. The application shall be deemed approved, pursuant to Hawaii Revised Statutes 91-13.5 if the Department fails to take any action at the end of the forty-fifth working day. Upon approval of the application, the applicant shall pay all applicable charges prior to receiving water service and service connection.
4. Each prospective consumer shall be required to sign the standard application form for the water service desired, assuming responsibility for the payment of future charges for water service to the designated location before water is turned on for any use whatsoever. The prospective consumer

PROPOSED AMENDMENTS TO THE DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND REGULATIONS

signing the standard application form shall be (held) liable for the payment of all charges for water and water service at the designated location.

5. An advance deposit equal to the Department's estimate of three months' water charges will be required of tenants, lessees, and purchasers of property under an agreement of sale. When water service is discontinued, the advance deposit will be returned less all unpaid or outstanding water charges.
6. Charges for water will begin when the water service is established and will continue until due notification from the consumer or until discontinued by the Department for failure of the consumer to comply with these rules and regulations.
7. When an application for water service is made by a consumer who was responsible for and failed to pay all bills previously rendered, regardless of location or time incurred, the Department may refuse to furnish water service to such consumer until the outstanding bills are paid.

SECTION VI – NEW SERVICE CONNECTIONS

1. **Installation.** When the application for service connection has been approved, such connection will be installed by the Department at the expense of the applicant and thereafter will be maintained by the Department at its expense. There shall be one meter for each service connection, unless the Department, because of operating necessity, installs two or more meters in parallel. All meters will be sealed by the Department before installation and no seal shall be altered or broken except by one of its authorized employees.
2. **Charges.**
 - a. The Department may establish fixed charges for the installation of various sizes of new service connections and meters. These fixed charges shall approximate the average of such installations, using present and anticipated costs for the next twelve months. Payment of the applicable fixed charge shall be made by the applicant before installation. If the actual cost of installation exceeds or is less than the fixed charge, no adjustment will be made.
 - b. For the installation of new service connections or meters for which fixed charges have not been established, the applicant shall deposit an amount equal to the Department's estimate before installation. If the actual cost is in excess of the deposit, the applicant will be billed and shall pay for the difference. If the actual cost is less than the deposit, the applicant will be refunded the difference. A purchase order from County, State and Federal agencies will be accepted in lieu of a cash deposit.
 - c. In addition to the charges for the installation of the service connection and meters, the applicant shall pay the applicable facilities reserve charge. In the case of increasing the size of an existing meter, the difference between the large and smaller facilities reserve charges shall be paid. No refund will be made in the case of reducing the size of an existing meter.
 - d. In the event a temporary service connection is installed for construction or other purposes, the facilities reserve charge need not be paid provided that such service will be limited to a 6-month period unless extended by the Department.
 - e. The facilities reserve charge will not be charged against the consumer if the facilities reserve charge was previously paid by the developer or subdivider and the consumer requests the meter size for which the facilities reserve charge was previously paid.

**PROPOSED AMENDMENTS TO THE
DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND
REGULATIONS**

3. **Consumer's Supply Pipe.** The consumer shall install and connect at his expense his supply pipe to the shut-off valve or outlet installed by the Department. The consumer's supply pipe shall at all times remain the sole property of the consumer, who shall be responsible for its maintenance and repair. If the consumer's supply pipe is installed before the service connection is set, the Department will make the connection to it; provided, however, it is requested by the consumer prior to the installation of the service connection.
4. **Connection to Main.** Only employees of the Department will be allowed to connect or disconnect the service connection to or from the Department's main.
5. **Compensation.** Employees of the Department are strictly forbidden to demand or accept personal compensation for services rendered.
6. **Pipe through Basement Wall.** Where the applicant requires his supply pipe extended through a basement wall, he shall provide entrance-way through such wall. The Department will not be responsible for any damage caused by leakage through or inside such entrance-way.
7. **Location of Service Connection or Main.** No service connection or water main will be installed by the Department in any private road, lane, street, alley, court or place until such private streets are open to the public and brought to proper grade and the Department is given proper easements for the main or service connection. Otherwise, an applicant desiring water service to property fronting on such private roads, lanes, etc., must extend his supply pipe to the nearest public street on which a main exists.
8. **Location of Meters.**
 - a. All meters shall be installed in the public roadway at the property line, preferably in the concrete sidewalk, unless the Department, because of operating necessity, installs the meters elsewhere.
 - b. When the meters are placed within private property for reasons of operating necessity, the land owner shall give to the Department a permit and right-of-entry for the purposes of meter reading and maintenance prior to the installation of said meter.
 - c. In the event the Department finds it necessary or finds it in the best interest of the Department to relocate a water meter serving a customer, the Department will, at no cost to the customer, revise or extend the customer's piping to conform to the new meter location.
9. **Change in Location or Size of Service Connection.**
 - a. When the proper size of service connection for any premises has been determined and the installation has been made, the Department has fulfilled its obligations insofar as the size of the service and the location thereof are concerned. If thereafter the consumer desires a change in size of the service connection or a change in the location thereof, he shall bear all costs of such change; provided, however, that in the case of a consolidation of existing meters to one of larger size or, conversely, in the case of changing from a larger meter to two or more smaller meters, the consumer shall be given credit for the facilities reserve charge of the existing meter(s) but not to exceed the cost of the facilities reserve charge for the new installation, provided that no credit will be allowed unless payment of the additional facilities reserve charge is made within 365 days following consolidation or change in meter size.

**PROPOSED AMENDMENTS TO THE
DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND
REGULATIONS**

- b. In the event the Department determines that an increase in size of service connection is required because flow rates exceed meter designs, the consumer will be required to pay for the cost of the proper sized service connection plus the applicable difference in facilities reserve charge between the larger and smaller meters. If an application for the larger size service connection is not made within 30 days after notification in writing from the Department, the consumer's service may be discontinued.
10. **Shut-Off Valve.**
A readily accessible shut-off valve controlling all outlets will be installed by the Department at the expense of the consumer at a location to be determined by the Department. The valve before the meter is installed for the use of employees of the Department. The Department will install a shut-off valve and charge only for the cost of the valve (i.e., no charge for cost of labor, transportation, equipment or overhead) on those service connections installed prior to the adoption of these rules which do not have a shut-off valve.
11. **Alteration to Public Water System.**
 - a. All work and materials in connection with the change in location or elevation of any part of the existing public water system made necessary by the new service connection shall be at the expense of the applicant.
 - b. Pipelines within the shoulder area which were installed prior to adoption of these rules will be lowered free of charge for the property owner in the event the Department determines such lowering is necessary for the construction of a driveway into the property.
12. **Contours or Elevations.** When required by the Department, contours or elevations shall be furnished by the applicant based upon U. S. Coast and Geodetic Survey Datum or the County of Kauai Datum.
13. **Size of Meter and Service Connection.** The Department will determine the location and size of all meters and service connections to its systems.
14. **Boundary Location.** An applicant for water service shall indicate his boundary before installation of any meter and any relocation of said meter due to discrepancy in boundary location shall be at the expense of the applicant.
15. **Abandonment.** Service connections which have not been in use for 365 days or more shall be considered abandoned. The Department may require the complete installation of a new service connection or any part thereof depending on the condition of the existing installation and whether or not it meets the Department's standard, current at the time of application.

SECTION VII - METER READING AND RENDERING OF BILLS

1. Meters are read and bills are rendered regularly. Special readings will be made when necessary for closing of accounts or for other reasons. If a meter cannot be read, an estimated bill will be rendered, said bill to be calculated whenever possible on prior consumption.
2. Closing bills for short periods of time since the last meter reading date will ordinarily be determined by the amount of water actually used, as indicated by the meter reading, plus a proration of the service charge. In prorating service charges a billing month shall be considered to be 30 days.

PROPOSED AMENDMENTS TO THE DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND REGULATIONS

3. Readings of Separate Meters Not Combined. For the purpose of computing charges, all meters serving the consumer's premises shall be considered separately and the readings thereof shall not be combined except in cases where the Department, because of operating necessity, installs two or more meters in parallel to serve the same consumer's supply pipe.

SECTION VIII - PAYMENT OF BILLS

All bills shall be due and payable upon deposit in the United States mail or upon other presentation to the consumer. Payment shall be made at the office of the Department or, at the Department's option, to duly authorized collectors of the Department.

SECTION IX - ADJUSTMENT OF BILLS FOR UNDETECTED UNDERGROUND LEAKS AND UNFORESEEN DAMAGES

1. The Department will reduce high water bills caused by undetected underground leaks in the consumer's supply pipe provided, however, that no reduction in a water bill shall be allowed where the underground leak resulted from storm damage, flood, explosion, fire, or acts of nature.
2. Before adjustment is made under this section, the consumer shall first request an adjustment and submit substantiating data as may be requested by the Department to justify an adjustment in the water bill. The Department may, but shall not be required, to conduct its own investigation of the high water bill.
3. An adjustment in a high water bill will be allowed only if the consumer exercises diligence in repairing and stopping the leak within one week after that the consumer knew or should have known of an undetected underground leak. A consumer's knowledge of the leak may be inferred by the Department from a high water bill or notification from the Department.
4. No adjustments will be made for leakage due to faulty plumbing fixtures or for leakage from exposed waterlines within the consumer's premises.
5. If a consumer's request for adjustment is allowed, the newly adjusted amount due shall be calculated by determining the difference of the high bill consumption in gallons and the average consumption in gallons of the previous 12 months, multiplied by the tier two (2) rate in the Department's General Use Rates. (See equation below)

Tier 2 rate * (in gallons on high bill – (average gallons of previous 12 months)) = newly adjusted amount due

Where the consumer has had water service for less than 12 months, the Manager shall make a good faith determination of the reduction.

6. A reduction in high water bills resulting from underground leaks shall be allowed only once in every two-year period, provided that the Department may, in its discretion, and for good cause, may consider and allow a request for reduction more frequently than once in a 2-year period.

SECTION X - METER INACCURACIES AND ADJUSTMENT OF BILLS

1. **Non-Registering Meters.** If a meter fails to register due to any cause except the non-use of water, an average bill may be rendered. Such average bill will be subject to equitable adjustment taking into accounts all factors before, during, and after the period of said bill.

PROPOSED AMENDMENTS TO THE DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND REGULATIONS

2. **Meter Tests.** All meters are tested prior to installation. Any consumer who, for any reason, doubts the accuracy of the meter serving his premises may request a test of the meter. The consumer, if he so requests, will be notified as to the time of the test may witness the test if he so desires. No charge will be made for meter tests.
3. **Adjustment of Bills for Meter Inaccuracy.** If, as the result of the test, the meter is found to register more than two percent fast under conditions of normal operation, the Department will refund to the consumer the overcharge based on past consumption, for a period not exceeding six months; unless it can be proved that the error was due to some cause, the date of which can be fixed. In this latter case, the overcharge shall be computed back to, but not beyond, such date.

SECTION XI - DISCONTINUATION OF WATER SERVICE

Water Service may be discontinued for the following reasons:

1. **Nonpayment of Bills.** Water service may be discontinued for the nonpayment of a bill within thirty (30) days after the mailing or presentation thereof to the consumer.
2. **Non-compliance with the Board's Rules and Regulations.** If the consumer fails to comply with any of these rules and regulations, the Department will have the right to discontinue the service.
3. **Consumer about to Vacate Premises.** Each consumer about to vacate any premises supplied with water by the Department shall give notice of his intention to vacate prior thereto, specifying the date service is desired to be discontinued, otherwise he shall be held responsible for all water service furnished to such premises until the Department has received such notice of discontinuance. Before buildings are demolished, the Department should be notified so the service connection can be closed.
4. **Unauthorized Use of Water.** The Department will refuse or discontinue water service to any premises or consumer, if necessary, without giving notice to protect itself against fraud, abuse, or unauthorized use of water. A surcharge may be established and assessed by the Department.
5. **Wasteful Use of Water.** Where negligent or wasteful use of water exists on any premises, the Department may discontinue the service if such conditions are not corrected after giving the consumer written notice of intent to do so.
6. **Discontinuation of Water Service for Non-payment of Sewer Service Charges.** The Department is authorized to discontinue and terminate water service for delinquency in payment of County of Kaua'i sewer service charges when so directed by the County Director of Finance. Water service may be discontinued for delinquencies in payment of such sewer charges no earlier than thirty (30) days after the mailing or presentation of such delinquent charges to the consumer.

Water service may be restored when all such delinquencies have been paid or at the request of the County Director of Finance. All Departmental charges for re-opening, re-installation, or re-connection shall be paid before water service is restored."

SECTION XII - RESTORATION OF WATER SERVICE

**PROPOSED AMENDMENTS TO THE
DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND
REGULATIONS**

If water service is turned off because of failure to pay a water bill, for violation of any of the regulations of the Department, or for other reasons, arrangements must be made to pay all outstanding accounts against the consumer before his water service will be restored.

