MINUTES
BOARD OF WATER SUPPLY
Thursday, May 21, 2026

The Board of Water Supply, County of Kauaʻi, met in a regular meeting in Līhu'e on Thursday, May 21, 2026. Chair Tom Shigemoto called the meeting to order at 9:30 a.m. The following Board members were present:

BOARD:
Mr. Tom Shigemoto, *Chair*
Ms. Micah Finnila, *Vice-Chair*
Mr. Clyde Kodani
Mr. Kaʻaina Hull
Mr. Eric Fujikawa
Mr. Troy Tanigawa

EXCUSED:
Ms. Anastacia Perry, *Student member*

Quorum was achieved with **6** members present at Roll Call

ANNOUNCEMENTS
1. Next Scheduled Board Meeting: Thursday, June 18, 2026

APPROVAL OF AGENDA
The agenda was approved with no objections

MEETING MINUTES
1. Regular Board Meeting – April 16, 2026
2. Finance Committee Meeting – April 28, 2026
3. Finance Committee Meeting – April 30, 2026

The minutes of the April 16, 2026 Regular Board meeting, the April 28, 2026 and April 30, 2026 Finance Committee meetings were received for the record.

PUBLIC TESTIMONY
No public testimony was given.

BOARD REPORTS
1. Report of the Finance Committee of the Board of Water Supply, County of Kauaʻi re: DRAFT Operating and Capital Budget for FY 2026-2027

The Report of the Finance Committee was received for the record.

OLD BUSINESS
2. *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 updated highlights on the Draft budget noting the adjustments that were made prior to the Finance Committee meetings:

Organizational Changes
Effective July 1, 2026 the Water Quality Section in the Engineering Division will be called Regulatory Compliance and will fall under the Administrative Division.

New Position Requests
The Fiscal Division is requesting one (1) new Customer Service Representative I position to provide additional staff support, coverage, and succession planning; this position will be dollar funded in FY2027.

The Administration Division is requesting two (2) new positions:

- A Payroll Technician that will be funded by DOW, but physically located in the County's Department of Human Resources office to provide Workday payroll and timesheet support
- A Procurement Specialist position to provide support and coverage for the Contracts Officer and to manage the Department's procurement processes.

Build America Bonds (BABs)
The Department received $60M of the bonds in 2010. In January 2025, the County refunded the remaining principal of $32.6M to Series 2024 General Obligation (GO) Bonds. As a result of the bond refunding, the Department must reappropriate the remaining encumbrances ($9.3M), cash and investments balances ($10.4M) to the Water Utility Fund.

Overtime, Premium Pay
Department-wide cuts were made to overtime reducing overtime costs by $333,000 from the previous year.
Department-wide cuts were made to travel reducing costs by $163,000, limiting travel to inter-island, and for required certifications and training.

Fund Balance
Ms. Yadao stated that the investment, cash balance, and expense figures through March 31 had been updated. Expenses originally totaled $10 million but have since decreased to $5 million due to several months of salary, fringe, and contract payments.
We currently have a reserve of $9.6 million; in order to balance the budget approximately $9.3 million needed to be used leaving a remaining fund balance of $348,000. Though it shows a slight decrease from the previous meeting, we were able to maintain our reserve.

Ms. Yadao reported that there were good discussions during the Finance Committee meetings to look at where we could cut back. We did defer a lot of equipment and maintenance or vehicle replacements, but some tough calls had to be made because of the situation we are in.

Board member Hull asked if the Facilities Reserve Charge revenue source is broken down by type of use. Ms. Yadao stated no, the budget shows a single projected revenue, noting that the $1.8 million being projected for Fiscal Year 2027 is an average of the past 3 years because of the fluctuating nature of this revenue source. Mr. Hull stated that there is another item on the agenda that has implications for the FRC which he feels should be discussed prior to any decision-making on the budget as the disposition of the upcoming item may affect the Board's decision on the proposed budget. Mr. Hull asked if there are any financial concerns about the Board policy being proposed on this agenda. Ms. Yadao stated for clarification that our FRC revenue is swept into our Water Utility Fund so hypothetically if the $1.8 million planned for our FY2027 budget is not received, then we will end up dipping into our reserve. Mr. Hull stated that is his concern with adopting the budget today if the Board is unable to address the policy being proposed. He added that he would disagree that it would be a $1.8 million impact noting that the policy proposal is for single-family dwellings and ARUs which he estimates is maybe $400,000 to $500,000 which he feels is a nominal amount within a $45 million budget. He requested that the budget agenda item be tabled until after the proposed board policy is reviewed, or that the budget be deferred.

