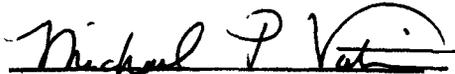


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WATER RESOURCES COMMITTEE
Council of the County of Maui
MINUTES
MARCH 3, 2009
Council Chamber

APPROVED:


Committee Chair

1 CONVENE: 9:04 a.m.

2 PRESENT: VOTING MEMBERS:

3 Councilmember Michael P. Victorino, Chair
4 Councilmember Joseph Pontanilla, Vice-Chair
5 Councilmember Gladys C. Baisa (Out 11:51 a.m.)
6 Councilmember Sol P. Kaho'ohalahala
7 Councilmember Danny A. Mateo
8 Councilmember Bill Kauakea Medeiros
9 Councilmember Michael J. Molina (In 9:07 a.m.)

10 NON-VOTING MEMBERS:

11 Councilmember Wayne K. Nishiki

12 STAFF: Kimberly Willenbrink, Legislative Analyst
13 Tammy M. Frias, Committee Secretary

14 ADMIN.: Jeffrey Eng, Director, Department of Water Supply
15 Ellen Kraftsow, Program Manager, Water Resources
16 and Planning Division, Department of Water
17 Supply (Item No. 4)
18 Holly Perdido, Fiscal Officer, Department of Water
19 Supply (Item No. 6)
20 Edward S. Kushi Jr., Deputy Corporation Counsel,
21 Department of the Corporation Counsel

22 OTHERS: Item No. 4: Michael Howden

23 Carl Freedman, Haiku Design & Analysis
24 Additional attendees (5)

25 PRESS: Akaku - Maui County Community Television, Inc.

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CHAIR VICTORINO: (Gavel.) Good morning. Good morning, Members, and welcome to our Water Resources Committee meeting. We have a quorum present today. Today is March 3rd, 2009 and the Water Resources Committee will come to order. Members in attendance at this time is Vice-Chair Joseph Pontanilla, Member Gladys Baisa, Member Sol Kaho'ohalahala.

COUNCILMEMBER KAHO'OHALAHALA: Good morning.

CHAIR VICTORINO: Member, Chair Danny Mateo.

COUNCILMEMBER MATEO: Good morning.

CHAIR VICTORINO: And myself, the Chair of the Committee, Michael Victorino. Also joining us right now is Member Bill Medeiros.

COUNCILMEMBER MEDEIROS: Good morning.

CHAIR VICTORINO: Also present is Non-Voting Member, Mr. Wayne Nishiki.

COUNCILMEMBER NISHIKI: Good morning.

CHAIR VICTORINO: I would like to welcome all of you Members this morning. And thank you, Mr. Nishiki, for making yourself available, also.

From the Department this morning we have our -- the Department of Water Works Director, Mr. Jeffrey Eng.

1 MR. ENG: Good morning.

2 CHAIR VICTORINO: From Corporation Counsel we have
3 Mr. Edward Kushi.

4 MR. KUSHI: Good morning.

5 CHAIR VICTORINO: Our Legislative Committee staff
6 members: Legislative Analyst Kim Willenbrink and Committee
7 Secretary Tammy Frias.

8 And thank you all for being here this morning.

ITEM NO. 4: WATER USE AND DEVELOPMENT PLAN (C.C. No. 05-38)

9 CHAIR VICTORINO: Members, this is an exciting day
10 because today we have two agenda items. The first item is
11 WR-4. It's relating to the Water Use and Development Plan.
12 For this item we will have a presentation from the Department,
13 who will provide us with a quarterly update and the progress of
14 our Water Use and Development Plan. We're very -- The second
15 item today is our water rates. Because our last Committee
16 meeting before we head out to Budget Session, I think it's
17 very important we talk about water rates and discuss it with
18 the Department heads.

19 Today normally I would open the floor up to public
20 testimony, but what I would like to request with no
21 objections is that public testimony be held off until after
22 the presentation. If there's no objections from the Members?

23 COUNCIL MEMBERS: No objections.

24 CHAIR VICTORINO: Thank you.

25 And let the record show that, also, Member Michael

1 Molina, Vice-Chair, is present, also.

2 Good morning, Michael.

3 COUNCILMEMBER MOLINA: Good morning, Mr. Chair.

4 CHAIR VICTORINO: Today we have Mr. Carl Freedman,
5 who is going to give us an update on the Water Use and
6 Development Plan. Members, I will ask specifically that we
7 hold all questions 'til after the presentation is completed.
8 Also, I would like to remind all of you, this is really an
9 update and that we will have the next two and a half to three
10 months that we will be working on this plan. I will ask you
11 if you have any suggestions, ideas or concerns, that you
12 forward it to this Committee Chair so that we may be able to
13 work with Mr. Freedman and get this ready so that when we
14 return in Jew -- June, I should say, we will be ready to move
15 on this issue. Okay?

16 So today is really an update. Again, if you have
17 minor questions or questions you want clarification on, I
18 will entertain those kinds of questions. But if you have
19 concerns, again, or questions or things that you would like
20 to see in the plan, I would request it in writing so that all
21 Members and the public would understand what we will be
22 doing. And that is true for the public, also. We will open
23 the floor to them to give out their mana`o in that respect.

24 So at this time I would like to call upon the
25 Director, Mr. Jeff Eng, to give us an overview, and then we

1 will call a quick recess, lower the screen and start with our
2 presentation. Mr. Eng.

3 MR. ENG: Thank you, Mr. Chair. And good morning,
4 Members.

5 COUNCIL MEMBERS: Good morning.

6 MR. ENG: This morning Mr. Carl Freedman is going
7 to give a quick update and status of all the various Water
8 Use and Development Plans that the Department is working on,
9 but primarily he will be discussing the Central Maui
10 Candidate Strategy Plan, that he has just about finalized this
11 chapter. And I have had an opportunity this weekend to
12 review it and discuss it with Mr. Freedman, and from my
13 observations and opinions, it is ready to be distributed to
14 this body. It will go along to the Water Advisory Committee
15 of Carl's as well as to the Board of Water Supply.

16 So I think, as Chair Victorino indicated, it's
17 kind of a happy day to be at this point, you know, that we're
18 at this point to now share our information with -- with you
19 folks. Thank you.

20 CHAIR VICTORINO: Thank you.

21 If there's nothing else, I will call this meeting
22 in recess subject to the Chair's call. (Gavel.)

23 RECESS: 9:10 a.m.

24 RECONVENE: 9:13 a.m.

25 CHAIR VICTORINO: (Gavel.) The February -- I

1 mean, excuse me, the March 3rd, 2009 Water Resources Committee
2 will come to -- come back to order. At this time I would
3 like to call upon Carl Freedman, who will be giving us a
4 presentation on the Maui County Water Use and Development
5 Plan. Carl has been working on this for many months.

6 In fact, I think over a year and a half, right, if
7 I'm not mistaken call, Carl?

8 MR. FREEDMAN: More.

9 CHAIR VICTORINO: More than that. Okay. Sorry,
10 Carl.

11 And so Carl has a tremendous update for us, so,
12 Mr. Freedman, I will give you the floor.

13 MR. FREEDMAN: Good morning, everyone. My name is
14 Carl Freedman and I'm working as a consultant to the
15 Department of Water Supply specifically on the Water Use and
16 Development Plans.

17 As Jeff said, I'm going to be focusing primarily
18 on the Central District in terms of details, and -- but I'm
19 going to give a quick overview of the status of each of the
20 districts. The Water Use and Development Plan is being done
21 individually for each district, but in the end it's going to
22 be put together as a whole piece for approval. It's not yet
23 determined whether there will be interim approvals in there,
24 but we'll see.

25 The -- So first I'm going to go over an overview

1 of each of the districts, and then I'm going to go over both
2 the Central and the Upcountry District because those are the
3 two plans that we have done in the most detail. And, in
4 particular, the Central District draft that's coming out has
5 specific recommendations, so I'm going to focus a little on
6 that today.

7 I'm going to spare you all a lot of the bar
8 charts. I have done several updates to the Committee and
9 have gotten into some substantial detail on some of these
10 individual ones. So today is going to be more of a -- an
11 overview, and the details I'm going to focus will be on
12 the Central District recommendations, which are new.

13 So each of the districts -- First, kind of look at
14 the roadmap here. This is a diagram from the Water
15 Commission's framework for updating the Hawaii Water Plan and
16 it shows the integrated resource planning process that's
17 specified for doing the Water Use and Development Plans. And
18 it has -- I don't -- you know, you perhaps don't even need to
19 read all of these boxes, but up front are some information
20 gathering stages where we identify what the planning
21 objectives are for the water plan, the demand forecast, which
22 is how much water we're going to need, and we identify all of
23 the supply side or -- and conservation, we call them demand
24 side resources and we identify all of those. So this is kind
25 of the information gathering phase.

1 And then after that, we put together what are
2 called sequences or strategies, which are -- are sequences
3 and combinations of those resources to meet the water needs
4 over a 20-year planning period, and we analyze those. I've
5 put together for each of the districts a -- a simulation
6 model that keeps track of the availability and reliability
7 and the costs of all these combinations, and we look at them.
8 And we've been several rounds for Central and Upcountry --
9 several rounds with the Water Advisory Committees looking at
10 different combinations in several presentations. So you've
11 seen some of those presentations in the past.

12 To put that here just to show where we are in the
13 different districts, here the -- across the top I've got some
14 of those different phases: The demand forecasts,
15 identifying objectives, identifying resource options,
16 candidate strategies, and then the final strategies are
17 the -- kind of the last round where we're looking more at the
18 feasibility and final reviews.

19 So Lanai is the furthest along. That was the
20 first to be started and it's in the final review stage. Maui,
21 Central and Upcountry are the furthest along of the -- of the
22 projects that I'm most involved in. I'm not directly
23 involved with Lanai. And then we have East Maui, West Maui
24 and Molokai are kind of the next round coming.

25 So to look at each of those, the Lanai District

1 has a draft plan that's under review by the Lanai Water
2 Advisory Committee, the final draft is being completed, and
3 there are still some outstanding issues being discussed by
4 the Water Advisory Committee.

5 The Central District, we have a draft complete for
6 public review. And that's going to go out almost immediately
7 to the Water Advisory Committee for review. It's a PDF file
8 that is now public, you know, for anyone to see. I think
9 it's being transmitted -- it's in the process of being
10 transmitted to this Committee through whatever -- however
11 that happens.

12 What's new with the draft since the previous
13 drafts is we've looked at a whole range of energy cost
14 scenarios, because, as you know, the energy costs keep going
15 up and down. So instead of looking at one and keep changing
16 it like we've done in the past, we've got a range in there.
17 We've analyzed some additional options. We've done more
18 attention to looking at the question of feasibility and more
19 details about costs and dates. So as we get fewer and fewer
20 of these things to look at, we're looking at them in more and
21 more detail. And there are some refinements and sensitivity
22 testing, looking at different assumptions.

23 And what's -- the other thing that's new is there
24 are some real recommendations. And this is the first time
25 we've seen anything that really comes down in the

1 recommendations. Everything so far has kind of been analysis
2 and analysis and more analysis. So I'll be going through
3 those now.

4 We have a -- we have a Water Advisory Committee
5 meeting for Central scheduled for March 31st. So that notice
6 will be going out very shortly and attached to the e-mail
7 versions will be a copy of this draft.

8 Upcountry is right on the heels of Central. I'm
9 in the process of putting together that draft. Most of the
10 analysis is done. It's a matter of getting it -- all the
11 pieces written up. And we have similar types of updates
12 there. We're going to have a draft report to that for the
13 Department to review sometime in March.

14 West District, we've had -- this is a reconvened
15 Water Advisory Committee, because there was a whole Water Use
16 and Development Plan process going many years ago at the time
17 that the Commission kind of raised the bar and issued its
18 framework for updating the water plan. And so this was the
19 reconvened process. We've had three meetings. With the
20 introduction we've identified some objectives and issues and
21 we've gone through some of these data gathering things. I'm
22 right now putting together the economic model for that
23 district.

24 Molokai, we've had six Water Advisory Committee
25 meetings. And this is on the tail of a whole series of

1 water -- of -- of meetings that they had on Molokai that were
2 sponsored by the Water Commission. The Molokai community is
3 very akamai with water. They -- Of all the water groups
4 we've been to, Molokai has the most understanding of what the
5 water issues are. They've really got a grasp on the big
6 picture and what their objectives are. I'm humbled by that
7 group. And the involvement there is passionate and
8 knowledgeable, so --

9 And Molokai plan is going to look different -- a
10 little bit different than some of the other ones for a
11 number of reasons. I'm not going to get into too much detail
12 now. But I don't think we're going to have so much analysis
13 with Molokai. We will have some, but it's going to be a --
14 some policy. The next meeting there is on March 12th.

15 East Maui District status: We did one series of
16 meetings or a pair of meetings, one in Keanae and one in
17 Hana, and gave an introduction of planning -- planning
18 objectives and issues. East Maui, we definitely have some
19 preexisting conflicts and contested issues. Diversion of
20 stream water is a big issue there and the impacts of some new
21 wells in the area.

22 And when we were doing the water, there was an
23 acute water shortage going on. As I reported to this
24 Committee before, we had -- we had people taking their kids
25 to Hana, you know, to use public facilities for showers

1 'cause their water supply, local water supplies, the springs
2 they've been counting on forever have gone dry now for the
3 first time in -- in their lives.

4 A lot of passion. There's anger in these
5 communities about the stream diversions. When I went out
6 there, I've sometimes felt like I was in front of the room
7 and -- I mean, I don't personally feel responsible for the
8 overthrow of the Hawaiian monarchy, but sometimes I felt that
9 way. And so I -- I don't know how we're going to resolve
10 some of these issues, but I -- we definitely are going to
11 report on what we hear there. And then we'll try and
12 reconcile some of these issues with the Central and Upcountry
13 District, because the water from this area serves the
14 Upcountry region.

15 That's kind of the quick status of all the
16 individual districts. I want to look now at the Central
17 District, and the Final Candidate Strategies for this
18 district include looking at Na Wai Eha surface water
19 treatment, that would -- northward basal groundwater,
20 eastward basal groundwater, desalination, and extensive
21 conservation and wastewater recycling. And I'm going to go
22 over each of these in a little bit of detail.

23 In all of the strategies there are some common
24 elements. The committed options are things that are already
25 in the pipeline, they're already going to happen. There are

1 some near term options that can be done. There are things
2 that could be done for near term water supplies. And down at
3 the bottom there, general options which could be done with
4 any of them. But the real guts of the decisions are with
5 these long term options that are basically alternatives to
6 one another. I mean, are we going to do this or that?

7 So we're looking at groundwater, surface water,
8 recycled water, and, of course, a big -- a big resource in
9 all of these is conservation. And we're looking at that
10 under the general options, but that has come out to be a big
11 element in all of them, as I'll explain.

12 The committed options and near term options are
13 included in all of the strategies. There's a list of them.
14 The general options include conservation and I sometimes call
15 it DSM or demand side management. The supply side leak
16 deduction -- reduction measures. It's detection and
17 reduction. Production energy efficiency measures, you know,
18 how the Department can be more efficient in terms of its
19 energy use. Some energy production options, if the
20 Department can be producing some energy. Water rate design
21 and pricing policies, stream restoration measures, watershed
22 protection and restoration, well development policies and
23 regulation, wellhead protection ordinance and a conservation
24 ordinance. Now, all of these things can be a part of all of
25 them. It's not like they would only apply to one or the

1 other, but they all need to be evaluated on their own merits.