SECTION XIII - DEPARTMENT'S EQUIPMENT ON CONSUMER'S PREMISES

All equipment belonging to the Department and installed upon the consumer's premises for measurement, test, check or any other purpose, shall continue to be the property of the Department, and may be repaired, replaced or removed by the Department at any time without the consent of the consumer. The consumer shall exercise reasonable care to prevent damage to meters and other equipment of the Department upon said premises and shall in no way interfere with the operation of the same.

**SECTION XIV - DAMAGE AND ACCESSIBILITY TO DEPARTMENT'S
PROPERTY METER DAMAGED BY HOT WATER**

1. Any damage to water mains, service connections, valves, fire hydrants, or other property of the Department shall be paid for by the person or organization responsible for the damage.
2. When a meter or service connection is found to have been damaged by hot water or steam emanating from the premises served, the consumer shall pay for all costs of repairs.
3. No obstruction shall be placed on or around any water meter, fire hydrant, or valve so as to render it inaccessible.

SECTION XV - INGRESS AND EGRESS FROM CONSUMER'S PREMISES

Any properly identified officer or employee of the Department shall have the right of ingress to and egress from the consumer's premises at all reasonable hours for any purpose reasonably connected with the furnishing of water or other service to said premises and the exercise of any and all rights secured to it by law or these rules and regulations. In case any such officer or employee is refused admittance to any premises, or, being admitted, shall be hindered or prevented from making such inspection, the Department may cause the water to be turned off from said premises after giving 24 hours notice to the owner or occupant of said premises of its intention to do so.

SECTION XVI - RESPONSIBILITY FOR WATER RECEIVING EQUIPMENT

1. The consumer shall at his own risk and expense furnish, install, and keep in good and safe condition all equipment that may be required for receiving, controlling, applying and utilizing water, and the Department will not be responsible for any loss or damage caused by the improper installation of such equipment, or the negligence, want of proper care, or wrongful act of the consumer or of any of his tenants, agents, employees, contractors, licensees or permittees in installing, maintaining, using, operating or interfering with any of such equipment.
2. Water service may be discontinued to any consumer whose water system includes plumbing fixtures, or water containers in any form, or of any use, which, in the opinion of the Department, may endanger the Department's water supply from a public health standpoint. Any such discontinuation of service shall continue until objectionable installations have been corrected and the Department has been assured that the objectionable uses and practices will not be resumed.

PROPOSED AMENDMENTS TO THE DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND REGULATIONS

3. The Department will not be responsible for damage to property caused by spigots, faucets, valves and other equipment that may be open when water is turned on at the meter, either when turned on originally or when turned on after a temporary shutdown.

SECTION XVII - ABATEMENT OF NOISES

Where it has been determined that noises emanating from a consumer's premises are caused by plumbing fixtures or other equipment attached to water pipes and such noises are being transmitted through the water pipes and causing annoyance to other consumers, the Department may issue a notice in writing to the offending consumer or to the owner of such premises, or to his agent, giving reasonable time within which to correct or to remove the cause of complaint. Failure on the part of such consumer, owner, or person responsible to correct or remove the cause of noise will be sufficient reason for discontinuance of water service to the consumer until such time as the condition complained of has been remedied.

SECTION XVIII - ELECTRICAL GROUNDING

1. The Department will not be responsible for the maintaining of a continuous metallic water piping system and reserves the right, without liability to public utility electric companies, electric consumers, or any other agency or individual to create a physical break in its service connections and mains, or to incorporate non-metallic pipes and appurtenances in its system and to make joints of any materials, without regard to their efficiency as conductors of electricity and without giving notice.
2. In the event that protective grounding of alternating current secondary distribution circuits are made to the water system, the grounding installation shall conform in all details with the National Electrical Code of the National Board of Fire Underwriters and with the Kauai County Building Code then in existence. The Department shall not be responsible for any damage or injury caused by any electrical grounding.
3. No grounding of direct current system to any portion of the water shall be permitted.

SECTION XIX - CONSUMER'S PUMPING INSTALLATIONS

1. Consumers shall not be permitted to install or operate pumps pumping water directly from the mains of the Department's system except in cases approved in writing. No such approval will be given in cases where it is the opinion of the Department that such an installation and the operation thereof may adversely affect the water service extended by the Department to other consumers.
2. Approvals given by the Department under this section will be qualified by clauses making them revocable upon ninety (90) days' notice during which period the consumer, if he desires to continue the operation of the pump, shall eliminate the objectionable features causing the giving of such notice.
3. No pump shall be equipped with a direct water supply connection for priming purposes except with the written permission of the Department.

SECTION XX - CROSS-CONNECTIONS AND BACKFLOW PROTECTION

1. **Prohibition of Certain Conditions and Installations.** In order to provide proper sanitary protection to the Department's water supply and to comply with the applicable regulations of the

PROPOSED AMENDMENTS TO THE DEPARTMENT OF WATER, COUNTY OF KAUAI RULES AND REGULATIONS

United States Public Health Service and of the State Department of Health, as adopted or amended from time to time, the Department will require that following the effective date of these rules and regulations no cross-connections with other water supplies, or other physical connections, shall exist, or be installed, located, maintained or operated which could permit backflow of contaminated water or any other dangerous, impure, unsanitary, or unpotable substance from the consumer's premises into the Department's water supply system, except as provided below:

- a. **Cross-Connections with Other Water Supplies.** Owners (or operators) of presently existing water supplies which are in active use and cross-connected to the Department's system will be required to secure permits for the continuance of such cross-connections. Permits will be granted on a provisional basis renewable yearly, under the following conditions:
 - (1) Where such water supplies are regularly examined by the Department, or other agencies satisfactory to the Department and are approved by the Department as acceptable, safe and sanitary supplies and continue as such at all times while connections are in existence.
 - (2) Where such water supplies do not meet the requirements of (1) above, are not normally under pressure and are maintained solely for the fire fighting purposes, and where adequate protection against backflow to the Department's water system is provided by mechanical, or other methods or devices satisfactory to the Department.
 - (3) The Department may waive the requirement of a permit and allow cross-connections to be continued or established if the connections are with water supplies defined as primary or community supplies by the State Department of Health as acceptable, safe and sanitary supplies.
 - b. **Other Physical Connections.** Other physical connections may be permitted if, in the judgement of the Department, adequate protection can be provided the water supply of the Department against backflow by the installation of mechanical, or other methods or devices approved by the Department and installed, maintained and operated by the consumer in a manner satisfactory to the Department at all times; provided, however, that the Department may require the consumer to eliminate or re-arrange designated plumbing or piping connections or fixtures, or to install a backflow device at the meter or other location, subject to the approval of the Department, as an added safety measure in addition to any and all other backflow protection required or provided by mechanical, or other methods of devices, whenever (1) the consumer is engaged in the handling of dangerous or corrosive liquids or industrial or process waters, highly contaminated water or sewage, or is engaged in the medical or dental treatment of persons who might have diseases transmittable by water, or whenever (2) in the judgement of the Department there exists a danger of backflow in the Department's mains because of the possibility of unauthorized connections being created through noncompliance or inadvertence on account of the complexity of the system or systems, or for any other sufficient reason or cause.
2. **Separate Pressure System.** The Department will require the installation of mechanical, or other, methods or devices on the consumer's side of the meter to prevent backflow whenever the consumer maintains a separate pressure system or a separate storage facility, or in any way increases the pressures of the water within his premises above the pressure furnished by the Department or has such equipment devices or arrangement of piping, storage or industrial methods or processes that might under certain conditions raise the pressure of the water within his premises above the pressure of the water in the mains of the Department. Plans for such installation must be approved by the Department.

PROPOSED AMENDMENTS TO THE DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND REGULATIONS

3. **Pressure Regulation required of Consumer.** As a protection to the consumer's plumbing system, a suitable pressure relief valve must be installed and maintained by him at his expense when backflow devices are installed on the consumer's side of the meter.
4. **Location and Inspection of Protective Devices.** Any device installed for the prevention of backflow, as may be required under these rules and regulations, shall, unless the Department approves otherwise in writing, be located above ground and in such a manner as to be safe from flooding or submergence in water or other liquids, properly protected from external damage, freely accessible and with adequate working room for inspections, testing and repairing.

All such devices shall be tested at least annually and inspected internally not less than once every two years. Repairs, replacement of parts, etc., shall be made whenever necessary at the expense of the consumer. Making of tests and annual inspections shall be the responsibility of the consumer and shall be made by the consumer or other qualified person or persons in accordance with methods acceptable to the Department. Record of tests and inspections shall be made on forms prescribed by the Department and a copy of such records shall be furnished to the Department. Failure of the consumer to make the proper tests and submission of records may, at the option of the Department, result in the Department's making tests, needed repairs and replacements and charging the costs thereof to the consumer.

5. **Affidavits of Compliance.** Upon request of the Department, the consumer shall present an affidavit either certifying to the fact that there are no connections or other installations of the type prohibited in paragraph 1 of this Section on his premises or describing in detail all non-conformity connections or installations.
6. **Conformance with Laws and Ordinances.** The several conditions relative to the installation and maintenance of cross-connections and other physical connections referred to in this Section shall be subject to change to meet changing requirements of the State and Federal health authorities and of the Kauai County Building Code then in existence.
7. **Discontinuance of Water Service for Non-Compliance.** Failure on the part of the consumer to comply with the Department's requirements relative to cross-connections and backflow protection will be sufficient reason for discontinuing water service until such time as the requirements have been met.
8. The standards booklet, entitled "**The Cross-Connections and Backflow Protection**" shall be used in conformance with Paragraphs 1 through 7 of this section.
Copies of the booklet can be picked up at the Department of Water.

SECTION XXI - INSTALLATION OF AUTOMATIC FIRE SERVICE

1. Private fire service will be furnished only where adequate provision is made to prevent diversion of water through such service to other purposes. The fire service connection will be installed by the Department and shall be paid for by the consumer in accordance with the provisions for the installation of new service connections. After the water is turned on, the Department assumes no liability for damage of any kind whatsoever that may occur to the premises served, regardless of cause.
2. No charge will be made for water used through such connection for fire protection purposes but any water lost through leakage or used in violation of the conditions contained herein shall be paid for by the consumer at the regular schedule of water rates and charges. The Department may, without giving notice, disconnect and remove the said service connection if water is used for other than fire protection purposes, or if leaks are not corrected. Whenever such disconnection is in effect, the Department shall not be held in any way liable for loss or damage sustained due to such condition.

PROPOSED AMENDMENTS TO THE DEPARTMENT OF WATER, COUNTY OF KAUAI RULES AND REGULATIONS

3. Service charges will be enforced if such charges are called for in the rates established by the Department from time to time.
4. The service connection for automatic fire service shall be installed and paid for by the consumer in the same manner as that provided for regular water service described in Part 2, Section VI, except that no facilities reserve charge will be made. Private fire service may be metered with a detector check valve and a by-pass meter which will be furnished by the Department without cost to the consumer. The service connection shall become the property of the Department after the installation.

SECTION XXII - SHIPPING SERVICE

An application for the purchase of water by a ship shall be made at the office of the Department or to an authorized agent of the Department by an authorized officer or agent of the ship before water is delivered to said ship. A receipt for the quantity of water delivered to the ship at the pier, dock or wharf shall be signed before departure by the authorized officer or agent of said ship. All water shall be measured by water meters and the authorized officer or agent of the ship shall check the meter readings both at the start and at the finish of each delivery of water. In the event that the meter readings are not taken by said officer or agent, the readings of the Department's authorized agent will be final. The Department will not be held responsible for any damage to property or injury to persons arising from the delivery of water to ships at piers, docks or wharves. The amount to be paid for water shall be in accordance with the rates established by the Board.

SECTION XXIII - USE OF AND DAMAGE TO FIRE HYDRANTS, CHANGE IN HYDRANT LOCATION, RESPONSIBILITY FOR MAINTENANCE AND OPERATION OF PRIVATE HYDRANTS

1. **Use of Fire Hydrant.** Any use of a fire hydrant or tampering therewith or the taking of water therefrom for purposes other than fire protection by persons other than authorized employees of the Fire Department or of the Department is prohibited, except upon prior application to and written permit by the Department. The Fire Department shall have the prior right to use any hydrant at any time and shall have the authority to remove peremptorily, if necessary, in case of fire, any connection that may be made to a hydrant under a permit and the connection thereto shall be subject to the direction and approval of the Department. The consumer shall not use hydrant main line valves to control flows.
2. **Application for Permit.** Application for a permit for the use of a fire hydrant for purposes other than fire protection shall be made in writing to the Department and, when required, shall be accompanied by a deposit in cash. It shall be non-transferable and shall be shown upon demand by the permittee, its agents or employees. The Department reserves the right to reject any application, to refuse to issue any permit and to revoke any permit at any time. The Department also reserves the right to perform for the permittee at his expense the work of installing and removing the connections and of operating the hydrant. No permit will be issued unless the permittee agrees to notify the Department as soon as the use of the hydrant is finished. In the event that a permit shall be revoked the use of the hydrant thereunder shall cease immediately and all connections thereto shall be properly removed forthwith. The Department will inspect each hydrant which has been used under a permit, and all costs of repairs which the Department may adjudge to be due to such use and the cost of inspection shall be paid for by the permittee. All water drawn from a hydrant under permit shall be metered or estimated as to quantity in a manner satisfactory to the Department and shall be paid for by the permittee at the current water rates. The permittee shall pay all of the costs of connecting to and disconnecting from the hydrant.