Ms. Yadao stated that unfortunately this policy was presented after budget proceedings, so they were unable to address or discuss the potential impacts. There is no way for her to know what the impact will be because she has no information on what the policy criteria will be based on. Mr. Hull stated that the number of past applications for the FRC can be pulled and historically researched for the past 3 years; however, even if you obtain those numbers, the fact that the FRC exists today is a deterrent for applicants for homes. The consensus of those in the housing market is that if the FRC did not exist, more houses would be built, thereby adding more rate payers to our system.

Chair Shigemoto called the meeting to recess at 9:49 a.m.
The meeting reconvened at 9:51 a.m.

Board member Kaʿaina Hull moved to table Old Business Item 1. to review Board Member Report No. 26-01, seconded by Mr. Tanigawa; with no objections, motion carried with 6 Ayes.

<u>NEW BUSINESS</u>

3. *<u>Board Member's Report No. 26-01</u>* Discussion and Possible Action to Adopt Board Policy No. 35 Waiver of Facilities Reserve Charge (FRC) for Homeowners Impacted by the Proposed Wildfire and Wildland Urban Interface (WUI) Ordinance

Board member Kaʿaina Hull provided some background on the proposed policy. He explained that that in response to the Lahaina, the near-miss event at Kaumakani as well as the prevalence and predominance of wildfire impacts on the built environment around the nation, departments around the State began assessing the role they play in this space. Wildfire has always been looked at as a forestry issue and not as a built-environment issue until the built-environment burned. After several months of working with our Fire Department, Emergency Management and eventually with Hawaiʿi Wildfire management organization to try and understand the science behind wildfires, the collectively prevalent question was what are non-firefighters supposed to do in the face of a moving wall of fire? It's a crucial question to ask as a homeowner and community member, yet you come up with almost no answers. For several months they worked on crafting an ordinance that regulated vegetation and fuel supply management in forests and wildlands, but that policy was not successful because it did not address that question. After doing extensive forensic analysis of catastrophic wildfire situations, wildfire experts and laboratory scientists, particularly the organization that did the forensic analysis on Lahaina found that catastrophic wildfire situations in a built environment often occur several hours after the wall of flame has moved past the community; it is not until 12-14 hours later that the town starts to burn. It is not the wall of flames causing these fires, it's the embers associated with those fires that blow into various parts of the built environment – in roofs, attics, vents, and under the hours where they get trapped and engage with flammable materials for a period of time. Prolonged exposure to those embers in those areas is what is starting 90% of these fires. He stated there are actual specific measures that municipalities can take within their codes to make a community, not necessarily fireproof, but resilient in the face of wildfires, and they are nominal changes.

Mr. Hull stated that wooden roofs are the biggest vulnerability when it comes to wildfire embers, and described types of roofing materials for new construction that are completely acceptable to mitigate ember impacts on a structure such as metal roofs with asphalt shingles, which are also cheaper than wooden shingles and will not add additional costs to construction. The second area of vulnerability would be the attic and the vents that allow embers to blow in and have prolonged contact with insulation or wood in those areas. Metal fire mesh can be installed over the vents to help prevent that. Another area of vulnerability is under the house where wooden walls intersect with concrete foundations, which can be protected with metal flashing at the base; for elevated homes the same metal fire mesh used for attic vents can also be used to screen under the house. These are ways of home-hardening your house against ember intrusion. With standard construction costs being between $390 - $500 per square foot, the increase cost comes to about $6.75 more per square foot. No one wants to increase construction costs in the middle of a housing crisis, but it is appropriate to some degree when it comes to wildfire resiliency. Though the cost increase may seem nominal, it's still a barrier to entry for homeowners to begin construction, which has implications on the amount of ratepayers contributing to revenue: if it's harder to construct, we will have less ratepayers.

