

COUNCIL OF THE COUNTY OF MAUI  
**WATER RESOURCES COMMITTEE**

June 18, 2004

Committee  
Report No.

04-91

Honorable Chair and Members  
of the County Council  
County of Maui  
Wailuku, Maui, Hawaii

Chair and Members:

Your Water Resources Committee, having met on June 2, 2004, makes reference to the following:

1. County Communication No. 04-136, from the Director of Water Supply, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE BOARD OF LAND AND NATURAL RESOURCES, STATE OF HAWAII".

The purpose of the proposed bill is to authorize the Mayor to enter into an intergovernmental agreement with the State Board of Land and Natural Resources, regarding the purchase of water allocation credits from the Camp Maluhia Site No. 1 Well development.

2. Bill No. 39 (2004) entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE BOARD OF LAND AND NATURAL RESOURCES, STATE OF HAWAII".

The purpose of the bill is to authorize the Mayor to enter into an intergovernmental agreement with the State Board of Land and Natural Resources for \$1,000,000 towards the costs related to the exploratory drilling, testing, and development of the Camp Maluhia Site No. 1 Well. In consideration of the State's financial contribution, the State will receive, from the Department of Water Supply, water allocation credits in direct proportion to the total cost and expense of the completed project.

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Your Committee notes that Bill No. 39 (2004) passed first reading with one amendment at the Council meeting of May 18, 2004. The bill was amended to state that the State of Hawaii wishes to enter into an intergovernmental agreement with the County of Maui rather than the County of Maui desiring such action. Bill No. 39 (2004) and County Communication No. 04-136 were referred to your Water Resources Committee.

At its meeting, your Committee met with the Director of Water Supply; a Deputy Corporation Counsel; and the Chief Engineer of the Engineering Division, State Department of Land and Natural Resources (Chief Engineer).

Your Committee received public testimony from one individual who objected to a new source being developed for areas other than Upcountry.

Your Committee received a brief opening statement from the Chief Engineer who noted that the purpose of the intergovernmental agreement is to provide funding for exploratory drilling, testing, and development of the Camp Maluhia Site No. 1 Well from the North Waihee Aquifer in exchange for water credits. He further noted that the agreement can be amended upon concurrence by both parties at any time. He also submitted a memorandum providing details on the proposed agreements as well as possible State projects for which the water credits may be used. The Chief Engineer noted that some of the projects listed in his memorandum are not located in the Central Maui area and were listed erroneously.

The Director of Water Supply provided your Committee with a map of the location of the proposed well site.

Your Committee discussed the effect of such a well on the Waihee Aquifer. Drawing from the Waihee Aquifer north of Makamakaole Gulch will alleviate some of the pressure of the current draw on the southerly portion of the Waihee Aquifer, according to the State Commission on Water Resource Management (CWRM). The CWRM has indicated that the draw from the Waihee Aquifer south of Makamakaole Gulch must be kept below 4 million gallons per day.

Your Committee discussed the proposed timeline for this project. The Director of Water Supply indicated that if the current site location is confirmed,

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drilling can commence in the near future. If a new location must be established, drilling could be delayed for more than a year.

Your Committee discussed the purpose of the well. The Director of Water Supply clarified that the drilling is initially for a test well to determine the quality and quantity of water available. The Chief Engineer indicated that even if the well does not yield potable water, it will still be extremely useful as a deep monitor well for the Waihee Aquifer.

Your Committee discussed the State's water credits. The Director of Water Supply indicated that as a simplified example, if the well produces 1 million gallons per day, the State would be entitled to 250,000 gallons of this water. The State would not receive any water credits if the well does not produce potable water.

Your Committee discussed the source of the funds. The Chief Engineer indicated that the funds are from State General Obligation Bonds.

Your Committee discussed the possible transference of water credits to private parties. The Chief Engineer indicated that he is not aware of the State ever transferring water credits to a private party. The language of the draft intergovernmental agreement limits the use of the water credits to State projects. When the State desires to utilize the water credits, they would need the approval of the Department of Water Supply.

Your Committee discussed amendments to the intergovernmental agreement. The Deputy Corporation Counsel indicated that Chapter 2.20 of the Maui County Code requires that amendments be authorized by the Council. The Mayor is required to transmit any intergovernmental agreement to the Council within seven days of its execution.

Your Committee notes that the attachment to Bill No. 39 (2004) entitled "Inter-Governmental Agreement between the State of Hawaii and the Maui County, Department of Water Supply, regarding the Purchase of Water Allocation Credits from the Camp Maluhia Site No. 1 Well Development for State Projects", identified as Exhibit "A", is in draft form and will not be executed until after the passage of the bill on second and final reading. The Deputy Corporation Counsel noted that there are many remedies available to the Council should the

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Council disagree with any amendments made to the draft intergovernmental agreement prior to it being executed. One of these remedies would be not to appropriate the funds.

Your Committee voted to recommend passage of Bill No. 39 (2004) on second and final reading and filing of the communication.

Your Water Resources Committee RECOMMENDS the following:

1. That Bill No. 39 (2004), attached hereto, entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE BOARD OF LAND AND NATURAL RESOURCES, STATE OF HAWAII" be PASSED ON SECOND AND FINAL READING; and
2. That County Communication No. 04-136 be FILED.

Adoption of this report is respectfully requested.

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