PROPOSED AMENDMENTS TO THE DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND REGULATIONS

3. **Hydrant Wrenches**. Only regulation fire hydrant wrenches which shall have been approved by the Department shall be used for the operation of fire hydrants. The use of any other type of wrench or operating device shall not be permitted. The permit will be revoked if other than approved regulation fire hydrant wrenches are used.
4. **Damage to Hydrant or Property**. The permittee shall report promptly any defect in or damage to the hydrant. The cost of any damage to property or of any injury to persons resulting from the use of the hydrant shall be paid for by the permittee. The Department will not be held responsible for any damage to property or injury to persons arising from the use of any hydrant for any cause whatsoever. Any damage to fire hydrants shall be paid for by the person or organization responsible for the damage.
5. **Change in Hydrant Location**. The Department will, if it approves the request for a change in location of hydrant, change such location provided the cost of all labor, material, equipment and all other charges are paid by the person requesting such change. The change in location of fire hydrants that were installed prior to the adoption of these rules and were not installed according to present standards of the Department and which interfere with the reasonable use of the property or hydrants which cause a traffic hazard may be allowed at no expense to the person making such request.

SECTION XXIV - RESALE OF WATER

Unless specifically agreed upon, the consumer shall not resell any water received by him from the Department.

SECTION XXV - PENALTY

1. Any consumer violating any of the provisions hereof shall be liable to a suspension or termination of "WATER SERVICE" and such service shall not be renewed until all water rates due, together with costs and expense incurred in connection with such violation, shall have been paid in full.
2. Any person found tampering with the water system shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be subject to a fine of not more than Five Hundred Dollars (\$500.00) for each violation.

SECTION XXVI - SEVERABILITY

If any rule, section, sentence, clause, or phrase of these rules and regulations or its application to any person or circumstance or property is held to be unconstitutional or invalid, the remaining portions of these rules and regulations or the application of these rules and regulations to other persons or circumstances or property shall not be affected. The Department hereby declares that it would have adopted these rules and regulations and each and every rule, section, sentence, clause or phrase thereof, irrespective of the fact that any one or more other rules, sections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION XXVII- CONSTRUCTION DRAWINGS FOR WATER SERVICE AND SERVICE CONNECTIONS

**PROPOSED AMENDMENTS TO THE
DEPARTMENT OF WATER, COUNTY OF KAUA'I RULES AND
REGULATIONS**

1. The consumer shall be required to identify the number of residential dwelling units and/or development to be served by each service connection in order to allow the Department to determine the proper location and size of the service connection. The Department may require construction drawings if (a) the service connection or water system will be connected within a state highway or intersect any underground utility; or (b) the meter will not be located at the boundary pin. The Department may require construction drawings if, in the Department's determination, the Department will have difficulty in determining the development to be served or other difficult conditions may arise.

- a. **Preparation of Plans.** All construction plans shall be prepared by a professional engineer or architect licensed in the State of Hawaii.
- b. **Information to be shown on Construction Plans.** The construction plans, insofar as the water system is concerned, shall conform to these rules and regulations and the standards of the department.
- c. **Approval of plans.** No construction of a water system, or any portions thereof, shall be undertaken prior to approval of the final construction plans by the Manager and Chief Engineer, the County Engineer of the Department of Public Works, and the State Department of Health. After said approval, the subdivider shall transmit four (4) sets of all final construction plans to the Manager and Chief Engineer.

In areas where there is a substandard or no public water supply available to serve the property, plans and specifications for the development of water sources, including wells, tunnels, shafts, pumps, buildings, mains and other appurtenances structures and devices, shall be in conformance with the standards of the Department and shall be approved by the Department in their entirety prior to the construction.

The Department shall review the plans and either approve, reject plans, or reject plans with specific corrections within sixty (60) calendar days of submission. If the returned plans are submitted, the Department shall review the plans and either approve or return the plans within sixty days of resubmission.

It shall be the consumer's responsibility to determine if the proposed construction requires the approval of any additional governmental agencies.

- d. **Delays in Construction.** The approved construction plans shall be valid for one (1) year. If construction is not completed within one year, the plans shall be deemed invalid and shall be resubmitted for approval. The Department may, for good cause, extend the deadline for completion of construction.
2. Charges for water will begin when the water service is established and will continue due notification from the consumer or until discontinued by the department for failure of the consumer to comply with these rules and regulations.
3. When an application for water service is made by a consumer who was responsible for and failed to pay all bills previously rendered, regardless of location or time incurred, the department may refuse to furnish water service to such consumer until the outstanding bills are paid.

A horizontal splash of clear blue water with bubbles, positioned behind the text.

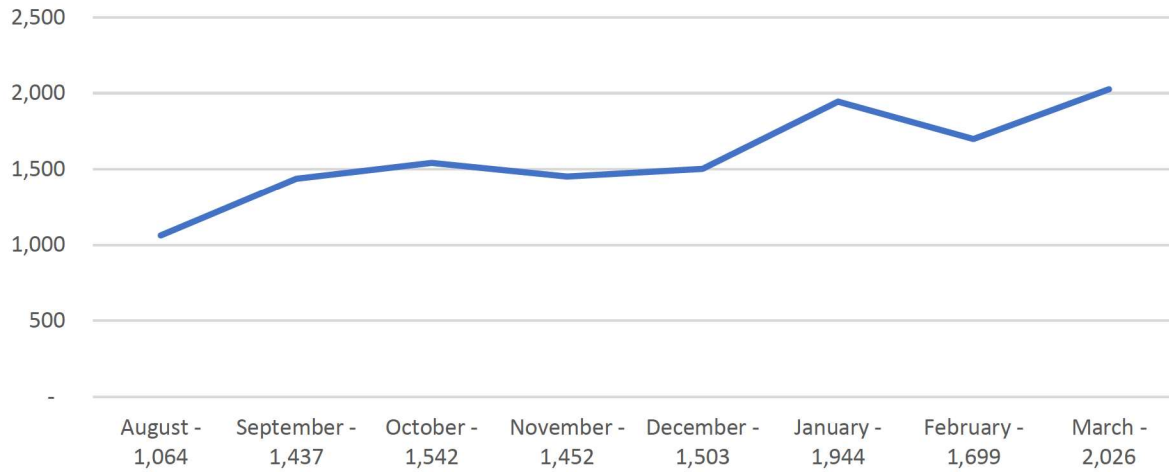
STAFF

REPORTS

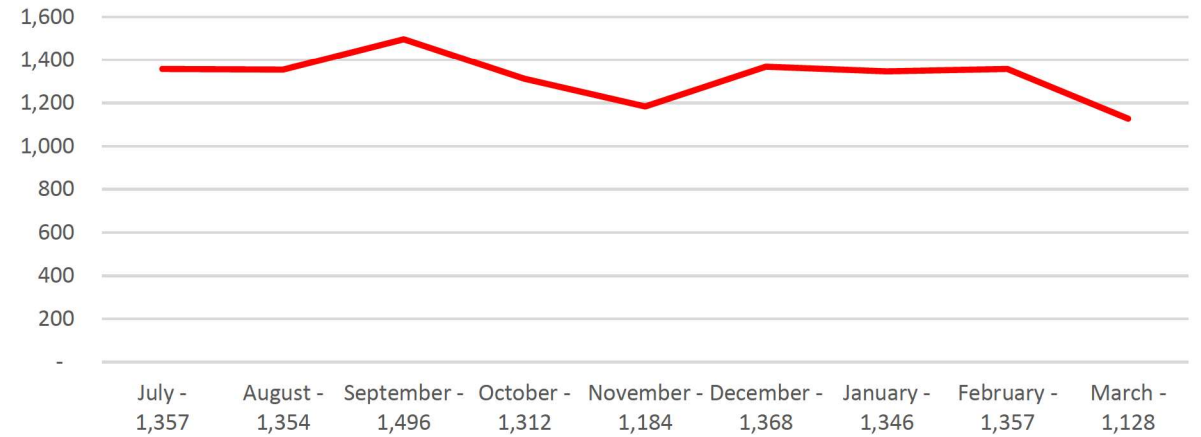


FISCAL DIVISION DASHBOARD

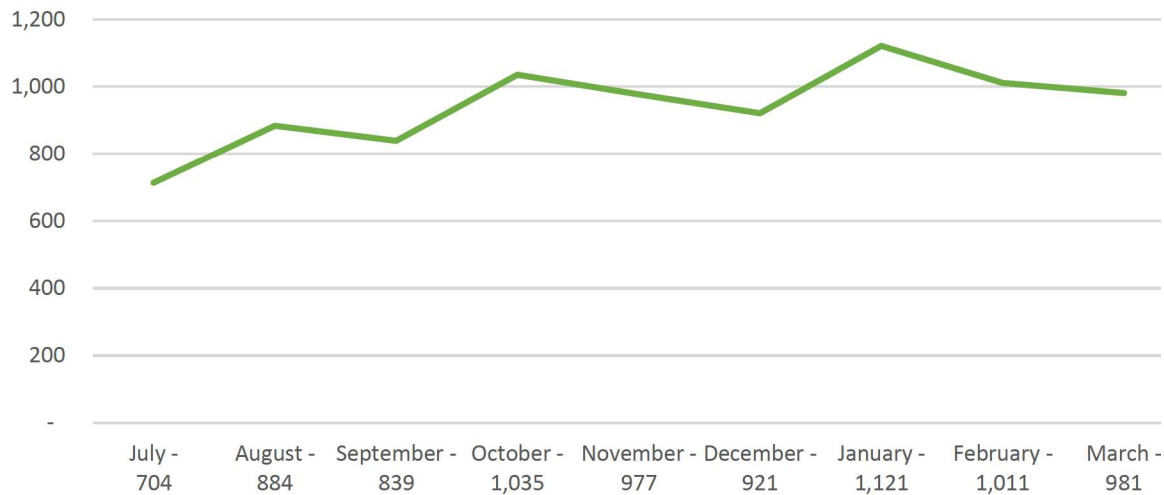
of Customer Service Calls



of Walk in Customers



of Customer Emails and Correspondence

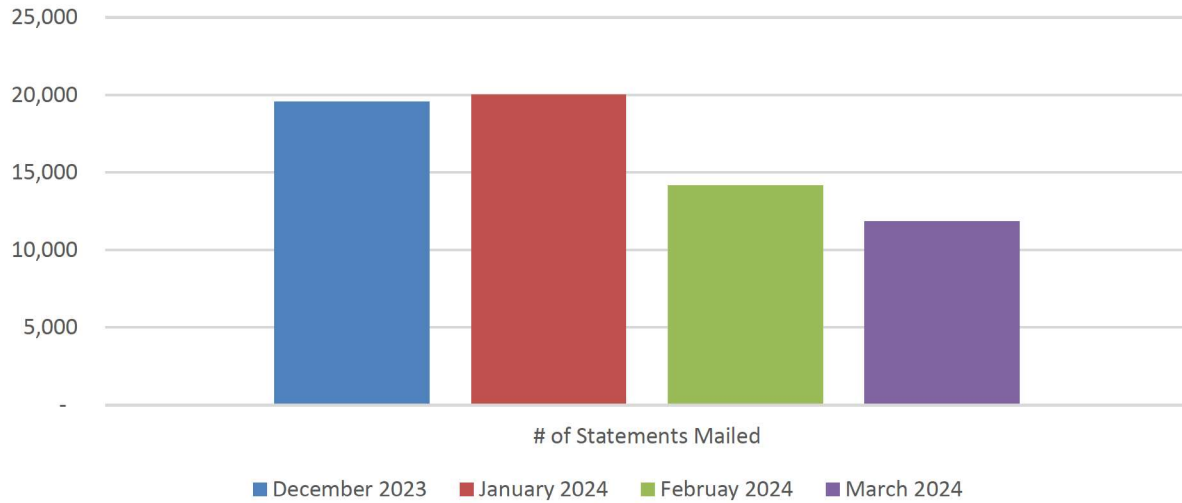


- The Billing Section operates two (2) payment windows for customers making payments, needing assistance with their account, or to establish new water service.
- There are four (4) employees who assist walk-in customers, answer and provide assistance over the phone and/or through emails. They also assist the Meter Readers in the field.
- The spikes in the number of phone calls and customer emails can be directly attributed to the transponder replacements.