Mr. Hull added that looking at from an affordability context, the question arises how adding $6,000 in construction costs to a 1,000 square foot home is going to help the affordability crisis. The Hawaii Appleseed Foundation, a housing affordability non-profit organization, published a report indicating that these cost increases have a lot to do with a multitude of insurance companies pulling out of the homeowner market because of the vulnerability to wildfire, floods, hurricanes, etc. resulting in insurance premiums as high as $2,000/month. This is currently happening in the multi-family market and will be coming to the single-family and ADU market shortly. The report asks counties to consider reasonable climate resiliency code to stabilize the home insurance market. Looking at the various costs of construction and how the FRC plays a role, he feels the $400,000 to $500,000 out of the FRC revenues for single-family dwellings and ADUs in a nominal amount out of a $45 million budget in the face of climate hazards and affordable housing.

Board member Finnila asked to clarify whether there is a building code that requires sprinkler systems and asked how that factors in. Mr. Hull stated that is currently debated at the State level, noting that from a wildfire standpoint having a sprinkler system can help embers from flying into other homes, but it's not necessarily going to save your house because the embers will enter the home, which is itself the fuel source. Yes, sprinklers can help and there are some building codes that require them, which is an additional construction cost that the Planning Department sees as problematic.

In response to Manager Tait Mr. Hull stated that in working with KEMA and their wildfire partners on the mainland, they asked that the whole island be mapped for the next area considered to be the most hazardous. Their response was that the island of Kauai is identified as being 98% more vulnerable to wildfire than the rest of the nation. The exercise recognized the whole island as a fuel source, tracking embers as far as 15 miles away. Given high wind events and ember intrusion into the built environment, it doesn't matter where you go.

Board member Fujikawa asked to clarify that this waiver would be applicable to residents only to which Mr. Hull confirmed that it would not apply to commercial, resort, or industrial; only to single-family homes and potentially some ARUs and attached guest houses. He added that multi-family and larger scale dwellings would require larger meters so there will not be much of a write-off on that, though they haven't gotten the formal cost of construction numbers on those structures yet. He noted that though multi-family dwellings have certain requirements under the Fire Code, those requirements are aimed toward evacuation in the event of a fire, but not saving a structure, and have nothing to do with wildfires.

Board member Kodani asked whether the proposed Wildfire and Wildland Urban Interface (WUI) Ordinance, which is the basis for this Board Policy proposal, has been presented to the County Council for consideration and adoption. Mr. Hull stated that the ordinance is currently at the Planning Commission level but is anticipated moving up to County Council. Mr. Kodani asked what happens if County Council does not approve the ordinance and expressed confusion that we are considering the adoption of this Board policy when the ordinance it's based on has not even been approved by Council. Mr. Hull explained that watching this issue play out at a National level leads to the conclusion that at some point the State will become involved through their Building Code requirements. Recognizing what is about to happen, and knowing the Building Code Council increases could be as high as a \$70/square foot increase or higher, this is an attempt to show that there is a way to implement those codes with wildfire experts, and laboratory and forensic scenarios, make adjustments when necessary and still come out with a wildfire code that is calibrated for Kauai or Hawaii that is reasonable from a cost standpoint.

Board member Fujikawa asked for clarification on the proposed Board policy language that reads: *a one-time waiver of the FRC*. Mr. Hull explained that it will be per unit, and not just one time per customer. Mr. Fujikawa noted that Board has had discussions about looking at residential FRCs to try and establish some sort of tier level as they are aware that some very minimally built residences are impacted by such a large FRC. Then there are very large residential residences that have the same FRC so there is a desire to find a way to associate the greater water usage with a large residence versus more minimal use from an ADU. He would be interested in seeing opportunities to amend this proposed Board policy so that if the FRC charge for residential 5/8" meters gets modified, this proposed policy could target the class that needs it most rather than the entire class. He wants to be sure that we have that flexibility within this policy. Mr. Hull stated that as the Board goes through the FRC discussions in the future, this policy could avail itself to being adjusted to reflect the tier system. Mr. Kodani commented that in looking at our overall budget, the FRC is small amount, and he sees no problem with the proposed Board policy.