2 As I said, I put together an analysis model for
3 these. It's a capacity expansion requirements analysis, so
4 it looks at what amounts of new resources would have to be
5 brought on line in order to meet water needs and maintain
6 reliable service. It looks at the costs of operating all of
7 those. It -- it specifically is designed so that it can make
8 a fair assessment between supply and conservation resources,
9 which are hard things to compare with one another because
10 they have different attributes. And, basically, it
11 determines the capital fixed and variable costs for the whole
12 planning period. So it looks at the operation of the whole
13 system over a 50-year period of time and gives cost by
14 perspective -- what are the costs to the utility, to the
15 participant and to everybody -- the total resource cost test,
16 and looks at some rate impacts.

17 So an important part of that has been a demand
18 side program analysis. And I want to touch on this first
19 because it's something that's common to all of the
20 different strategies. The questions basically are: What
21 programs can the County implement to encourage customers to
22 use energy -- it should be water efficiently? How effective
23 will the programs be as a resource to meet future water
24 needs? And are these cost effective?

25 So it started with an analysis of: What are all

1 the end uses of water in the Central and Upcountry Districts?
2 How much water is used for each of the uses? And then the
3 technical potential. How much of that water could be saved
4 if we had complete use of efficient fixtures? And then
5 what's an economic or really economic bite at that apple?
6 Given that it's not economic to get every -- get all of the
7 potential, what can we get for different amounts with
8 different types of programs?

9 So we looked at different types of programs for
10 indoor and outdoor end uses, using different types of measures
11 and different delivery mechanisms. By "delivery mechanisms,"
12 I think, you know, incentives or a rebate program would be
13 one, or direct install might be another. And then what are
14 the costs of attaining differently levels of the conservation
15 for each of those? And which ones are cost effective?

16 And I'm going to spare you a lot of the charts I
17 presented before on that issue, but, basically, the cost --
18 the conservation programs cost less than new supply
19 resources. For a program that is about \$1 million a year for
20 five years -- and I have that as \$4.3 million net present
21 value here -- it would reduce the system capital and
22 operating costs by about \$9.4 million. This is for the
23 Central system. And just the capital requirements, you know,
24 would be reduced by about the cost of the program in addition
25 to the operating costs.

1 And that operating cost number is based on our low
2 energy price scenario. At the high-energy prices, they're --
3 the savings would be greater than that. And that changes a
4 little in terms of which of the final candidate strategies
5 you use, because some of the final candidate strategies are
6 more cost effective than others. But this is kind of a
7 summary of some of the charts I presented previously on the
8 cost effectiveness of those.

9 So in all of the strategies we are concluding [*sic*]
10 a demand side management portfolio with indoor and
11 outdoor features. And then in one of the strategies we have
12 a very aggressive one. It's three times -- to attain three
13 times as much conservation. The last strategy is to maximize
14 conservation and water recycling, and so in that case we look
15 at that more intensively. The water recycling projects are
16 only included as a separate strategy. They're not included
17 in all of them.

18 So now to go through the -- the final strategies
19 for Central, the Na Wai Eha surface water treatment strategy
20 would use one or more water treatment plants using water from
21 the Na Wai Eha Streams. And we've looked at different
22 options. We've looked at several options that basically
23 count on having a base flow allocation from the streams.
24 That would mean that we would not need to build a reservoir,
25 but we would have an allocation of water whenever we needed

1 it for -- one is the Waiale Water Treatment Plant that is
2 essentially designed. That's an A&B project. One is the
3 Waihee Water Treatment Plant, which is not designed. It's a
4 plant site and, actually, it turns out to be -- have some
5 advantages because it's upstream of the urban development.

6 I'll see if I can show you here. Here's -- here's
7 Maui. Kind of get oriented there. And here's the
8 Kahului/Wailuku area. Here is the Waihee Valley and the
9 Waihee Ditch diversion and the Iao Ditch diversion. The
10 Waiale Water Treatment Plant would be down here at the --
11 where Hopoi Chute drops from the Waihee Ditch down to the
12 lower ditch system. The Waihee site that I evaluated is an
13 unspecified site. It's just upstream and on grade so it
14 would not require water pumping up to the water pressure of
15 the system and it would be upstream of the urban development.
16 So that has some economic advantages because of the -- it
17 avoids the need to pump up to system pressure. And so I
18 evaluated that as a site.

19 The last one would be to build a reservoir, a
20 large reservoir. And this is not in a specific site, again,
21 except that it would be somewhere in this area. And those --
22 so we looked at all these different options. The storage
23 reservoir option would be designed for primarily capturing
24 high flow water stages into the reservoir so that it would
25 still allow the existing ag. use of the streams and assumes

1 some in-stream flow standards.

2 So when I looked at that one, I -- I put 10
3 million gallons a day as an in-stream flow standard for Iao
4 system. That reservoir analysis uses all water from Iao, not
5 from Waihee in terms of the new availability, although the
6 actual water would be coming from the Waihee in some of the
7 analyses. And it would allow the existing agricultural
8 diversions. So first you -- the first cut at the water would
9 be the in-stream flow standards, the second would be the
10 existing ag. diversions it would be catching, and then the
11 next amount of water that would come out into the reservoir.

12 And based on that, we did a mass flow analysis.
13 You don't have to be able to, you know, read all that
14 writing, but, basically, this is a daily stream flow analysis
15 that shows the levels of the reservoirs and the stream flows
16 from the two streams into the system over -- like this is a
17 twenty-some year period. And based on that, it analyzes how
18 many -- what the reliability of the system would be for
19 different amounts of yield, you know, taking different -- 3,
20 6 or 9 million gallons a day out of the reservoir. And with
21 different capacities, you get different levels of
22 reliability. And taking into account the costs of different
23 sizes of reservoirs, then come up with a cost effectiveness
24 kind of approach here.

25 So these bar charts -- I'm not going to show you

1 too many bar charts today, but, basically, they -- on all of
2 the charts these two columns are the same thing. The first
3 is just a zero line. We're zeroing everything out and
4 comparing it to a standard strategy. So all of these bars
5 are either, you know, costs that are more or less than that
6 referenced strategy.

7 This is -- you put in there as you -- so you can get
8 the idea of magnitude. This is the northward reconfigured
9 strategy that I will explain in a minute, but that's going
10 north with basal wells, north from the existing system up
11 into the Waihee and Kahakuloa Aquifers. So the ones we're
12 looking at here would be a Waiale Water Treatment Plant with
13 two assumptions about water price. This is if we can get the
14 water at 30 cents per thousand gallons. And this is if
15 Wailuku Water Company gets what they want in their rate
16 application before the Public Utilities Commission of 90
17 cents.

18 And as you can see, the cost -- the black lines
19 here are, basically, the total costs. The red is your
20 variable operating costs, which is the cost of water and the
21 cost of energy. Green is fixed operating costs. Blue is
22 up -- is your capital cost. But the black is really the
23 bottom line of what these cost.

24 So you can see that the cost of the input water is
25 important in terms of comparing the costs. This would be a

1 300 million gallon reservoir, but the assumption would be
2 that you would not -- we wouldn't have to pay for the water
3 if we built the reservoir. We'd be taking the water over and
4 above. And the water would be free, but -- so you have a
5 lower cost of water, but you'd have some capital costs instead.

6 This is for a one billion gallon reservoir that
7 would capture more of the water, but, of course, the capital
8 costs are very high, making this perhaps prohibitive. And
9 there's the same thing with different energy costs. The
10 extremity looks a little different, but the results are
11 pretty similar.

12 But the bottom line here is that the cost of the
13 water makes a difference and the access to the base flow
14 makes a difference. If we have to build a reservoir, then
15 things look more expensive.

16 The next option we -- or strategy is the northward
17 basal ground development. This would be building new basal
18 wells, transmission and storage going northward across
19 Makamakaole Gulch to the north half of the Waihee Aquifer and
20 then up into the Kahakuloa Aquifers. And I want to emphasize
21 this is not drilling wells in the Kahakuloa Valley or even
22 right -- you know, this is up -- it's the name of the
23 aquifer if we're going beyond the valley north of there. So
24 that would be going from the Kupaa Well, which is the
25 northern most well in the system now, going across

1 Makamakaole Gulch, building one set wells in here across
2 Kahakuloa Valley and another set of wells in the north.

3 The eastward basal groundwater development would
4 be new basal wells in the Haiku and/or Honopou Aquifers with
5 transmission to the Central District. And that's how it
6 was originally stated. The -- let's see if we can look at
7 those on the map. Well, here's what we looked at. We looked
8 at a Haiku Wellfield at 1,500 foot elevation; a Haiku
9 Wellfield at a lower elevation, 1,000 feet; a Waikamoi
10 Aquifer Wellfield; and a Waikamoi Aquifer Wellfield with
11 ditch transmission.

12 Now, originally, as I said, we were looking at
13 Honopou, but when we went out to the Honopou community, we
14 realized that there are a lot of existing uses and a lot of
15 people in that area who would be very much opposed to doing
16 this. So what I plotted out is something that would be more
17 realistic, would be to go past that -- that aquifer to
18 Waikamoi Reservoir and beyond.

19 But, basically, the idea of these is you build
20 more transmission -- you build more transmission to go
21 further out, but you're only at a 600 foot elevation so you
22 don't have the long-term pumping costs. You have more
23 capital costs, but lower long-term pumping costs. Whereas,
24 if you'd go up the hill to the Haiku Aquifer, then you have
25 higher pumping costs, but less costs there.

1 One of the options was to pump -- instead of
2 building all this part of the transmission system, it would
3 be to pump into the Lowrie Ditch and let the Lowrie Ditch
4 carry the water all the way to the central area, build a
5 water treatment plant in the central area, and then build
6 less transmission across the island.

7 And as we looked at those options, you know, here
8 you have the zero point and here, for comparison, is your
9 northward extension. Building the Haiku Wellfield at 1,500
10 feet, you can see you have very high pumping costs. At
11 1,000 feet, the costs are lower, the well drilling costs
12 are a little lower, too, but, still, it's an expensive --
13 it's an expensive plan. Going to Waikamoi either way,
14 whether it's with transmission or using ditch transmission
15 and building a water treatment plant with the operating costs
16 involved in that, are both cost prohibitive.

17 If you look at the scale here, this is \$20
18 million, \$40 million, \$60 million, so you're up in the \$70
19 million net present value more than the reference plans. And
20 then with higher energy costs, once again, some of the
21 relative -- you can flip back and forth there and see, but
22 the relative costs change a little bit, but, you know, the
23 punch line stays the same in terms of the conclusions.

24 Brackish water desalination would be taking a
25 brackish well somewhere in the Central District and pumping

1 against membrane filters to take the salt out of it. That
2 would -- I have it here. It could be anywhere in this whole
3 central isthmus area where we can find the best source of
4 brackish water for that particular purpose.

5 And the last one is a large scale water recycling
6 and conservation approach. This would be meeting new water
7 needs by maximizing recycled water use and conservation
8 measures. Now, this has been the most popular in the -- by
9 the Water Advisory Committees. There's been a lot of
10 support. It's consistent with the idea of efficiency and
11 sustainability, using what we have before we go on and
12 develop what's new. So the way I've characterized this would
13 be to take the existing excess R-1 water capacity from the
14 Kihei Wastewater Treatment Plant, and build a transmission
15 line down to the Wailea area to where the most concentrated
16 outdoor uses are.

17 Now, the idea of this -- that waterline would
18 carry between 3 or 4 million gallons a day, but the value to
19 the Water Department system is that some of that water would
20 displace potable water that's now being used for needs -- for
21 nonpotable needs. So it would be the outdoor irrigation
22 water that we're now providing using potable needs could be
23 displaced to some extent by that.

24 And let's see, if I look -- if we look at all of
25 them now, you know, all these different final strategies, put

1 them all on the same page.

2 Here's our reference strategy.

3 Here's the northward basal well strategy, so the
4 capital costs here, total costs.

5 The Haiku Wellfield, this was the best of the
6 batch in terms of the most cost effective of the eastward
7 strategies, and you can see that is more expensive.

8 Desalination is more expensive yet.

9 The least expensive is the Waiale Water Treatment
10 Plant, assuming that we could get an allocation from the
11 Water Commission from -- for that water and assuming that the
12 cost of the water is at 30 cents per thousand.

13 This is the recycled with -- the recycled water
14 with Kihei Water Treatment Plant. As you see, that's a
15 little more expensive than the runner up here. And there's
16 your extra demand side management costs and here's your water
17 savings costs because you're using the water from the
18 wastewater treatment plant, which doesn't have to -- it's
19 the -- it's inexpensive water because it's being produced
20 anyway, basically. And the capital costs, a lot of that,
21 that's the pipeline. That's a \$20 million pipeline,
22 basically, to get that water from the Kihei Wastewater Plant
23 down to the Wailea area.

24 So this is all -- if you -- and then looking at
25 that, at higher energy costs, these plans look even more

1 expensive because they've -- they've got more pumping costs
2 again. The optimal plan here at Waiale still looks the best.
3 And this starts to look a little more cost effective because
4 of the difference in the pumping costs. But, you know, these
5 two are -- we have some viability issues to look at here. If
6 we'd have to build a 300 million gallon reservoir for this
7 one, then that becomes more expensive for the Waiale
8 Treatment Plant option.

9 And this looks at the recycled water option.
10 Whereas, the previous one here assumed that we would displace
11 1.5 million gallons a day of potable use, this is what it
12 would look like if it only turned out to -- to displace 1
13 million gallons a day. So there are some uncertainties that
14 need to be determined.

15 The punch -- one thing to realize here is that all
16 of these plans are expensive compared to what we've been used
17 to. We've been comparing them to one another, but they're
18 all much more expensive than what we're used to in the
19 central system, which is pumping from the Iao Aquifer where
20 there's a lot of water backed up with a pretty high head and
21 easy access in proximity to the central system.

22 I did some analysis of what these -- what
23 expansion costs, basically, on the system. So for the
24 central system, just in terms of capital costs -- these are
25 just capital expenditures for expansion -- it's about \$10 per

1 gallon per day; or for your common 600 per gallon per day
2 service, it's about \$6,000 per new service. And if you
3 remember, the system development fees are about \$2,000 for
4 that. It's a \$6,000 system development fee for a new meter,
5 about \$2,000 of which is for new source.

6 On the Upcountry system, the costs are higher.
7 And I'll show you a little -- I'll show you a slide about
8 that a little later when we're talking about the Upcountry
9 system. But that's about 14 to \$19 per gallon per day
10 and 9 to 11,000 per new service. So this is an issue, as you
11 go -- as you look forward in terms of your rate design and
12 financing the system. Just realizing that all of these plans
13 cost more than our current system development fees are paying
14 for in terms of system expansion.

15 So those are the options listed out there once
16 again. And what we've done with those, then -- I mean, I've
17 been talking a lot about the dollars and cents, you know,
18 but, really, when we're looking at assessing the plans and
19 choosing the plan and coming up with recommendations, we're
20 looking at a whole list of planning objectives that was
21 identified in the planning committees by the Water Use
22 Advisory Committee, including some of the ones that are
23 looked at there: availability, cost, efficiency, but also
24 the environment, equity, sustainability, water quality,
25 reliability, protecting and restoring streams, protecting

1 water resources, protecting cultural resources. And
2 availability for different -- different sectors, the
3 Department of Hawaiian Home Lands and ag -- and agricultural
4 uses. Conformity with our General and Community Plans.