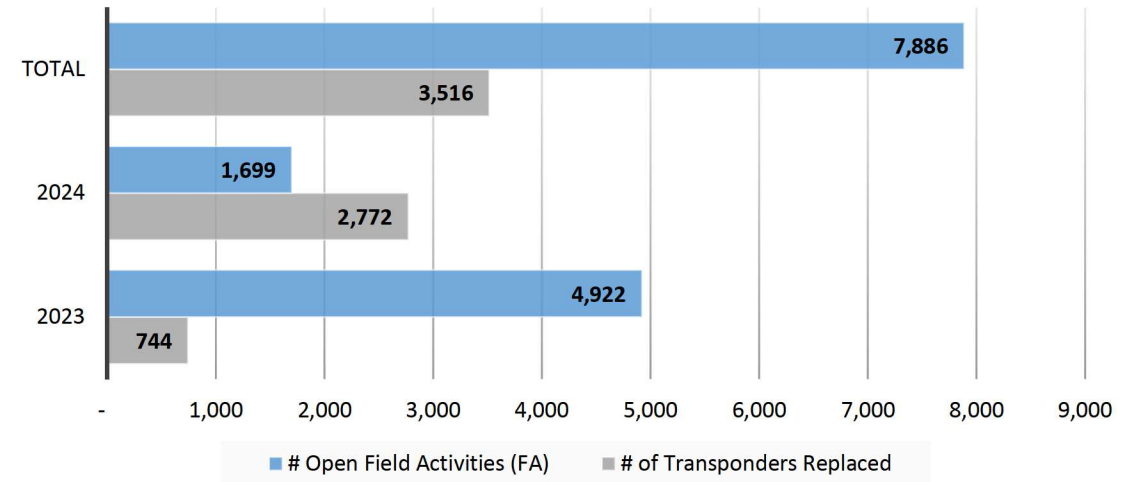


FISCAL DIVISION DASHBOARD

Customer Billing Statements

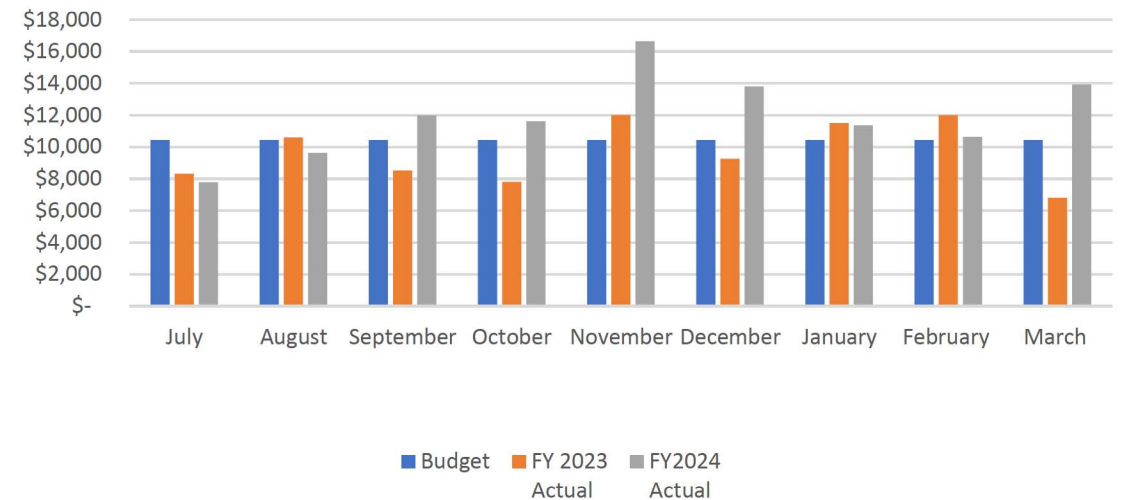


Transponder Replacement Progress



- Effective February 8, 2024, customer accounts billed on estimates were suspended. There are 19 meter reading routes island-wide with varying billing cycles.
- Operations Division has been working hard to replace the transponders. Anticipated ship date of 3,840 additional transponder and register units is April 25, 2024.
- The Billing Team continues to work through processing the necessary adjustments in order to generate the billing statements. The goal is to clear out the pending accounts, prior to the next wave of transponder replacements.
- Overtime will continue to increase and fluctuate.

Overtime



Department Of Water Budget Report for March 2024

	March 2024			Fiscal Year 2024			
	Budget	Actual	Variance	Year to Date Budget	Year to Date Actual	Variance	Variance %
Operating Revenue	\$ 2,777,499.00	\$ 4,948,992.76	\$ 2,171,493.76	\$ 24,997,491.00	\$ 27,864,463.86	\$ 2,866,972.86	11.1%
Expenses							
Labor *	\$ 1,075,032.00	\$ 1,027,894.40	\$ 47,137.60	\$ 9,675,288.00	\$ 9,251,049.31	\$ 424,238.69	4.4%
Services	828,127.00	443,679.99	384,447.01	7,453,143.00	2,233,187.20	5,219,955.80	70.0%
Utilities & Materials	647,822.00	890,600.19	(242,778.19)	5,830,398.00	4,923,018.32	907,379.68	15.6%
Total Operating Expenses	\$ 2,550,981.00	\$ 2,362,174.58	\$ 188,806.42	\$ 22,958,829.00	\$ 16,407,254.83	\$ 6,551,574.17	28.5%
Debt Service Principal & Interest	416,572.25	422,577.93	(6,005.68)	7,566,425.30	7,792,323.11	(225,897.81)	(3.0%)
Operating and Debt Expenses	\$ 2,967,553.25	\$ 2,784,752.51	\$ 182,800.74	\$ 30,525,254.30	\$ 24,199,577.94	\$ 6,325,676.36	20.7%
Net Income (Loss)	\$ (190,054.25)	\$ 2,164,240.25	\$ 2,354,294.50	\$ (5,527,763.30)	\$ 3,664,885.92	\$ 9,192,649.22	166.3%

* Current month's labor is estimated

Capital Projects and Purchases**

	Fiscal Year Budget	March FYD 2024 Actual	Remaining Budget
Water Utility Funded Projects ***			
IT Capital Purchases	\$ 2,505,000.00	\$ 25,714.11	\$ 2,479,285.89
Job 09-01 Yamada Tank	-	63,991.49	(63,991.49)
Job 15-07 HE-01 HE-10 Kaumualii Hwy 16" Main Boost	-	-	-
Job 11-07 HE-03 Hanapepe & Koloa Well MCC	-	23,115.00	(23,115.00)
Job 16-04 Kilauea Wells Rehab	-	266,170.19	(266,170.19)
Job 17-10 KW-07 Paua Valley Tank Repair	-	-	-
Job 18-03 Kuhio Hwy Hardy Oxford 16" Main	2,000,000.00	19,053.21	1,980,946.79
Job 23-02 Kuamoo Rd 8" Replacement	-	165,526.50	(165,526.50)
Job 23-03 Kuhio Hwy Papaloa to Waikaea	-	145,372.44	(145,372.44)
Job 23-07 Rehabilitate Puupilo Steel Tank	-	65,421.45	(65,421.45)
Job 23-14 Wailua Homesteads Tank	3,750,000.00	171,579.65	3,578,420.35
Ops Meter Replacement Program	-	-	-
Replace Fuel Pumps	30,000.00	11,305.68	18,694.32
Upgrade SCADA	500,000.00	116,991.90	383,008.10
Ops Capital Purchases	1,753,491.00	866,437.45	887,053.55
Projects with budget but no activity	4,985,000.00	-	4,985,000.00
Total	\$ 15,523,491.00	\$ 1,940,679.07	\$ 13,582,811.93

	\$ 15,523,491.00	\$ 1,940,679.07	\$ 13,582,811.93
FRC Funded Projects			
Job 04-08 Drill Kapaa Homestead Well 4	\$ 700,000.00	\$ 80,490.00	\$ 619,510.00
Projects with budget but no activity	400,000.00	-	400,000.00
	\$ 1,100,000.00	\$ 80,490.00	\$ 1,019,510.00
Build America Bonds Funded Projects			
Job 09-01 Yamada Tank	\$ -	\$ 52,373.11	\$ (52,373.11)
Job 02-06 Kilauea Tank	-	12,942.24	(12,942.24)
Projects with budget but no activity	6,100,000.00	-	6,100,000.00
	\$ 6,100,000.00	\$ 65,315.35	\$ 6,034,684.65
State Allotment Funded Projects			
Job 09-01 Yamada Tank	\$ -	\$ 1,752,406.13	\$ (1,752,406.13)
17-10 KW07 Paua Valley Tank Repair	-	461,202.90	(461,202.90)
Projects with budget but no activity	10,600,000.00	-	10,600,000.00
	\$ 10,600,000.00	\$ 2,213,609.03	\$ 8,386,390.97
State Revolving Funded Projects			
Job 09-01 Yamada Tank	\$ -	\$ 4,013,958.24	\$ (4,013,958.24)
Projects with budget but no activity	5,000,000.00	-	\$986,041.76
	\$ 5,000,000.00	\$ 4,013,958.24	\$ (3,027,916.48)
Total Capital Projects	\$ 38,323,491.00	\$ 8,314,051.69	\$ 25,995,481.07

** Capital projects and capital purchases with no activity in the 2024 fiscal year are presented in the aggregate

*** Zero balance budgets are prior year projects awaiting supplemental budget and Board approval

Selected Divisions

	March 2024			Fiscal Year 2024			
	Budget	Actual	Variance	Year to Date Budget	Year to Date Actual	Variance	Variance %
Engineering	\$ 454,613.00	\$ 299,000.86	\$ 155,612.14	\$ 4,091,517.00	\$ 2,440,234.65	\$ 1,651,282.35	40.4%
Fiscal	222,259.00	204,465.73	17,793.27	2,000,331.00	1,919,612.37	80,718.63	4.0%
Operations	1,257,036.00	1,400,886.61	(143,850.61)	11,313,324.00	9,648,692.88	1,664,631.12	14.7%
	\$ 1,933,908.00	\$ 1,904,353.20	\$ 29,554.80	\$ 17,405,172.00	\$ 14,008,539.89	\$ 3,396,632.11	19.5%

CASH RECEIPTS	TOTAL	3/31/2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
BEGINNING CASH BALANCE	\$ 60,000,000.00											\$ -	\$ -	\$ -	\$ -	\$ 60,000,000.00
Bond Proceeds																
Interest Income	\$ 2,132,887.12	\$ 283,438.77	\$ 10,145.00	\$ (321,259.46)	\$ 1,406.49	\$ 318,033.00	\$ 239,725.76	\$ 136,213.08	\$ 43,433.92	\$ 62,650.14	\$ 246,093.42	\$ 1,113,007.00				
TOTAL RESOURCES	\$ 62,132,887.12	\$ 283,438.77	\$ 10,145.00	\$ (321,259.46)	\$ 1,406.49	\$ 318,033.00	\$ 239,725.76	\$ 136,213.08	\$ 43,433.92	\$ 62,650.14	\$ 246,093.42	\$ 1,113,007.00	\$ -	\$ -	\$ -	\$ 60,000,000.00
201-01 BAB - CIP	\$ -															
Cost of Issurance	\$ 535,838.66															\$ 535,838.66
217 EA-194 Hanalei River & Moelepe Stream Pipeline	\$ 741,141.50															\$ 741,141.50
218 Job 02-18	Pipeline replacement, Kapaa Homesteads	\$ 2,941,979.00												\$ 966,229.51	\$ 1,975,749.49	
219 Job 04-02	Main replacement, Vivian Heights and Apopo Road and Kanahele Road	\$ 2,651,730.99											\$ 105,007.40	\$ 476,365.60	\$ 2,070,357.99	
220 Job 03-02	Anahola 0.15 MG Tank Renovation	\$ 1,571,169.09										\$ 417,459.47	\$ 738,342.29	\$ 348,437.12	\$ 66,930.21	
684 Job 05-01	Waimea Main Replacement	\$ 3,272,975.12												\$ 112,524.38	\$ 3,160,450.74	
687 Job 02-03	Kekaha 12" Main Replacement and Waimea Canyon Drive 12" Main Replacement	\$ 677,234.29												\$ 8,796.00	\$ 668,438.29	
221 Job 10-01	Pipeline replacement, Anini Road	\$ 724,652.00					\$ 320.25		\$ 40,444.75	\$ 99,727.00		\$ 75,360.00	\$ 91,600.00	\$ 331,800.00	\$ 85,400.00	
222 Job 10-02 & 13-03	Kaunualii Hwy widening, Anonoui St to Lihue Mill Bridge	\$ 5,208,503.03										\$ 603,320.00		\$ 4,368,972.73	\$ 236,210.30	
223 Job 05-06	PLH-25, 8" Main Replacement, Eiwa, Umi, Akahi, Elua & Hardy/Alohi Streets	\$ 2,710,970.00											\$ 207,527.45	\$ 1,837,108.24	\$ 666,334.31	
224 Job 02-16	Rehabilitation of Maka Ridge Deepwell Tank, Pipeline and Rdway, Ohana, Anolani & Kuamoo Roads	\$ 1,381,988.40										\$ 70,243.40	\$ 816,129.43	\$ 495,615.57		
227 Waimea Well A Renovation		\$ 639,282.53											\$ 299,937.43	\$ 308,235.45	\$ 31,109.65	
326 Job 02-02	Omao 0.5 MG Tank and connecting Pipeline	\$ 2,519,540.05												\$ 1,105,978.21	\$ 1,413,561.84	
228 Koloa Tank Site Acquisition		\$ 500,991.73													\$ 500,991.73	
230 Job 02-08	Rehabilitation of Eleele Twin 0.4 MG Steel Tanks	\$ 2,018,853.05										\$ 419,657.59	\$ 820,325.86	\$ 654,054.56	\$ 124,815.04	
231 Job 02-19	Waipouli Main Replacement to Akulikuli	\$ 2,229,690.39										\$ 140,809.76	\$ 460,829.74	\$ 1,628,050.89		
232 Job 02-14	Kapaa Homesteads 0.5 MG Tank #2 and Kapahi 1.0 MG Tank	\$ 410,240.21	\$ 104,355.40	\$ 12,281.25			\$ 28,276.20	\$ 181,031.23	\$ 33,913.47			\$ 4,820.46	\$ 44,327.74	\$ 1,234.46		
233 Job 09-01 K-01, K-12	Kalaheo 1111' & 1222' Water System Improvement	\$ 1,169,556.34	\$ 52,373.11	\$ 54,579.24	\$ 5,326.25	\$ 30,660.00	\$ 67,910.95	\$ 40,510.00	\$ 252,930.74	\$ 4,084.44	\$ 41,155.98	\$ 29,424.45	\$ 54,561.67	\$ 505,005.23	\$ 31,034.28	