Chair Shigemoto asked whether the Council has even seen the (WUI) ordinance or received a presentation on the information that was just given to the Board. Mr. Hull stated no, not the island-wide information, but noted that the home-hardening aspect of the island-wide bill is identical to the home-hardening requirements of the plantation camp wildfire awareness that was adopted last year. Mr. Shigemoto stated that there are some home-hardening requirements already in place, and if this new ordinance passes and new homes would be subject to home-hardening, that wouldn't really reduce the total cost of construction. Mr. Hull stated for example that if a contractor is using unionized labor, which is the most expensive level of construction, you're looking at $6,700 for a 1,000 square foot structure. However, while you are spending that $6,700 in home-hardening wildfire resistance, you are no longer paying the $14,000 FRC, therefore, the overall cost of construction would be reduced. Another example would be a Habitat for Humanity situation where you don't pay for labor, and the cost for home-hardening is $2,300, but they don't pay the $14,000 FRC, which is a $12,000 savings for each one of those units.

In response to Chair Shigemoto, Mr. Hull clarified that the County's home-hardening requirements that were approved last year only applies to plantation camp homes on the West Side. The current ordinance they are planning to bring to Council is for all single-family homes. Mr. Shigemoto asked whether the homes that are currently in construction will be required to do the home-hardening should the ordinance pass to which Mr. Hull stated no, only those that have not begun construction. He added that the way the draft ordinance is set up, it wouldn't go into effect until 2027, which is why they are hoping for Council action this year to allow the construction industry about a year to work with the Planning Department and Public Works to understand the new standards.

Board member Fujikawa pointed out that the intent of the FRC is for expansion of service, and we have already seen that capacity is a hurdle for people to even get approvals for meters because of the shortages and restrictions. He asked what impact the Department will potentially see as a result of this waiver. He noted that we are currently seeing a lot of good projects going into the ground now and we are making efforts to increase our Water Utility Funds for many other projects. However, we are focused on trying to increase capacity and release some of those restrictions. Keeping in mind the broad numbers being discussed so far, these waivers may not make a dent in a new tank or well, but he would like some feedback on the Department's ability to take on the capacity issue if this policy is approved. Manager Tait stated that this subject as well as several others regularly seen on our agendas really falls back to the rate effort. Any way you slice it the rates change our whole financial outlook, but even if we approve rate increases today, we won't start seeing the revenue from that right away. We are still hamstrung for the foreseeable future until those rate increases kick in. The FRC impact is unknown because we don't know how many people will take advantage of the $14,000 waiver. Mr. Tait commented that from an equitability standpoint, he has an issue with a 10,000 square foot home versus a 600 square foot home receiving the same waiver; it does not seem like a fair application. Whether it's the $1.8 million Renee mentioned, or the much more palatable $300,000-$400,000 Kaʻaina mentioned, we're going to be in a bind until we start getting the revenues from the increased rates. He's not saying it's not doable at the lower projection, but if it's $2 million, that is a lot for the Department to tackle.

Mr. Kodani asked what the lag time is if the increased rates get approved? When does the Department anticipate seeing that revenue? Ms. Yadao explained that our current rate design included our FRC, which means our goals for achieving the percentages of Scenario 1 have the FRC revenue factored in. Without it, we would not meet the 5-year target right off the bat. If the proposed rate Scenario 1 is passed, our anticipated implementation date was October 2026, so we would not see the revenue from the increased rates until November. Mr. Kodani stated for clarification that once the rate increases are approved, we would start to see the revenues from that pretty instantaneously, so if the ordinance passes it wouldn't impact DOW for a year since it's not set to take effect until 2027. For context, Ms. Yadao stated that one (1) residential customer on a 5/8" meter using 12 kilogallons per month, based on our current rate structure, it would take 7 years for us to make up for the $14,000 FRC revenue. That would be how long it would take us to recoup that revenue whereas currently we would get the FRC monies up front, under the assumption that the customer would be using water over the 12-month period; a meter with no usage and just a service charge would take longer. Mr. Kodani stated one customer equals 7 years, so we would have to look at how many customers we have online versus how many more new customers we would gain with the waiver. Ms. Yadao stated that as the FRC monies are for expansion, it would still be a problem as we will not have as much monies to further expand our projects in areas where we have water restrictions, so this ordinance will really only benefit customers in unrestricted areas. Board member Fujikawa stated that when the FRC changed to $14,000, he vaguely recalls during the grace period before it went into effect, there being a rush of applicants that came to get meters, and then the meters just sat there because people just wanted to get the meters at the lower rate. Is there concern over the flooding of applications to get water meters with no intention of using it, and would that lead us to water restrictions? Mr. Hull stated that the customer would have to spend a considerable amount of money, around $100,000 for septic, plans, etc., just to get a building permit so if there is a flood of applications, it will be because people want to build. The housing crisis has ramped up, and the supply has gone down, which can only be due to the cost of construction. We're talking about $400,000 to $500,000 out of a $45 million budget which we can potentially make up for with rates. Mr. Hull stated he would request a deferral of the budget to look for that $400,000 - $500,000.

