MINUTES
BOARD OF WATER SUPPLY
Thursday, December 18, 2025

The Board of Water Supply, County of Kauaʻi, met in a regular meeting in Līhu'e on Thursday, December 18, 2025. Chair Julie Simonton called the meeting to order at 9:32 a.m. The following Board members were present:

BOARD:
Ms. Julie Simonton, *Chair*
Mr. Tom Shigemoto, *Vice-Chair*
Ms. Micah Finnila *(remote)*
Mr. Clyde Kodani
Mr. Eric Fujikawa
Mr. Troy Tanigawa *(entered at 9:59 a.m.; remote)*
Ms. Anastacia Perry, *Student member (remote)*

EXCUSED:
Mr. Kaʻaina Hull

Quorum was achieved with **5** members present at Roll Call; Board member Tanigawa entered the meeting at 9:59 a.m.

Prior to the start of the meeting, the Board was introduced to its new student ex-officio member, Anastacia Perry.

ANNOUNCEMENTS

1. Next Scheduled Board Meeting: Thursday, January 22, 2025

Vice-Chair Tom Shigemoto requested a date change for the January 2026 meeting due to 2 Board members scheduled absences. The Board meeting was subsequently rescheduled to Tuesday, January 20, 2026 at 9:30 a.m.

APPROVAL OF AGENDA

The agenda was approved with no objections

MEETING MINUTES

1. Regular Board Meeting – November 20, 2025

The minutes of the November 20, 2025 Regular Board meeting were received for the record.

PUBLIC TESTIMONY

The Board received public testimony on New Business Items 1. and 2. from Marion Paul, Chair of the Namahana School, who expressed gratitude to the Board for helping them work toward getting a water meter. As the Board will be looking to make a decision on Namahana's Water Minimization Plan and Water Service Application, Ms. Paul wanted to point out that the school already uses less water than the average middle school, and they are teaching their students all about Malama ʻaina. Over time, their hope is to develop hundreds of students on the North Shore who really care about their water. She expressed her appreciation for the Board taking things into consideration and going out of their way to help them move toward opening their school for all the students on the North Shore.

The Board received public testimony on New Business Items 1. and 2. from Tamra Moriguchi, Director of Learning at Namahana School who expressed her mahalo to the Board for allowing their students to participate in this process of working toward obtaining a water meter. She noted that the mitigation plan is just one small piece to make their dream campus a reality for their community, and for the future.

The Board received public testimony on New Business Items 1., 2. and 4. from Felicia Cowden, Kauaʻi County Council member. Ms. Cowden thanked the Department for finding money to help Kilauea, and asked if there is a policy that can be considered to have some water turned off in water-restricted areas. She noted that there are plenty of houses just down the street with pools, water features, fountains, and automatic sprinklers, and most of those homes are not lived in. When she thinks about not putting sinks in for the students, it's tough to hear, and suggested that the Department look at ways of restricting excess use in water-restricted areas.

NEW BUSINESS

1. *Manager's Report No. 26-16* Discussion and Possible Action on Namahana Education Foundation's Water Minimization Plan

Acting Engineering Division Head Jason Kagimoto noted for context that there are 2 agenda items relating to Namahana School – the first he will be discussing is for the Water Minimization Plan. At the August Board meeting, the Department received direction from the Board to coordinate with Namahana Education Foundation on a Water Minimization Plan as part of the process to help them move forward with applying for water service. Namahana was a very willing and helpful partner in working through this process. The Water Minimization Plan identifies that there will ultimately be 4 buildings with no water service, and 2 bathroom structures with a total of 5 toilets, 5 sinks, 2 hose bibs, 2 drinking fountains, and a mop sink in each, which is a reasonable amount of facilities. There will be 60 students for the first year – August 2026 – along with 12 full-time staff, with that number increasing to 120 students and 18 full-time staff in the next school year – August 2027.

Mr. Kagimoto stated that Namahana had initially proposed a shower in both bathrooms as well as sinks within the classrooms, but they have since removed those from the plan to reduce the fixture units. No water irrigation has been identified, so they will utilize natural rainfall or will look into a catchment system for irrigation purposes if necessary. The amount of hose bibs were reduced to the 2 per bathroom, which will be secured via a lock.

The fixture unit approach that was used identified that a 1 ½" meter would be necessary. The goal of the school is to use flush valve toilets, a more industrial or commercial-style toilet with a more durable, robust flush valve versus a flush tank toilet, which is more like a home use toilet; having flush valve toilets resulted in a higher fixture count. In addition to the addressing the fixture units, which in itself is not a direct water conservation method, they also looked at actual water usage and worked with Namahana to come up with a gallons per day average. For the first year with 60 students and 12 staff, they will be limited to an average daily demand of 600 gallons per day, which equates to about 8.3 gallons per person per day; this is essentially less than 2 5 gallon buckets of water per person per day. For the following year, and thereafter with 120 students and 18 staff, it will increase to 1,100 gallons per day, which equates to 8 gallons per person per day.

Chair Julie Simonton expressed her appreciation to DOW's Engineering team and Namahana Education Foundation, noting that what has been presented today is what she envisioned when the Board made their decision in August, which is the bare minimum of toilets and hand sinks

with no irrigation. She emphasized that there was never an inclination that sinks would not be provided. She added that she appreciates that Namahana recognizes that the Board went out of its way to support them and wants to make sure they leave very clear standards for future boards to follow.

Vice-Chair Shigemoto thanked DOW's Engineering team and Namahana Education Foundation for the great job they did with this plan. He asked to clarify that the 600 gallons per day, or 8.3 gallons per person per day for the first year includes staff as well as students, which Mr. Kagimoto confirmed. He asked what happens if that usage per day is exceeded for a number of months, noting that realistically, they aren't going to shut down the school. Mr. Kagimoto stated that the numbers they initially calculated were slightly lower which they then increased to provide a bit of a buffer. However, what will occur should the school exceed those limits are outlined in the next item on the agenda which is the Water Service Agreement. In doing the math, if every student has 3 toilet flushes and washes their hands each time, 8 gallons is a reasonable number; a flush equates to approximately 2.6 gallons. Also, to note, the school will not be open on weekends. Namahana is dedicated to educating their staff on the conservation limits, so water is not left running excessively. Mr. Kagimoto added that the school will also not have a cafeteria on site, which eliminates the demand for water usage for food prep. Mr. Shigemoto asked whether conferences or parent nights that occur outside of normal school hours were considered. He wants to be sure that the limits that have been agreed upon are reasonable enough that the school will not risk going over.

