

MINUTES  
BOARD OF WATER SUPPLY  
**Thursday, April 18, 2024**

The Board of Water Supply, County of Kaua‘i, met in a regular meeting in Līhu‘e on Thursday, April 18, 2024. 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. Julie Simonton, *Vice Chair*  
Mr. Larry Dill (*entered at 9:44 a.m.*)  
Ms. Micah Finnila  
Mr. Troy Tanigawa

**EXCUSED:**

Mr. Kurt Akamine  
Mr. Ka‘aina Hull

Quorum was achieved with **4** members present at Roll Call.

**ANNOUNCEMENTS**

Next Scheduled Board Meeting: Thursday, May 16, 2024 – 9:30 a.m.

**APPROVAL OF AGENDA**

**The Agenda was approved with no objections.**

**MEETING MINUTES**

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

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

**PUBLIC TESTIMONY**

None received.

Vice Chair Simonton noted that these items were deferred from the previous meeting so Board member Larry Dill, who is Chair of the Finance Committee, was present for discussion and decision-making.

**Board member Simonton moved to postpone the Old Business items until Board member Dill joins the meeting, seconded by Mr. Tanigawa; with no objections, motion carried with 4 Ayes.**

**NEW BUSINESS**

1. *Manager’s Report No. 24-13* Discussion and Possible Action to Adopt Resolution No. 24-08, Safe Drinking Water State Revolving Fund (DWSRF) Lead and Copper Rule Revisions (LCRR) Compliance Loan for Board of Water Supply, County of Kauai

Engineering Division Head Jason Kagimoto provided a summary of the Manager’s Report submitted. He noted that this loan is to support the field work the consultants are doing to verify the laterals.

**Board member Simonton moved to approve Manager’s Report No. 24-13, seconded by Mr. Tanigawa; with no objections, motion carried with 4 Ayes.**

2. Manager's Report No. 24-14 Discussion and Possible Action to Reappropriate Certain Budget Line Items to Another Line Item Budget for the Purpose of Ordering Inventory Parts

Chief of Operations, Ryan Smith provided a summary of the Manager's Report submitted. He explained that they are proposing to utilize funds from several line items that will not be expended this fiscal year and use them to replenish the inventory funds to purchase additional equipment for the transponder replacements. Board member Tanigawa asked if this will have any impact on next fiscal year's budget to which Mr. Smith stated no, this is only for this fiscal year. In response to Chair Shigemoto, Mr. Smith explained that the line items they plan to move the monies from are projects that are not going to be able to get to this year such as the old Administration Building demolition.

**Board member Simonton moved to approve Manager's Report No. 24-14, seconded by Mr. Tanigawa; with no objections, motion carried with 4 Ayes.**

3. Manager's Report No. 24-15 Discussion, Deliberation, and Possible Decision-Making on Department's No Impact on Small Business Determination as it relates to the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills.

Deputy County Attorney Saito provided his opinion that the proposed rule amendments do not impact small businesses as the amendment is to an internal administrative process.

**Board member Simonton moved to approve Manager's Report No. 24-15, seconded by Mr. Tanigawa; with no objections, motion carried with 4 Ayes.**

4. Manager's Report No. 24-16 Discussion, Deliberation, and Possible Decision-Making on Department's No Impact re: Ka Pa'akai Analysis as it relates to the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills.

Deputy County Attorney Saito provided his opinion that the proposed rule amendments do no impact any readily apparent Native Hawaiian traditional and customary right or practice as the amendment is to an internal administrative process.

**Board member Tanigawa moved to approve Manager's Report No. 24-16, seconded by Ms. Simonton; with no objections, motion carried with 4 Ayes.**

5. Manager's Report No. 24-17 Discussion, Deliberation, and Possible Decision-Making on adoption of the Proposed Amendment to Part 2 of the Rules and Regulations for Water Service Connections, Section VII, Article 1, Meter Reading and Rendering of Bills. (*Public Hearing was held on April 8, 2024*)

Deputy County Attorney Saito noted that a Public Hearing was held on April 8, 2024 to received testimony on the proposed rule amendments. Staff noted that no public testimony was received, and no additional amendments or revisions were proposed by the Board. Should the Board decide to adopt this rule amendment, it will go into effect 10 days after it is filed with the County Clerk.