CASH RECEIPTS		TOTAL	3/31/2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
683	Job 04-06 Kekaha Well B Renovation	\$ 627,165.43												\$ 42,828.60	\$ 265,223.57	\$ 319,113.26	
234	Kukuioolono Water Tank Site Acquisition	\$ 302,396.47														\$ 302,396.47	
235	Job 05-05 Nawiliwili, Niumalu and Kupolo 6", 8" and 12" Main replacement	\$ 3,150,226.75												\$ 689,732.75	\$ 2,460,494.00	\$ -	
237	Job 11-02 Replacement Grove Farm Tanks #1 & #2	\$ 201,658.00							\$ 24,767.90	\$ 33,185.10	\$ -	\$ 67,905.00	\$ 44,165.00	\$ -	\$ 31,635.00	\$ -	
692	PLH-39 Lihue Baseyd	\$ 7,755,133.98						\$ 15,035.86	\$ 544,777.77	\$ 575,693.09	\$ 5,951,097.31	\$ 1,510.40	\$ 1,466.25	\$ 382,445.74	\$ 283,107.56	\$ -	
621	Job 02-06 Kilauea 1.0 MG Tank	\$ 263,915.40	\$ 12,942.24					\$ 17,438.16	\$ 13,380.00				\$ 73,995.00	\$ 93,310.00	\$ 52,850.00		
238	Job 11-04 Lawai-Omao Water Main Replacement & Service Improvements	\$ 71,737.50										\$ 5,967.45		\$ 30,745.05	\$ 35,025.00		
239	Job 02-17 Maka Ridge Facilities Rehabilitation and Princeville Interconnection Plan	\$ 2,333,850.55										\$ 244,226.89	\$ 276,328.78	\$ 1,813,294.88			
240	Job 11-03 Land and Well Acquisition, Moloaa and Waimea, Kauai	\$ 159,938.00							\$ 3,678.00	\$ 25,300.00	\$ 14,160.00		\$ 23,290.00	\$ 71,730.00	\$ 21,780.00		
242	Job 02-11 Moloaa Land Acquisition	\$ -															
243	Job 11-06 Rehabilitate Moelelpe Tunnel and improve access road	\$ 19,200.00													\$ 19,200.00		
244	K-05A Kukuioolono 0.5 MG 886' Tank	\$ 193,578.95							\$ 67,715.05	\$ 61,552.30			\$ 64,311.60				
	Job 11-10 8" WL Halewili Kaumualii to Hale	\$ 694,331.55								\$ 282,186.78	\$ 412,144.77						
	Job 11-07 MCC Chlor KoloaWell16-A,B,E	\$ 3,667,032.67					\$ 44,513.76	\$ 1,623,383.03	\$ 1,999,135.88								
	Job 04-08 Kapaa Homesteads Well #4	\$ 1,502,796.10		\$ 32,504.61	\$ 162,138.43	\$ 43,250.00	\$ 588,360.39	\$ 676,542.67									
	TOTAL	\$ 52,849,297.73	\$ 65,315.35	\$ 191,439.25	\$ 179,745.93	\$ 73,910.00	\$ 700,785.10	\$ 2,401,506.17	\$ 3,087,416.57	\$ 1,056,359.93	\$ 6,518,285.06	\$ 349,034.19	\$ 2,210,406.85	\$ 6,723,168.75	\$ 16,360,816.36	\$ 11,654,128.06	\$ 1,276,980.16

Cash & Investment Balance \$ 9,283,589.39

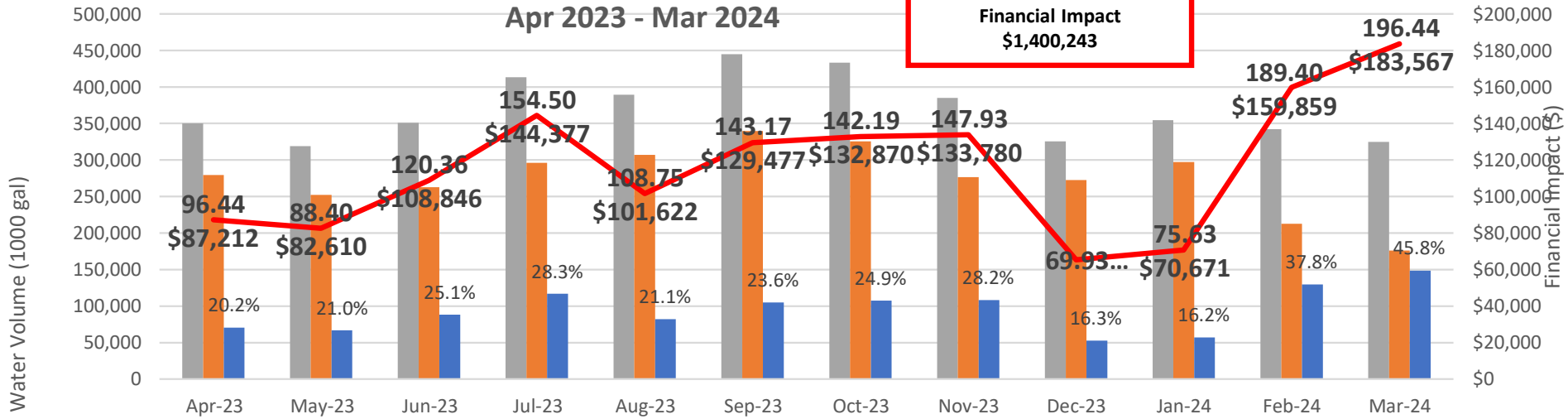


OPERATIONS DASHBOARD

Ops Highlights:

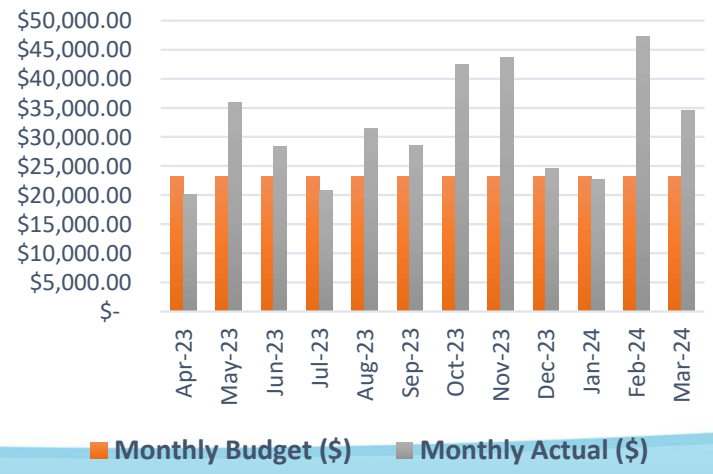
1. Continuous recruiting for Electronics Tradesperson. Interviewing for Pipefitter Helper and Water Plant Operator I. Recruited for Assistant Water Plant Operator.
2. 3,840 meter register/transponder sets expected to ship this month.
3. Cartegraph Enterprise Asset Management project go-live date is April 22nd. Backflow module has been incorporated with the go-live date.

Monthly Water Audit
Apr 2023 - Mar 2024

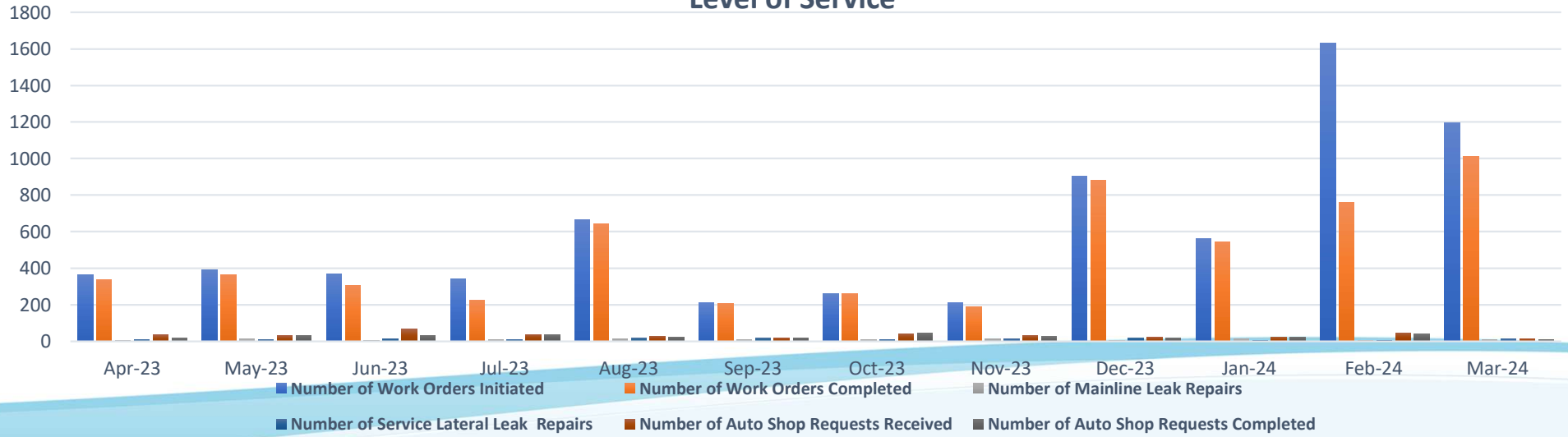


	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Produced (Kgals)	350,219	319,002	350,766	413,260	389,372	444,660	433,059	384,904	325,580	354,475	342,356	324,631
Customer Read (Kgals)	279,569	252,080	262,590	296,300	307,048	339,771	325,421	276,529	272,639	297,225	212,855	175,924
Non-Rev Water (Kgals)	70,650	66,922	88,176	116,960	82,324	104,889	107,638	108,375	52,941	57,250	129,501	148,707
Financial Impact	\$87,212	\$82,610	\$108,846	\$144,377	\$101,622	\$129,477	\$132,870	\$133,780	\$65,351	\$70,671	\$159,859	\$183,567

Overtime



Level of Service



OPERATIONS

	Last Month		Current Month		Previous FY		Current FY	
					Year to Date		Year to Date	
STAFFING								
Budgeted Staff Vacancies	49	8	48	9	49	8	48	9
OVERTIME								
Budget (\$) Actual (\$)	\$23,283.33	\$47,336.39	\$23,283.33	\$34,587.72	\$209,550.00	\$227,595.61	\$209,550.00	\$296,246.54
FLEET MANAGEMENT								
# of Vehicles Active per day	42		41		41		42	
# of Vehicles Active per month	837		770		826		857	
METER PROGRAM								
# of Existing Meters Replaced	4		2		30		20	
# of Existing Meters Repaired	486		542		1003		2413	
# of New Meters Installed	8		0		90		52	
# of New Laterals Installed	3		0		28		10	