Board member Eric Fujikawa noted that the Water Service Agreement mentions DOW's obligation to confirm adherence to the water minimization plan and asked if that could be elaborated on. Mr. Kagimoto explained that the Water Service Agreement outlines several things, one of which is how the Department implements the Water Minimization Plan. On a monthly basis, the school will provide the Department a written confirmation of water usage at average gallons per day per month. Should there be two or more consecutive months that go over that amount, Namahana will need to provide the Department with an identifiable reason and explain how they will get back within the allocated gallons per day. After identifying those reasons, if on the third month they are still over the allocated amount, they will then be required to have a licensed engineer develop a written corrective management plan for the Department to review. If Namahana and the Department cannot come to an agreement on what that corrective management plan will be, or if they exceed the water allotment for a fourth month, DOW may terminate water service.

Mr. Fujikawa asked in the event there is a leak that Namahana is unaware of, does the Department provide assistance to notify the school that they have seen really high readings for a particular month, and try to investigate any potential reason for a spike in usage. Mr. Kagimoto stated that the Fiscal Division would be the ones who initiate any communication with the customer should they see any anomalies on their bill. He reiterated that Namahana will essentially have 2 months to try and figure out why they are exceeding usage, at which point the Department would work with them to determine whether there is a leak, and then an additional month for Namahana to make corrections before any potential shut-off is initiated. Assistant Waterworks Controller Sherri Silva confirmed that the Billing division pulls a report each morning to look at which bills were above average, at which time their staff will do call-outs or emails to customers to make them aware. They can also send out a meter reader to obtain a 90-day report of water usage by the hour, which can be really helpful to the customer for identifying possible reasons for the increased usage.

Mr. Shigemoto asked who would be impacted if the school exceeds their usage allotment in a 2-month period; will it impact the overall community system? He further asked if there would be an impact on water that is needed in the event of an emergency or large fire. Mr. Kagimoto stated that they will need to be able to provide approvals for fire flow for their parcel as part of their infrastructure. Mr. Shigemoto clarified his question by asking if they go over the allotted water usage, will that take away from another customer, or applicant for water in the area. Mr. Kagimoto explained that from a planning perspective, this would be why the parcel was initially deed restricted, but from an engineering standpoint there is some level of buffer for the overall system.

Board member Clyde Kodani expressed concern that the faucets in the bathroom may be left on for extended periods, which may contribute to increased water usage. Mr. Kagimoto stated that the way the bathrooms are set up, the sinks are on the outside, and the school is also considering installing timed faucets.

Board member Fujikawa moved to approve Manager's Report No. 26-16, seconded by Mr. Kodani; with no objections, motion carried with 6 Ayes.

2. *Manager's Report 26-17* Discussion and Possible Action on the Namahana Education Foundation's Water Service Agreement

Acting Engineering Division Head Jason Kagimoto restated that the Water Service Agreement does identify a process should there be overages to the water usage allotment. It also identifies and outlines the standard requirements to ultimately get water service to the parcel such as paying for the FRC for the meter, installing a backflow, doing annual tests for backflow compliance, and putting a Reduced Pressure Detector Assembly on the fire line. He pointed out that the agreement also identifies that there is no guarantee for increased water service beyond what is identified in this current minimization plan, so any requests above and beyond what is currently in this plan would require Board review and approval as our current system is still limited. The school plans to expand in their second year, and though the Department is working on making infrastructure improvements, until those upgrades are complete, the agreement states that there will be a limit of 1,100 gallons per day for the future school year from August 2027 through June 2028. This can be adjusted should the water restriction be lifted for that area, but until then, this agreement is the way Namahana will carry forward with no guarantees of additional service beyond what is stated in the agreement.

Mr. Shigemoto noted that the agreement language says "may" terminate, and stated that realistically DOW is not going to shut down the school, and will that lead to another State agency stepping in and not allowing the school to continue operating? Mr. Kagimoto explained that short of a leak, it is not anticipated that there will be an overage of water usage, especially considering that the minimization plan and the agreement were drafted in conjunction with the school, so it's not just a number being imposed by the department. The way the agreement is written allows for the Department to work with Namahana to take corrective action, or to potentially bring the water minimization plan back to the board for amendments.

Chair Julie Simonton stated that this is a legal document, so she would like to think that when Namahana Education Foundation signs it, as they sign legal documents with other vendors, they are bound to honor it, and they have demonstrated that they are willing to do that. Melanie Parker, Executive Director of the Namahana Education Foundation reassured the Board that they have been working closely with Mr. Kagimoto and the Engineering team as well as their attorney to review the Water Service Agreement. They fully understand that there is a period of time where they can reevaluate the minimization plan so that if they have gone over their allotted

usage, they will do everything they can to figure out why, and what corrective action to take. If there is a leak, they will work with DOW to figure that out, and ensure that Namahana and DOW are partners in making sure they reduce their water usage. Ms. Parker added that they discussed a water catchment system being a great learning project for the students, and they have already talked about potential grant funding to support any other water usage. Ms. Simonton stated she feels there are other options short of shutting down the school, even with the worst case scenario where they are continually exceeding the limit, the Department could have them take the bathrooms offline and get Port-A-Potties if necessary. She feels there are mid ranges that the plan allows for because the engineer will have to come up with that corrective plan. She does not anticipate it getting to that point, but there is enough room for adjustment built in, which makes her comfortable with this plan and agreement. Manager Joseph Tait added that they have had other applicants who have installed their own private tank when they were in a water restricted area, so he feels that there is a way to keep things going. He noted that this situation is under a new type of agreement in a deeply restricted area, so the first year will really be feeling out what the result will look like, and we will learn over time.

Board member Fujikawa asked whether this agreement includes a condition for the Board to revisit the minimization plan if needed in the future; will any adjustments to the plan require that it be brought back before the Board? Mr. Kagimoto stated that what is agreed upon now addressed demand for the first year and second year, which will continue in perpetuity unless Namahana requests an adjustment or reevaluation of the plan. Mr. Fujikawa stated that he would like the Board to have the flexibility to modify the plan as they see fit, rather than leaving it only to Namahana to make a request, or to have an informal agreement to raise the usage limits if they find there is a little more capacity or the actual usage has not been as impactful as they feared. Ms. Simonton stated her understanding is that when the Kilauea improvements are complete, these restrictions would go away. Unfortunately, Namahana currently has a deed restricted property so the 600/1,100 gallons per day are what they are stuck with until those improvements are made.

Mr. Fujikawa asked if there are any future plans to expand Namahana's property. Ms. Parker stated that they do have a Phase II to expand for a high school, at which time they will need to go through another permit process, but that will not happen for a bit longer. The priority is to have some facilities available for the current students who are at a temporary site, and be able to move into Phase I.

