

COUNCIL OF THE COUNTY OF MAUI  
**PUBLIC WORKS AND  
TRANSPORTATION COMMITTEE**

February 15, 2002

Committee  
Report No.

02-23

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

Chair and Members:

Your Public Works and Transportation Committee, having met on January 30, 2002, makes reference to County Communication No. 99-62, from the Chair of the Public Works and Water Committee, requesting that the matter relating to future proposed rules for the Board of Water Supply (BWS) be referred to the Public Works and Water Committee.

Your Committee notes that County Communication No. 99-62 was referred to the prior Council's Public Works and Water Committee at the Council meeting of January 22, 1999.

Your Committee notes that it is in receipt of the following:

1. Correspondence dated March 9, 1999, from the Director of Water Supply, relating to the Water System Development Fee (WSDF) Rule Amendment; and
2. Copy of Title 16, Board of Water Supply, County of Maui, Chapter 8, Water System Development Fees, received at the Public Works and Water Committee meeting of March 17, 1999.

At its meeting of November 15, 2000, the Public Works and Water Committee recommended that County Communication No. 99-62 be referred to the Council Chair for the term beginning January 2, 2001, for a recommendation as to referral or other disposition.

At its meeting of January 12, 2001, the Council referred County Communication No. 99-62 to your Public Works and Transportation Committee (County Communication No. 01-24).

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By correspondence dated January 23, 2002, the Council Chair transmitted a letter dated January 17, 2002, from the Mayor, transmitting the proposed amendments to Chapter 8 of the WSDF Rule of the Maui County BWS for Council consideration.

The purpose of the proposed rule amendments to Chapter 8 is to amend the Water System Development Schedule of Fees and the Schedule of Fee Credits.

Your Committee notes that Section 8-11.8 of the Revised Charter of the County of Maui requires the Mayor to either approve or disapprove and transmit the request to the Council within 15 days of receipt. The request shall be deemed approved and transmitted to the Council on the 16<sup>th</sup> day if the Mayor takes no action. Because the Mayor neither approved nor disapproved of the proposed amendments, the rule amendments were considered approved.

Your Committee further notes that Section 8-11.8 allows the Council 45 days to confirm the Mayor's recommendation or to override the Mayor's recommendation by a two-thirds vote of its entire membership. The Council's 45 days will expire on March 5, 2002.

By correspondence dated January 23, 2002, the Director of Water Supply transmitted a copy of the draft BWS WSDF Schedule (Determination) Study based on the BWS Fiscal Year 2000 Audit.

By correspondence dated January 29, 2002, Michael J. Singlehurst, President of the Maui Contractors Association, requested denial of the amendment.

At its meeting, your Committee met with the Director of Water Supply; the Fiscal Officer, Department of Water Supply; a Deputy Corporation Counsel; and Kent Hiranaga, member, BWS.

Your Committee received testimony from one individual who expressed opposition to the proposed WSDF Rule amendment.

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The Director of Water Supply provided a PowerPoint presentation and submitted hard copies of the presentation justifying the proposed increase in the WSDF. He noted that the revenue from the WSDF funds system expansion in source, transmission and storage facilities County wide and that the current fee is based on 1990 assets. The average annual revenue generated has remained at \$1.5 million since 1993. Given the growth in the number of services at 2.2 percent per year, a minimum of \$2.7 million is needed each year for system expansion. Thus, the current fee structure is insufficient to keep up with the demand for the expansion of the water system at the current growth rate.

The Director asserted that the WSDF will only affect customers needing new or additional water service and would not affect existing customers. The proposed amendment also includes a provision allowing for annual increases based on the Honolulu Consumer Price Index (CPI).

The Director submitted copies of four written testimonies received during a public hearing conducted on Molokai and Maui.

In response to your Committee's inquiry, Mr. Hiranaga indicated that amendments to the rule applicable to the WSDF will be considered in public hearings in the near future. In an effort to expedite the increase in fees, the BWS transmitted the current proposal separate from the amendments to the applicable rule.

Mr. Hiranaga asserted that the BWS decided to base future increases on the Honolulu CPI because it would lessen the potential for dramatic increases in the fees. However, the BWS still has the authority to review the rates and to determine whether the adjustments are adequate. In addition, because there is no mandated interval for review of the fees, basing the increases on the Honolulu CPI would prompt the need for reviews whenever the Honolulu CPI is adjusted.

Mr. Hiranaga stated, in response to your Committee's inquiry, that the consensus among BWS members is that special consideration should be given to individuals on the water meter waiting list in the Upcountry area. The Upcountry Water Meter Rule is pending consideration at a public hearing and the BWS will attempt to expedite the matter.

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Your Committee indicated that based on the absence of amendments to the rule applicable to the WSDF, your Committee considered a draft resolution entitled "DISAPPROVING AMENDMENTS TO THE WATER SYSTEM DEVELOPMENT FEES RULE OF THE MAUI COUNTY BOARD OF WATER SUPPLY". The purpose of the proposed resolution is to disapprove the rule amendments to Chapter 8 to amend the Water System Development Schedule of Fees and the Schedule of Fee Credits. Your Committee recommended the adoption of the draft resolution.

Your Committee further indicated that although it is in support of the proposed increase in the WSDF, it will not consider the proposed increase in fees without the applicable rule amendment.

Your Committee is in receipt of the resolution, approved as to form and legality.

Your Public Works and Transportation Committee RECOMMENDS that Resolution No. \_\_\_\_\_, attached hereto, entitled "DISAPPROVING AMENDMENTS TO THE WATER SYSTEM DEVELOPMENT FEES RULE OF THE MAUI COUNTY BOARD OF WATER SUPPLY" be ADOPTED.

Adoption of this report is respectfully requested.

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