5 And what ended up being very important in terms of
6 actually coming up with some workable recommendations was
7 viability. We've got -- you know, you saw some -- that some
8 plans were more expensive than others, but when we really
9 come down to what we're going to choose and what we're going
10 to do, viability really becomes an important factor.

11 And I put this all in a matrix. I've got a copy
12 of it here, which I guess I didn't put up here. But this is
13 something that you're not expected to read here, but in the
14 draft that's out, I've chopped this up into some pieces and you
15 can print it. I can probably supply you with some copies in
16 the big scale. But I've got the planning resources that --
17 or planning objectives across the top: availability, cost,
18 all the different desirable things you want in a plan. And
19 then the various plans and the various attributes of the
20 plans, so you can see -- it's kind of a stoplight kind of a
21 thing: Green is good. And yellow is, well, we'd better
22 think about it. Red is something we'd better really think
23 about. And this is really where I spent a lot of time, on
24 this type of a matrix coming up with recommendations.

25 And I'm going to go through those for you now for

1 the Central District. So this is the first time that --
2 Well, I actually have presented these at the Board of Water
3 Supply meeting last week, but these are in the draft. And
4 what I'm going to go through here are some of just the title
5 heads. Each of these has a whole discussion attached with
6 it, and I'm just going to go through the general title heads.

7 But the categories of the recommendations include
8 short term resources, what we do to meet the immediate short
9 term needs; long term resource acquisition; some regulatory
10 mechanisms; resource protection and restoration; energy
11 efficiency and production; and the last one is water
12 allocation policies.

13 So going through those individually, for the short
14 term resources the recommendations would be to diligently
15 acquire the committed and near term supply resources that are
16 planned and underway. This is really necessary for us to
17 meet the short term water needs of the Water Department.

18 Optimize the production from existing resources.
19 There are several things that the Department is doing about
20 this.

21 Accelerate leak detection and repair programs and
22 explore demand response options. And what I mean by demand
23 response is getting kind of the ducks in a row for things
24 like, you know, a big well goes out and the Department needs
25 to be able to say to everybody, you know, no car washing or

1 no irrigation for three days 'til we get the well back on.
2 The Department really needs the authority and the standards
3 and triggers set in place before that happens in order to do
4 it. So that would be setting that type of thing up.

5 For long term re --

6 Excuse me. I need a sip of water. Excuse me.

7 For long term resource acquisition, I have several
8 slides on this. One would be to monitor the Na Wai Eha
9 proceedings. There are two proceedings before the Commission
10 on Water Resource Management. One is looking at the
11 in-stream flow standards, answering the question how much
12 water needs to be left in the stream. And the second is a
13 surface water management designation proceeding to look at of
14 the water that takes -- that's taken out of the stream, how
15 is that allocated. And then the other proceeding is a Public
16 Utilities Commission contested case for a Certificate of
17 Public Convenience and Necessity for Wailuku Water Company
18 and their rate structure.

19 So, basically, we would monitor those proceedings.
20 Defer, but prepare to restart the negotiations with Waiale
21 Water Treatment Plant until these are resolved. Basically,
22 you can't sign -- you can't build a water treatment plant
23 until you have a long term source of water identified for it
24 and right now those are not -- those are not firm.

25 Another recommendation would be to commission a

1 study of alternative sites for Na Wai Eha water treatment
2 upstream, kind of like the Waihee site that I identified
3 there, which I didn't show you the slides on that, but it is
4 more cost effective than the Waiale site and has some other
5 advantages that I didn't mention.

6 Implement substantial conservation programs.
7 These are cost effective. This needs to happen with any of
8 the options, you know, to optimize the costs and reliability
9 of the systems.

10 Verify the feasibility of expanded use of the
11 Kihei recycled wastewater. Basically, this looks good,
12 according to the best analysis I can make, but it -- some of
13 the aspects of that really need to be looked at a little more
14 carefully. Before you go spending \$20 million on that line,
15 you need to do a little due diligence in terms of verifying
16 the amount of displacement of the potable use and verifying
17 the long term ability of the water treatment plant to produce
18 the R-1 water at the volumes assumed.

19 Monitor the ongoing feasibility and preserve the
20 options for the other long term options. So I'm not
21 recommending going forward with these, but -- for basal
22 groundwater wells or northward basal groundwater wells, but
23 still monitoring the -- those options and maintaining long
24 term option -- keeping options open.

25 Regulatory mechanisms would be to maintain or

1 extend your inverted block structure for your water rates.

2 Review your system expansion and financing
3 policies. And like I was talking before, in particular the
4 system development funding, to make sure that you have
5 sufficient capital resources to implement any of these
6 strategies.

7 Establish water source development contract
8 standards and establish clear criteria for determining water
9 availability and need for new water resources. Now, both of
10 these things are important for the Water Director to be able
11 to make a fair and -- assessment for the show me for the
12 water approach, for example, approving availability of water.
13 And if you do want to count on developers coming in and
14 developing water sources, the rules of the game need to be
15 clear enough to -- to be fair and really encourage --
16 encourage that market, you could call it.

17 Resource protection and restoration would be to
18 continue the watershed and -- protection and restoration
19 programs. The County has been very supportive of that.
20 Wellhead protection will be an ordinance. Stream restoration
21 efforts would be supporting the Water Commission's in-stream
22 flow standard amendments. It's especially important in the
23 eastern Maui area now, but also with the Na Wai Eha hearings.
24 And support stream restoration measures and programs. Also,
25 there are protection of cultural resources. And the draft

1 talks about all of these things at a little more length.

2 Energy efficiency and production. One
3 recommendation would be to establish a full time Department
4 of Water Supply Energy Resource Coordinator position. I
5 didn't talk at a lot of length about some of the energy
6 efficiency and production things, but the recommendations in
7 the draft would include participating in energy efficiency
8 and load management programs in cooperation with the
9 electric utility and -- to a larger extent and maybe in
10 some innovative ways, and identifying and implementing some
11 energy generation opportunities. As I'll talk about with
12 Upcountry, there are some good opportunities for wind
13 generation in conjunction with operating a water system and
14 there are some opportunities on the Upcountry system for
15 that.

16 And the last area would be to establish water
17 allocation policies. Now, in this -- in this part of the
18 draft I'm not providing specific recommendations, but I am
19 giving a pretty detailed explanation of some of the issues,
20 including determining the venues and purposes for the
21 allocations. And what I mean by that is that these water
22 allocation policies are going to be used before the Water
23 Commission; before the County's processes, land use planning,
24 perhaps, Department meter issuing. All of those different
25 venues have to be determined how we're going to allocate the

1 water.

2 In the -- in the statute, in the State statute for
3 the water plan, it says very clearly that the Water Use and
4 Development Plans will allocate water to land uses. That's
5 clear. But beyond that, it's entirely ambiguous. It doesn't
6 tell us how or by what authority or in what venues or for
7 what purpose. So that's something we need to talk about in
8 order to resolve. It's an important part of the plan, but
9 it's also something that is not clear what direction we need
10 to take.

11 Considering -- and so also I talk about
12 considering different allocation approaches. One would be
13 establishing a hierarchy of priorities, you know, this has a
14 priority of this, has a priority of this. Set-asides. Might
15 want to set aside water for affordable housing or for
16 agricultural or for different types of uses. One would be --
17 one approach would be to allocate specific sources to
18 specific land uses. This resource is for that use, the other
19 resource here is for the other use. Maybe groundwater is for
20 potable, surface water is for ag, that type of thing. And
21 the last would be general statements of allocation policies,
22 things like we will have mauka to makai flows in the streams.
23 Different policies that might be like that. So I -- that's
24 going to be something that we need to talk about at greater
25 length.

1 So that finishes the Central District. I'm going
2 to go through in less detail on the Upcountry District, just
3 to remind you of what that is, and then we'll get on to the
4 next steps.

5 The Upcountry District final candidate strategies
6 include expansion of raw water storage, that would be a large
7 water storage reservoir on one of the water systems for -- to
8 use -- to increase the reliability of the Upcountry Water
9 Treatment Plant systems.

10 Another strategy that was -- is the full basal
11 groundwater backup. And this came from the Water Advisory
12 Committee. The Upcountry area, as you know, gets drought
13 restrictions from time to time, so the committee wanted to
14 see -- we want to see a water system that is drought proof.
15 We want to be drought proof. So this strategy is to figure
16 out how can we do that. Basically, it would be drilling
17 enough basal wells so that under all conditions we have
18 enough water to pump even without water in the reservoirs.

19 Limited growth with extensive conservation
20 measures would be: What if we were to strict growth --
21 restrict growth on some of the systems and meet new -- new
22 needs with conservation?

23 The next one is expand the Kamole Treatment Plant
24 capacity and volume. Now, the Kamole Water Treatment Plant
25 supplies the Makawao system using water from the Waiale

1 Ditch. And there are various approaches that could be made
2 there to increase -- increase both the drought period
3 capacity and the total volume of water produced.

4 And then the last one is pretty much what's
5 happening now. I call it "drill, pump and boost," which is
6 when you need a new resource, you drill a new well, you pump
7 it, and then you boost the water up the hill to the systems
8 as needed.

9 And like the Central, there are -- the committed
10 and near term options are included in all of those. And
11 included in that are a number of phase 6 and phase 10 booster
12 upgrades that are going to be necessary in addition to the
13 sources that are assumed to be there whenever necessary in
14 each of the strategies.

15 There's a demand side management portfolio, again,
16 in all the strategies. And one thing I did in order to work
17 with Upcountry -- The Upcountry system is very complicated
18 compared to Central because there are four identifiable
19 components to the water system with different pressure zones
20 and there are interactions between them and you have a lot of
21 surface water as well as groundwater. And surface water, of
22 course, is not available all the time.

23 So the -- a great detail of attention was put into
24 establishing some standards and some criteria for resource
25 expansion on the Upcountry system that I used in my analysis.

1 Now, that's something that may need -- that needs to be
2 worked out in more detail in reality, but in order to do the
3 analysis, I needed to make some assumptions about those
4 things.

5 And a similar list of independent components for
6 the Upcountry system. One thing I'll point out, when we
7 looked at rate design and pricing policies for the Upcountry
8 system, we had a little more flavors. We had -- One would be
9 an altitude based rate tariff. One would be summer and
10 winter rates. And one would be a drought period surcharge.
11 And those are of more particular application to Upcountry
12 than some of the other districts.

13 And so I've gone through what these are, I guess,
14 when I had the first slide. But I've described these
15 already, so I won't do it again.

16 And then when we look at these, here's a similar
17 type of a -- of a chart here where we have a reference
18 strategy -- In this case, it's the "drill, pump and boost"
19 strategy. So we're comparing everything with the idea that
20 we would drill wells and pump them and boost up as we needed.

21 And looking at a \$75 per barrel, this is the low
22 energy cost scenario. I mean, energy costs in the last year
23 have just been going bananas, as you noticed. We started off
24 the year, they went up to at something in the 50 to 60 dollar
25 range, they went up to 140, and at the end of the year

1 they're down under 40. So for me, \$75 with the assumption
2 that I've got is what I'm calling the low energy cost
3 scenario, even though right now the spot cost on petroleum
4 because of the world recession is lower than that. We don't
5 know what the water is going to be.

6 So here's looking Upcountry. This would be a
7 thousand -- a 100 million gallon reservoir on the Lower Kula
8 system, or a 300 million gallon reservoir on the Lower Kula
9 system. And both of those kind of break even in terms of
10 looking at the capital costs that you spend against the
11 pumping costs that you save over the life of the plan, over a
12 50-year period of time.

13 In terms of reallocating development, that ended
14 up being kind of a complicated analysis because first we were
15 thinking: What if you limit growth on the Upcountry system?
16 Well, you can talk about that, but to do economic analysis
17 on that doesn't really make sense. Because if you limit
18 growth, you lower the amount of water you're producing,
19 you're giving fewer services. Of course, it's cheaper, but
20 that's not the point. So this was reallocating growth.

21 In this case it would be taking a certain amount
22 of growth that would otherwise be happening on the Upper Kula
23 system and allocating that to the Lower Kula system. Well,
24 it turns out it's more expensive to put growth on the Lower
25 Kula system than the Upper Kula system. We didn't expect

1 that at first. In the end it does make sense why that's
2 true, but that was a surprise. And I've got a whole set of
3 charts, you know, that look at those options.

4 This would be taking the Kamole Water Treatment
5 Plant and increasing the drought period intake reliability by
6 2 million gallons a day by making some improvements to the
7 intake structures. And that, of course, is very cost
8 effective because you're avoiding having to build some of
9 these pumps for drought backup capacity.

10 And then the last scenario is your full basal well
11 backup. And this is -- this is more expensive, as you can
12 see, but this actually isn't the full version. This assumes
13 that you're backing up the upper reservoirs, the Olinda Water
14 Treatment Plant and the Piiholo Water Treatment Plant, but
15 you're still getting water from Kamole. If you try to back
16 up Kamole, too, this black line goes way -- it goes far
17 enough out of sight that these are hard to read on the chart,
18 so I just put this one in there.

19 And then the higher energy cost, you can see the
20 reservoirs then become very cost effective because the amount
21 of pumping on the system Upcountry would be reduced by the
22 reservoir -- reservoirs Upcountry. So the reservoirs are
23 cost effective or not depending on your assumptions about
24 what are the energy costs and, also, what are the capital
25 costs. These assume that the capital costs are largely, but

1 not totally paid for by the County. Of the 100 million
2 gallons -- \$100 million for this one, for example, it says
3 about \$60 million paid for by the County. So we -- I've done
4 a number of analyses, you know, of the different options
5 there.

6 And, once again, looking at the total costs of
7 development, this is -- this is the costs of adding 200,000
8 gallons per day to each system. So here's the reference plan
9 and this is the pump, drill -- "drill, pump and boost"
10 scenario. If you add 200,000 gallons a day to the demand on
11 the Upper Kula system, the Lower Kula system, Makawao system
12 and Haiku system; this is how much it costs over your
13 planning period.

14 Now, what I was looking at is the capital costs,
15 just the capital costs here. And if you look at those, the
16 capital costs is -- I showed you these numbers earlier -- 14
17 to 19 gallons per day are about 9,000 to \$11,000 -- this one
18 is 11,000 here -- per new service on the Upcountry system.
19 So this is a different version of the punch line there that
20 all the plans are expensive. Basically, growth on the
21 Upcountry system, just like on the Central system, is
22 expensive. It's probably more expensive on Upcountry than
23 Central.

24 One thing I did for Upcountry is I did a wind
25 generation analysis. I presented a whole series of slides

1 and analyses to the water advisory group on this. But,
2 basically, the Kamole Water Treatment Plant is a good
3 potential site for wind generation. It has sustainable -- a
4 substantial displaceable electrical load there. It has a
5 good wind regime. There would have to be some land purchase
6 or easements right around the plant required. Some
7 environmental studies would be required. But even looking --
8 including the cost of those, that looks cost effective. And
9 as a first step, about 100 kilowatts of wind generation,
10 which is the maximum you can do under Net Energy Metering,
11 would be a first good step.