Board member Fujikawa moved to approve Manager's Report No. 26-17, seconded by Mr. Shigemoto; with no objections, motion carried with 6 Ayes.

Chair Julie Simonton reiterated for the record that the approvals of the Water Minimization Plan and the Water Service Agreement do not immediately grant water service and Namahana will still have to work with the Department to fulfill all the other requirements of the water service application process.

3. *Manager's Report No. 26-18* Discussion and Possible Action for Adoption of Budget Resolution 26-02 for the acceptance and expenditure of grant monies from the Legislature of the State of Hawaii under Act 230 for the Kapa'a Homesteads Well No. 4 Project

Acting Engineering Division Head Jason Kagimoto explained that there was a State appropriation for this project, which the Department has met their obligation of having matching funds. This is just confirming that the funds have been identified to put towards the project. He recognized Executive Engineer Michael Hinazumi for his efforts in coordination with State Legislation to have these funds appropriated. He also recognized Speaker of the House Nadine

Nakamura and Senate President Ron Kouchi for their support of this this project. In total, they have received $5 million for this project from the State; the total cost of this project is currently $7 million.

Board member Shigemoto moved to approve Manager's Report No. 26-18, seconded by Mr. Kodani; with no objections, motion carried with 6 Ayes.

4. *Manager's Report No. 26-19* Discussion and Possible Action for Adoption of Resolution 26-03, Safe Drinking Water State Revolving Fund (DWSRF) Loan of $18M for Kilauea 1.0 MG Tank

Acting Engineering Division Head Jason Kagimoto explained that this is one of two major projects needed for the Kilauea Water System; this one is for the tank. They are looking to obtain approval to accept an SRF loan for the cost of construction and construction management. This will allow the Department to move forward with the tank project and work toward providing the infrastructure needed for the Kilauea Water System. He recognized the Department of Health for providing principal forgiveness of $228,000.

Board member Shigemoto moved to approve Manager's Report No. 26-19, seconded by Mr. Fujikawa; with no objections, motion carried with 6 Ayes.

5. *Manager's Report No. 26-20* Discussion and Possible Action for Adoption of Resolution 26-04, Safe Drinking Water State Revolving Fund (DWSRF) Pro-Fi Loan of $3M for SFYs 2026-2027 for Kauai Board of Water Supply (Board)

Acting Engineering Division Head Jason Kagimoto explained that this is the third consecutive year that the Department is taking on this loan, and these funds will be able to accommodate the professional services for the design contracts for capital improvement projects. It also allows flexibility to use it towards specific equipment such as emergency generators, and improvements to the SCADA system. This loan will cover two separate fiscal years.

Board member Kodani moved to approve Manager's Report No. 26-20, seconded by Mr. Fujikawa; with no objections, motion carried with 6 Ayes.

6. *Manager's Report No. 26-21* Discussion and Possible Action on the Joint Funding Agreement (JFA) with U.S. Geological Survey (USGS) for the Period of October 1, 2025 to September 30, 2026

Acting Engineer Jason Kagimoto explained that this agreement allows USGS to perform groundwater monitoring and surface water monitoring at selected sites, which they work together with DOW to do. The reason this needs to come to the Board is because there are some terms within the agreement that require Board approval relating to invoicing and payments, and interest.

Board member Kodani moved to approve Manager's Report No. 26-21, seconded by Mr. Fujikawa; with no objections, motion carried with 6 Ayes.

7. Election of Board Chair, Vice-Chair and Secretary for 2026 *(deferred from the November 20, 2025 meeting)*

Board member Kodani moved to elect Tom Shigemoto as Chair, Micah Finnila as Vice-Chair, and Clyde Kodani as Secretary to the Board of Water Supply for calendar year 2026, seconded by Mr. Shigemoto; with no objections, motion carried with 6 Ayes.

INFORMATIONAL BRIEFING ***(non-action item)***

1. Water Systems Investment Plan (WSIP) Water Rate and FRC Results Summary

- CIP Development and Prioritization
- Water Rate Study – Recap of Revenue Requirements Results
- FRC Study Results
- Next Steps

Acting Engineering Division Head Jason Kagimoto stated this informational briefing is an update to last month's presentation on the rate study and Facilities Reserve Charge (FRC). He recognized the efforts of the Department, Brown and Caldwell, and Harris and Associates. He recognized the need to move this forward and get it out to the public and expressed his appreciation for all the support. He noted that there will be a New Business item relating to this presentation at next month's meeting.

Michelle Sorensen of Brown and Caldwell along with Anne Hajnosz joining remotely, led the presentation.

Slides 4 through 25 – CIP Development and Prioritization (M. Sorensen)

Slides 2 and 3 – Agenda and Updated Schedule
The presentation will begin with Ms. Sorensen providing a review of the Capital Improvement Program that has been developed through the Water Systems Investment Plan over the past 3 years, which forms the basis of the rates and FRC analysis. Ms. Hajnosz will then begin a review of the revenue requirement results, and the changes that have been made since the November meeting followed by the rate results, back to the CIP, and then the FRC study results that were discussed during the Board workshop in April.

There have been a series of meetings up to this point, and we are now heading into outreach with Board discussion and input at the January meeting followed by public outreach meetings during the summer; new rates and FRC sometime after that.

Slide 6 – Planned Buildout, Prioritized 20-year, Prioritized Achievable
These pie charts reflect the distribution of the project types for each of the 3 CIPs. The chart on the left shows what the build-out CIP list looks like in terms of dollars and distributions at $1.3 billion, which is what needs to be done to meet the department's mission, and which is what the Department would carry out if money and availability to implement were not an issue. $1.3 billion is realistically not achievable in that 20-year timeframe, so the strategy has been to identify the future needs with the planned build-out list and pare it down to priority projects.

The middle chart shows the Prioritized 20-year CIP of about 109 projects at half the value of the build-out CIP, which totals approximately $34 million a year over 20 years.

The chart on the right shows the Prioritized Achievable CIP, which reflects what the Department has been able to implement over the past few years in terms of value. It's at $16.5 million a year/$330 million, which is a quarter of what the actual need is overall and is less than that for some categories such as the green pipeline replacement section that gets smaller as we move to the right; this is really the bare minimum.

Under each of the CIP's there is some new source development, news tanks, pipeline R&R, etc., and except for the Planned Buildout, we are not meeting the full need of the system in the future.