In response to Board member Fujikawa, Engineering Division Head Jason Kagimoto explained that his understanding of the policy is if someone were to come in just to request a meter on a lot, they would not receive a waiver. If they came in with a building permit for a residential home that meets the criteria of the policy, they would then receive the waiver. Mr. Kagimoto added that the question then becomes if you initially come in for a meter on an empty lot and pay the $14,000, is there a grace period or window of time for this policy to apply if you then decide to build a home. He reiterated that a waiver would not be applied to the FRC for a water meter application on an empty lot. Executive Engineer Michael Hinazumi explained that when the FRCs changed in 2015, there was a 3-year grace period that people could come in and apply for their FRC under the old rate which resulted in a flood of people coming in to apply for water meters and essentially "water banking" between 2015-2018. Somewhere in 2016-2017 a policy was implemented so that "water banking" was no longer allowed. Under the current process you have your building permit and receive your certificate of completion for your project, you can then pay your FRC at the current rate. There are a number of customers who have paid their FRC with no construction on their lot because they were grandfathered in under the old process. Mr. Hinazumi noted that the Department does allow and has issued refunds of FRCs, so the question has come up whether we will start seeing a flood of requests for reimbursement of FRCs that have already been paid to take advantage of this policy; we have no idea what those numbers are right now without checking our system.

Vice-Chair Shigemoto asked if during their consult or deliberation on the ordinance, were other funding source options considered to help offset these increased construction costs, for example, building permit fees. His reason for asking is that the Board has a responsibility to our ratepayers and though the FRC charges may be small, we should be looking at other possible avenues. Mr. Hull stated that they will certainly be exploring other avenues, noting that the Planning Department has already zeroed out their permit fees. Through that process, which involved going before Council to request those fees be waived, all the same questions and concerns on necessary financial adjustments, fairness and equitability were addressed. Mr. Hull felt they were squabbling over minutiae in the face of a monumental housing crisis, and history has shown that picking over these threads leads to inaction; that inaction has pushed us to where we are 3,000 units in deficit for housing. He added that the majority of Native Hawaiians no longer live in Hawaii; the majority of our indigenous peoples of the islands have put 2,000 miles of ocean between where they live now and place they deem sacred. The primary reason for that is the cost of housing. He reiterated that we are squabbling over peanuts when we have the potential to make a big difference, adding that $400,000 to $500,000 is a drop in the bucket to DOW out of a $45 million budget, but the $14,000 FRC is a monumental amount to a homeowner that is going to build a house. Mr. Hull stated the Planning Department has already made these adjustments to free up costs and are currently asking other areas of the County that are able to do the same.

Vice Chair Shigemoto noted that he understands there is a desire to take action on this item but asked what the impact would be in delaying this item another month. Mr. Hull questioned what the purpose of the delay would be, and if it's to determine further impacts on the budget, he would also ask for the budget to be deferred. Mr. Shigemoto stated that he is asking in the event Board members have additional concerns, noting that it is clear there are a lot of factors involved with the ordinance. This policy has just been presented to the Board today, and he is not sure whether everyone is comfortable with it. Mr. Hull stated that he does not see a drastic, fatal impact in delaying it, but reiterated that if the reason is to have further analysis on the budget, he would be asking for a deferral of the budget as well.