12 And along those lines, that's something where
13 private partnering options could be very valuable, because
14 private entities can take advantage of tax credits that the
15 County can't. So that's something that with some further
16 development might be valuable.

17 And I looked at all kinds of options including
18 selling power to the utility and buying it back again, just
19 using the power in the plant without any interchange with
20 Maui Electric, and also installing some power lines owned by
21 the County up to some of our booster pumps, and things like
22 that. So that was a fun kind of analysis that I'm not going
23 to present the whole thing right here.

24 Once again, we looked at all of the -- all of the
25 different resource objectives, planning objectives with the

1 different options. And I'm working on the draft to come up
2 with some conclusions in the text of that as of right now.

3 So next steps. The next thing is the public
4 review of the Central District Final Candidate Strategies
5 Report. As I said, that's complete. I'm going to be mailing
6 that out. You might get -- if you're on the mailing --
7 distribution list for the Water Advisory Committees, which I
8 think most of the Members of this Committee are, you'll be
9 receiving within a day or two the invitation to the next
10 meeting, and attached to that will be this draft that we're
11 talking about. I think the official transmittal will be a
12 little slower than that. But, see, you're getting the scoop,
13 you know, right up front by being a part of our Water
14 Advisory Committee, so --

15 Completion of the Upcountry District Report is
16 what I'm working on now, putting that in draft form. It's
17 basically the material we've previously printed -- presented
18 to the Water Advisory Committees, turning into a draft in
19 similar format to what the Central is. Proceeding with West
20 Maui, Molokai and East Maui District analysis. And then
21 Council review of the Water Use and Development Plan drafts
22 after -- I understand will happen after the budget cycle.

23 And then I wanted to just point out, you know,
24 that I'm a little -- excuse me -- I'm a little uncertain of
25 what exactly the process or the sequence will be with the

1 review. We have the Board of Water Supply, we have this
2 Committee, and we have the Commission on Water Resource
3 Management all, I would presume, providing comments to these
4 drafts. And, also, the Water Advisory Committees making
5 comments to these drafts. And so in terms of what those
6 comments are and what -- you know, if they're big comments,
7 little comments; I'm a little uncertain how the review
8 process is going to happen. So that's something I think that
9 needs to be determined in a little more detail.

10 And these documents are available on the website.
11 I think the final Central draft is probably not up there yet,
12 but we can probably get up that --

13 MS. KRAFTSOW (from the audience): It's been sent up
14 to be posted (inaudible).

15 MR. FREEDMAN: Okay. It's been sent up to be
16 posted, so as soon as the web masters get that, that will be
17 up there.

18 And comments -- I don't know, Mike, you might want
19 to say whether, how you want your Committee's comments to go,
20 but comments in general from anybody are always welcome to the
21 -- to Ellen at the e-mail address there or by writing to Ellen
22 at the Department of Water Supply. If you want to get your
23 comments directly to the Director, I'm sure that they'll get
24 there, too, but this is our published address for that.

25 So thank you very much. That's a lot of talking.

1 And if you have any questions -- Well, I'll let Mike decide
2 what's next here.

3 CHAIR VICTORINO: Thank you very much, Carl. I do
4 appreciate your presentation. It's been very extensive.
5 What we'll do is -- It's five after 10:00 and what the Chair
6 will do is take a ten-minute recess, allow us to get reset
7 up, and then at that point we have some public testimony that
8 we'd like to take. And then after that is completed, then
9 we'll go into a question-and-answer period with Carl. So
10 this Committee stands in recess 'til 10:15. (Gavel.)

11 RECESS: 10:05 a.m.

12 RECONVENE: 10:20 a.m.

13 CHAIR VICTORINO: We'll reconvene the Water
14 Resources Committee meeting for March 3rd, 2009. As I
15 stated before we recessed the meeting, that we had public
16 testimony that would be open to the public at this time. At
17 this time I would like to ask -- Okay. My notes got all
18 thrown around here. I think I left my notes over there.
19 That's okay.

20 At this time I would like to request anyone who
21 wants to give public testimony to please sign up. You will
22 be allowed three minutes for public testimony with a minute
23 to complete if you need some more time. Please, I would like
24 you to identify your -- by your name and if you resent --
25 represent any particular group, then please state that.

1 Members, we only have one testifier who has signed
2 up at this point, and that will be -- testifier will be
3 Michael Howden.

4 ...BEGIN PUBLIC TESTIMONY...

5 MR. HOWDEN: Hi, Mike. Thank you.
6 I would like to testify on the three nominations made by the
7 present Administration to the Water Board. I know this is
8 highly unusual for a member of the Water Board to comment on
9 proposed new members --

10 CHAIR VICTORINO: Mr. Howden.

11 MR. HOWDEN: Yeah.

12 CHAIR VICTORINO: As it is standard practice for
13 this Council and Committee meetings, we always -- or we have
14 always stated that you need to discuss agenda items that we
15 are working on --

16 MR. HOWDEN: Okay.

17 CHAIR VICTORINO: -- at the moment in time.

18 MR. HOWDEN: Okay.

19 CHAIR VICTORINO: So if you can address your --
20 anything that we are discussing as far as the Water Use and
21 Development Plan or the water rates, that would be well
22 accepted. As far as individual members or appointees, maybe
23 at the full Council you could bring that.

24 MR. HOWDEN: Okay. I'll come back Thursday for
25 the Committee of the Whole.

1 CHAIR VICTORINO: Thank you, Mr. Howden.

2 MR. HOWDEN: But I would -- Can I comment a little
3 bit on the Water Use and Development Plan?

4 CHAIR VICTORINO: Yes, you may, Mr. Howden.

5 MR. HOWDEN: Okay. Yeah. Basically -- and I have
6 spoken to Carl about this -- I think what concerns me is that
7 eminent domain has not been advanced as one of the strategies
8 for dealing not only with Na Wai Eha, where it was discussed
9 by previous Administrations, but also the East Maui waters in
10 terms of access to public trust waters. And I think that we
11 should look at that.

12 As a member of the Board of Water Supply, the
13 Waihee -- the proposed -- the possibility of a treatment
14 plant at Waihee off the Waihee Stream makes a lot more sense.
15 It's upstream of the urban development and on grade, so that
16 the energy costs eventually, especially over 50 or 100
17 years, would make that very, very appealing.

18 And I am concerned personally with the agreement
19 with the Waiale Treatment Plant, which seems to me like
20 another sweetheart deal for HC&S. And as Carl pointed out,
21 the -- Excuse me. There's no water allocation -- there's no
22 guarantee of water allocation and, yet, in that deal we're
23 guaranteeing HC&S millions -- I believe 4.5 million gallons a
24 day from that treatment plant.

25 So those are -- those are the two issues that I

1 would try to raise before this Committee: the use of eminent
2 domain, which makes sense when you're dealing with
3 public trust waters; and, also, a question of the placement
4 of the -- of using Waihee as opposed to Waiale for a
5 treatment plant. Thank you.

6 CHAIR VICTORINO: Thank you, Mr. Howden.

7 Questions for Mr. Howden from Voting Members
8 first?

9 Or anybody then?

10 Seeing none, thank you, Michael, for being here.

11 MR. HOWDEN: Thank you, Mike. See you Thursday.

12 CHAIR VICTORINO: All righty.

13 That was our only testifier and seeing no one else
14 in the gallery, if -- without objections, I will close public
15 testimony.

16 COUNCIL MEMBERS: No objections.

17 ...END OF PUBLIC TESTIMONY...

18 CHAIR VICTORINO: Thank you.

19 As I stated earlier, we are now on matter WR-4,
20 the water re -- the Water Use and Development Plan.
21 Committee, we are in receipt of County Communication No.
22 05-38, from Councilmember Michelle Anderson, relating to the
23 Water Use and Development Plan required by Chapter 14.02,
24 Maui County Code and Charter 174C, Hawaii Revised Statutes
25 under the State Water Code.

1 Now, the Committee has received the status report
2 on the Water Use and Development Plan from the Department and
3 our consultant. What I would like today is we will ask Carl
4 specific questions, but, again, as I stated earlier, I would
5 like -- if you have what I call substantial ideas,
6 suggestions, I would like that in writing so that we can
7 formulate all these questions, we get answers to these
8 various questions, so that when we return from the Budget
9 Session -- because no action will be taken today -- we will
10 be much more prepared, ready to move on this issue.

11 And this will also give you time to review the
12 draft. The draft will be in your hands probably within the
13 next day or two. And once that draft has been received by
14 all members and the public, we will have adequate time
15 between now and June, when we return from our Budget Session,
16 that your questions, hopefully, can be answered and that we
17 will have an ability to move on this plan rather rapidly.
18 I'm hoping rather rapidly. But where the public, ourselves
19 can, like it was said earlier, put water in a use and
20 development plan for all of us to follow. I think this has
21 been long overdue.

22 I think the last time we did this, Carl, was 1990,
23 '95 or something like that?

24 MR. FREEDMAN: '92.

25 CHAIR VICTORINO: '92. So it's been, what, 17

1 years at minimum since the last Water Use and Development
2 Plan was done and accepted. And it's supposed to be done
3 every ten years, if I'm correct.

4 Mr. Eng, is that correct?

5 MR. ENG: Something like that. Updated.

6 CHAIR VICTORINO: Updated every ten years. Okay.
7 So it's long overdue. And Maui has changed substantially
8 since 1992. So I think at this point in time, ladies and
9 gentlemen, it is a real big step forward.

10 And I want to thank Carl and the Department for
11 all their hard work. And especially all the advisory
12 committees that have put their mana`o into this. I attended a
13 number of them in various regions, and all these people have a
14 great passion for the use of water in our community. And I
15 think it's time it all comes to a head and that we find what
16 I call positive allocations and positive means of using our
17 water in a most efficient manner.

18 So at this time I will open the floor to
19 questions. And, again, I would like the questions, if at all
20 possible, not too detailed. If you have something specific
21 that you want to address, but, again, I would not like to
22 spend a lot of time because I want to spend time on the
23 water rates, and that's our next agenda item.

24 So starting from Mr. Pontanilla, go ahead.
25 Vice-Chair Pontanilla.

1 VICE-CHAIR PONTANILLA: Thank you.

2 Quick questions. In regards to your overhead
3 presentation, you noted that all of the different Water Use
4 Development Plan has been looked at and you had all these
5 X's on them. I was kind of curious in regards to -- because
6 Lanai is so far ahead, in their final review you had one X,
7 which represents something -- Anyway, in regards to the
8 review itself, who will be reviewing all of the plans other
9 than the County Council and probably the Planning Commission?

10 MR. FREEDMAN: I know this -- that's a good
11 question. And I don't know exactly how this is going to work
12 out. It's something that somebody -- it needs to be
13 discussed, I think. But, clearly, the Board of Water Supply
14 is going to at least -- we're going to present that to them
15 and talk about it. This Committee, ultimately, is the body
16 that would adopt the plan by ordinance. It also will be
17 reviewed by the Water Commission. As part of our project
18 description that's been approved by the Water Commission, we
19 would do updates with them and they will have something to
20 say about it.

21 I think the 1992 plan was brought before this body
22 and I think had kind of a green light pending what the Water
23 Commission would say. And the Water Commission did not
24 approve it, so it was never adopted by ordinance. And this
25 next one has to go through a review process, and I'm not the

1 person who determines that and I'm a little unclear. It will
2 have to be worked out, who looks at it, but it at least needs
3 to be looked at by Board of Water Supply, this body, and the
4 Water Commission.

5 The next people to look at it are actually the
6 Water Advisory Committees, so --

7 VICE-CHAIR PONTANILLA: Okay. Thank you. And
8 as far as the length of the process, any idea? One year?
9 Two year?

10 MR. FREEDMAN: Oh, to the end of it?

11 VICE-CHAIR PONTANILLA: Yeah. To get final
12 approval.

13 MR. FREEDMAN: Well, that's uncertain. I mean, as
14 far as the approvals of it, I don't know what order or
15 sequence it's going to happen and I don't know how long it's
16 going to take the Council or the Water Commission to do what
17 it needs to do.

18 VICE-CHAIR PONTANILLA: Okay. Maybe Mr. Eng
19 has any idea.

20 CHAIR VICTORINO: Director, would you like to
21 respond to that, please?

22 MR. ENG: Yes. Thank you, Mr. Chair.

23 As Mr. Freedman pointed out, yeah, the process
24 isn't quite clear, but I think we can assume that once it's
25 distributed to the Board of Water Supply as well as to the

1 Water Advisory Committees, you know, they would have first
2 crack at comments. That doesn't preclude you folks from
3 beginning your review and comments, too. But I would believe
4 that as far as the County of Maui goes, you know, you would
5 have the final say and the final review prior to its
6 adoption. So your role is -- is highly significant, probably
7 the -- of highest significance for the County of Maui prior
8 to our then forwarding it to the Water Commission to be part of
9 the State plan.

10 VICE-CHAIR PONTANILLA: What is your hope to be
11 finalized?

12 MR. ENG: As far as the time?

13 VICE-CHAIR PONTANILLA: Yeah.

14 MR. ENG: It's up to you folks, really. It
15 depends on how much you feel that what is in the report is
16 appropriate, what kind of revisions you would like to see.
17 There's a lot of detail, a lot of technical information.
18 It's -- it's real good reading, though, if you can find the
19 time to really concentrate. It'll -- it'll take you a full
20 eight hours of slow reading, but it's really worth it.
21 You'll be spending a weekend with Carl Freedman while you're
22 reviewing it.

23 VICE-CHAIR PONTANILLA: No. I know Carl had
24 done a lot of work as far as the Central Maui and the
25 Upcountry plans themselves, you know. I've attended many of

1 the meetings and a lot of heated discussion at times. But I
2 just want to say thank you for all your hard work, Carl.

3 Next question I have is in regards to, you know,
4 the systems that you've provided us in regards to the costs.
5 And one of the ones that was really good to work at is the
6 use of recycled water. And I've been a big advocate for
7 that. And have any thought in regards to the cost
8 estimates that you make or you made in regards to the
9 possibility of public-private partnership in reducing some of
10 these costs?

11 MR. FREEDMAN: You know, the analysis that I've
12 been doing has really been looking at the costs of actually
13 the physical doing of things. All right? And I haven't
14 looked in detail about who might be paying the price tag.
15 And so one distinction is I haven't -- I haven't drawn any
16 line between the Department of Environmental Management or
17 the Department of Water Supply. I've just -- for the
18 recycled water, I figure, you know, the County can work that
19 out, you know, one way or another in terms of who -- whose
20 capital program it's on and how the water rates are
21 disbursed. I haven't gotten into that level of detail. I've
22 just said, from the County's perspective, how would that
23 look?

24 Now, I know, listening to some of the Planning
25 Department and some of the General Plan ideas, the new

1 concept with wastewater management is that instead of the old
2 way where you build a big central plant and everything flows
3 down to it -- hill to it, and then if you're going to recycle
4 it, you have to pump it a long ways back again; the idea is
5 to build smaller, more local plants and take the water
6 directly for more local distribution. So I think looking
7 forward on the developer's side of it, that policy certainly
8 makes a lot of sense.

9 What I've been looking at is basically one big
10 retrofit in the Kihei area, and I have not looked at any
11 developer participation. I wouldn't know, really, where to
12 start with that.