Slide 7 – The CIP "Process"

With the Water System Investment Plan, building the GIS system and the hydraulic modeling were the foundation of the plan. Feeding in a climate impact study defined the levels of service and connected the Engineering and Operations teams to come up with projects for the Planned Build-out CIP. The next step was to figure out what was important and affordable and what should be done first when the need is much greater than the Department's ability to implement, which leads to the wheel of prioritization: engaging stakeholders, looking at availability of traditional funding programs, considering equity to serve customers. To pull all of it together to have a transparent decision-making process, project benefits were identified, and a Power BI-based multiple criteria decision analysis tool was developed specific to the Kaua'i CIP. After navigating through the wheel of prioritization, and having the Prioritized 20-year CIP, rates, FRCs and other available funding were collaboratively discussed, which is how they came up with the Prioritized Achievable CIP.

Slide 9 – Multiple Criteria Decision Analysis (MCDA): Determine Key Criteria for Levels of Service

The MCDA identifies key points in how some of the hard decisions to get from the $1.3 billion to what is possible. The first steps were to develop levels of service and identify what was important to the Department based on its mission and vision and reviewing County Planning documents and Planning work that had taken place before. Workshops were held with staff to come up with five level of service categories with established criteria within each of those categories.

Slide 10 – Criteria Scoring: Addresses Capacity Deficiency

Storage throughout the system was looked at in a couple of ways – the water systems standards criteria for storage is one day of max demand, so a tank is either sufficient size and at the right elevation to meet those criteria, or it's not. This slide is specific to current capacity needs, and the same analysis was done for future development of future capacity needs. The examples at the bottom of the slide lists projects that were identified in the analysis and show that the HW-11 (Haena Tank) is currently at capacity deficiency and K-05a (Kalaheo New Tank) is at a capacity surplus; the deficient tank has a higher score than the surplus tank. The third project (K-16) is a well project that doesn't address storage, so it does not get a score for the benefit of that category.

Slide 11 – Criteria Scoring: Resolves Fire Flow Deficiencies

Storage capacity for fire flow is a different criteria in the MCDA, and you can see that HW-11 addresses both capacity deficiency and existing deficiency related to fire flow.

Slide 12 – MCDA Tool

Each of the 173 projects in the Build-Out CIP was scored according to criteria and pointed out how different projects show a different combined relative benefit based on the criteria it addresses. The color coded bars represent the different criteria used to determine which projects are the most beneficial

Slides 13 through 15 – Identifying High-Value Capital Projects

The relative benefit scores are plotted on the y-axis along with some capital costs on the x-axis for a cost-benefit analysis, which help them identify those high-value projects in terms of the highest benefit, lowest cost shown in the top left quadrant of the chart on Page 13.

Page 14 shows the benefits associated with meeting current needs versus future needs, valuing the current need higher than what's needed in the future in terms of capacity.

Page 15 shows that cost benefit relationship plotted on a map – the larger the dot, the higher the benefit; the lighter the dot, the lower the cost. High-value projects are identified by the large, light dots which represents the potential priority projects across the island and show how they are equitably they are distributed naturally. Through this process they are able to see which projects would be the most beneficial and give the most bang for the buck.

The final step of this build was truthing this with Operations and Engineering to determine if there were other reasons for a project to be prioritized higher and come up with the prioritized 20-year list.

Slides 17 through 19
Ms. Sorensen went over some examples of how that prioritization translates into looking at projects that could be implemented over the next 20-years by showing map overlays for New Wells, New Tanks, and Pipeline Repair & Replace.

New Wells
In the Planned Buildout CIP, there are 9 projects plus Kapaa, which is contracted. The numbers next to the project locations/names indicate the final priority of the projects after the MCDA, after input from Operations and Engineering, and to some extent input from the public through the CIP outreach done in September. Based on the Board's feedback from the November meeting, projects associated with existing meter restrictions are represented by blue stars, and projects needed to support future growth are represented by the yellow-orange stars.

The 20-year Prioritized CIP list show source projects remain high-priority with just one project falling off the list, but there are still 8 projects meeting 89% of the overall need for source development represented in the Planned Buildout. There are some tough decisions to be made for all the projects when we get to the Prioritized Achievable CIP list because it is limited by dollar value and looking to complete 4 of those well projects. Also shown are the existing meter restricted areas plus the anticipated future growth in Lihue.

New Tanks
In the Planned Buildout CIP there are 15 projects plus contracted Kapaa, and as we get to the Prioritized 20-year CIP 10 projects will address two-thirds of the need. In the Prioritized Achievable CIP there are 6 projects representing 40% of the need at a cost per year of $3.7 million.

Pipeline Repair and Replace (R&R)
The planned buildout CIP reflects the need, which is a little bit different here as it addresses the existing fire flow deficiencies and the age and quality of the current pipelines. 20% of the pipes must be replaced over the next 20 years considering we have pipes from the 1920's and 15% of the system was built before 1960. In addition, there is a significant portion of the pipes that are undersized to provide fire flow.

Under the Prioritized 20-year CIP replacement is less than 1% per year, meaning that in 20 years, the need will ultimately be greater than it is today because every year the pipes get older.

The Prioritized Achievable addresses just 19% of the identified need in the Planned Buildout CIP and is a trade-off in terms of still getting tanks and wells in the ground with fewer pipes.

Board member Fujikawa noted that he previously wondered whether there could be a subset within the 20 years to help identify what direction the Department may be going such as which of the tanks and wells are going to be addressed first in terms of projects. He asked if there has been any further look into a 10-year plan, noting that Water Plan 2020 was a 20-year plan as well. That plan was a lot less thought through from a financial and staff capacity standpoint, but we got through 40% of the list. However, there are no real answers as to why we did not get through the remaining 60%. Mr. Fujikawa asked if they could touch on where they think the Department will be going in the first half of the 20-year plan and whether any further thought has gone into that. Ms. Sorensen stated it depends on how much there is to spend to balance these needs and priorities, and the number one priority will be attacked first. They do not currently have a list for the first 10 years because the dollar value that will be available is unknown.

Mr. Fujikawa asked if the strategy is to lift all areas equally resulting in all the restrictions disappearing at the same time or is the strategy to relieve restrictions in certain areas to get it off the table and then focus on the next district, and so on. Manager Tait stated that Mr. Fujikawa is hitting on a subject that is near and dear to everyone. As Ms. Sorensen mentioned, when the Department knows what the rates will be, they will then know what the available money will be. As far as prioritization, Mr. Tait provided the example of the Water Surface Treatment Plant, which may potentially jump up on the priority list should it become a new source. The priority may not necessarily be a pipeline just because of its age, and it will be a matter of what is strategically achievable to take advantage of lower present costs, but that strategy cannot be fully developed until the rate piece is determined. Ms. Sorensen added that programming the CIP is part of this project, and the Water System Investment Plan, as much as it is a planning document, it does reflect a snapshot in time. There are environmental factors that may change, the availability of funding being on of them, so if you were able to get external funding or collaborate with another department on a particular project, that may advance the timeline of that project even if it is not the top priority.