Board member Fujikawa reiterated his earlier comment about flexibility for future amendments to this proposed policy and would like to see a mechanism within this policy that would allow future amendments to correspond with potential changes to the 5/8" FRC. He would like to ensure the Board has the ability to make any necessary adjustments to continue to align with intent to help homeowners build. Deputy County Attorney Laura Essenberg stated that Mr. Fujikawa's request will be noted for the record in the Board minutes, and the Board has the authority to amend the policy. Ms. Finnila asked if the Board approves the policy, but the County does not move forward with the ordinance, what happens to the funds? Mr. Hull stated that there would then be no process for the waiver to be effectuated, so the homeowner would still pay the $14,000 FRC. Mr. Fujikawa stated for clarification that the policy does state that the eligibility of the waiver is dependent upon the WUI ordinance being adopted and amended by Council.

Board member Troy Tanigawa moved to approve Board Member's Report No. 26-01, seconded by Mr. Kodani; with no objections, motion carried by roll call vote with 6 Ayes.

Board member Hull moved to return to Old Business Item 1, seconded by Mr. Tanigawa, with no objections, motion carried with 6 Ayes.

<u>OLD BUSINESS *(continued)*</u>

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

Board member Eric Fujikawa moved to approve Manager's Report No. 26-39, seconded by Ms. Finnila; with no objections, motion carried with 6 Ayes.

NEW BUSINESS *(continued)*

2. *Manager's Report No. 26-40* Discussion and Possible Action to Request Board Approval of the Indemnification Provision in the Construction Right-of-Entry Agreement between the Board of Water Supply, County of Kaua'i and The Harry and Jeanette Weinberg Foundation Incorporated

Engineering Division Head Jason Kagimoto stated that this ROE is another parcel that is part of the Construction Right-of-Entry needed for the Kuhio Highway water main replacement project. The two parcels identified in this ROE belong to Harry and Jeanette Weinberg Foundation. One parcel is located where you would be exiting McDonald's and pulling back onto the highway, and the other is located between McDonald's and the Garden Island. The planned work is to move existing meters within the private property back to the State right-of-way. One of the parcels also has a fire hydrant that will be replaced, which will require a grant-of-easement after its construction.

Vice-Chair asked if these Right-of-Entry agreements can be consolidated into one item if they are part of the same project. Mr. Kagimoto explained that while they are part of the same project, some parcels have different property owners, so there needs to be a separate agreement for each property owner; however, multiple parcels under the same property owner can be consolidated into one agreement. Mr. Shigemoto then asked if having to bring these indemnifications separately to the Board causes delays to the work getting started. Mr. Kagimoto stated that there is potential that it could if these are not approved prior to the timing of the contractor's work, but for this project, they are okay.

Board member Fujikawa moved to approve Manager's Report No. 26-40, seconded by Mr. Hull; with no objections, motion carried with 6 Ayes.

3. *Manager's Report No. 26-41* Discussion and Possible Action to reappropriate certain budget line items to another line-item budget for the purpose of additional funds for contract C764 to R.M. Towill, Job No. 24-0, WP2020 PLH-35b, Kapaia Cane Haul Road 18" Water Line Environmental Permitting

Executive Engineer Michael Hinazumi provided an overview of the Background included in the Manager's Report. He stated that the Kapaia Cane Haul Road and Waterline Permitting is actually the Environmental Impact Statement (EIS) for the Kapaia Watershed. Much of the information that is required by the Supreme Court, and the ever-changing environmental regulations necessitate additional testing and data gathering of the existing surface water system within the Lihue Plantation, which is now Grove Farm as well as the Waiahi Reservoir. There is also a need to gain understanding of how downstream users will be impacted in addition to the planned developments that continue to come on board. In looking at the proposal, most of the microbiological and chemical testing cannot be done within the State and need to be shipped, which is very costly.

Board member Fujikawa asked if they anticipate any additional services needed to resume construction after this. Mr. Hinazumi stated they hope to have a clear path to a FONSI (Findings Of No Significant Impact) with the EIS. However, once this information is gathered to go out with the Draft EIS, the challenges that brought this project to the Supreme Court can provide additional comments and challenge it. Upon execution of the contract amendment data gathering will take approximately 12 months as they need to record during the wet, dry and anomaly periods during the year for the stream standards as well as the water quality impacts. They hope for completion by end of December 2025, but it will depend on the data gathering and public comment period.