13 VICE-CHAIR PONTANILLA: Thank you. I got an
14 estimate for Kahului just to retrofit the plant and put in
15 some transmission line utilizing existing facilities. We're
16 looking at 25 to \$30 million. It's a lot of money.

17 CHAIR VICTORINO: Mr. -- Mr. Pontanilla, just to
18 be fair -- and I'm going to do this --

19 VICE-CHAIR PONTANILLA: Oh, no, no. That was
20 my last question.

21 CHAIR VICTORINO: Okay. 'Cause I'd rather give
22 everybody at least two or three, because I want everybody to
23 have a chance and I -- And please excuse me, I don't normally
24 do this, but I would like to be fair to everybody. So --

25 VICE-CHAIR PONTANILLA: No. I understand that.

1 Again, thank you very much, Director, as well as
2 Mr. Freedman.

3 CHAIR VICTORINO: Thank you, Vice Chair
4 Pontanilla.

5 Ms. Baisa, go ahead.

6 COUNCILMEMBER BAISA: Thank you very much, Chair.
7 And I'll try to keep it very short. I know what your goal is
8 today.

9 First of all, I wanted to say that, you know, the
10 plan is -- it's interesting we have these two items on the
11 agenda today, because your study is going to be very relevant
12 to rates. I mean, it all comes down to what is the plan
13 going to cost. And, obviously, that money, a lot of it will
14 come from what we charge people for whatever.

15 I wanted to ask -- I didn't notice in the
16 presentation any mention of graywater, you know. I'm
17 following closely a bill -- in fact, I introduced -- with the
18 help of the Legislature introduced a bill, but we are now
19 focused on another bill introduced by Representative Wooly
20 in regards to graywater. And it is now in the Finance
21 Committee. It made it through first and second reading. Is
22 that factored in?

23 MR. FREEDMAN: No. It's not factored in in any of
24 the calculations there. It would certainly -- it's discussed
25 in the prior chapters, but the -- I didn't include it as a

1 resource we could count on, because right now it's not
2 consistent with health regulations. But certainly it fits
3 into a set -- a whole set of resources that in the long run
4 could be very valuable. And the short answer is, no, it's
5 not in -- already included in the analyses.

6 COUNCILMEMBER BAISA: Just a short follow-up
7 question, Chair.

8 CHAIR VICTORINO: All right.

9 COUNCILMEMBER BAISA: I'm kind of interested in if
10 there's been any support of this legislation from anyone
11 besides myself, because I think this is a very viable source
12 of demand side management and using -- reusing water, and I'm
13 kind of concerned about that.

14 CHAIR VICTORINO: Any comment on that, Director or
15 Carl, either one?

16 MR. ENG: I do. Thank you, Mr. Chairman.

17 As Mr. Freedman pointed out, because the
18 Department of Health has no regulations for graywater at this
19 time, you know, it's something that we cannot formally
20 promote. But as far as, you know, reusing like your laundry
21 water, possibly some of your -- your shower water, you know,
22 that is something that, obviously, would benefit our needs to
23 cut back on our demands for potable water. So it's something
24 that we're -- while not encouraging, we don't find a problem
25 with as long as it's done in an appropriate and sanitary

1 fashion.

2 COUNCILMEMBER BAISA: Let me tell you what bill --
3 House Bill 763 would require. It would require the
4 Department of Health to establish a graywater recycling
5 program for premises not served by a county wastewater
6 system. And it would permit the counties to establish
7 graywater recycling programs in areas served by a county
8 wastewater system. So while there are no rules, we would
9 have some if we try to get this implemented. So that's what
10 my thing is, and I'm big on recycling and reuse. I think it
11 would help us a lot with capital improvement.

12 That's all, Chair.

13 CHAIR VICTORINO: Thank you, Ms. Baisa. And you
14 bring up some good points. And, again, we hope that the
15 State would be expedient in this and, hopefully, this session
16 bring out something that's positive that we can look upon.

17 Vice Chair Molina?

18 COUNCILMEMBER MOLINA: Thank you, Mr. Chairman.
19 And thank you for having this item today, because I know we
20 could spend the whole day just on this one item alone. I just
21 have a -- just a couple of clarification questions, because I
22 realize you do want to get to the water rates subject
23 as well.

24 Good morning, Director Eng and Mr. Freedman. And
25 thank you for the presentation. My question relates to, I

1 guess, page 7 of the presentation under "Central District
2 Recommendations" where it mentions establishing a full time
3 Department of Water Energy Resource Coordinator position. Is
4 it because -- The County, we do have an Energy Coordinator.
5 Is it because the Department is so large that the Department
6 itself needs one, needs one individual to oversee all of the
7 energy concerns? If you could just expound on that a little
8 bit more, either Director Eng or Mr. Freedman.

9 MR. FREEDMAN: Okay. There are some details in --
10 in the draft that explain that at a little more length, but,
11 basically, the Department of Water Supply is Maui Electric's
12 largest customer. And the Maui Electric bill is the Water
13 Department's biggest single bill. And managing electrical
14 costs efficiently is a subject of itself, you know. And what
15 I see of all the different options that are out there for the
16 Department, I think that one specialist who would focus
17 within the Department, who becomes knowledgeable about the
18 Department's operations and work within the Department to
19 focus on energy efficiency would be very cost effective.

20 The other set of recommendations I have include
21 energy generation options. Some of that might be putting
22 in-line hydro so whenever the Water Department is dropping
23 water from one pressure zone downhill, you could generate
24 some power. Without somebody whose job it is to look at all
25 that stuff, it's not going to happen. You just don't have

1 extra people around the Water Department who have spare time
2 to deal with that kind of thing. So this is just saying if
3 this is going to happen -- and it could happen, it's a good
4 set of things to happen -- it needs a dedicated person.

5 COUNCILMEMBER MOLINA: Okay. Thank you.

6 And if -- I don't know if Director Eng could
7 respond to it as well in terms of: Is this something you're
8 going to propose? Should we expect a proposal this Budget
9 Session for this position?

10 MR. ENG: Member Molina, no, we have not included
11 this position in our budget. You know, we have so many other
12 needs for positions, as you understand. But we certainly
13 support this, you know. And I think the -- the cost savings
14 can come back, you know, multiple times by funding a position
15 like this, so it is something we want to consider in the
16 future.

17 COUNCILMEMBER MOLINA: Okay. So you're looking at a
18 good return from this --

19 MR. ENG: Yes. An investment, yes.

20 COUNCILMEMBER MOLINA: -- investment down the
21 road? Okay.

22 And one more -- one last question, Chair, relating
23 to the "Upcountry District, Final Candidate Strategies" right
24 below, just a clarification on "Limited Growth With
25 Extensive Conservation Measures"? The term "limited growth,"

1 now, are we talking about the -- limited growth on
2 infrastructure or is this the issuance of water meters? Can
3 you expound on that? Because, you know, you have a lot of
4 families Upcountry with the family subdivisions and, you
5 know, if this is to be determined as a future policy, I just
6 think we should maybe get more clarification, maybe proceed
7 with caution, if you will. And I know we're still early in
8 the process yet, but could I get a little bit more
9 clarification on this recommendation?

10 MR. FREEDMAN: Yeah. The concept for this general
11 strategy really came from the discussions in the Water
12 Advisory Committee. And I think that, clearly, the baseline
13 for all of these strategies you're looking at are the
14 infrastructure studies that go into the general planning
15 process. So we -- for all the demographic projections, we're
16 looking at the studies that were done by some consultants for
17 part of the planning process about how much growth would
18 happen and where it would happen.

19 Now, the planning process itself, the land use
20 planning process itself has decisions to make. And as you
21 know, the GPAC is looking at things. We have all kinds of
22 things happening. We didn't want to hold up our process
23 until we got the results from that, but I think the idea was
24 there is we can provide some information to the land use
25 planners if we were to say, okay, what about this idea of

1 limiting growth here to make it happen someplace else, what
2 would that mean in terms of water costs?

3 Now, in terms of analysis where that went, it
4 didn't really go anywhere. It -- that didn't provide a lot
5 of valuable information, except just the general concept and
6 the general fact that growth Upcountry, any growth Upcountry
7 is going to be expensive in terms of capital resources
8 necessary for water infrastructure. I mean, that's really
9 the message. We didn't, you know -- so the analy- -- that
10 was the idea of the strategy. It didn't get too much further
11 than that for some reasons I could talk about.

12 COUNCILMEMBER MOLINA: Okay. Well, thank you for
13 that clarification.

14 Thank you, Chairman.

15 CHAIR VICTORINO: Thank you, Vice Chairman.

16 Okay. Member Medeiros?

17 COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. I
18 wasn't sure on your format. You going to go down the line or
19 we need to be recognized?

20 CHAIR VICTORINO: Well, I guess --

21 COUNCILMEMBER MEDEIROS: What do you want to do?

22 CHAIR VICTORINO: Yeah, just go ahead and ask your
23 question and, you know --

24 COUNCILMEMBER MEDEIROS: Okay. I'm going to ask
25 three questions. And depending on the response on my first

1 one, it will dictate if I ask the second question. My first
2 question and because we're -- your presentation was on
3 Central and Upcountry Maui, any water from Central Maui being
4 drawn from East Maui sources?

5 MR. FREEDMAN: For -- for the Central Department
6 of Water Supply potable systems, none of that water is coming
7 from the East Maui systems.

8 COUNCILMEMBER MEDEIROS: Okay. What about
9 Upcountry?

10 MR. FREEDMAN: Yes. Upcountry, most of the water
11 comes from -- from surface water that comes at least to some
12 degree east. It all comes from the east, yeah.

13 COUNCILMEMBER MEDEIROS: Okay. So my second
14 question is: What is the priority of water to the district
15 possessing the water resources?

16 MR. FREEDMAN: I'm sorry. I didn't understand the
17 question.

18 COUNCILMEMBER MEDEIROS: If you set a priority and
19 the sources of water are in East Maui, what kind of priority
20 does East Maui get for having the sources there as compared
21 to where it goes?

22 MR. FREEDMAN: Well, that is a subject we could
23 spend a whole session on.

24 COUNCILMEMBER MEDEIROS: What would --

25 MR. FREEDMAN: But basically --

1 COUNCILMEMBER MEDEIROS: Yeah.

2 MR. FREEDMAN: Basically --

3 COUNCILMEMBER MEDEIROS: What was indicated in
4 your meetings from the community input?

5 MR. FREEDMAN: Well, when we met in East Maui, it
6 was really clear that the East Maui -- the East Maui folks
7 who came to the meetings were not happy because they're
8 hurting for want of water. And in terms of the agricultural or
9 kuleana uses, in terms of growing taro, in terms of just
10 meeting basic family things, I mean, those people are hurting
11 and hurting because the water is being diverted and sent
12 elsewhere. That's clear.

13 When we look at the Upcountry system, we had input
14 from some of the East Maui residents in the Upcountry system.
15 And we have different types of diversions for the East -- for
16 the Upcountry system. There's some high level diversions
17 from the flashy tops of the streams that are perhaps less
18 important biologically for the streams in terms of the --
19 the -- the animals in the streams. But then you have the
20 ditch system that comes in at Wailoa to the Kamole Water
21 Treatment Plant that is more directly connected with the --
22 the East Maui system.

23 So in the Upcountry system we have noted as a
24 matter of policy for all of these, when we talk about the
25 policies associated there, that stream impacts is something

1 that needs to be looked at. Right now the Upcountry system
2 basically relies on surface water. The -- it doesn't give
3 any credit or any priority to people in the East. The
4 East -- the people in the eastern part are -- simply have
5 their water diverted. All right? And so that is a policy
6 issue regarding any other expansion of use of surface water
7 Upcountry, would be increasing reliance on water from East --
8 from the eastern sector.

9 COUNCILMEMBER MEDEIROS: Okay. And my third
10 question before I yield my turn and wait for the next round
11 is -- and you did kind of mention something to it, but in
12 formulating this plan, what considerations were given to the
13 protection and preservation of the ecosystems in the streams,
14 ocean and near -- nearshore waters?

15 MR. FREEDMAN: Well, in terms of the Central
16 District --

17 COUNCILMEMBER MEDEIROS: Well, yeah, my focus is
18 on the East Maui sources and streams.

19 MR. FREEDMAN: Yeah. Yeah. East Maui, I don't
20 think we've gotten very far in terms of framing any kind of a
21 policy or recommendations for East Maui. But certainly we
22 have heard the concerns loud and clear from the community
23 about all of those things. And, similarly, in Molokai we've
24 heard concerns about the impacts of even taking water within
25 the sustainable yield has impacts on the fishpond, the health

1 of the fishponds and the agriculture stuff on the coast. So
2 Molokai and East Maui we have heard about that, but in terms
3 of what actions are being taken or recommendations, we
4 haven't gotten there yet in the process.

5 COUNCILMEMBER MEDEIROS: Director?

6 MR. ENG: Member Medeiros, just for your
7 information, and you probably know this, but the Water
8 Commission is currently reviewing 19 petitions to establish
9 interim instream flows for East Maui streams. And that is
10 certainly what they're considering, is ecosystem is a big
11 part of their review. So that is something, probably, we
12 would leave up to the Water Commission at this time since
13 they're currently working on it.

14 COUNCILMEMBER MEDEIROS: Thank you, Director, for
15 adding those comments.

16 And thank you, Mr. Freedman.

17 Mahalo, Mr. Chairman.

18 CHAIR VICTORINO: Thank you, Member Medeiros.

19 Other questions from Members? Mr. Kaho'ohalahala?

20 COUNCILMEMBER KAHO'OHALAHALA: Thank you, Chair.

21 Just on the same topic of East Maui and Molokai,
22 Carl, you made a comment referencing that Molokai seemed to
23 have been more involved in their planning process or more
24 aware. And in that you didn't elaborate much, but I wanted
25 to know whether or not there would be issues that might be

1 beneficial for us to understand that -- that arose within the
2 Molokai community that might be helpful for us in terms of
3 reviewing East Maui and water use, you know, the plan for
4 Maui island itself, so --

5 MR. FREEDMAN: Well --

6 COUNCILMEMBER KAHO'OHALAHALA: Do you have any --
7 anything to share with us that might be -- might be
8 supportive or helpful in our understanding of what those
9 differences are if there is some -- some need to help us?

10 MR. FREEDMAN: Well, I think in terms of water
11 resource planning, we can all learn from Molokai. I mean,
12 Molokai understands the importance of water for everything
13 there. And Molokai, more than the other districts, in terms
14 of the stakeholders who were at the meetings has a very good
15 idea about the importance of water and how water resources
16 work on the islands. The idea that everything's connected,
17 you know, you can't take water out of the ground without
18 having it affect something else.

19 So the one thing I think we can learn from Molokai
20 is that if you become involved in issues over many years and
21 stay involved, you can become knowledgeable and humble an
22 outside consultant coming in who -- who really is trying to
23 deal with these problems for the first time. I'm really
24 humbled by the Molokai community.

25 I think what my process as the technical aspect is

1 going to bring is some needed information to that system that
2 the Molokai residents have had a hard time finding for a long
3 time, access to information.

4 But what the Molokai folks are very strong in is
5 the big picture. They also have some internal conflicts
6 there that when we first started going over there in the most
7 recent round of water talks, the development of the La'au
8 Point, you know, was very divisive in that community. And
9 that issue has kind of waned because the Molokai Ranch has
10 withdrawn that whole proposal.