**Board member Simonton moved to receive Manager's Report No. 24-17 and to adopt the amended rules as presented with no changes, seconded by Mr. Tanigawa; with no objections, motion carried with 4 Ayes.**

**Board member Dill entered the meeting at 9:44 a.m.**

## **OLD BUSINESS**

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

Waterworks Controller Renee Yadao stated this request detail their encumbrance balances for contracts that were previously budgeted for and will rollover into FY24. She provided a budget detail by account of the balances to be rolled over as of July 1, 2023. Board member Dill asked if this could be deferred to the next meeting to which Ms. Yadao stated it can, noting that these balances are needed for Fiscal to get a true picture of what the balances are. She pointed out that because of their software issues, they received assistance from consultants to go through the purchase orders line by line to obtain the totals. These numbers are accurate as of July 1, 2023, but because there were obligations to pay upon those purchase orders, transactions were continuing throughout this fiscal year. What is before the Board is no the to-date balance. Board member Dill requested a separate meeting with himself and Fiscal to review this in more detail, but he does not want to hold the Department up.

Board member Finnila asked if the software issue has been rectified to which Ms. Yadao stated they are not sure whether to upgrade the current software or look into another software. She noted the current software, Great Plains, will eventually be phased out so there is an end date to how long they can continue to use it.

**Board member Tanigawa moved to approve Manager's Report No. 24-11, seconded by Ms. Simonton; with no objections, motion carried with 5 Ayes.**

2. *Manager's Report No. 24-12* Discussion and Receipt of the Department of Water's (DOW)'s Independent Auditor's Report for the Fiscal Year Ended June 30, 2023 (*deferred from March 21, 2024 meeting*)

Lawrence Chew and Ryan Iwane of N&K CPA's, Inc. provided an overview of the Independent Auditor's Report, giving a summary of the Schedule of Findings Nos. 2023-001 to 2023-004.

**Board member Dill moved to approve Manager's Report No. 24-12 with the correction to Pg. 77 "End Date" to reflect FY2024 instead of FY2025, seconded by Mr. Tanigawa; with no objections, motion carried with 5 Ayes.**

## **STAFF REPORTS**

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

Waterworks Controller Renee Yado provided an overview of the Monthly dashboard and Budget Report for March 2024.

Board member Dill asked to clarify that the 7,900 identified as Open Field Activities are awaiting replacement to which Ms. Yadao replied yes. Mr. Dill further asked to clarify that the plan is to eventually all 23,000 transponders which will cost approximately \$4.3 million.

Mr. Dill asked to clarify that Fiscal has not been billing customers with non-functioning transponders since March, to which Ms. Yadao stated yes, and it will take a full month from the date that the rule change for estimated billing takes effect to see the revenue pick up again. Mr. Dill noted that on Page 129, the revenue shows a positive variance. Ms. Yadao explained that the revenues show a positive variance of \$2.2 million, which is due to \$2.9 million in loan forgiveness from the State. This along with loan forgiveness received last month in the amount

of \$2.2 million which totals \$5.2 million. If you look at just water sales, we are \$848,000 below target. Manager Tait asked if the \$848,00 includes the non-billed metered accounts to which Ms. Yadao stated yes. We originally budgeted for \$2.4 million for the month but only brought in \$1.7 million.

Manager Tait noted that Jason and Michael with Engineering were able to acquire a Pro-Fi loan with the State that allows them to purchase many different things including meters. Ms. Yadao stated \$5 million which needs to be requested for reimbursement prior to June 30. These monies have already been spent and is a recoupment of prior years' expenses. In response to Mr. Tanigawa, Ms. Yadao discussed the difference between SRF Loans and Pro-Fi Loans, both of which offer loan forgiveness packages.

## 2. Operations – Monthly dashboard

Chief of Operations Ryan Smith provided an overview of the Monthly dashboard submitted noting they are still trying to fill positions, but they have a few interviews coming up. They have 3,840 transponders that they are hoping will be shipped out soon, which is the last bulk order to get it in the queue and then have staggered shipments of every 2 months or so. Cartegraph, which is the MPET replacement, is now live, but the Ops guys have been very receptive and motivated to use it, even the non-computer savvy staff.

Mr. Smith noted that the financial impact of non-revenue water is a directly related to the estimated billing and not being able to provide that. He added that number is based off of how much it cost to produce water but does not factor in the tiered amounts for billing.

