

MINUTES
BOARD OF WATER SUPPLY
Thursday, April 16, 2026

The Board of Water Supply, County of Kaua‘i, met in a regular meeting in Līhu‘e on Thursday, April 16, 2026. Chair Tom Shigemoto called the meeting to order at 9:31 a.m. The following Board members were present:

BOARD:

Mr. Tom Shigemoto, *Chair*
Ms. Micah Finnila, *Vice-Chair*
Mr. Clyde Kodani
Mr. Ka‘aina Hull
Mr. Eric Fujikawa
Mr. Troy Tanigawa (*remote*)
Ms. Anastacia Perry, *Student member*

EXCUSED:

Quorum was achieved with 6 members present at Roll Call; Board member Simonton entered the meeting at 9:35 a.m.

ANNOUNCEMENTS

1. Next Scheduled Board Meeting: Thursday, May 21, 2026

APPROVAL OF AGENDA

The agenda was approved with no objections

MEETING MINUTES

1. Regular Board Meeting – February 19, 2026
The minutes of the February 19, 2026 Regular Board meeting were received for the record.

PUBLIC TESTIMONY

No public testimony was given.

NEW BUSINESS

1. Manager’s Report No. 26-36 Discussion and Possible Action to Request Board Approval of the Indemnification Provision in the Construction Right-of-Entry (ROE) Agreement with BD Pacific Holdings LLC for the Kūhiō Highway (Hardy-Oxford) 18” Main Replacement Project at TMK (4) 3-6-006:093 and (4) 3-6-006:094, Līhu‘e, Kaua‘i, Hawai‘i

Engineering Division Head Jason Kagimoto explained the work being done on that portion of Kuhio Highway to remove the water lines that the lateral mains are connected to. The two water mains that are within private property, one on the Makai side and one on the Mauka side, which DOW does not currently have a Grant of Easement for. This construction right-of-entry will allow work to be done to upgrade the meter box and tie the lateral into the new water line on the Mauka side. DOW is requesting the Board’s approval of the indemnification provision within the ROE Agreement.

Board member Kodani moved to approve Manager’s Report No. 26-36, seconded by Mr. Hull; with no objections, motion carried with 6 Ayes.

2. Manager's Report No. 26-37 Discussion and Possible Action to Request Board Approval of the Indemnification Provision in the Construction Right-of-Entry (ROE) Agreement with E&M Holdings, LLC for the Kūhiō Highway (Hardy-Oxford) 18" Main Replacement Project at TMK (4) 3-6-006:089, Līhu'e, Kaua'i, Hawai'i

Engineering Division Head Jason Kagimoto provided a summary of the Manager's Report submitted, noting this is the same situation as the previous item, just at a different location.

Board member Kodani moved to approve Manager's Report No. 26-37, seconded by Mr. Fujikawa; with no objections, motion carried with 6 Ayes.

3. Manager's Report No. 26-38 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, 2025

Ryan Iwane, Senior Manager of NNK CPAs joined the meeting remotely and provided a summary of the Audit findings for Fiscal Year Ending June 30, 2026. Mr. Iwane noted that the audit was conducted following the generally accepted auditing standards in the USA and the applicable standards for financial audits in government auditing standards, as well as the audit requirements of Title II, U.S. Code of Federal Regulations Part 200, known as the Uniform Guidance.

The auditors were able to issue an unmodified opinion on DOW's 2025 financial statements, which means it is believed that DOW were fairly presented in all material respects.

In the audit, two deficiencies in internal controls were identified. The first was a material weakness related to IT general controls over financial reporting. The second, deficiency considered less severe, pertained to the Department of Water Supply's contract management. Both findings were repeat issues. An unmodified opinion was also issued for DOW's compliance with major federal programs.

In response to Board member Hull's request for more information regarding the deficiencies noted in the audit findings, Waterworks Controller Renee Yadao provided an update on the Contract Management side of Fiscal. The Department has implemented Laserfiche for contract management, processing workflows, and as a repository.