11 But the issue about water resources in the west
12 end versus the east end is very much an acute issue. And you
13 may have followed, you know, the water companies were going
14 to walk away from their water systems at one point. So there
15 are -- there are diverse issues there, but underlying that, I
16 think, is an attention to the resource itself, you know, an
17 attention to the importance of the resource itself. So, I
18 know, I could go on and on, but I don't know if that's
19 what you're after anyway, but --

20 COUNCILMEMBER KAHO'OHALAHALA: Well, I mean, if they
21 were very tangible kinds of issues and/or ideas that came up
22 in Molokai that would be helpful for us, you know, that's
23 something that I would like you to share. And that's what
24 I'm seeking --

25 MR. FREEDMAN: Yeah.

1 COUNCILMEMBER KAHO'OHALAHALA: -- other than the
2 fact that they're much more informed about water.

3 MR. FREEDMAN: Yeah.

4 COUNCILMEMBER KAHO'OHALAHALA: Are you not, then,
5 saying that we are less informed about water, so we need to
6 get up to snuff about that, you know? So, I mean, is there
7 some distinction with Molokai's planning process that makes
8 it important for us to understand, is less tangible and
9 it's something that the Council can gain the benefit of?

10 MR. FREEDMAN: I'll put some thought into a good
11 answer for that, but I don't have anything right off --

12 COUNCILMEMBER KAHO'OHALAHALA: Okay.

13 MR. FREEDMAN: -- the top of my head.

14 COUNCILMEMBER KAHO'OHALAHALA: Thank you, Chair,
15 at this point.

16 CHAIR VICTORINO: Okay. Thank you.

17 Member Mateo, Chair, do you have a question?

18 COUNCILMEMBER MATEO: Chairman, thank you very much.

19 Mr. Freedman, thank you very much for the work
20 you've put into it and your -- your comments on our -- on our
21 community. Primarily, part of the established water
22 allocation policies that you have quickly mentioned relative
23 to Central Maui, in that process is it consistent throughout
24 the districts in terms of set asides, that all of the
25 districts are pretty much consistent with the need to set

1 aside for specific use -- like for affordable housing,
2 agriculture, residential developments -- to a point that you
3 will probably reach when you conclude your studies that you
4 would be able to provide recommendations for policy that will
5 be specific to this County in setting its priorities based on
6 each of the districts' contributions?

7 MR. FREEDMAN: You know -- Well, I think, to start
8 with, there are some real differences in all the water
9 districts in various -- at various levels that affect the
10 answer to that question. The idea of -- And the other
11 distinction to make there is that there's a distinction
12 between allocating water amongst users of the Department of
13 Water Supply systems, and allocating water in the sense that
14 the Water Commission allocates water between users, one of
15 whom might be the Water Department and other users.

16 The idea of affordable housing, for example, is an
17 example that would be something that the County can do with
18 authority by rule for how the Department would set aside
19 water for use of Department of Water Supply water. And that
20 applies to some districts more than others, because in
21 Central and Upcountry, the Department is the primary supplier
22 of potable water. You go in West Maui, we're one of only
23 several. You go to Molokai, we're a minority provider. And
24 then you go to East Maui, and we're a provider of a bunch of
25 different systems and you have a lot of private systems and

1 Hana Ranch.

2 So, yes, it's very different for each of the
3 districts what -- how the set aside would work, because if
4 you're just talking about the Department's systems, then what
5 happens in some of these districts where the Department is
6 not supplying the water, but you have a set aside for West
7 Maui, for example? You put a set aside, then it becomes not
8 just a Department of Water Supply system, but then it's a
9 land use thing, but then you're going to have the
10 Department -- the Director responsible for making a decision.

11 The way I've put that in the recommendations is in
12 terms of recommendations for some clear standards about
13 determining water availability and determining the need for
14 new resources. Because in order for the Director to make
15 those decisions, the rules have to be clear. And as far as I
16 can tell, they're substantially not. It's -- and so I tried
17 to identify some of those issues.

18 In the bigger picture in terms of allocation, if
19 you read through the draft, I go through kind of an
20 explanation of all these issues about allocation. And,
21 really, before I can make a recommendation to the -- to the
22 Council, I need to hear some -- we have to talk about -- a
23 little bit about what the kind of policy and direction you
24 want to take. Does this -- does this Council, for example,
25 want to set very general policies? Does this Council really

1 want to get out there and tell the Water Commission, you
2 know, what's what about we have strong policies and we want
3 it to be this way?

4 COUNCILMEMBER MATEO: Yes.

5 MR. FREEDMAN: You know -- Okay.

6 COUNCILMEMBER BAISA: Yes.

7 MR. FREEDMAN: Well, you know, when we get to that
8 point, then we -- then I can certainly help draft the
9 language to enunciate that kind of thing. But if you read
10 the draft, I think the discussion -- I think it will make
11 clear that right now there are a lot of policy decisions, a
12 lot of general direction to things to be talked about
13 regarding allocation before we get to specific
14 recommendations.

15 COUNCILMEMBER MATEO: Thank you.

16 Thank you, Chairman. I'll wait for the draft so I
17 can engage in that discussion. Thank you.

18 CHAIR VICTORINO: And I think that's very
19 important to make note that the draft will be what all of us
20 need to review to get a clear understanding. Again, nothing
21 is in stone. This is just an overview.

22 Mr. Nishiki?

23 COUNCILMEMBER NISHIKI: Yeah, thank you.

24 I think that what Carl mentioned about Molokai and
25 then Sol's question to Carl about what happened when he went

1 to Molokai is something that when I talk to many of my elders
2 and people born and raised here, they're concerned about,
3 Mr. Chairman. And that is, on Molokai, that community dictated
4 water. They were concerned about water for agriculture and
5 water for their community before La`au Point. And that
6 was, in watching a lot of the community meetings, their
7 biggest concern was water not going to La`au when the community
8 was short on it. And I think that that may be a lesson that
9 we, as decision-makers, hear loud and clear from our
10 community.

11 And, Carl, I want to bring up two things that I
12 have read in your presentation to us. In Central Maui, the
13 final candidate strategies -- and I realize that Central Maui
14 and East Maui was moving quicker -- their concern was
15 extensive conservation and wastewater recycling.

16 Finally, in your presentation, also, you showed us
17 the fact that the cost of system demand growth and in it you
18 mentioned conservation programs cost less than new supply
19 resources, and then you gave us the million dollar breakout in
20 it. So it shows to me that conservation is something that in
21 Central Maui and in your studies it showed that this was a
22 direction that we needed to pursue.

23 Finally, Mr. Chairman, I wanted to ask you about
24 water usage, say, in Wailuku compared to water usage in
25 Wailea. Do you have any stats to show me what the people in

1 Wailuku are using compared to, say, in Wailea? And I -- I
2 understand that perhaps the lots may be bigger, but any other
3 drastic concerns that we may have or we may need to look at?

4 MR. FREEDMAN: Yes. We have broken out the water
5 consumption for -- like the average water consumption per day
6 for all the different districts, historically and averages.
7 And that's in the Water Use and Demand draft of the Water
8 Development Plan that's on the website for the -- the
9 Department's website.

10 But, for example, the average for the Central
11 District for your average single -- your average meter,
12 basically, for a single -- that's coded single family would
13 be about 600 gallons per day. And that includes South Maui
14 and North Central. Right? The South Maui part of that is --
15 averages about 900, and the north part about 460. So there's
16 about twice as much water use per meter in the South Maui
17 area as in the Northern Central part.

18 And, of course, that's different for the different
19 districts. Haiku tends to be lower. There's more rain out
20 there. But generally the difference there all has to do with
21 outdoor use and families per account. Those are the things
22 that change district by district. Because indoor use, people
23 tend to be very uniform. We all wash our hands, flush our
24 toilets, take baths, you know, pretty much the same
25 everywhere; but what's used outdoors is very, very different

1 in the different districts.

2 So, yes, those numbers are broken out and if you
3 need them -- help finding those, I can help you find those.

4 COUNCILMEMBER NISHIKI: Yeah. I think you stopped
5 short of the question about outdoor use that you've saw in,
6 say, Wailea and beyond. Do you have those figures?

7 MR. FREEDMAN: The outdoor use?

8 COUNCILMEMBER NISHIKI: Yeah.

9 MR. FREEDMAN: I don't have those right in front
10 of me broken down just by outdoor use and indoor use. The
11 numbers I was talking about are the average use for the
12 meters. And I have done calculations to try and figure out
13 for each of the districts what's the indoor component and
14 what's the outdoor component. I don't have those numbers in
15 front of me right now, but --

16 COUNCILMEMBER NISHIKI: Okay.

17 MR. FREEDMAN: Yeah.

18 COUNCILMEMBER NISHIKI: And, Mr. Chairman --

19 MR. FREEDMAN: But I'll tell you, there's a lot
20 more outdoor use, of course, in the South Maui area -- area
21 than there is in the other areas.

22 COUNCILMEMBER NISHIKI: Thank you.

23 And, Mr. Chairman, the reason why I brought this
24 up because when a Member asked how long this was going to
25 take, I think we need to realize despite that there was a

1 shot of injection given, I think, when Carl was given
2 250,000, a quarter million dollars to move this quick --
3 quicker, I guess, but my concern is this, is the fact that --
4 And I was told this by someone from the general public,
5 Mr. Chairman, that under the County Code under Water
6 Conservation, it talks about "Water is a valuable natural
7 resource that should always be used wisely and managed as a
8 public trust."

9 No. 2, "Unrestricted water for nonessential needs
10 endanger the adequacy of the County water supply for
11 essential needs."

12 And, "C. A water conservation plan is essential
13 to preserve water resource and reduce the risk and severity
14 of water shortages."

15 Now, under 14.03.020 it says, "No" --

16 CHAIR VICTORINO: Mr. Nishiki.

17 COUNCILMEMBER NISHIKI: Yeah.

18 CHAIR VICTORINO: And I appreciate you giving us this
19 dissertation and going into these. Remember now, again, this
20 was a review. Again, this is just a first step in many steps.
21 Okay? And I would prefer, because we want to get to our
22 water rates today, if you have specific issues you want to
23 bring forward, bring it in writing. I have no problem with
24 that.

25 Again, I understand -- the public talks to me just

1 like they talk to you -- I understand where we want to head
2 with this. This plan will be one that all of us can accept.
3 It's just a plan at this point, a draft plan. A lot of
4 public input yet needs to be made, a lot of input from us as
5 well as the Water Commissions, the Water Resource Advisory
6 Councils, and as far as the Water Board. So there's a lot
7 more work needs to be done, Mr. Nishiki.

8 So I do appreciate what you're trying to lead us
9 to, but I -- at this point in time, for the sake of
10 expediency -- and I'm not trying to cut you off, but I'm
11 really asking if we can move on to the water rates. Again,
12 I'll take all of that under advisement. I think the public
13 understands where you're coming from. And we really do
14 appreciate it, Mr. Nishiki.

15 COUNCILMEMBER NISHIKI: Yeah. And -- and not that
16 your interruption was rude, but I just wanted to finish what
17 a member of the general public told me, and that is,
18 Mr. Chairman, that we now are in violation of a law. And I think
19 that I'm asking you as the Chairman that the Council has
20 stopped short of passing a conservation bill, but I think
21 that as we move on, we need to try to address with the Water
22 Conservation Bill exactly what a lot has been shown by the
23 studies, that conservation is something that every concern
24 was raised and that conservation could be cheaper than
25 increasing water sources being developed.

1 And that's all I'm asking you, sir, that as
2 Chairman that we move along with the Water Conservation Plan
3 that stopped short in last year's Council and revive that,
4 because it is a violation of a law. Thank you.

5 CHAIR VICTORINO: And that is just an opinion.
6 Thank you very much. And I do not mean to be rude, but when
7 I -- when I really want something to move on, I try to get
8 right to the specific. And today we're just talking about
9 the draft plan. Conservation is all part of this whole
10 equation, part of the revisions of our rules and regulations
11 that we have talked about, Mr. Nishiki. So we're going to
12 move on.

13 This is a lot of work that needs to be done. I
14 hope to be expedient, but I tell you what, when we get the
15 public involved, you and I both know it's going to take a
16 while. And I think what we come out with this plan will be a
17 plan, along with the GPAC and everything else, that will work
18 together in harmony so we do what is right for the
19 people of Maui County.

20 So with no further discussion, I would like to at
21 this point defer this matter and, hopefully, with -- when we
22 come back in -- And, again, I ask you -- you the public, you
23 the Members, all of those who are interested, if you have
24 specific concerns, please e-mail them, mail them to me, put
25 them in writing, and then we'll move on. And that way when

1 we come back in June, we'll be ready to rumble with this
2 issue. Thank you very much.

3 Mr. Freedman, I would like to thank you.

4 With no objections, I would like to defer this
5 matter. I'm sorry.

6 COUNCIL MEMBERS: No objections.

7 CHAIR VICTORINO: I apologize. I just went ahead
8 and assumed, and I apologize, Members.

9 ACTION: DEFER pending further discussion.

10 CHAIR VICTORINO: Mr. Freedman, I would like to
11 thank you for all your hard work, and we will be talking a
12 lot in the next few months as far as this is concerned.

13 And, Mr. Eng, thank you very much for your
14 Department's cooperation in this area.

15 ITEM NO. 6: WATER RATES (C.C. No. 09-50)

16 CHAIR VICTORINO: At this time I would like to
17 move on to -- okay -- WR-6, which is the water rates. Now,
18 this Committee is in receipt of County Communication No.
19 09-50, from the -- from myself, Councilman Victorino,
20 transmitting a copy of a report entitled "Fiscal Year 2008
21 Water Rate Study, County of Maui, Department of Water Supply",
22 Prepared By R. W. Beck Incorporated for the Department of
23 Water Supply. The report sets forth and summarized the
24 methodology, assumptions, analyses and results of the DWS
25 rate review process that occurred in June of 2006 through May

1 of 2007.

2 You all this have committee [sic] report in your binder.
3 This was dated -- look under January 30, 2009. And at this
4 time I would like to call upon the Department's individuals
5 who will be here to make some comments and -- on how this
6 review was done.

7 First of all, I would like to call up Holly
8 Perdido. And Holly is the Fiscal Officer for the Department
9 of Water Supply.

10 And while Holly is coming up, Mr. Director, would
11 you like to add some comments to this before we -- we hear
12 from -- from Holly?

13 MR. ENG: Thank you, Mr. Chairman.

14 As the Members that were on board back in 2006 and
15 2007 probably can recall that R. W. Beck was contracted to do
16 this rate study. And we basically pretty much have adopted
17 and followed most of their recommendations. There were some
18 things that were not adopted by the Council back in 2007, but
19 overall, as far as the rate model, most of the rate design
20 we -- we still utilize in the Department. And we utilized it
21 to even develop our current proposed rates for the coming
22 fiscal year.

23 So that's all I have at this time.

24 CHAIR VICTORINO: Thank you.

25 Ms. Perdido, would you like to add anything at

1 this point?