OPERATIONS



LEVEL OF SERVICE

	Last		Current		Previous		Current	
	Month	Month	Month	Month	FY YTD	FY YTD	FY YTD	FY YTD
# of Work Orders Initiated	1634		1195		2427		5985	
# of Work Orders Completed	762		1010		2139		4732	
# of Mainline Leak Repairs	6		12		101		97	
# of Service Lateral Leak Repairs	6		13		91		113	
# of Calls for Service	210		185		1629		1805	
# of Temporary Hydrant Meters Installed	0		3		20		23	
# One Call Request Received Completed	31	31	29	29	267	267	357	356
# of Auto Shop Requests Received Completed	48	39	16	12	365	293	273	252
# of Hydrant Hits	2		2		17		22	

WATER AUDIT

	Last	Current Month	Previous	Current
	Month		FY YTD	FY YTD
Water Produced (Million Gallons)	342.356	324.631	3452.568	3412.296
Customer Meter Reading (Million Gallons)	212.855	175.924	2899.561	2503.712
Non-Revenue Water (Million Gallons)	129.501	148.707	553.007	908.584
Non-revenue %	38%	46%	16%	27%
Financial Impact	\$159,858.62	\$183,566.31	\$682,642.90	\$1,121,574.52



ENGINEERING DASHBOARD

	Last Month		Current Month		Previous FY Year to Date		Current FY Year to Date	
STAFFING								
Budgeted Staff Vacancies	23	4	23	5	21	8	23	5
OVERTIME								
Budget (\$) Actual (\$)	\$4,900	\$24,100	\$4,900	\$19,700	\$44,300	\$65,200	\$44,300	\$166,300

	Last Month		Current Month	
PROJECT MANAGEMENT				
DOW Projects In Design In Construction	30	6	30	6
Private Projects Design Approved In Construction	57	11	57	145
Private Projects Construction Completed	0		0	

CIP Project Highlights:

- Kalāheo Water System Improvements
 - Yamada Tank retaining wall almost complete
 - Clear Tank site being cleared
- Paua Valley Tank No. 1 Rehab
 - Leak test complete
- Kapa‘a Homesteads 325’ Tanks
 - Contracting HDCC
- Weke, ‘Aanae, Mahimahi and He‘e Roads Water Main Replacement
 - Reviewing bids
- Kapa‘a Homesteads Well No. 4 Pump and Controls
 - Direct negotiations
- Kūhiō Hwy (Hardy-Oxford) Main Replacement
 - Design drawings receiving final review
- Kuamoo Road Water Main Replacement
 - 30% submittal complete
- Lāwa‘i 6” and 8” Main Replacement
 - Contracting The Limtiaco Consulting Group

ENGINEERING DASHBOARD

	Last Month		Current Month		Previous FY Year to Date		Current FY Year to Date	
WATER RESOURCES AND PLANNING								
Number of Customer Requests Received Completed								
Subdivision Applications, Zoning, Land Use and Variance Permits	4	1	4	2	29	69	55	59
ADU/ARU Clearance Applications	1	3	12	8	61	61	25	42
Building Permits	145	165	196	170	504	1,208	1,291	1,295
Water Service Requests	25	15	25	17	121	182	196	195
Government Records Request	3	3	2	1	9	5	17	17
Backflow Inspection # of Devices Tested	73		101		940		904	

- DOW Project Highlights:
- KWUDP Update
 - Meeting with DHHL beneficiaries on 3/21, 3/28
 - Public hearing held by CWRM, 5/21 at 5:30p, KCC
 - Water System Improvements Plan (WSIP)
 - Evaluating CIP project list
 - Lead and Copper Rule Revisions (LCRR) Update
 - Third week of field work performed last week

QUARTERLY UPDATE

Period of January 1, 2024 to March 31, 2024

ENGINEERING DIVISION

Submitted by: Jason Kagimoto, P.E.

DEPARTMENT OF WATER

January 25, 2024

Executive Summary

Updates for this quarter:

- **Water Resources and Planning Section**

- Subdivision-Land Use Applications Completed = 17
- ADU/ARU Clearance Applications Completed = 11
- Building Permit Applications Reviewed = 441
- Water Service Requests Completed = 65
- Backflow Devices Inspected and Tested = 294
- Kaua'i Water Use and Development Plan Update – Held DHHL public meetings and will have public hearing hosted by CWRM on 5/21
- Water Systems Investment Plan – Evaluating CIP program
- Lead and Copper Rule Revisions (LCRR) Update – Approximately halfway through field work

- **Project Management Section**

- Overseeing 30 ongoing DOW CIP design projects
- Overseeing 4 ongoing DOW CIP construction
- Rehabilitate Paua Valley Tank No. 1 – In construction, nearing completion
- Kalāheo Water System Improvements – In construction
- Kapa'a Homesteads 325' Tanks – Contracting
- Kapa'a Homesteads Well No. 4 Pump and Controls – Direct Negotiations
- Weke, Anae, Mahimahi and Hee Roads Main Replacement – Reviewing Bids
- Kūhiō Highway (Hardy-Oxford) 16" Main Replacement – Preparing to Bid Out Early FY25

Water Restriction Areas

Water System/Sub-System	Restrictions (5/8-inch water meter or number units per lot)	Inadequate Facilities	Comments
Upper Lāwaʻi	2	Storage	Administration Approved
Poʻipū	300	Storage	Board Approved (50% of new tank allowed for new development; 50% to make up storage deficit)
Wailua Homesteads	5	Storage	Administration Approved
Upper Wailua Homesteads	2	Storage	Administration Approved
Kapaʻa Homesteads	5	Source	Board Approved
Moloaʻa	0	Source and Storage	Water Purchase Agreement
Kīlauea-Kalihiwai	5	Source and Storage	Administration Approved
Aliomanu – Kukuna Road	0	Transmission	Administration Approved
ʻAnini	1	Source and Storage	Water Purchase Agreement
Upper Wainiha Valley	1	Storage	Administration Approved
Wainiha – Hāʻena	3	Storage	Administration Approved

Water Plan 2020 Construction Project Status

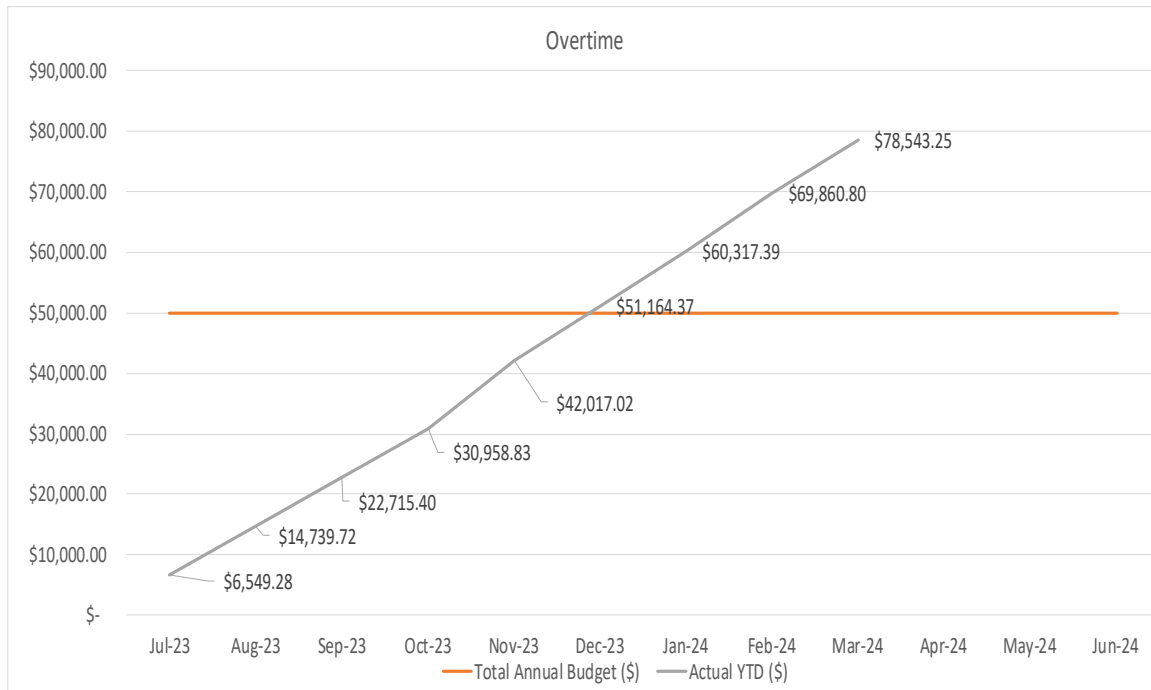
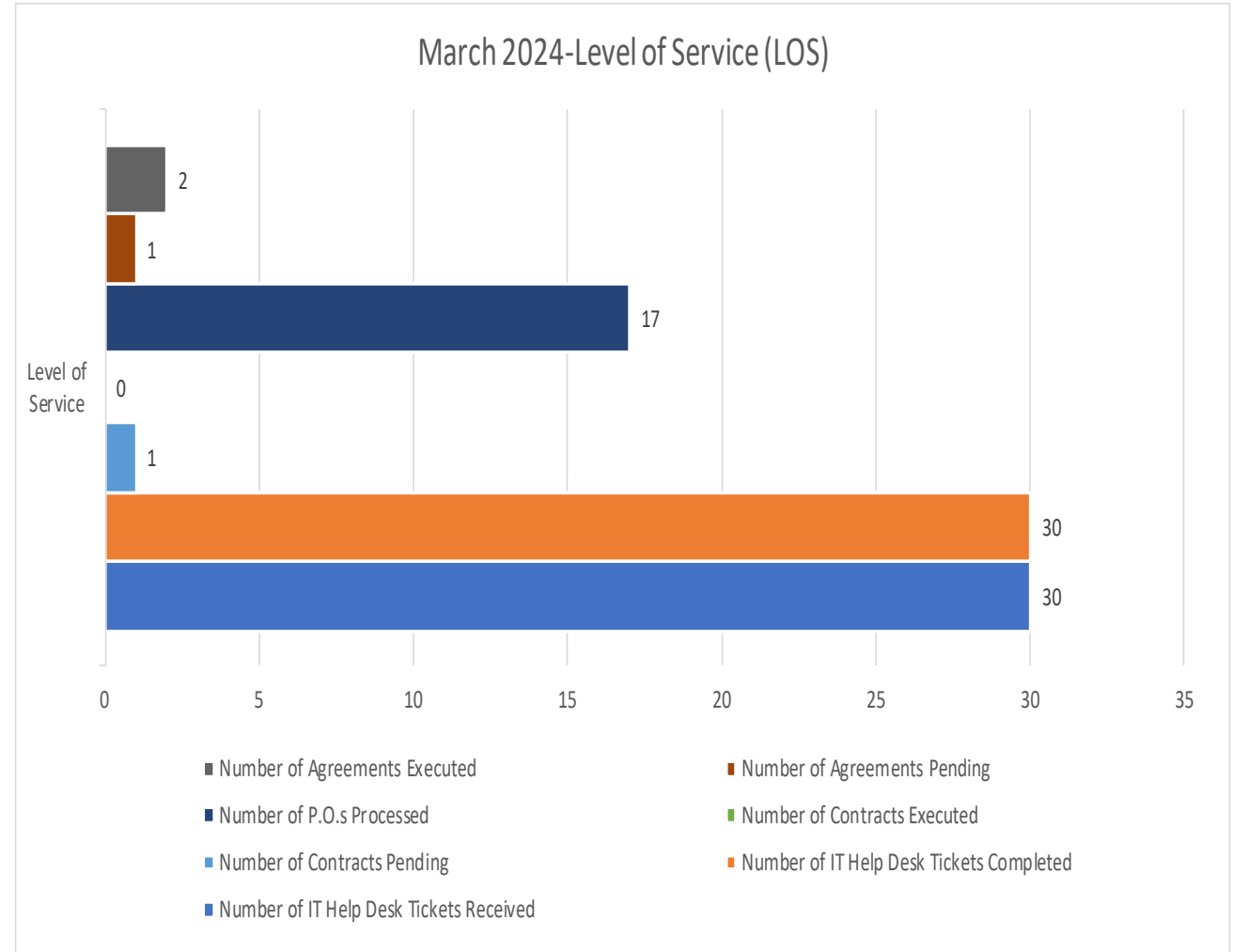
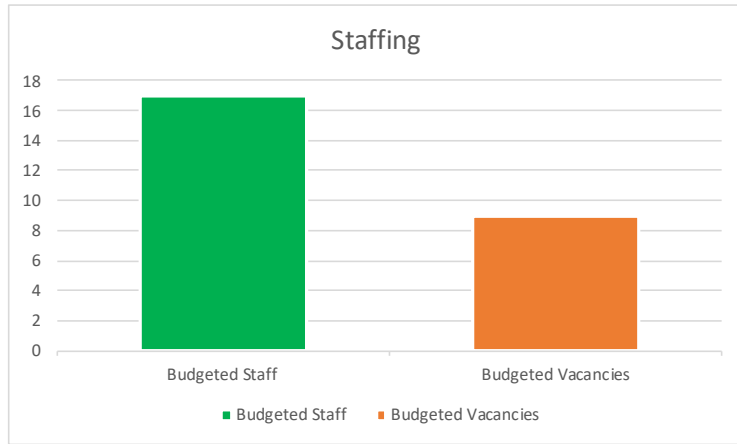
WP 2020 NUMBER	JOB NO	PROJECT TITLE	% COMPLETE MARCH 2024	ORIGINAL ESTIMATE TO COMPLETE	CURRENT ESTIMATE TO COMPLETE	CURRENT CONTRACT AMOUNT
WK-08	02-14	Kapa'a 352' Tanks – Package A Drain Line	80%	Q3 2019	Q4 2024 (1)	\$2,354,293.35
WK-39		Drill and Test Kapa'a Homestead Well No. 4	80%	Q3 2019	Q4 2024 (1)	\$2,605,418.35
K-01 & K-12	09-01	Kalaheo Water System Improvements Package A – 0.5 MG Yamada Reservoir Package B – 0.1 MG Clearwell Reservoir Package C – Water Main Installation	25%	Q1 2025	Q1 2026	\$21,756,430.00 (2)
PLH-35B	16-02	Kapaia Haul Cane Road 18" Transmission Line	10%	Q3 2019	Q4 2026 (3)	\$4,127,545.00
WKK-03	16-04	Kilauea Wells Nos. 1 and No. 2, MCC, Chlorination Facilities	45%	Q3 2024	Q3 2025	\$3,211,866.80 (4)
KW-07	17-10	Rehabilitate Paua Valley Tank No. 1, 0.5 MG Tank	80%	Q2 2021	Q2 2024	\$3,745,064.48 (5)
					TOTAL =	\$37,800,617.98