Information Technology Manager, Britt Yates, provided some updates on the IT deficiencies that were noted in the audit noting that he has been talking with Del Sherman and the IT team on the County side and consulting with them about the auditing software they are currently using. DOW will be deploying the same software which will allow for a more in-depth and robust assessment of our system and provide better insight for everything from network security to user management, etc. Board member Hull stated he would like to discuss further offline on what that entails.

Board member Hull moved to approve Manager's Report No. 26-38, seconded by Mr. Kodani; with no objections, motion carried with 6 Ayes.

4. Manager's Report No. 26-39 Discussion and Possible Action on the Department of Water's (DOW's) DRAFT Operating and Capital Budgets for FY 2026-2027

Waterworks Controller Renee Yadao provided an overview of the Budget Summary submitted noting that this was a difficult budget to put together and involved a lot of internal discussions to get past the first draft that would have left us with just a little over \$5 million in our reserves. After making some cuts, things are still not ideal but is the best the Department can do. She noted the drastic cuts to travel and overtime, and also a notable organizational change effective July 1, which moves the Regulatory Compliance section, formerly under Water Quality, to fall under Administration.

Three additional positions are being requested: A Customer Service Representative for the front lobby, a Payroll Technician in County DHR that DOW will be funding to assist us with the Workday software, and processing our payroll, and a Procurement Specialist fall under the Administration Division and is greatly needed position. As it is highly specialized and requires at least 6 years of experience, we are unsure what range the recruitment will be placed at. Currently, the Department has one Contracts Manager who does not have any support or backup. Board member Eric Fujikawa asked how the Department is currently handling procurement and addressing this department-wide need. Ms. Yadao explained that purchase order processing is currently being handled by herself along with Assistant Waterworks Controller Sherri Silva. Mr. Fujikawa asked if this position would be primarily for Operations as opposed to project procurements to which Ms. Yadao explained it would be a holistic, Department-wide function to manage every contract, every procurement process and funding relating to procurement. Ms. Yadao further explained that the County has various levels of Procurement Specialists that are cross-trained on professional services, IFBs, RFPs, etc. which DOW does not have. Though DOW communicates with County Procurement as a resource for questions and consult, DOW manages its procurement processes on its own. Board member Hull stated that he would be hesitant about adding the position given the economic situation. However, he noted that 90% of inefficiencies in government stem from challenges with procurement law, he acknowledges that this position would really help facilitate movement of processes in the Department.

Board member Hull referenced some of the budget cuts noted earlier and asked if the Department is looking to cut any specific positions. Manager Tait stated no, the Department is not planning on cutting any existing positions as we are grossly understaffed in Operations and Engineering. Mr. Hull asked whether there are any vacancies within the permit processing team in Engineering, noting that the permitting processing often comes up County-wide as a reason for delays in obtaining permits. He mentioned a bill currently moving through both State and Senate legislation that will allow for permitting agencies to recruit permit positions above the minimum, noting that the reason so many permits don't move forward is not due to a lack of knowledge, but rather lack of staffing to keep up with the workflow. Mr. Hull suggested that Engineering look into whether it would be appropriate to onboard another position to help with the permit workflow. Manager Tait acknowledged Mr. Hull's concerns and informed the Board that he has been in discussions with Engineering Division Head Jason Kagimoto about restructuring the division to put the right people in the right roles. He agreed that Engineering could use more manpower, but given our current financial situation, they didn't feel it would be an appropriate ask.

Board member Kodani stated that he is not so sure that hiring more bodies would help as his understanding is that a lot of the staff are fairly new and being thrown into the fire. He asked what the Board can do to help assist or support the current team. Manager Tait confirmed that we do have some younger, newer staff in Engineering, but its not necessarily just the staff. It's

also the process and figuring out how to process permits and projects in a more streamlined way. Engineering Division Head Jason Kagimoto stated that it is a combination of factors, one being manpower, one being procedures. They have been re-evaluating and updating how things could potentially be done, but the way the rules and policies are written is somewhat restrictive. He also feels that Engineering is taking on a lot more work than what was previously done with the Water Use and Development Plan being updated for the first time in 25 years, the long-range plan that includes the rate study, and having \$80 million worth of projects in construction in the last 4 years. On the Project Management and Design and Construction side we have a lot of recently hired staff that will take time to train them up, so all of the CIP projects currently in design and construction are being handled by Mr. Kagimoto and Scott Suga. The rest of the staff are training to address the design and construction to move our private projects forward. Mr. Kagimoto acknowledged that there are ways they could improve, but it will take time and they are not just doing the bare minimum, they are doing their best with what they have.