2 MS. PERDIDO: No. I'm just here to -- available
3 for questions.

4 CHAIR VICTORINO: Okay. Thank you.

5 I'll open the floor to questions from the Members.
6 Mr. Pontanilla?

7 VICE-CHAIR PONTANILLA: Thank you.

8 Thank you for your opening comments, Mr. Eng. I
9 remembered two years ago -- two years, I think, when we were
10 discussing about several -- you know, different tiers and the
11 issue was about, you know, communities in Maui County,
12 residential users utilizing 10,000 gallons or more was one of
13 the biggest issues that we had in regards to how do we
14 provide them -- not how do we provide them, what kind of
15 rates should they pay, and I think we came to a compromise.

16 But looking forward, you know, is the Department
17 looking at going to two separate tiers as was proposed by
18 R. W. Beck back two, three years ago?

19 MR. ENG: Thank you, Member Pontanilla. Yes, I
20 think in the future we're actually looking at maybe
21 separating out from just the one general rate class to
22 separate classes. And this rate study proposed a separate
23 single family class. And back in 2007, again, the Council
24 didn't approve of a -- separating out that class, as you
25 recall, but it also brought out a couple of other issues that

1 we face as a Department. One is just having a good
2 definition for the single family class. We didn't -- we
3 don't have a good working definition to be utilized for water
4 rates purposes in the Maui County Code, and that is something
5 I think we might want to consider in this body.

6 And then the other thing is being able to identify
7 with 100-percent certainty that we are identifying those
8 single family class members that we do want to put in this
9 fourth block. And that's something that we can work on.
10 We're not proposing it in this coming fiscal year. It will
11 take additional effort for us to identify what we want and
12 who we want in that class.

13 One thing that comes to mind, really, for me is --
14 is like in the single family class we know throughout the
15 community we have the typical 5/8ths inch water meeting --
16 meter serving a single-family residence and an ohana on the
17 property. And just given the normal water consumption of
18 those two dwellings, it can immediately bump this property
19 into the higher tiers. And I don't know if that's what we
20 want to do or not. You know, you could call that still
21 single family, yet it's also -- could be considered a
22 multi-family. So all of these kind of issues I think we need
23 to bring before this body to resolve before we go forward.

24 But given that and saying that, we do want to in
25 the future look at having separate classes and possibly

1 different tier structures for those different classes.

2 VICE-CHAIR PONTANILLA: Thank you. And when
3 you look into the different tier structure, I'm looking at
4 high users, you know. High users, you know, would be the
5 ones that pay the higher costs. When utilizing water, in my
6 mind, is that -- you know, one of the things that, you know,
7 Member Nishiki just talked about conservation. Sometimes,
8 you know, we just turn on the pipe and we just let it run.

9 So hopefully when you come out with your tier that,
10 you know, you also look at conservation methods in regards
11 to, you know, whoever is using water blatantly, you know,
12 basically pay the higher use of, you know, our resource. So,
13 you know, with your tier structure, hopefully you look at
14 that. And, you know, high users, you pay the more, you pay
15 higher rates in hopes that, you know, higher users
16 can learn how to conserve. Thank you.

17 CHAIR VICTORINO: Thank you, Mr. Pontanilla.

18 Other questions from Members? Yes, Ms. Baisa,
19 followed by Mr. Molina.

20 COUNCILMEMBER BAISA: Thank you very much, Chair.

21 Just a quick question. You know, I'm looking at
22 these various tiers and I'm kind of wondering how do the
23 users break down in the general rates? How many under 10?
24 How many in the 10 to 30? And how many in the over 30, more
25 or less? I understand you may not have that exactly.

1 CHAIR VICTORINO: Ms. Perdido, are you capable of
2 answering that question? Or Mr. Eng?

3 MR. ENG: If you can just give us a minute, please.

4 CHAIR VICTORINO: Sure, sure.

5 COUNCILMEMBER BAISA: Thank you.

6 Chair, if they need to look it up, maybe somebody
7 else can ask a question and they can report later.

8 CHAIR VICTORINO: Okay. Okay. If -- if you will,
9 we'll come back to that. As soon as you find that, we'll
10 come back to that question.

11 Do you have any other questions or just that?

12 COUNCILMEMBER BAISA: Not at this time. I think
13 it's better we move on. I know time is precious.

14 CHAIR VICTORINO: Thank you.

15 Mr. Molina?

16 COUNCILMEMBER MOLINA: Thank you, Chairman. And if
17 you'll permit me if my question does not stray too far from
18 what's on the agenda, my question would be for Director Eng,
19 just if he would allow -- if he would give us a preview of
20 what the Department's proposal will be in terms of -- I
21 presume there's going to be a proposal to increase the water
22 rate for this upcoming term. And I guess how it ties in with
23 the R. W. Beck report. If that is permissible, Mr. Chair.

24 CHAIR VICTORINO: I --

25 COUNCILMEMBER MOLINA: And I know we can get into

1 a detailed discussion more --

2 CHAIR VICTORINO: Yeah.

3 COUNCILMEMBER MOLINA: -- with Budget Session,
4 but --

5 CHAIR VICTORINO: Yeah. I would like to keep it
6 as general as possible.

7 COUNCILMEMBER MOLINA: Yeah. That's fine.

8 CHAIR VICTORINO: And that will all be coming up
9 in the -- the Budget next week when the Mayor sends it down.
10 And I don't know if we want to get into that -- that
11 discussion at this time, Mr. Molina.

12 But if you have a response --

13 MR. ENG: Sure.

14 CHAIR VICTORINO: -- a general response, go ahead,
15 Mr. Eng.

16 MR. ENG: Okay. Thank you, Mr. Chairman. I'll
17 just give you folks a sneak peek.

18 COUNCIL MEMBERS: (Laughter.)

19 MR. ENG: And that is we are looking at an overall
20 rate increase. And currently -- and it has been changing
21 from day to day recently, but we're looking at an
22 approximately 8.5-percent rate -- rate increase overall.

23 COUNCILMEMBER MOLINA: Okay. Okay. Thank you,
24 Mr. Director. So -- and I know we live in some very
25 difficult times right now, but, again, the Department's faced

1 with the difficulty of -- I think as you once termed it, just
2 to keep the lights on, we need to -- in order to provide this
3 service, we have to look at a rate increase. And I know you
4 based your premise before on this report, the R. W. Beck, as
5 to, you know, making rate increase proposals, if I'm correct.

6 MR. ENG: Well, Member Molina, and for everyone to
7 know, we have done significant reviews of our budget, you
8 know, starting back in the end of August of 2008, is when we
9 start preparing our budget. And we've had several iterations
10 of basically cutting back and slashing our budget request. I
11 mean, there was one point -- our starting point was we were
12 at about 13.5-percent rate increase. You know, we worked
13 hard to even bring it down to 10 and we've been able to
14 fine-tune it even further more recently. So we're really
15 down there at the bottom, but I think we'll have -- Again, we
16 need a certain amount of revenue requirements to run the
17 Department, and we're right now at that minimum point.

18 COUNCILMEMBER MOLINA: Okay. And the R. W. Beck
19 folks, they're one of the highly respected entities that do
20 these reports and, if memory serves me correct, they were
21 recommending something that's higher than your -- what you're
22 considering -- what you want us to consider, the 8.5, am I
23 correct?

24 MR. ENG: Well, they do forecasts, you know,
25 projected rate increases going out five years or so, but it's

1 so really difficult for them to forecast, too. You know, we
2 know what our current operating costs are and where we can
3 make those adjustments. So the forecasts are -- you know, if
4 they're wrong, then they're just really kind of lucky, too,
5 because it can really vary from what they show in the report.
6 But I think, again, this 8.5-percent increase is really bare
7 bones operational costs. We've eliminated a lot of things --
8 desirable things that I really wanted to see, like additional
9 conservation funding, and we've even had to affect some of our
10 CIP budget, too. And that was kind of disheartening to see,
11 but it's something we needed to do.

12 COUNCILMEMBER MOLINA: Thank you, Mr. Director.

13 Thank you, Chair.

14 CHAIR VICTORINO: You're welcome, Mr. Molina.

15 Go ahead, Mr. Nishiki.

16 COUNCILMEMBER NISHIKI: Thank you.

17 Jeff, you mentioned earlier today about more
18 studies being needed to -- to look at perhaps another tier?

19 MR. ENG: Yes, Member Nishiki. It's actually more
20 work internally in our Department. We have to work with our
21 billing system database.

22 COUNCILMEMBER NISHIKI: Okay. Let -- I'll cut to
23 the chase. And it -- Mr. Chairman, it has nothing to do with
24 people that are born and raised here and people that have
25 moved here recently. Okay?

1 CHAIR VICTORINO: Uh-huh.

2 COUNCILMEMBER NISHIKI: Nothing to do with locals
3 versus newcomers. This has to do with how much water is
4 being used, say, in the Wailea area by single-family homes
5 compared to Wailuku. Can you give me an idea of that usage?

6 MR. ENG: Yes. And that's what Mr. Freedman was
7 trying to refer to.

8 COUNCILMEMBER NISHIKI: Well, he didn't answer
9 that question.

10 MR. ENG: But as far as -- Yeah, he might not give
11 you specific numbers. It's almost fourfold in consumption on
12 an average single-family residence. I'd say in Central Maui
13 and even some of the Upcountry areas the average is more in
14 the 400 to 500 gallons per day. And in the Wailea, South
15 Kihei area it could be 1,500 to 2,000 gallons per day. And
16 as Mr. Freedman pointed out, it is mostly probably outdoor
17 usage.

18 COUNCILMEMBER NISHIKI: And, Mr. Chairman.

19 CHAIR VICTORINO: Go ahead.

20 COUNCILMEMBER NISHIKI: I think -- I think -- And
21 this is it in a nutshell. Whether you just came to live in
22 Maui or whether you were born and raised here, okay, we live
23 in this community and all the time, especially Upcountry,
24 Mr. Molina, people are being asked to conserve water. Okay?
25 And when I see this kind of disparity, say, in Wailuku, Kahului

1 and -- and as Mr. Eng said, people using it for outdoor
2 resources in Wailea, Makena, wherever that area is, I think
3 we need to ask these people to do something different for
4 their external, outdoor uses or we're going to charge you for
5 it. They're part of this community and that's part of
6 conservation.

7 And I don't want to wait next Budget Session. I
8 want to look at it this Budget Session because as much as the
9 question was asked earlier, and we're still waiting for this
10 lady to give us that answer about where, as Gladys said, the
11 water usage is, I think this is where we need to look at who
12 pays for it. If people are abusing the water on the outside,
13 then they need to kokua and help us understand the shortage
14 and -- and work toward this. And I just feel that we need to
15 focus in on these people that are using over 40,000, 50,000
16 dollars -- gallons a day -- a month.

17 MR. ENG: Mr. Chairman, I think Ms. Perdido is
18 prepared now to respond to Ms. Baisa's earlier question.

19 CHAIR VICTORINO: Go ahead, Mr. Chairman. I mean,
20 Mr. Director.

21 MS. PERDIDO: The first tier -- And this is just
22 an estimate. I can get you actual numbers if you need to.

23 COUNCILMEMBER BAISA: Not important. Thank you.

24 MS. PERDIDO: The first tier is less than 10
25 percent. It's even -- it's probably more like 4 percent of

1 our total consumption. The second tier is slightly more.
2 But if you look at the total tiers, of course, that third
3 tier is going to utilize the most.

4 COUNCILMEMBER BAISA: Okay. Very interesting
5 statistics. So the majority of the users are in the over
6 30,000 -- 30,000 gallon category?

7 MS. PERDIDO: Could you repeat that?

8 MR. ENG: No.

9 Member Baisa, you're correct. It's, you know,
10 something like -- to include even our nonpotable customers,
11 ag. customers, you know, it could be something in the order
12 of 65, 70 percent is in the third block, be in the third
13 block.

14 COUNCILMEMBER BAISA: Which is over 30,000 gallons
15 per month? I mean, two months.

16 MR. ENG: Yeah.

17 COUNCILMEMBER BAISA: This is a bimonthly thing.

18 MR. ENG: That's correct.

19 COUNCILMEMBER BAISA: Yeah.

20 MR. ENG: So most of our revenue is coming from
21 the -- the third block.

22 COUNCILMEMBER BAISA: This is a very interesting
23 statistic to me, because if I had to guess, I would have
24 guessed it was in the first tier.

25 MR. ENG: Well, the first tier is, really, we've

1 always described as our lifeline rate. So it is for the
2 person who uses little water. You know, I don't know what
3 income level, but it could be those in lower income levels,
4 and allows them to have affordable water. And, you know,
5 that allows them 10,000 gallons bimonthly. And a lot of
6 people are going to fall under that, more -- you don't have
7 to be, necessarily, low income and -- you know, a lot of
8 people. I'm -- I'm 6,000 gallons bimonthly, so that's -- but
9 we conserve, you know, but it -- and we're not depriving
10 ourselves of bathing or, you know, utilizing water. So it
11 can be done and quite easily.

12 It's just a behavior change, you know. And that's
13 probably some of the things, Mr. Nishiki, you were kind of
14 expressing about South Maui's -- You know, all these years
15 we've allowed that type of behavior in South Maui and other
16 areas that are arid. I've always believed that if you live
17 in a dessert, you should behave like you live in a dessert,
18 you know. But that hasn't happened and we haven't required
19 that. So it's really kind of up to us if we want to see any
20 changes.

21 COUNCILMEMBER BAISA: Thank you very much, Chair.
22 I think that's a very important statistic. It kind of points
23 out that the majority of our users are using over 500 gallons
24 per day. And that's really interesting, because, you know,
25 we have a huge garden and don't even get close to that. So I

1 think conservation is our key. I don't care what we do or
2 how we try to deal with this, but until we get people paying
3 attention to how we waste water, we're never going to build
4 enough to keep up with the demand. Thank you very much.

5 CHAIR VICTORINO: Thank you, Ms. Baisa.

6 Member Kaho'ohalahala?

7 COUNCILMEMBER KAHO'OHALAHALA: Thank you, Chair.

8 Just a clarification, your -- your percentages for
9 the first tier, was that 4 percent you said? I'm just
10 curious how you got 60 out of -- and you said the second tier
11 was a little -- slightly more than 4 percent.

12 MR. ENG: I'd say it's roughly for the first tier
13 about 7 percent, and the second tier is about 14 percent.

14 COUNCILMEMBER KAHO'OHALAHALA: Oh, okay.

15 MR. ENG: And then the rest would be the third
16 tier.

17 COUNCILMEMBER KAHO'OHALAHALA: Okay.

18 MR. ENG: And, also, that would include like
19 nonpotable.

20 CHAIR VICTORINO: Okay. So that includes
21 nonpotable.

22 COUNCILMEMBER KAHO'OHALAHALA: Okay.

23 CHAIR VICTORINO: Okay.

24 COUNCILMEMBER KAHO'OHALAHALA: And then just --
25 just a comment, because I think we had a conversation,

1 Director, about the different tiers and it becomes clear that
2 you're -- you're already demonstrating by these percentages
3 of use that the highest users may, in fact, be located in one
4 of the -- the more wealthier areas of the island, if we're
5 looking at South Maui. Would you agree with that?

6 MR. ENG: I can't say. I'm not really familiar
7 with income levels in all the areas of Maui. But the South
8 Maui and West Maui areas are the resort areas, too, so you
9 could maybe assume or speculate that that might be so.

