

BOARD OF WATER SUPPLY
COUNTY OF MAUI

REGULAR BOARD MEETING
MINUTES OF OCTOBER 20, 2022

The regular meeting of the Board of Water Supply was held online via BlueJeans and physically at the Kalana Pakui Building Conference Room, 250 South High Street, Wailuku, Hawaii 96793. Recordings of the meetings are viewable at <https://www.akaku.org/boards-commissions/>.

I. CALL TO ORDER

The meeting was called to order by Chair Buddy Nobriga at 1:30 p.m.

II. ROLL CALL

Members present: Buddy Nobriga
Jason Hew
Dean Frampton
Edwin Lindsey
Antonette Eaton
Juanita Reyher-Colon
Donna Sterling
Ralph Thomas

Staff present: Helene Kau, Director
Kristina Toshikiyo, Deputy Corporation Counsel
Sherilyn Otsubo, Board Secretary

III. APPROVAL OF MINUTES

Member Reyher-Colon moved to approve the minutes of September 15, 2022.
Member Lindsey seconded the motion. The motion passed unanimously.

A recess was called at 1:34 p.m.

The meeting reconvened at 1:44 p.m.

IV. OTHER BUSINESS

A. There was no testimony on Other Business and testimony was closed.

B. Discussion by N&K CPAs, Inc. on the audit of the financial statements for the fiscal year ended June 30, 2022.

Dwayne Takeno, audit principal, and Christian Hara have worked on the Department of Water Supply audit for a few years and they prepared a presentation for the board (attached).

Chair Nobriga asked if they do this audit every year.

Mr. Takeno replied that they've been the auditors for about seven years.

Chair Nobriga asked what the purpose of the audit is.

Mr. Takeno said the purpose is to audit the financial statements and issue an independent auditor's report.

Chair Nobriga asked how the department fared over the last five years.

Mr. Takeno replied that they have issued unmodified opinions, which is a clean opinion.

Chair Nobriga asked if there are any areas of concerns.

Mr. Takeno responded that in every audit, they look at management override of internal controls and revenue recognition. They have not issued a management letter.

Chair Nobriga said we'll look forward to the audit findings in January.

C. Discussion by Water Resources and Planning Division on federal grant funds for consulting services to develop conservation and shortage plans.

Eva Blumenstein said they are pursuing federal grant funds to develop water shortage and conservation plans for each of the department's systems, Upcountry, Central, West Maui, Lahaina, Molokai and Hana. They would like to get consultant services for two primary purposes; to prioritize long-term conservation measures based on our water savings objectives, and second, to formalize water shortage triggers and demand response actions to address district specific water shortages. This grant opportunity is through the Bureau of Reclamation and they're submitting the application in collaboration with the Office of Economic Development. They are requesting a letter of support from the board to strengthen their application.

Vice Chair Hew asked if the grant is to cover the cost of the consultants.

Ms. Blumenstein replied that they have budgeted professional services, but the grant would help to extend this to all the districts rather than just prioritizing certain districts.

Member Eaton asked for the scope of work.

Ms. Blumenstein will provide that.

Chair Nobriga asked if it would be okay to have the letter of support approved at our next board meeting on November 17.

Ms. Blumenstein said yes.

Vice Chair Hew asked there are funds to continue this consultation if they do not receive this federal grant, and would they do consultation for all the areas or only the prioritized areas.

Ms. Blumenstein said they would prioritize certain areas and just do this in-house. It's something that needs to be done and is one of the Water Use and Development Plan strategies.

D. Discussion on drought restrictions.

Director Kau said that we remain on Stage 1 water restrictions for Upcountry and West Maui. In Upcountry there is 90% reservoir capacity at Piiholo, but inflow into Piiholo has not consistently met the 3 to 5 MGD being treated and produced for distribution. The Kamole Water Treatment Facility was offline for a couple of days this week as EMI cleared the Wailoa Ditch which was full of debris. The Olinda Water Treatment Facility has been offline since early September as the intake continues to suffer from ongoing drought conditions. Waikamoi Reservoir #1 has been averaging about three percent capacity. With Olinda offline, the upper Kula system remains on chlorine disinfection instead of chloramines.

On the west side, the Mahinahina Water Treatment Facility was shut down on September 30th due to lack of supply from Honolua Ditch. The facility returned to service on October 6. Since October 12, the plant is receiving only 100,000 gallons of water or less per day, with the exception of two rainy nights that provided under a million gallons of water each day. The plant continues to produce an average of 1.2 MGD. The last few days have seen minimal water flowing in and the reservoir has been quickly draining as the plant is still producing the 1.2 MGD with 100,000 gallons or less coming in each day. The Mahinahina Water Treatment Facility will lower production to extend running time and to attempt to prevent another shut down of the facility while we wait for more rain. Without rain the plant will again shut down near the end of this month.