Mr. Fujikawa stated he appreciates seeing the snapshot with certain assumptions and asked if they are able to provide the Board with different snapshots such as what will happen after rates are approved, what will happen if a different rate structure is approved which will help the Board understand where the money is planned to go and in what order. He does not expect to have a year-by-year snapshot but would like to have an idea of what strategy the Department is moving toward in terms of what projects to do first. He added that the Manager does bring up a good point that the what-ifs will come up, but he would like to know if the Department has a strategy at this point in time. Mr. Kagimoto stated that they can identify how all the projects are being prioritized, but one thing to keep in mind is that even when they identify the dollars per year in terms of capital, the money is not available right away, so the timing may be difficult to pin down. However, at the very least they can provide a list of how the priority of all the projects line up. Ms. Sorensen added that they have spent the last 3 weeks refining that priority list, which will be available, and the priority of all the projects can be referenced in the slides that were just shown in terms of what needs to be done and what is anticipated to be done. Manager Tait stated that the caveat is that things change depending on whether money comes in or not, and that changes a lot of Engineering's priorities.

Slides 26 through 32 – Water Rate Study Revenue Requirements Results (A. Hajnosz)

Ms. Anne Hajnosz of Harris and Associates stated that she would be going over the water rate study results that were discussed at the November meeting and will go into further detail if the Board has additional questions.

Slide 27 – Water Rate Summary of 3 Water Rate Scenarios

The four analyses used were summarized:
- Baseline Needed to Close Operations and Debt Service Gap
- Time Period is 10 Years – even though they are not looking for adoption of rates over a 10-year period, they do look across multi-years to see how much can be accomplished on an average basis as well as over the whole 10-year period.
- 3 Scenarios Developed to Achieve Financial Targets
- Scenarios Built on Achieving Capital Scenarios
- Comparison of Typical Bill Impacts

Baseline Operations Analysis FY 2027-FY2031

This analysis says we need to close the current gap between operations and debt service expenditures, recommending that operating targets in terms of debt service coverage are monitored. The FY 2026 budget was used as a basis, and revenues were projected at less than 1% per year in terms of customer growth. From a revenue standpoint, meter reads are improving which builds confidence that once these meter replacements are done in the next couple of years, we will see revenues that are consistent with projections. There are also miscellaneous revenues in the form of interest earnings that are assumed at 3% on cash balances.

On the graph to the right, revenues under current rates are represented by the dotted line, the blue section of the bars represent operating expenses, and the green section of the bars represent debt service, which show that we are currently not covering that on an annual basis.

Budgeted vacant positions were considered and assumed to be filled, and a cost escalation of 3.5% was added.

This analysis shows that we need a 23.5% rate increase just to close the gap between operations expenses and debt service expenses and break-even; this does not include any additional capital expenditures over the FY 2026 budget.

Slide 29 – Rate Scenario Results FY 2027-FY 2036

The three capital scenarios shown are over 10 years with Scenario 1 being equivalent to $16.5 million capital expenditure per year, Scenario 2 right in the middle between $16.5 and $34 million of capital spend per year, and Scenario 3 being the highest at $34 million average capital spend per year; these are average numbers over the span of 10 years.

As Mr. Kagimoto mentioned not all revenues are going to necessarily come at the opportune time, and a number of factors will have to be considered such as capital costs, land costs, Environmental Assessments, etc. However, to simplify it as much as possible, these are the rate adjustments that would be seen under these capital expenditure scenarios.

The first year will be the toughest because it requires 23.5% to close the operations and debt service gap, with capital expenditures being added after FY 2027. An adjustment after the November meeting was to add some staff augmentation for Scenarios 1 and 2 which were not originally included, and as a result the 4th and 5th year adjustments for FY 2020, 2030, and 2031 went up from 6% to 6.5% for Scenario 1, and from 10% to 12% in Scenario 2. Scenario 3 did not change. It was noted that at the August 25, 2025 Board meeting, it was discussed that the last rate increase the Department put into effect was July 1, 2014 at an 11.2% rate increase.

Slide 30 – Rate Scenario Results FY 2027-FY 2036

The 4th line of the chart shows that $0.5 million per year was added for Staff Augmentation to Scenario 1, and $1 million was added for Staff Augmentation to Scenario 2; no change to Scenario 3.

This slide shows the capital expenditures on an annual basis in the top left, with the financial assurance targets shown at the bottom left as well as showing how they are making those debt service coverage ratios and what the anticipated maximum debt levels are. They wanted to keep it at less than 35% considering we are going to have a high amount of cash money capital, and these results show maximum debt at 21%, which is not very high at all; other utilities around the country are at 50% or above.

Operating Reserve targets did not change much, and the capital reserve target slid a bit, but is still anticipated to be achieved with the 5-year time period by FY 2031. This is a big target as not only are we asking for rate adjustments for capital, but we are also asking for rate adjustment for financial sustainability and financial assurance.

Slide 31 – Monthly Bill Comparison: SF 5/8" meter; 12,000 gals/month (FY 2027)
These are the proposed rate adjustments for FY 2027 as compared to the other counties: Green is Kauai DOW; Purple is Honolulu Board of Water Supply, Tan is Maui Department of Water, and Blue is Big Island Department of Water. Honolulu and Big Island already has their approved rates through FY 2027. For Kauai, the shortest bar represents what the existing bill would be for 12,000 gallons/month by base meter under Scenario 1 and 2 as both of those scenarios will be the same rate increase for the first year at $98.63; it would be at $102.57 under Scenario 3.

Slide 32 – Monthly Bill Comparison: SF 5/8" meter; 12,000 gals/month (FY 2028)
FY 2028 was included to show what the following year may look like with Honolulu BWS increasing from $110 to $128, and Kauai going up from $98 to $123 under Scenarios 1 and 2, and from $102 to $133 under Scenario 3.

Slides 33 through 38 – Rate Scenarios and CIP (M. Sorensen)
Slide 34 – CIP Summary
This table is a summary of the information previously presented through the maps on Slides 17 through 25 for the three CIP scenarios for New Wells, New Tanks and Repair and Replacement. With the dollar amounts provided by Ms. Hajnosz, this table ties it all together. The point of this slide is to provide a reference that shows how far each reduction in the CIP funding takes us from achieving what we know to be our current buildout need. Ms. Sorensen provided some perspective of the cost of single projects as we look ahead to the CIP spend in a year in relation to the overall numbers. She used the Kilauea project as an example, noting that the cost of one new tank is around $13 million, plus the cost of a new well at somewhere around $7 million. Mr. Kagimoto stated for reference the Kapaa Homesteads project is around $25 million for two 0.5 million gallon tanks.