Mr. Hull acknowledged that there are process issues both at the Water Department, and County-wide that need to be improved, such as a lack of the option to do credit card payments. He referenced the State Legislature's SPEED task force, but doesn't feel we need another task force to figure out how to make permits move faster especially if there is no funding to hire staff to do so. He pointed out the disconnect of keeping salaries low so our budget doesn't take a hit, but then suffering with numerous vacancies because we are not paying enough to attract people to these positions. He added that Kauai's Planning Department is the only Department that is fully staffed at the front counter and he was able to do that by converting all those positions to Planners so he could pay them more with the understanding that the nature of that position may require them to go before Council. He acknowledged that it is stretching the Planning position a bit far, but he has to make sure these roles are filled.

Manager Tait stated that DOW is paid significantly lower than the other three islands. Keeping in mind that we are all part of the same unions, he questions why we are getting paid 20-30% lower for processing the same types of permits; our competition is not the private sector, it's the other islands. Whatever the Board and the Department can do to impress upon those in higher positions to get pay for Kaua'i comparable to the other islands would be fantastic.

Board Chair Tom Shigemoto asked how many staff members Engineering has that reviews permits. Mr. Kagimoto stated that there are 2 Program Support Assistants that receive the bulk of the correspondences with the applicants, and building permits are handled within Water Resources and Planning (WR&P), which consists of 3 Engineers, and an Engineering Support Technician. WR&P also reviews requests for water meters and backflow requirements. Though they do have team members that collaborate, there are primarily 2 staff members that are full-time dedicated to specifically doing permits.

Board member Kodani moved to refer Manager's Report No. 26-39 to the Finance Committee for review and recommendations, seconded by Mr. Hull; with no objections, motion carried with 6 Ayes.

STAFF REPORTS

1. Fiscal

- a. Monthly dashboard – Number of Service Calls, Number of Walk-in Customers, Number of Customer Emails and Correspondence, Number of Customer Rebills, Accounting Highlights, Transponder Replacement highlights and progress, Staff Overtime hours
- b. Budget Report for March 2026
- c. Build America Bond Quarterly Statement

2. Operations

- a. Monthly dashboard – Annual Financial Impact Overview, Staff Overtime Hours, Budgeted and Vacant Positions, Services Received/Completed, Highlights: New Hires and Promotions, Procurement updates, Training: Workday Supervisor Refresher and Leadership Kaua‘i