Vice-Chair Shigemoto asked if these studies relate to the suit that was filed against the Department with a connecting pipeline. Mr. Hinazumi stated that the basis of that suit was that the Department did not consider impacts to the source. The pipeline was identified by the Supreme Court as being a portion of the overall project, which is the Waiahi Surface Water Treatment Plant and the developments downstream. Mr. Hinazumi further stated that environmental law really tightened up in the 80's because of what was called segmentation. The Supreme Court felt that our pipeline, though it's to help supplement the Department, is part of a greater project. In addition, the Department is looking to acquire the Surface Water Treatment Plant so we needed to tie that back in. In response to Mr. Shigemoto, Mr. Hinazumi stated that the Department does micro-testing of the drinking water, which is required for our surface water, to see if any land contaminants or environmental contaminants due to other activities within the stream change the water quality by putting effluent back into the reservoir, which would impact downstream users. There are Native Hawaiian practices that take place downstream for kalo growing and other agricultural uses. Testing is ongoing until the project is complete and will continue during summer and winter.

Board member Fujikawa stated the Department talked about comprehensive environmental coverage as well as the topic of the future plant as part of this enlargement. When this is complete, would we have the ability to cover environmental clearances for plant expansion. Mr. Hinazumi stated yes, it covers plant expansion, the proposed development the Department has already approved for Lihue-Hanamaulu development, which is part of Grove Farm. Also identified is the potential development of the Hanamaulu Triangle where D.R. Horton is as well as the infill developments proposed by the County. Mr. Fujikawa asked if the environment changes between the completion of this EIS and the proposed improvements, does that require the Department to go back and revisit the whole process? Mr. Hinazumi stated that environmental documents are generally good for 5 years, so we would only need to go back if there are significant changes or we go beyond the 5 years.

Board member Kodani moved to approve Manager's Report 26-41, seconded by Mr. Fujikawa; 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 April 2026
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: Confined Space, Flagger, DSO testing, and Leadership Kauaʻi
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:
        - Kapaa Homesteads 325' Tanks
        - Puʻu Pane 1.0 Million Gallon Tank
        - Kalāheo Water System Improvements
        - 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
        - Hanapepe Town Well MCC, Chlorination Facilities
    ii. DOW Project Highlights/Status Updates:
        - Water Systems Investment Plan (WSIP)
        - Kauaʻi Water Use and Development Plan (KWUDP)
        - As-Needed Grant Writing and Preparation Services: WaterSMART Grant for Advanced Metering Infrastructure (AMI) Meters

Engineering Division Head Jason Kagimoto provided a summary of the Engineering Report submitted. He noted the following highlights:

<u>Kīlauea Wells 1 & 2 MCC, Chlorination Facilities</u>
A temporary MCC is online. One of the big concerns on a short-term level was not having to rely on our existing MCC for which replacement parts were unavailable. We are in a much more resilient place at the moment and are hopeful that the permanent MCC will be in by this fall; our temporary trailer-mounted MCC will be then be available for use elsewhere as needed.

<u>Weke, Anae, Mahimahi and Hee Roads 6" and 8" Main Replacement</u>
The water line on Weke is mostly done; the water laterals still need to be tied in. The cross streets – Anae, Mahimahi, and Hei has more work to be done, after a pause in construction the contractors are really moving forward to get the work done.

<u>Kapaa Homesteads 325' Tanks</u>
This project is for two (2) 0.5 MG tanks and is currently in construction. There has been some work needed to address some of the water lines that were not located where anticipated, but work is proceeding.

One of the more exciting projects the Department is currently working on is the bid out and award to contract for our Kilauea 1 MG tank, which will replace our 100,000 gallon tank in the same location. That has been a big request from the community and though they still need to move forward with the well, the tank project is moving forward. This project started 24 years ago so the community will be happy it is moving forward. With regard to the well, the consultant has reported an updated report on a potential new well location, which they will be moving forward with identifying.

Public outreach meetings continue with long-range plan updates with our Water System Investment Plan. They are also doing combined meetings for the Ka Paakai analysis for the purposes of meeting the requirements of our rule-making process as well as to inventory traditional customary practices. They have had one meeting so far with an additional 3 to follow. There will be additional community outreach meetings including one with the Kilauea Neighborhood Association and the Hanalei Community Association. They will be going before the Small Business Regulatory Review Board in July and are looking to schedule a meeting with the Kauai Farm Bureau.