Chair Simonton asked if there are any ways the Department can be more innovative to get some cost savings to which Mr. Tait responded that because of the cost of inflation, we have to. In reference to Mr. Fujikawa's questions regarding prioritization, Ms. Sorensen stated that if we have a $25 million tank, and we have $16.5 million per year for CIP projects, that puts into perspective how much can get done in that one year.

Slide 35 – A Note on Inflation
Building upon what Manager Tait stated, Ms. Sorensen added that these CIP numbers are being presented in today's dollars, which is an important industry standard when looking at CIP

development to eliminate the variability of the interest rates and construction escalation. Normalizing those project estimates to today's dollars allows them to communicate at a single point in time the scale and priorities for the CIP so things don't get skewed as we look ahead. There is some inflation escalation built into the rate study from the Operations and Maintenance perspective and from a cash balances perspective. Annual CIP level adjustments are also being looked at beyond the timeline of the rate study.

Slide 36 – Rate Scenarios and CIP
The development of the CIP is part of the master planning process, and rates are the way to implement the CIP plan. In reviewing how CIP and funding scenarios are correlated, the Prioritized Achievable CIP at $16.5 million corresponds to the Rate Scenario 1. The Prioritized 20-year CIP at $34 million corresponds to Rate Scenario 3. None of the rate scenarios will fund the Planned Buildout CIP without outside funding coming in.

Slide 37 – Funds Available for Each Rate Scenario and CIP Need (Cumulative)
This graph is cumulative and shows how the need and available funds build over time with the different scenarios and for the different CIPs. The solid black line is the buildout CIP, the dotted blue line is the Prioritized 20-year, the $34 million adding up constantly over time, and the dotted orange line is the Achievable 20-year. The bars at the bottom of the graph show the cumulative amount of CIP funds that become available under each scenario with Scenario 1 being Orange, Scenario 2 being Green and Scenario 3 being Blue. The black line aligns with that buildout scenario which shows where we are today and how the gap between the overall need and the available funds gets larger over time. Even with the most aggressive rate scenario, it's a relatively slow ramp up over the first five years in terms of available funds.

Slide 38 – Annual 5- and 10-year CIP Funds Generated by Rate Scenarios (Average)
This is another view that shows the ramp up looking at the average funds available for the three different rate scenarios at year 5 and at year 10. The first five years will be ramping up to having the overall funds available, and it's only at the 10-year mark that the average funds available annually can achieve the corresponding CIP.

Chair Simonton exited the meeting at 11:10 a.m. Vice Chair Shigemoto presided over the remainder of the meeting.

Slides 39 through 50 – FRC Results

Slide 41 – FRC Overview Definition and Purpose
The Facility Reserve Charge is a one time charge developers or individuals who want to connect to the water system to have them contribute to the proportionate share of the backbone system, which is the source of supply, treatment, storage and transmission mains that all existing customers have already paid for. The American Water Works Association (AWWA) has an incremental approach methodology, which is appropriate when utilities don't have adequate additional source or capacity to service these new customers. DOW has existing capacity limits in the majority of its water systems, and therefore cannot easily serve new customers with the existing system; this is one of the key components in using the incremental approach. Source of supply, storage and transmission are the three components of the backbone system which is used to project how much incremental costs will be attributed to building those components for new growth. The calculated FRC is the maximum allowable charge the Board can adopt, but the Board can also adopt at a lower level and phase in the FRC up to the maximum allowable charge. If you implement a lower FRC, the needed capital improvements still need to be built, so existing rate payers will likely be paying for some of that. It's a zero sum game when it comes

to capital funding, and the FRC is a small, but important, part of DOW's capital funding. Historically, FRC revenues are used to fund growth-related CIP projects.

Slide 42 – FRC Overview Key Steps for the FRC Calculation

Both the Prioritized and Prioritized Achievable CIP were looked at, identifying the growth-related capacity-increasing projects from those CIPs and any potential grant funding available, then allocating the total demand of the project between existing and future growth needs. A cost basis was determined for each project based on the split between growth and existing deficiency connections. The unit cost of the growth, or dollars per gallons per day, which was the converted to an equivalent residential unit based on the maximum day demand for a 5/8" meter. The FRC was calculated based on DOW's current meter size schedule, then any applicable credits related to existing cash balances would have been applied; however, under DOW's circumstances, all cash is committed to the prior projects, so there was no applicable credit.

Slide 43 – FRC Overview – Key Capital Assumptions

To get to the key assumption, the total Prioritized 20-year CIP at an average annual expenditure of $34 million was used, and of that $34 million, 21% was identified as being growth-related. A sensitivity analysis was done to look at what the FRC would be under those conditions, but as it turned out it is not just a matter of reducing the total CIP spend. The analysis looked at the ratio of dollars for this project, how much this project costs, and how much capacity this project is going to provide. The ratio of dollars per gallons per day led them to keep the $34 million a year Prioritized CIP because going to the lower CIP of $16.5 million did not reduce the FRC. This is also consistent with the FRC methodology that they use to look at either a 10-year or a 20-year time period, so the Prioritized 20-year CIP was still the appropriate option to look at. The final FRC recommendation for the Board's consideration is a maximum allowable amount of $28,000 per 5/8" meter. As mentioned, the Board can adopt a lower FRC.

In addition to DOW's current meter rate structure, two different rate structures were looked at that some communities have looked at or have already adopted. They are looking at an FRC based on livable area in square feet up to 3,000 square feet instead of meter size. The other rate structure looked at was based on fixture units – number of faucets, washer, refrigerator, etc.; this is the structure that Honolulu Board of Water Supply uses.

Slide 44 – FRC Results

These results for a maximum allowable FRC of $28,000 for a 5/8" meter compared to the existing $14,100 FRC are based on the three backbone system components of source, storage and transmission. These unit costs are already accounted for in the max day GPD which is multiplied by the 500 gallons per day average day demand, which calculates to $28,779.

Slide 45 – FRC Calculation by Meter Size

This table shows how the FRC calculations would look on DOW's rate schedule starting at $28,000 for a 5/8" meter and going up based on meter size. These meter capacity ratios are based on AWWA standards. Again, the Board could adopt a lower FRC number somewhere between $14,000 and $28,000 and then phase it in over time which is typically done when there is a big increase.