3. Engineering

- a. Monthly dashboard – Budgeted and Vacant Positions, Staff Overtime Hours, Projects In Design, In Construction, Completed; Water Resources and Planning Statistics – Customer Requests, Applications and Permits, Service and Records Requests, Number of Backflow Devices tested
 - i. Capital Improvement Plan (CIP) Project Highlights/Status Updates:
 - Pu‘u Pane 1.0 Million Gallon Tank
 - Kalāheo Water System Improvements
 - University of Hawai‘i Experimental Station 605’ Tank
 - Kīlauea Wells 1 & 2 MCC, Chlorination Facilities
 - Kūhiō Hwy (Hardy-Oxford) 18” Main Replacement
 - Weke, Anae, Mahimahi and Hee Roads 6” and 8” Main Replacement
 - Kuamoo Road Water Main Replacement
 - ii. DOW Project Highlights/Status Updates:
 - Water Systems Investment Plan (WSIP)
 - Kaua‘i Water Use and Development Plan (KWUDP)
 - As-Needed Grant Writing and Preparation Services: WaterSMART Grant for Advanced Metering Infrastructure (AMI) Meters
- b. Quarterly Update:
 - i. Overview
 - Water Resources and Planning Section – Overview of the status of various applications; water service requests, Backflow devices, KWUDP Plan Update, As-Needed Grant Writing and Preparation Services
 - Project Management Section – Overview of CIP design and construction projects; 8 active design, and 11 active construction (\$69 million total): Kapa‘a Homesteads 325’ Tanks, Pu‘u Pane 1.0 MG Tank, Kalāheo Water System Improvements, Hā‘ena 0.2 MG Tank, Kūhiō Highway (Hardy-Oxford), Weke, ‘Anae, Mahimahi and He‘e Roads, Kapa‘a Homesteads Well No. 4 Pump and Controls, Līhu‘e Baseyard
 - ii. Water Restriction Areas: Upper Lāwa‘i, Po‘ipū, Upper Wailua Homesteads, Moloa‘a, Kīlauea-Kalihiwai, Aliomanu – Kukuna Road, ‘Anini, Upper Wainiha Valley, Wainiha - Hā‘ena
 - iii. Water Plan 2020 Construction Project Status: Kapaa 325’ Tanks, Kapaa Homesteads Well No. 4, Kalaheo Water System Improvements, Kapaia Haul Cane Road, Kilauea

- Wells Nos. 1 and 2, Paua Valley Tank No. 1, Kuhio Hwy. (Hardy-Oxford), Weke, Anae, Mahimahi and Hee, Hanapepe Town Well
- iv. Supplemental Support Services: RM Towill, Inc., Kennedy/Jenks, Brown and Caldwell, Maddaus Water Management

Engineering Division Head Jason Kagimoto provided an update on the public outreach meetings that were held, two of which had to be rescheduled due to inclement weather. Board member Eric Fujikawa stated he was able to attend the Kilauea public meeting and asked how all the meetings have gone so far. Mr. Kagimoto expressed that he feels they have gone really well and feedback they have received has been very supporting. He noted that the preference of the public is a slow and steady rate increase over the next few years, though they have also received feedback that Scenario 1 is essentially just a band-aid and that a more aggressive scenario should have been selected to move forward with. Generally, there seems to be an understanding of why we need to increase the rates to accommodate the future projects that were identified in the CIP component. Ms. Yadao mentioned that these meetings did educate the public to the fact that we are semi-autonomous as many people thought DOW was funded under the County. Mostly everyone was very receptive to what was presented, and the direct feedback she received was that of appreciation for keeping the public informed. She also noted that a video of the public outreach presentation was created and will be put on our website. Mr. Kagimoto agreed, stating that though it is tough to have to increase rates with our high cost of living, there has been a lot of support and understanding. Chair Shigemoto expressed his admiration for what the DOW team is doing for outreach, noting that anytime there are rate increases there is pushback, so he is happy to hear that the response has been largely positive.

Board member Hull gently reminded the Board that when this discussion was initially started, he personally requested that a thorough analysis be included in the rate study to assess whether or not transient type accommodations or high-end developments could pay a larger portion. He understands that there needs to be a clear proportional nexus and those rate portions can't be applied arbitrarily, but there needs to be a study that shows whether or not it can be done. Regardless of the findings, it shows we have done our due diligence to look at every potential avenue to figure out how to address this budget shortfall without hurting the everyday local resident. Without that analysis, he would be inclined to vote no to the rate increases. If there is a way to put the greater share of the areas that even the Commission on Water Resource Management Chair have stated are drawing significantly more from our water resources, Mr. Hull feels this type of study needs to be done.

Mr. Kagimoto clarified that the consultants are working on a customer class evaluation to consider splitting the classes up into more than the 2 classes DOW currently has. The decision was made to move forward with an initial across the board rate increase because we have not had any rate increase in 10 years, and our revenues have not been able to cover our expenses. The initial across the board increase will help the Department recover those revenues and prevent us from going further underwater. While the Department is requesting Board's approval for the 5-year rate increase, the goal is provide future rate adjustments based on the consultant's review of the rate design and customer class evaluations that they will continue to work on.