In response to Vice-Chair Shigemoto, Mr. Kagimoto stated that he feels the community outreach has been a good process, and as a whole there has been a lot of support, likely because it is tie to the financial support of the CIP. There seems to be an understanding of why we are proposing these increases. There has been a lot of positive feedback and hearing from the community provides a lot of motivation to move our construction projects forward.

4. **Administration**
    a. Human Resources – updates on Personnel Vacancies

5. **Manager and Chief Enginee**r
    a. Reports to Manager:
        1. FY2026 Budget Adjustment – Engineering Division for Purchase of Additional Water Sampling Stations
        2. Twelfth Amendment to Contract No. 427 with Bowers+Kubota Consulting, Inc., Job No. 02-14, WP2020 #WK-08, Kapaa Homesteads 325' Tanks – Two 0.5 MG Tanks and Connecting Pipelines
        3. Third Amendment to Contract No. 665 with Bowers+Kubota Consulting, Inc., Job No. 18-03, WP2020 #PLH-27
        4. First Amendment to Contract No. 725 Bowers+Kubota Consulting, Inc., Construction Management Services for Kalaheo Water System Improvements
        5. First Amendment to Contract No. 746 with Austin, Tsutsumi and Associates, Inc., Job No. 23-08, Hanapepe Town Well MCC, Chlorination Facilites
        6. Change Order No. 1 to Contract No. 759 with Hawaiian Dredging Construction Company, Inc., Job No. 02-14, WP2020 #WK-08, Kapaa Homesteads Tanks, Two 0.5 MG Tanks
        7. Second Amendment to Contract No. 761 with Prithibi LLC, Job No. IT-2024-02 Management of Software for Customer Care & Billing System (CC&B) Hosting and Support Services
        8. Change Order No. 1 to Contract No. 770 with Valley Well Drilling, LLC, Job No. 23-08, #HE-03a, Hanapepe Town Well MCC, Chlorination Facilities
        9. Change Order No. 2 to Contract No. 781 (Paul's Electrical Contracting, LLC), Job No. 24-14, Lihue Baseyard Electrical Relocation
        10. Change Order No. 2 to Contract No. 782 with Alpha, Inc., Job No. 18-03, WP2020 #PLH-27, Kuhio Highway (Hardy-Oxford) 18" Main Replacement
        11. Change Order No. 3 to Contract No. 782 with Alpha, Inc., Job No. 18-03, WP2020 #PLH-27, Kuhio Highway (Hardy-Oxford) 18" Main Replacement
        12. Request for Proposal Award Contract No. 789 to E-Technologies Group, LLC, Job No. 26-03 Pua Loke SCADA RTU-PLC Replacement
        13. Award Contract No. 790 to Midpac Auto Center Solicitation No. GS-2026-02 for the Furnishing and Delivery of one (1) One-Ton 4x4 Super Cab Pickup Truck with Liftgate and Accessories
        14. Second Amendment to Memorandum of Understanding with County of Kauai, Department of Public Works – Wastewater Division (DPW) Water Consumption Data from CC&B

15. FY2026 Budget Adjustment – Operations Division for Purchase of Chemical Supplies

<u>TOPICS FOR NEXT BOARD OF WATER SUPPLY MEETING:</u> <u>*(June)*</u>

1. Adoption of Budget Resolution for Department of Water's (DOW)'s Annual Operating and Capital Budgets for Fiscal Year 2026-2027.

<u>TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETING:</u>

<u>EXECUTIVE SESSION</u>:
Pursuant to Hawai'i Revised Statues (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 Hawaiʻi Revised Statutes (HRS) Sections 92-4 and 92-5(a)(4), the Office of the County Attorney requests an Executive Session with the Board to provide a briefing and discuss the Quarterly Report of claims made against the Board, and to have the Board consult with its attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as it relates to claims made against the Board.

Board member Kaʻaina Hull moved to enter into Executive Session, seconded by Mr. Kodani; with no objections, motion carried with 6 Ayes.

The Board entered into Executive Session at 11:07 a.m.

The Board resumed in Open Session at 11:24 a.m.

<u>ADJOURNMENT</u>
The meeting was adjourned at 11:24 a.m.

Respectfully submitted,

Cherisse Zaima

Cherisse Zaima
Commission Support Clerk