- (1) Additional contract time required to perform environmental assessment, re-design drainage system and obtain land-owner approval for DOW drainage easement.
- (2) \$10.2M State funding assistance
- (3) Project issued stop work order and is on hold.
- (4) \$1.3M State funding assistance
- (5) \$1.2M State funding assistance

Supplemental Support Services

Contract Number	Company	Professional Service	Contract Amount	Amount Invoiced	Number of PAOs
723	Esaki Surveying & Mapping, Inc.	As-Needed Surveying	\$20,000	\$1,500	3
725	Bowers + Kubota	Kalāheo Wtr Sys Imp CM	\$1,010,000	\$270,100	N/A
728	RM Towill, Inc.	As-Needed CM	\$1,000,000	\$32,000	3
732	Bowers + Kubota	Kīlauea Wells 1 & 2 CM	\$325,000	\$218,200	N/A

ADMINISTRATION DASHBOARD



ADMINISTRATION

	Feb-24		Mar-24		Previous FY YTD		Current FY YTD	
STAFFING								
Budgeted Staff vs Vacancies (Admin-HR-IT-PR)	17	8	17	9	10	7	17	9
OVERTIME								
Budget (\$) vs Actual (\$)	\$ 4,166.67	\$ 9,543.41	\$ 4,166.67	\$ 8,682.45	\$ 37,500.00	\$ 71,389.82	\$ 37,500.00	\$ 78,543.25

	Feb-24		Mar-24		Previous FY YTD		Current FY YTD	
LEVEL OF SERVICES								
# of IT Help Desk Tickets Received Completed	53	40	30	30	160	122	388	265
# of Legal Claims Outstanding Resolved	0	0	3	1	2	0	3	1
# of Contracts Pending Executed	1	2	1	0	6	3	1	10
# of Purchase Orders Processed	11		17		126		199	
# of Agreements Pending Executed	0	4	1	2	9	25	1	30
# of MOU MOA Pending	0	0	0	0	0	1	0	0
# of MOU MOA Executed	0	0	0	0	0	0	1	0
# of Customer Remarks	0		0		3		1	
# of Customer Compliments	0		0		3		5	

Notes: DOW Dashboard data tracking started November 2022 & Legal claims are compiled quarterly as of March, June, September, & December



DEPARTMENT OF WATER

“Water has no Substitute – Conserve it!”

INFORMATION & EDUCATION SPECIALIST REPORT

April 18, 2024

Public Notices and Announcements

All news releases are sent to statewide media partners, published on the Department of Water’s (DOW) Facebook page and the County of Kaua’i’s website at www.kauai.gov/press-releases. Notices labeled as a Public Service Announcement (PSA) are shared directly with local newspaper and radio stations and posted on the Department’s Facebook page. Additionally, all roadwork notices are emailed to the Department of Transportation’s (DOT) communications office.

Service Announcements

<i>Date Issued</i>	<i>Water System & Affected Service Areas</i>	<i>Announcement</i>	<i>Effective Date & Times</i>	<i>Other Notices</i>
3-14-24	KAPA’A - Portion of Kuamo’o Road, Lihau Street, Kuhoho Street, Aleo Street, Pa’ako Street, Hie Street, Iliki Street, Molo Street and Alahele Street.	Emergency water service shutdown in Kapa’a beginning at 1 p.m.	1 p.m. to 4 p.m.	Kauai County Alerts
3-14-24		Water service restored	Approx. 3:45 p.m.	Kauai County Alerts
3-15-24	n/a	Free leak detection toilet tablets for EPA’s Fix a Leak Week throughout March	March 1-31	In-store display & in main lobby <i>(Media article attached)</i>
3-15-24	n/a	DOW awards outstanding Employees of the Year		
3-20-24	LIHUE – Portion of Nawiliwili Road and Lala Road	Emergency water service shutdown scheduled on Nawiliwili Road and Lala Road	March 20, from 9 a.m. to 2 p.m. weather permitting	Kauai County Alerts <i>(Media article attached)</i>
3-25-24	KAPA’A - Portion of Kuamo’o Road, Lihau Street, Kuhoho Street, Aleo Street, Pa’ako Street, Hie Street, Iliki Street, Molo Street and Alahele Street.	Emergency water service shutdown in Kapa’a	March 25, from approximately 10 a.m. to 1:30 p.m.	Kauai County Alerts
3-25-24	KALAHEO – Kalaheo Water Systems Improvement Project	Partial lane closure notices on Pu’uwai Road extended through April 30	April 1-30 from 8 a.m. to 3:30 p.m.	Kauai County Alerts

Public Relations Programs

Community Outreach & Education

- The Department participated in the national, “Fix a Leak Week” campaign March 18-22 for its 14th consecutive year in partnership with the Environmental Protection Agency (EPA) WaterSense program. The campaign included a month-long distribution of free leak

detection toilet tablets at M. Tanaka Store and in the DOW's main lobby. Approximately 175 toilet tablets were distributed as a result of this campaign.

- The Department is participating in the EPA's Your Better Yard campaign to promote outdoor water conservation efforts in our community. PR staff hosted a community booth at the Grove Farm Market on Saturday, April 6 to provide an exhibition of water-saving information, displays and distributed free garden hose nozzles. Using a spin-the-wheel attraction, customers received additional conservation tools, water bottles and information. Approximately 190 hose nozzles were distributed as a result of this outreach event and more than 250 residents and visitors participated (*Media feature and event photos attached*).

Advertising & Communications

- The Department's "Wise Water Wednesday" advertising awareness campaign for the month of April included water service line inspection notices, Outdoor water saving tips, and promotional announcements for our free hose nozzle giveaway. The weekly media campaign is posted on the Department's Facebook page, aired on local radio stations and published in the Garden Island Newspaper.
- Additional advertisements were published in the MidWeek publication and via radio spots to promote the department's participation in EPA's Your Better Yard campaign and community outreach event on April 6. Scheduled advertising also includes information on the monthly water service inspections being conducted island wide as part of the Lead and Copper Rules Revision (LCRR) program.
- A letter notifying customers of an unauthorized user that entered the department's administrative network was mailed to all customers the week of March 11.

Upcoming Community Outreach & Educational Events

- EPA Your Better Yard Community Outreach Event – April 6, 2024
- National Drinking Water Week – May 6-10, 2024
- Project WET Educator Workshop – June 21, 2024

Project WET (Water Education Today) Hawaii

- Project WET is coordinating an Educator Resource Workshop for Kauai teachers on June 21st in Lihue. This will be the first Educator Workshop hosted on Kauai since 2014.
- The annual Make a Splash with Project WET Festival is tentatively scheduled for Friday, Sept. 20, 2024, pending confirmation of venue permit.

Attachments: *KauaiNowNews* (Pick up your free leak-detection toilet tablets for Fix a Leak Week)

KauaiNowNews (Water service shutdown scheduled in Lihue)

GardenIsland (Happy Camper feature on April 8, 2024)

Kauai News

Pick up your free leak-detection toilet tablets for Fix a Leak Week

March 15, 2024 · 10:48 AM HST



Listen to this Article
3 minutes

A A A

The U.S. Environmental Protection Agency's WaterSense program announces its annual Fix a Leak Week campaign, as a reminder that responsible water use includes identifying and repairing leaks in household plumbing fixtures and irrigation systems.



Darran Toyofuku of M. Tanaka Store points out a toilet flapper amongst the large selection of the store's toilet flapper options. Photo courtesy: Department of Water

Fix a Leak Week is celebrated this year from March 18-24 but the Department of Water is honoring the campaign throughout the month.

“Every household can be a successful participant of Fix a Leak Week by simply checking household plumbing fixtures for leaks,” said Joe Tait, DOW’s Manager and Chief Engineer. “Most leaks can be easily corrected and don’t require a major investment, while the impact on water efficiency is tremendous.”

In conjunction with Fix a Leak Week, the county has partnered with M. Tanaka Store (commonly referred to as Tanaka Hardware Store) to offer free, leak detection toilet tablets to customers throughout the entire month of March, while supplies last.

M. Tanaka Store is located at 2974 Kalena St. in Līhu‘e, and is open Monday through Friday from 7:30 a.m. to 4 p.m. and Saturdays from 8 a.m. to noon.

Additionally, the Department of Water is offering free, leak detection toilet tablets at its Līhu‘e office during normal business hours.

The EPA’s WaterSense program reports that, “The average household’s leaks can account for more than 10,000 gallons of water wasted every year, or the amount of water needed to wash 270 loads of laundry.”

###

Kauai News

Water service shutdown scheduled in Līhu‘e

March 20, 2024 · 12:34 PM HST



Listen to this Article
1 minute



An emergency water service shutdown is scheduled for portions of Nawiliwili Road and Lala Road to relocate a valve on the main line, Thursday.

The Kaua‘i County Department of Water will conduct work from 9 a.m. to 2 p.m., weather permitting. The following portions of Nawiliwili Road and Lala Road are affected: Nawiliwili Road from Nokekula Circle to Lala Road; Lala Road from Nawiliwili Road to Kaua‘i High School.

To prepare for the service shutdown, customers are advised to take the following steps:

- Store water to meet your needs until service can be restored.
- Notify neighbors, family and friends of the service shutdown.
- Those with faulty water heaters should ensure that their water heaters do not empty.
- Monitor water service updates online at www.facebook.com/KauaiDOW.

Customers have been notified via door-to-door notices. For more information, call the Department of Water at 808-245-5455.

###

for your information



Dennis Fujimoto

Happy Camper



Top: Retired plumber Nelson Cayetano gets his free hose nozzle from Jonel Kaohelauli'i and Ani Turner of the Department of Water on Saturday, April 6, 2024, during the "Save Water Outdoors" campaign at Grove Farm Market.

###

Other event photos by DOW PR staff:



Above: Customers line-up to receive their free nozzle and spin the wheel for additional conservation tools.

Right: "Save Water Outdoors" flyer with tips on how outdoor water conservation.

SAVE WATER OUTDOORS

Choose less thirsty plants
Choosing the right plants is key to a thriving landscape. Select plants that require less watering. Native plants typically do well on natural rain fall and can be better choices.

Try xeriscaping
Minimize outdoor watering by trying a xeriscape design for your backyard (or front yard) project! A cultural rock garden can add sophistication to your curb appeal. Select plants that do well in your environment and group them according to their needs for water and sun to manage watering efficiently.

Water wisely
Water before 9 a.m. or after 5 p.m. to minimize evaporation and soil saturation.

NOZZLE ON!
FREE* HOSE NOZZLE GIVEAWAY
AT DEPT. OF WATER BOOTH
ON SAT. APRIL 6, 2024
AT GROVE FARM MARKET IN PUHI

*while supplies last.