Board member Kodani asked if the Department is planning on updating or revising the customer classes, will that require a new round of public outreach meetings, etc. Mr. Kagimoto stated that as the current proposal will require a rule change, so any future changes will follow this exact same

process because we will be making further amendments to the rules involving rates. This means public outreach meetings, Small Business Regulatory Review Board review, Ka Paakai analysis, Public Hearing, and Board approval.

Staff cautioned the Board that the discussion on Engineering Division updates is veering toward detailed discussion on the proposed rate increases, which is not specifically listed on the agenda. Staff added that the public did not receive adequate notice that detailed information would be provided on the proposed rate increases, and therefore, was not provided adequate opportunity to provide public testimony.

Board member Finnilla expressed her sincere appreciation to the Department for their hard work, dedication and commitment and willingness to be the face of this rate proposal in going out to the community. She is in full support of continuing to keep the community apprised. She thanked the team for working so hard through this challenging budget process and showing up every day and delivering despite being short-staffed.

Chair Shigemoto asked Board member Hull to clarify that if the study relating to whether a higher rate class could be applied to transient accommodations and high-end developments is not included, then he will be voting no on the proposed rates? Mr. Hull stated that is a conversation that he is happy to have offline with the Manager and Engineering team, but he does want certain assurances. He noted that he has been providing his opinion on FRC fees being tied to fixture counts for the last 8 years, and as much as there has been commitment from the Department to address that, it hasn't happened yet. Seeing an 800 square foot guest house paying the same FRC rate as a 40,000 square foot mansion is absurd to him. As it relates to the rate increases, Mr. Hull would like to ensure that the customer class evaluation is done to where he as a Board member can be assured that there will be a next step to adjust the rates based on customer classes, and that this will not fall to the wayside. He acknowledges that the Department is overwhelmed with the amount of work, being short-staffed and how certain issues have to be prioritized. He is open to taking action in a manner cohesive with the Board getting some kind of commitment on the customer class evaluations and potential rate adjustments being made relative to that.

Chair Shigemoto stated that Mr. Hull's concerns are a great reason for the Rules Committee to convene and go over these rules, which can hopefully help the Department streamline things moving forward.

4. Administration

- a. Human Resources – updates on Personnel Vacancies

5. Manager and Chief Engineer

- a. Reports to Manager:
 - 1. FY2026 Budget Adjustment – Engineering Division, Sole Source No. SS-2026-04, Thermo Solutions Services USA – Autoclave Annual Preventative Maintenance
 - 2. FY2026 Budget Adjustment – Administration Division for Replenishment of Operational Supplies
 - 3. Change Order No. 6 to Contract No. 716 with Ronald N.S. Ho & Associates, Inc., Job No. 21-03, Paua Valley Well MCC Replacement
 - 4. Change Order No. 5 for Contract No. 753 with Hawaii Drilling & Pump Services, LLC, Job. No. 24-10 Piwai Well No. 3 Repair

5. First Amendment to Contract No. 773 with Prithibi LLC, Job. No. SS-2025-06, CC&B Data Extraction for Department of Public Works, Wastewater Division (DPW) for the Purpose of Billing Commercial Customers
6. Change Order No. 2 for Contract No. 778 with ABR Ventures LLC dba Honua Waterworks, GS-2025-04 Hydrants & Appurtenances and Various Drinking Water Pipe Repair and Maintenance Fittings
7. Year 2 of 3 Services for Contract No. 780 with Eurofins Drinking Water and Wastewater West, LLC, Sole Source No. @@-2025-09, Laboratory Testing Services
8. Contract Award to ABR Ventures LLC dba Honua Waterworks GS-2026-01 Hydrants and Appurtenances and Various Drinking Water Pipe Repair and Maintenance Fittings
9. Contract Award to E-Technologies Group, LLC, RFP Job No. 26-04, SCADA System Maintenance and Professional Consultation Services

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

TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETING:

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 10:47 a.m.

Respectfully submitted,



Cherisse Zaima
Commission Support Clerk