Slide 46 – Option 1 FRC Rate Structure: Based on Single-Family Residence (SFR) Livable Area

This is an option to set the FRC based on livable area, which would only pertain to the single-family residence class; this would not pertain to commercial or non-single-family residential customers. The suggested livable area for a 5/8" meter was determined by looking at the average single-family home on the island, which is about 2,000 square feet or the equivalent of a 5/8"

meter at the $28,000 rate; this equates to about $14.39 a square foot. If this option is applied to a smaller house of 800 square feet, you get a lower FRC. The higher $43,000 FRC would apply to single-family residences at 3,000, and any single-family residential home larger than 3,000 square feet would go back to the meter size rate schedule. It was reiterated that non-residential and non-single-family residential customers would be under the meter size rate schedule. Part of the reason the 3,000 square footage was considered the max was due to other studies that correlate water usage to livable area. After 3,000 square feet, you may be adding additional bedrooms, but you may also be adding theater rooms, wine cellars, or things that do not directly correlate to water usage. Other outer water usage such as pools could be considered.

Board member Kodani asked what happens if an applicant comes in with a 1,000 square foot plan and pays the $14,000, but the following year they come in for an expansion; would they be charged for the additional square footage, or is it a one-time fee? Mr. Kagimoto stated those details would need to be worked out, but it would be based upon the building permit at that time. If they increase their square footage, it will increase the FRC amount so they would have to pay incrementally based on their building permit. He added that there is no perfect implementation for a lot of these approaches, and they will all have their pros and cons. He stated for example, the current method is the simplest to implement where you pay the same FRC for single-family residential whether your home is at 800 or 3,000 square feet. The idea with this proposed structure is to provide some cost differential for a smaller home, but there will be some nuances that will exist.

Board member Fujikawa asked what percentage of customers have 5/8" meters. Mr. Kagimoto stated the current implementation is a single-family home, regardless of size, will be on a 5/8" meter. If a customer comes in for an ADU that has a kitchen, it would require an upgrade to a ¾" meter; any single-family dwelling that is the only dwelling on that parcel will be a 5/8" meter. Probably 85% to 90% of our customers are at 5/8" meter, and then commercial or non-residential have meter sizes that are based on fixture units.

Slide 47 – Examples for Phased-in FRC for Option 1

This is an example of the FRC being phased-in over a period of 5 years. The bottom table shows the existing FRC for areas from 800 square feet up to 3,000 square feet are all at the same rate of $14,000 because they are all single-family residential no matter the size. The following columns show the FRC rates if the Board adopts a rate based on square footage and phase it in over a 5-year time frame with the goal of reaching the maximum amount by Year 5.

Board member Fujikawa asked how the phasing in approach would impact the Department's ability to do projects. Ms. Hajnosz stated the current FRC revenues come in at about $2 million per year, and the reason for the phase in is to make it more affordable for smaller homes or ADUs and try and see a redemption from that $2 million number. However, it is really hard to project. Mr. Kodani asked what the easier path for DOW would be, questioning whether staff would be spending more time managing these accounts if it's based on square footage versus fixed amounts. Assistant Waterworks Controller Sherri Silva stated that Fiscal's preference is to receive the FRC payment up front versus trying to contact customers over a 5-year period as they may not have the funding later. It is currently at $14,000, and it will be difficult if it goes up to $28,000, which customers may not be able to afford it. It scares her to collect this charge over 5 years because they see customers make payment plans all the time because they are lagging in bill payment. Mr. Fujikawa stated for clarification that the FRC will be a one-time payment, but the value of that one-time payment is going to change each year, so they won't have a payment plan. Ms. Silva reiterated that currently people already have a hard time paying the $14,000 charge and have a hard time making their bill payment plan. The rate increases are needed just

to cover operating expenses and our debt payment, and just increasing the FRC will be hard for anyone. Mr. Kagimoto stated the current FRC structure is the most straightforward from an administrative standpoint, but from a community feedback standpoint, it seems like it would be best to move forward with one of the options. Both structures will require the FRC up front, but any future building permits will also require a review to see if there is any incremental increase for FRC based on what comes through for a permit, which will require additional oversight from the department. One thing to note is that if someone came in to add an additional bedroom to a single-family home, which does not have any direct water usage associated with that addition, if the square footage of the home then exceeds 3,000 square feet, it would require a larger meter, and an increase to the FRC. Currently, the Department's preference is to go the route of charging an FRC per square footage as it seems like it would be the easiest of the options to implement. Mr. Kodani asked to clarify that should a customer want to add a room or an extension, the Water Department would have to review the permit application. Mr. Kagimoto confirmed that anything and everything that goes through the building permit process will need to come to DOW for review, which is why the process can take a long time.

Slide 48 – Option 2 FRC Rate Structure: Based on SFR Fixture Units (FXTU)
This option is based on fixture units, and this is a structure that Honolulu Board of Water Supply has been using for decades. Fixture units for a 5/8" meter would be at 30 fixture units for a single-family residence at $959.29/FXTU. Some examples of the FRC amount for FXTU are shown, for example, an 800 SF guest house with 17 fixture units would pay an FRC of $16,307; a 1,000-1,500 SF home with 22 fixture units would pay an FRC or $21,104, and so forth. The fixture unit amount may seem a little high, but the thing to keep in mind is that while a hose bib is one FXTU, some appurtenances such as showers or toiles may have more than one FXTU assigned to it.

Using the example chart, Ms. Hajnosz compared options 1 and 2. Under the square footage option, an 800 SF guest house could be as low as $6,500 if the FRC is phased in over a 5-year time period, versus under the fixture unit option, the FRC could be $16,000, which again, could be phased in. In response to Mr. Shigemoto's question, Ms. Hajnosz explained that the $959/FXTU is based on the $28,779 FRC for a 5/8" meter for a 2,000 square foot home in Option 1, divided by the 30 fixture units per single-family home in Option 2.

Manager Tait clarified that the $34 million Prioritized CIP, the FRC was somewhere between 4 – 6% of revenues, which is a really small number compared to the overall picture.

Slide 49 – KDOW Existing FRC Compared to Rates for Other Hawaii Water Agencies
This table shows the FRCs under the current meter rate structure for Kauai in comparison with the other counties. Kauai last updated its FRC in 2015, Maui in 2017, and Big Island in 2021. Big Island's FRC, or Facilities Charge as they call it, is based on a different approach as they have existing capacity within their system to serve new customers, so they use the buy-in approach which results in a lower facility charge.

Ms. Hajnosz noted that a question came up at a previous Board meeting regarding offering some sort of discount to customers that have owned land for generations. The Big Island has something like that, pointing out that the $6,095 for a 5/8" meter shown in the table is for a second and subsequent meter; the first meter charge, which is shown in the notes at the bottom, is heavily discounted at $1,319. This policy has been in place for 35 years, the intent was to recognize that some people have had property in their family for generations, they can now afford to build; this discount would not apply to developers as they would pay full price after the first meter.