Department of Water

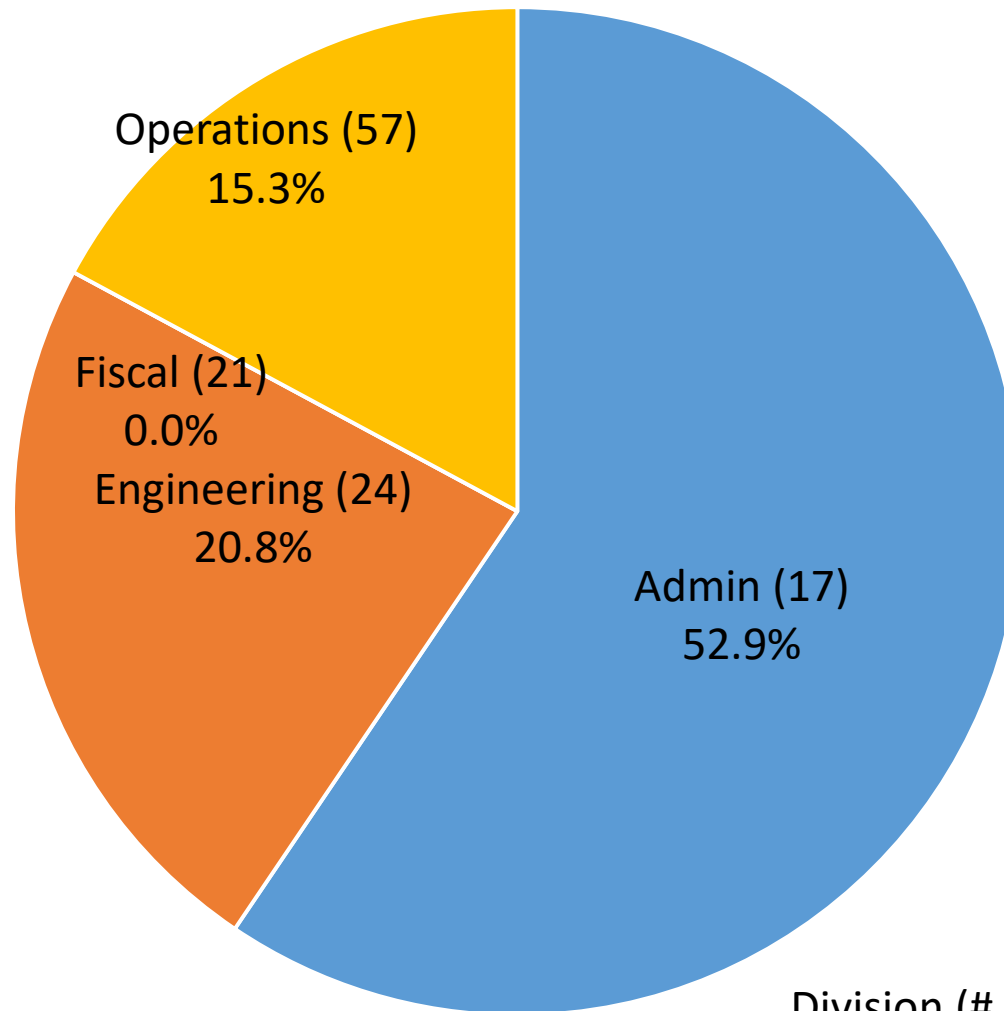
Water

County of Kauai

For more water saving tips, visit www.kauaiwater.org

4398 Pua Loke Street, Lihue, HI 96766
808-245-5455 | Facebook: @KauaiDOW

% Vacancy Within Each Division Level



Division (# Auth) - % Vacant

DEPARTMENT OF WATER

County of Kaua‘i

“Water has no substitute – Conserve It!”

MANAGER’S UPDATE

April 18, 2024

Pursuant to Board Policy No. 3

CONTRACTS AWARDED, EXTENDED, AND/OR AMENDED

**1. CHANGE ORDER NO. 3 FOR CONTRACT NO. 735 WITH DERRICK’S WELL DRILLING & PUMP SERVICES, LLC.
JOB NO. 23-01, KŌLOA WELL “A” PUMP REPLACEMENT**

RECOMMENDATION:

It is recommended that the Manager approve Change Order No. 3 for a contract time extension of 70 calendar days to the contract time.

FUNDING:

Account No.	10-40-50-560-000		
Acct Description	WU/Ops/PandP/Repairs and Maintenance – Water System		
Funds Available	<i>Verified by WWC</i>		\$N/A
Contract No.	735		
Vendor	Derrick’s Well Drilling & Pump Services, LLC		
	Contract Amount	\$169,316.00	
	5% Contingency	\$8,466.00	
	Change Order No. 1 (05/18/23)	\$0.00	
	Change Order No. 2 (02/15/24)	\$0.00	
	Total Funds Certified To Date	\$177,782.00	
Change Order No. 3:			
	Contract Time Extension of 70 calendar days	\$0.00	
	Total Change Order	\$0.00	<\$N/A>
Contract Amount To Date	\$169,316.00		
Fund Balance			\$N/A

BACKGROUND:

Contract NTP Date: May 1, 2023
 Original Contract End Date: January 26, 2024
 New Contract End Date: July 9, 2024

This contract amendment is to add a no cost time extension. There have been additional delays in completing fabrication and shipping of the discharge head from the pump manufacturer. Lead times for replacement discharge heads are longer than usual and outside of the Contractor’s ability to control.

**2. CONSTRUCTION CONTRACT AWARD TO HAWAIIAN DREDGING CONSTRUCTION COMPANY, INC.
 JOB NO. 02-14, WP2020 WK-08, KAPA'A HOMESTEADS 325' TANKS, TWO 0.5 MG TANKS, PACKAGE B – TANKS PACKAGE, KAPA'A, KAUA'I, HAWAI'I**

RECOMMENDATION:

It is recommended that the Manager approve a construction contract award to Hawaiian Dredging Construction Company, Inc. in the amount of \$23,347,000.00.

FUNDING:

Account No.	10-20-00-604-116		
Acct Description	WU-Eng WK-08-Kapa'a Homesteads 2-0.5MG Tanks		\$6,497,000.00
Account No.	20-20-00-605-116		
Acct Description	FRC-Eng WK-08-Kapa'a Homesteads 2-0.5MG Tanks		\$3,500,000.00
Account No.	30-20-00-605-116		
Acct Description	BAB-Eng WK-8, Kapa'a Homesteads 2-0.5MG Tanks		\$7,250,000.00
Account No.	40-20-00-605-116		
Acct Description	SAG-Eng WK-8, Kapa'a Homesteads 2-0.5MG Tanks		\$900,000.00
Account No.	60-20-00-605-116		
Acct Description	SRF-Eng WK-8, Kapa'a Homesteads 2-0.5MG Tanks		\$5,200,000.00
Funds Available	<i>Verified by WWC</i>		\$23,347,000.00
Contract No.	759		
Vendor	Hawaiian Dredging Construction Company, Inc.		
	Contract Amount	\$23,347,000.00	
	5% Contingency	\$0.00	
	Total Funds Certified	\$23,347,000.00	<\$0.00>
Fund Balance			\$0.00

BACKGROUND:

The Kapa'a Homesteads 325' Tanks, Two 0.5 MG Tanks, Package B – Tanks Package project consists of the construction of two (2) 0.5 million gallon storage tanks and approximately 1,700 linear feet of ductile iron pipeline (16" and 12") and associated appurtenances in accordance with the construction document requirements.

Construction bids were opened and reviewed on August 24, 2023 as follows:

Earthworks Pacific, Inc. (non-responsive)	\$22,256,270.00
Hawaiian Dredging Construction Company, Inc. (responsive)	\$23,347,000.00
Kiewit Infrastructure West Co. (responsive)	\$26,564,000.00

The Engineer's estimate for the project work was \$17,500,000.00. The project is funded in part by a state appropriation of \$7,250,000.00 with a 100% match of \$7,250,000.00 and requires encumbrance no later than June 30, 2024. The project was procured via the low bid process and the apparent low bidder's proposal was deemed non-responsive. The second low bidder's proposal was deemed responsive and acceptable. Manager's Report No. 24-10 was also submitted and approved at the regular board meeting on March 21, 2024.

**3. CONSTRUCTION CONTRACT AWARD TO HAWAIIAN DREDGING CONSTRUCTION COMPANY, INC.
 JOB NO. 02-14, WP2020 WK-08, KAPA‘A HOMESTEADS 325’ TANKS, TWO 0.5 MG TANKS, PACKAGE B – TANKS PACKAGE, KAPA‘A, KAUA‘I, HAWAI‘I**

RECOMMENDATION:

It is recommended that the Manager approve a construction contract award to Hawaiian Dredging Construction Company, Inc. in the amount of \$23,347,000.00.

FUNDING:

Account No.	10-20-00-604-116		
Acct Description	WU-Eng WK-08-Kapa‘a Homesteads 2-0.5MG Tanks		\$6,497,000.00
Account No.	20-20-00-605-116		
Acct Description	FRC-Eng WK-08-Kapa‘a Homesteads 2-0.5MG Tanks		\$3,500,000.00
Account No.	30-20-00-605-116		
Acct Description	BAB-Eng WK-8, Kapa‘a Homesteads 2-0.5MG Tanks		\$7,250,000.00
Account No.	40-20-00-605-116		
Acct Description	SAG-Eng WK-8, Kapa‘a Homesteads 2-0.5MG Tanks		\$900,000.00
Account No.	60-20-00-605-116		
Acct Description	SRF-Eng WK-8, Kapa‘a Homesteads 2-0.5MG Tanks		\$5,200,000.00
Funds Available	<i>Verified by WWC</i>		\$23,347,000.00
Contract No.	759		
Vendor	Hawaiian Dredging Construction Company, Inc.		
	Contract Amount	\$23,347,000.00	
	5% Contingency	\$0.00	
	Total Funds Certified	\$23,347,000.00	<\$0.00>
Fund Balance			\$0.00

BACKGROUND:

The Kapa‘a Homesteads 325’ Tanks, Two 0.5 MG Tanks, Package B – Tanks Package project consists of the construction of two (2) 0.5 million gallon storage tanks and approximately 1,700 linear feet of ductile iron pipeline (16” and 12”) and associated appurtenances in accordance with the construction document requirements.

Construction bids were opened and reviewed on August 24, 2023 as follows:

Earthworks Pacific, Inc. (non-responsive)	\$22,256,270.00
Hawaiian Dredging Construction Company, Inc. (responsive)	\$23,347,000.00
Kiewit Infrastructure West Co. (responsive)	\$26,564,000.00

The Engineer’s estimate for the project work was \$17,500,000.00. The project is funded in part by a state appropriation of \$7,250,000.00 with a 100% match of \$7,250,000.00 and requires encumbrance no later than June 30, 2024. The project was procured via the low bid process and the apparent low bidder’s proposal was deemed non-responsive. The second low bidder’s proposal was deemed responsive and acceptable. Manager’s Report No. 24-10 was also submitted and approved at the regular board meeting on March 21, 2024.

4. PROFESSIONAL SERVICES NO. DOW-2024-PROF-1, CONTRACT AWARD TO THE LIMTIACO CONSULTING GROUP, INC. JOB NO. 24-02, PROJECT NO. LO-10, LĀWA‘I 6-INCH AND 8-INCH MAIN REPLACEMENT PROJECT

RECOMMENDATION:

It is recommended that the Manager approve a professional services contract award to The Limtiaco Consulting Group, Inc. in the amount of \$199,914.24.

FUNDING:

Account No.	10-20-00-604-110		
Acct Description	WU/Eng/AdminCapital Outlay – R&R		
Funds Available	<i>Verified by WWC</i>		\$200,000.00
Contract No.	760		
Vendor	The Limtiaco Consulting Group, Inc.		
	Contract Amount	\$199,914.24	
	Contingency	\$85.76	
	Total Funds Certified	\$200,000.00	<\$200,000.00>
Fund Balance			\$0.00

BACKGROUND:

The Department of Water (DOW) has identified the subject project in Water Plan as LO-10. The subject project will provide 60% design documents and initial permitting services for the replacement of approximately 6,400 linear feet of pipe on various streets in Lāwa‘i, including Anuenue Road, Aulima Road, Huapoo Road, Oyama Road, Konishi Road, Piko Road, Uha Road, Blackstad Road, Blackstad Lane, and Kalua Moa Road.

CONVEYANCE OF WATER FACILITIES \$ 212,608.11

<u>APPLICANT</u>	<u>TMK #</u>	<u>LOCATION</u>
Humehume LLC	2-3-002:115	Kalaheo
Kellie McEvoy	2-3-013:041	Kalaheo
Kauai Habitat – Kauhale O Waipouli	4-3-009:051 4-3-009:071	Waipouli