## 3. Engineering – Monthly dashboard

Engineering Division Head Jason Kagimoto provided an overview of the Monthly dashboard and Quarterly updates submitted and provided updates on the various CIP and DOW Projects they are working on. He noted that Overtime continues to be high, but it is due to the amount of projects they've been putting out with limited staff. Mr. Kagimoto stated that once the public meetings for the Kauai Water Use and Development Plan conclude the report will be updated based upon public comment and the goal is to bring the report to the Board for approval in the Fall. He noted that though the process has been long and daunting, hearing from the communities about water needs have been eye opening as this report discusses much more than just drinking water such as surface water and recycled water. Hearing about the lack infrastructure and resources for things other than drinking water, such as Agriculture, has provided a different perspective. The Lead and Copper inventory identification is due in October, and they fully intend to submit by the deadline with no unknowns and having identified all materials.

In response to Chair Shigemoto, Mr. Kagimoto explained how the numbers in Private Projects Design/In Construction correlates to the numbers in Private Projects Construction Complete. He stated that Design Approved are projects that have been approved and are in various stages of construction, and all move at different paces. Our engineers review and approve the plans and once a project goes into construction, it's a combination our engineers working with the contractor and our inspectors going out to inspect the work. That number will generally remain high.

Administration:

a. Monthly dashboard

Manager Tait provided an overview of the Monthly dashboard submitted, highlighting the pie chart for personnel vacancies which show Admin. at 53% vacant. Engineering and Operations also continue to have large staffing gaps. Mr. Tait gave big kudos to Board member Tanigawa's department for the communication regarding the flooding issues; DOW has a much lighter load than Public Works and State DOT. A great deal of effort is going toward employee training and the Department will continue to send employees to trainings and virtual workshops. He noted that Cherisse Zaima and Terrilyn Amorin are heading up the planning committee for the 2024 AWWA Annual Conference being held on Kauai in October. Manager Tait has attended three meetings with DHHL (Department of Hawaiian Homelands) and Grove Farm. He met with 4 elected officials during his recent Washington, DC trip to discuss funding for CIP operations, software needs in IT, and any other funding that can lead us to with their knowledge of where appropriation money was not expended. Manager Tait shared his sentiments on the recent loss of a DOW team member, Wiley Yoshioka.

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

Public Information Specialist Jonell Kaohelaulii provided an overview of the PR Report submitted and a brief update on PR activities, highlighting the Save Water Outdoors outreach event held at the Grove Farm Market where they discussed water conservation outdoors, water services, and answered general questions. They also distributed free hose nozzles at the event, pointing out that studies show that one water drip per second can result in water waste of up to 3,000 gallons per year; by distributing about 200 hose nozzles this month, DOW has contributed to saving approximately 225 gallons of water.

c. Human Resources – updates on Personnel Vacancies

d. Information Technology – Monthly update  
*None provided*

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

Manager Tait provided an overview of the Manager's Update provided

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

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

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

Board member Dill requested that the Board be provided regular monthly updates on the deficiencies that were identified by the audit.

**EXECUTIVE SESSION:**

Pursuant to Hawai'i Revised Statutes (HRS) §92-7(a), the Board may, when deemed necessary, hold an executive session on any agenda item without written public notice if the Executive

Session was not anticipated in advance. Any such executive session shall be held pursuant to HRS §92-4 and shall be limited to those items described in HRS §92-5(a).

1. Pursuant to Hawai'i Revised Statutes § 92-4 and § 92-5(a)(6), the purpose of this executive session is to consider sensitive matters related to public safety or security.
2. Pursuant to Hawai'i Revised Statutes (HRS) Sections 92-4 and 92-5(a)(3), the purpose of this Executive Session is to deliberate on the acquisition of public property, specifically, property identified by tax map key: (4) 3-8-018:001.

**Board member Dill moved to enter into executive session with Manager Joe Tait and Deputy Manager Michael Hinazumi invited as resources, seconded by Mr. Tanigawa; motion carried by roll call vote with 5 Ayes.**

**The Board entered into executive session at 11:28 a.m.**

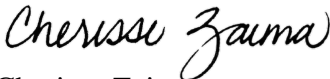
**The Board resumed in open session at 11:58 a.m.**

In accordance with Act 19 Relating to Public Agency Meetings, Chair Shigemoto reported that the Board was provided with updates as it relates to the Department's cyber security, and possible acquisition of public property. No decision making occurred.

**ADJOURNMENT**

The meeting was adjourned at 11:59 a.m.

Respectfully submitted,

  
Cherisse Zaima  
Commission Support Clerk