Slide 50 – Alignment Between FRC and Water Rates

There are some growth assumptions that are used in the FRC calculations that are also used in water rates, and there is a reason why they are different. Growth projections are predominantly based on how the capital projections are done which reflect back to the General Plan. Brown and Caldwell looked at this as well, so the growth projections in the FRC analysis are similar to what the WSIP is using based on 3.5% system wide growth.

The rate study growth projections are much more conservative based on historical growth in the customer base in a short period of time; In this case a 5-year historical average growth was less than 1%, so there are going to be differences in the assumptions for specific reasons.

Capital assumptions were based on the Prioritized 20-year CIP; from an FRC analysis standpoint they are not necessarily focused on annual capital spend and are looking at the 20-year horizon. However, the rate analysis definitely looks at the annual funding needs within a shorter time period from a 5-year to 10-year period.

Slide 52 – Alignment Between FRC and Water Rates (cont.)

This slide shows what FRC and water rates pay for, but there is other funding that we would be fortunate to receive such as developer contributions or grants; DOW did receive some State grants, appropriations, and SRF loans which were identified in the rate study. Ms. Hajnosz reminded the Board that water rates pay for all non-growth related CIP costs, the R&R, and correcting deficiencies in the existing system.

FRCs are available to pay for the growth-related CIP, but will not pay for all of it due to timing differences. As mentioned earlier, the Department gets about $2 million of FRC revenue a year, which is not going to fund that many capital projects directly. Some utilities use FRC revenues to pay for debt service, but it is not a recommendation because they are not as a reliable source of revenue as rates are. With the awareness that the FRC is going to pay for a limited amount of growth-related projects, rates will still pay for some of it.

Slide 53 – Preview of January 2026 Board Action

1. Approve one rate scenario for 5-yr time period FYs 2027-2031 to be presented to the public:
    a) Scenario 1: 25%, 25%, 6.5%, 6.5%, 6.5%
    b) Scenario 2: 25%, 25%, 12%, 12%, 12%
    c) Scenario 3: 30%, 30%, 15%, 15%, 15%

    Consider annual CPI adjustment rule subsequent to year 5

Whatever scenario the Board approves at the next meeting will be presented at outreach meetings to the public for feedback in Quarter 2 of 2026. Ms. Hajnosz noted that they are looking at a five-year time period. However, after the fifth year they would highly recommend that the department adopt some kind of rule that would allow CPI level adjustments in the rates after year 5.

2. Approve FRC changes to be presented to the public:

    Increase FRC up to the maximum of $28,779 over a 5 year phase in period and (pick a, b or c below)

    a) Continue with existing meter size rate structure with 1 adjustment to charge by meter size for SFR

Ms. Hajnosz stated that currently all single-family residential new homes are assessed a $115 fee regardless of meter size. If the Board chooses to keep the meter size rate structure, their

recommendation would be to do away with that rule, and just stick to meter size for all new connections. For example, if a single-family resident comes in for a 1" meter, they don't get assessed the $14,000, they get the 1" meter rate.

a) Adopt livable area rate structure as the basis for setting FRC for SFR
b) Adopt fixture units rate structure as the basis for setting FRC for SFR

Slide 54 – Next Steps

Ms. Hajnosz stated that once the Board approves one of the recommend rate scenarios and FRC proposals, they will begin public outreach meetings in Quarter 2 of 2026. This would put the Department on track to implement new rates and new FRC no later than Quarter 3 of 2026, with the ideal month of implementation being July, or no later than September. After this, during the second and third part of the rate study, they will begin cost of service and rate design efforts.

Manager Tait stated he is available to meet one-on-one with any of the Board members if they want to have more detailed discussion on the rates and FRC proposals. He mentioned at the last Board meeting he was more focused on rates because it's such an overwhelming percentage of what Fiscal is in need of right now. Mr. Tait stated that regardless of what the Board approves, there needs to be a resiliency effort in the form of continuing adjustment year to year. If the inflationary number goes up really high, he does not want to bet on the fact that rates alone are going to carry the Department.

Anticipated timeline for rate increase implementation:
January – Board selects a rate scenario
February to March – Public Outreach meetings to present Board's selection of rate structure
March – Board update on proposed rate increase based on public feedback
April to May – Public Hearing for Rule Change to increase rates; this will involve the proposed rule changes be reviewed by the Small Business Association and Ka Pa'akai analysis
June to August – Board decision-making on proposed rule changes for rate increases

The anticipated timeline for the public hearing to approve rates would be roughly April or May after the public outreach has occurred; An update to the Board is expected in March. Board approval of the rate increases, which involve a rule change, will happen subsequent to the public hearing likely at a Board meeting between June to August.

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 November 2025

2. **Operations**
   a. Monthly dashboard – Annual Financial Impact Overview, Staff Overtime Hours, Budgeted and Vacant Positions, Services Received/Completed, Highlights: New Hires and Recruitment **(Ops hired 10 new employees in 2025; New Ops record for New Hires!)**, Interviews scheduled, Training: Large Customer and Source Meter Calibration Testing

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:
   - Kapa'a Homesteads 325' Tanks
   - Pu'u Pane 1.0 Million Gallon Tank
   - Kalāheo Water System Improvements
   - University of Hawai'i Experimental Station 605' Tank
   - Hā'ena 0.2 MG Tank
   - Kīlauea Wells 1 & 2 MCC, Chlorination Facilities
   - Kūhiō Hwy (Hardy-Oxford) 18" 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

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

5. **Manager and Chief Engineer**
   a. Reports to Manager:
      1. Change Order No. 7 for Contract No. 701 with Glenmount Global Solutions, LLC, Job No. 20-03 SCADA System Maintenance and Professional Consultation Services
      2. Multi-Term Contract Encumbrance for Construction Contace C765, Job No. 24-05 – Kapa'a Homesteads Well No. 4 Pump and Controls
      3. Change Order No. 1 for Contract No. 778 with ABR Ventures LLC dba Honua Waterworks, GS-2025-04 Hydrants & Appurtenances and Various Building Water Pipe Repair and Maintenance Fittings

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

1. Confirmation of Board Committee Appointments for 2026

TOPICS FOR FUTURE BOARD OF WATER SUPPLY MEETING:

EXECUTIVE SESSION:

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).

ADJOURNMENT

The meeting was adjourned at 11:20 a.m.

Respectfully submitted,

Cherisse Zaima

Cherisse Zaima
Commission Support Clerk