Member Reyher-Colon asked what the longest time the Mahinahina and other treatment plants have been out of service and if there are contingencies in place to address if it is extended beyond the normal shut down.

Director Kau doesn't know the exact time with regard to the longest period of a shut down. Whenever there is a shut down of a surface water treatment facility, we rely upon wells in the existing area.

Chair Nobriga asked how often the EMI ditch is cleaned.

Director Kau said it is a common occurrence and it happens every year. It is coordinated with EMI and the department advises them on what they see in the flow.

Chair Nobriga asked if this drought persists, do you see any radical things happening.

Director Kau responded that if the drought persists and if we continue to run those wells at max capacity for an extended period of time, we will have to enforce further water restrictions.

Chair Nobriga asked if there are any initiatives that this body can take on to support the community.

Director Kau replied that what Ms. Blumenstein is pursuing is the best long-term strategy to determine how best to respond to future shortages.

Member Eaton said the 2018 water agreement between EMI and the county says that EMI will make available up to 12 million gallons of water per 24-hour period. Currently we're getting six million gallons in Piiholo, Olinda and Kamole. Why aren't we getting twelve?

Director Kau responded that it's mainly because the water is not flowing through the ditch. When water flows through the ditch, we're always provided with the maximum allowable that we need.

Member Eaton asked if there is another diversion for water that's going to Wailoa Ditch?

Director Kau said there are several diversions along the way, however the main constraint is dry conditions.

Member Eaton said we're not getting the 12 MGD and Upcountry is continually experiencing drought conditions. Why are the waters still being diverted when the community needs the water?

Director Kau replied the average 12 MGD is not affected by the other diversions. It's just the water flowing through the ditch. Many of the other restrictions related to Upcountry are not due to Wailoa Ditch.

E. Approval of the 2023 Regular Meeting and Contested Case Hearing Schedule.

Chair Nobriga asked for a motion to discuss the draft schedule.

Member Reyher-Colon made the motion and Member Frampton seconded.

Vice Chair Hew asked about the times for contested case hearings because our last case for the Venturas was always in the afternoon.

Deputy Corporation Counsel Toshikiyo will try to get a response.

Member Reyher-Colon said there were a lot of technical issues during our last case and she would like to have both in-person and virtual available for all parties involved.

Chair Nobriga mentioned the issue of having a room available to hold in-person meetings.

Member Reyher-Colon asked if board meetings will be held virtually or if there will be opportunities to meet in person.

Chair Nobriga said that due to the new State law, both options must be provided.

Member Sterling said she attended a meeting at the new County Service Center and recommended that we use that room.

Deputy Corporation Counsel Toshikiyo got a response from Mimi DesJardins and she said the hearings typically start at 9:00 a.m., but it's meant to be flexible to accommodate the board members and the parties.

Vice Chair Hew made a motion to accept the draft schedule and Member Frampton seconded the motion.

The motion passed unanimously.

V. DIVISION REPORTS

A. There was no testimony on Division Reports and all remaining agenda items. Public testimony was closed.

Director Kau had no comments on the division reports but mentioned that Bobby Vida, Field Operations Division Chief, retired on September 30 after close to 40 years of service.

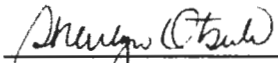
VI. NEXT MEETING DATE AND TIME

Board Meeting: November 17, 2022 at 1:30 p.m.

VIII. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 2:24 p.m.

Prepared by:



Sherilyn Otsubo
Secretary to Boards/Commissions II

Approved for distribution:

Digitally signed by Helene Kau
Date: 2022.12.16 15:30:57 -10'00'

Helene Kau
Director

**County of Maui
Department of Water
Supply**



**Board of Water Supply
October 20, 2022**



N&K CPAs, Inc.
ACCOUNTANTS|CONSULTANTS

Agenda

Engagement Team Members

Scope of the Audit

Audit Standards

Auditor's Responsibilities for the Audit of the Financial Statements

Timing of the Audit

Implementation of New Accounting Pronouncement

Questions

Engagement Team Members

Dwayne Takeno – Audit Principal

Christian Hara – Audit Manager

Scope of the Audit

Report on Financial Statements and
Supplementary Information

Report on Internal Control Over Financial
Reporting and Compliance and Other Matters

Audit Standards

Auditing Standards Generally Accepted in the
United States of America

Government Auditing Standards, issued by the
Comptroller of the United States of America

Auditor's Responsibilities for the Audit of the Financial Statements

Express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. GAAP.

Our audit of the financial statements does not relieve you or management of your responsibilities.

Timing of the Audit

We began our audit in August 2022 and expect to issue our report either late November or early December 2022.

Implementation of New Accounting Pronouncement



GASB 87 **Lease** **Accounting**

Governmental Accounting Standards No. 87,
Leases, effective July 1, 2021.

Questions?