10 COUNCILMEMBER KAHO'OHALAHALA: Yeah. And I only
11 bring that up because I think that when we're looking at
12 different tiers, obviously, the wealthier of our -- our
13 residents can bear the burden of higher rates and not be
14 concerned so much about usage. And so rather than allow that
15 to become a practice, perhaps what we need to do is also look
16 on the conservation side where there might be limits to what
17 an area that's -- that is dry like South and West Maui, for
18 those users that are the highest generating current users of
19 water, so that there's an element of a rate increase and also
20 an element of conservation so that there's a cap, perhaps,
21 of how much water can be used. So that they pay the highest
22 rates, but they are also not allowed to continue to use as
23 much water as they would like. So I would say that there
24 needs to be some way for us to kind of look at that as well.

25 Okay. What are your thoughts about that?

1 MR. ENG: Well, I certainly would like to work
2 with this body to look in that -- and have that type of
3 discussion if -- if we all feel that is appropriate. You
4 know, we're kind of treading into new territory there. We've
5 never put on -- put limits on -- on a meter except the
6 mechanical limitations. And so, yeah, I'd enjoy getting into
7 that discussion and looking at the pros and cons of that.

8 COUNCILMEMBER KAHO'OHALAHALA: I mean, the limits
9 would come in that you know the usage and if a person meets
10 that -- that cap amount, then there must be consequences for
11 use beyond that. That, you know, rather than say we're going
12 to shut off the meter at, you know, 50,000 gallons, you know,
13 but -- You said earlier we have to train ourselves to think
14 differently about the usage of water, and I'm suggesting that
15 these might be ways in which we now redirect our thinking
16 toward water use and that -- putting these kinds of
17 opportunities to help to redirect.

18 MR. ENG: I agree. I think there's a lot more
19 that we can do working together.

20 I guess I have one concern, though, is when we're
21 looking at -- and this is when we were looking at that
22 conservation, proposed conservation bill last year, is now
23 we're looking at more enforcement, too. And then now we'll be
24 looking at more bodies. So we've got to make sure that we
25 can afford to do this. It's a fine balance. I know we need

1 to, you know, expand our conservation efforts; unfortunately,
2 though, it does require some enforcement efforts. And I know
3 currently the Department can't be burdened with that type of
4 effort unless we have bodies funded. So that's something
5 just for your consideration.

6 COUNCILMEMBER KAHO'OHALAHALA: Okay. We will
7 bring that discussion to the table, then.

8 CHAIR VICTORINO: Thank you.

9 And before I --

10 COUNCILMEMBER KAHO'OHALAHALA: Thank you, Chair.

11 CHAIR VICTORINO: -- before I recognize other
12 Members, let me -- let me clarify one thing. We have
13 discussed this matter for many years and if you remember,
14 Mr. Eng, before you came aboard, we had looked at different
15 tiers. And Holly remembers when I was on the Board of Water
16 Supply recommending a fourth tier, a very high tier for the
17 high users, nonresident or residents who use high amounts
18 beyond 30,000. And it was shot down by various parties,
19 including the Council. Okay?

20 I think time has come to think differently the way
21 we have operated. Conservation will be achieved two ways, to
22 be perfectly honest with everyone in this room. One is
23 through punitive measures, high exorbitant rates that make
24 people pay. The other part is incentives. For example, my
25 son lives in Vegas, okay, Mr. Nishiki, and he has an entire

1 yard more beautiful than my yard, but not one living plant
2 because it's required. And that's another thing we're going
3 to look at, is requiring arid landscaping, xeric
4 landscaping. These are things we need to look at.

5 But we've got to train people to change their
6 minds and methodologies. And we've got to offer either
7 punitive or incentives to make those changes. My son was
8 given a credit on his taxes because he did that. So maybe
9 that's something we need to look at. We have to change our
10 modern of thinking, I agree.

11 Today is just a matter of all these suggestions,
12 and I agree, we need to start right now because this next
13 Budget Session is going to be real pivotal because money is
14 going to be extremely difficult to come by.

15 And I agree with you, Mr. Kaho'ohalahala, that we
16 need to look at those who can afford to pay and have them pay
17 more, if that's case. They want to use more, make them pay
18 more. I have no problem with that. But conservation is a
19 part of it.

20 Before I recognize you, Ms. Baisa, I will
21 recognize Mr. Medeiros because he had his hand up first. Go
22 ahead.

23 COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman.

24 And for the Department, following up on Member
25 Kaho'ohalahala's questions, I know in a conference I

1 went and seems like across the country water has become
2 critical, especially in states that don't have very much of
3 their own water sources and have to get it from other states,
4 such as the Colorado River. It's dipped down to levels never
5 before in history. In those conferences, some municipalities
6 have already installed meters that only provide up to a
7 certain amount of gallons and it shuts off. So they allocate
8 so much per family on the averages that you talked about, and
9 then the meter shuts off. So the family has to be really
10 careful about conserving, you know, practices. And did that
11 ever come up in any of the studies for the Department of
12 Water Supply?

13 MR. ENG: Member Medeiros, no, that hasn't.
14 Currently we don't have the capabilities to shut off a meter
15 automatically at a certain point. That would require a huge
16 retrofit of our system of 35,000 odd meters and some other
17 problems, too. If we were to shut off, I can imagine the
18 phone calls, not only I, but you would be receiving, too. So
19 that's something we can talk about. That's a big step
20 that -- I'm hoping that's not a step we will have to take in
21 the future. I'm hoping and always hoping that our efforts to
22 develop new sources as well as to promote and get good
23 conservation will get us through the future. And I'm still
24 confident in that, you know. It's just taken us some time,
25 you know, but our efforts are continuing. And that's our top

1 priority. So we can talk about it. I'm not quite ready to
2 go there yet. And, again, it'll cost us some money to
3 retrofit all of -- of our entire system.

4 COUNCILMEMBER MEDEIROS: And -- right. And you
5 bring up a good point, and you have done that before, about
6 conservation, but conservation requires a dedication and
7 commitment on people to change their lifestyles and what they
8 expect of water sources, you know. So I think we can
9 continue to talk about conservation, but from time to time we
10 have to be more proactive and aggressive in -- in making sure
11 that conservation measures are taken seriously. Thank you.

12 CHAIR VICTORINO: Thank you, Mr. Medeiros.

13 Mr. Pontanilla, you had a question?

14 VICE-CHAIR PONTANILLA: Thank you, Chairman.

15 Mr. Director, you know, we all talk about, in
16 fact, my colleague here on my right always talk about resort
17 areas. Have the Department ever gone down to visit our
18 resort areas and maybe one property take a look at what
19 they're trying to do to conserve water?

20 MR. ENG: Member Pontanilla, my staff has. I
21 haven't personally. But I've had discussions with some of
22 the hotel managers and they have talked about the efforts
23 they're doing. I personally feel that the hotels are doing
24 an effort, are making efforts, you know. And that's why -- I
25 mean, they have to, because that water bill of theirs can be

1 quite, quite large, you know. And that's one of the expenses
2 that they have control of, so I think they'd be fools not to
3 look at where they can conserve water. Again, I also
4 understand that they need to keep their properties beautiful
5 and that's part of marketing their properties, and so I think
6 they're trying to balance that.

7 I think in -- from the R. W. Beck Study, the basis
8 for separating out the single family class was that was where
9 they thought they could get additional conservation, and
10 quite readily. You know, that's where maybe some of the
11 abuses are occurring and can be controlled. Because in the
12 other classes of customers, like the hotels and some of the
13 commercial establishments, maybe they are doing the best they
14 can already, but the single family was somewhat the obvious to
15 go for first.

16 VICE-CHAIR PONTANILLA: What about retrofit
17 incentives? Retrofit --

18 MR. ENG: That is something that's looked at. As
19 you review the Water Use and Development Plan, that chapter
20 regarding the Central Maui strategies and the demand side
21 management is -- there are a number of retrofit programs that
22 the County can participate in. Basically, toilet retrofits.
23 And, further, it really depends on how much we're willing to
24 put in and expend as far as money. A lot of these programs
25 require us, the County, to fund. As Mr. Freedman has

1 indicated, you know, the payback is good, but it is a
2 considerable capital expenditure to begin with. And that's
3 something we may want to look at, though, too. It is cost
4 effective.

5 VICE-CHAIR PONTANILLA: Thank you.

6 One last question, Chairman.

7 In regards to the water usage that individual
8 family use, how does -- how does the sewer department
9 calculate their, I guess, cost? Because when customers see
10 the bill, water bill, they also see the sewer bill. Do you
11 know as far as the relationship in regards to how to
12 calculate the -- the water used and how they calculate the
13 bill?

14 MR. ENG: Member Pontanilla, I'm sorry, but I'm
15 not familiar with how they establish their billings for
16 single family residences.

17 VICE-CHAIR PONTANILLA: Yeah. I'm kind of
18 interested in -- because of, you know, some of them -- well,
19 most of the families here on Maui County or residential
20 homes are on sewer system. But I would, you know, be
21 interested in regards to a comparison of those that are using
22 public sewer systems versus their own septic tanks in regards
23 to water usage. Thank you.

24 Thank you, Chairman.

25 CHAIR VICTORINO: Thank you, Mr. Pontanilla.

1 Ms. Baisa?

2 COUNCILMEMBER BAISA: Yes. Thank you, Chair.

3 While we're discussing the rates, you know, I had
4 the misimpression before I joined the Water Resources
5 Committee last year that -- And I had been told by former
6 Director Tengan when we were discussing rates many years ago
7 and he said, Well, it's not going to help because, you know,
8 it doesn't help him with his CIP's. Is this still the case
9 that the money we generate from water rates and water bills
10 that people pay goes only for operation, and if we want to
11 raise money for infrastructure improvements, that comes from
12 other sources?

13 CHAIR VICTORINO: Mr. Eng?

14 MR. ENG: Thank you, Mr. Chair.

15 Member Baisa, some of the -- of our water revenue
16 and approximately -- in recent years, it's been approximately
17 \$3 million a year goes to capital replacement projects --
18 basically waterline, old waterline replacements. That is an
19 area that we wish we could fund more aggressively.

20 I know Mr. Mateo is famous for the study done by
21 Brown & Caldwell that -- and that was several years ago, and
22 it recommended \$8 million per year. You know, even now, to
23 start now, we probably should even fund at a greater amount.

24 For the coming fiscal year budget, we scrambled
25 and I think we didn't even get to quite 3 million. I think

1 it's about 2.8, something, or less. And that was real hard
2 because we were hoping at one time -- I think we initially
3 funded something like 4.2. We thought we could go a little
4 bit more this coming fiscal year, but we had to cut back at
5 the last minute.

6 So we do -- Some of the water revenues from the
7 rates go into CIP, that's a conscious effort on our part. We
8 certainly would like to transfer more into that program. But
9 given the times -- Again, for every million dollars, the
10 rates probably -- with the proposed budget, it probably goes
11 up 2.2 percent. So, you know, if we want to do another \$2
12 million, it would be another 4.4 percent on top of the 8.5 or
13 so we're proposing. So that's always our challenge that
14 we're facing every year.

15 COUNCILMEMBER BAISA: So in a nutshell, most of
16 the water goes -- water -- water money or the income we
17 derive from the system and from charges -- people's water
18 bills, very little of it actually can go towards the
19 replacement of infrastructure?

20 MR. ENG: That is correct. The majority of the
21 revenue goes just to our operating expenses and debt service.

22 COUNCILMEMBER BAISA: And so when we have a modest
23 increase like we have now, the majority of it will go to just
24 maintain what we have, but very little of it can go for all
25 of these wonderful things that we're looking at in this Water

1 Rate -- I mean, this Water Use and Development Plan, which
2 makes me a little nervous, because how then do we fund all of
3 those major improvements other than with Federal money or
4 loans from the State Water Fund? I mean, it's kind of a
5 scary situation because we know we need to do all of these
6 things, and how are we going to pay for them?

7 MR. ENG: That's what we struggle with every year
8 in developing our budget. You know, we have so few sources
9 of funding for our CIP. We have the few million dollars that
10 we transfer from our revenue fund for replacement. We have
11 some water system development fee funds that's from meters
12 that are issued, but as you know, we're not issuing as many
13 meters so that's somewhat limited. We take advantage of the
14 State Revolving Fund program as much as we can. We've been
15 very fortunate to get some funding. And then it's the bond
16 funding, and, as you know, there's a lot of needs for bond
17 funding throughout the County. We're just one of -- of many.
18 So it's a struggle. It's really quite a struggle for us.

19 COUNCILMEMBER BAISA: Thank you very much. The
20 reason I asked the question is because the public, who may
21 listen or watch this later on, will wonder that based on
22 increasing water bills, that we should have some ability to,
23 you know, improve things. And I think we all need to
24 understand how difficult it is even with small increases to
25 repair and expand and, you know, get the facilities that we

1 need in order to take care of our water needs. And so, you
2 know, when we make a modest increase, it isn't because we
3 want to punish anybody, but it's because we need to pay our
4 operating costs and we also need to get some revenues so we
5 can do the things that we need to do.

6 And even with this, how modest amount of money,
7 like you said, less than \$3 million. My goodness, look at
8 the numbers that we were looking at in that Water Use and
9 Development Plan. We're talking 10s and 20s and 30s and
10 \$40 million. So we have a real challenge here. And,
11 again, I'm going back to my first statement, and that is that
12 it is much better for us to try to make the very best use of
13 every water drop that we have rather than to continually have
14 to do more and more and more. Because it's just too
15 expensive. And so I'm all for this conservation plan. And I
16 think we have to make some tough decisions and people are
17 going to hurt and smart over it, but in the long run, it's
18 the best solution and the quickest solution for getting more
19 water.

20 Thank you so much.

21 CHAIR VICTORINO: Thank you, Ms. Baisa.

22 Further discussion? Member Nishiki?

23 COUNCILMEMBER NISHIKI: Jeff, you mentioned 8.5
24 percent as the rate increase for this --

25 MR. ENG: Correct.

1 COUNCILMEMBER NISHIKI: -- for this upcoming
2 Budget.

3 MR. ENG: That's correct.

4 COUNCILMEMBER NISHIKI: What does that equate to
5 the lower user in his increase in his bill or her bill?

6 MR. ENG: For the first tier customer, 0 to
7 10,000 gallons bimonthly, we're still trying to keep any
8 increase nominal. We have a small increase in our meter
9 charge, also called the service charge, about, I think, maybe
10 50 cents per month on the meter. And I think we're looking
11 about on a -- I think we're proposing like, what, a nickel
12 per 1,000 gallons on the first tier. So it should be
13 nominal, probably in the 4 to 5 percent increase.

14 COUNCILMEMBER NISHIKI: Thank you. I'm done.

15 CHAIR VICTORINO: Okay. Thank you.

16 Any other discussion or questions for the
17 Department? Mr. Pontanilla?

18 VICE-CHAIR PONTANILLA: Thank you.

19 You know the power charge, Director, I see, you
20 know, it's constant, yeah, all the way through. Is there a
21 possibility whenever there is a fuel increase that that
22 number goes up?

23 CHAIR VICTORINO: Mr. Director?

24 MS. PERDIDO: Okay.

25 CHAIR VICTORINO: Oh, Ms. Perdido?

1 MS. PERDIDO: We had put in for -- for Fiscal Year
2 '10 a dollar -- it would have been \$1.25, and that would have
3 really hurt the farmers. And we will for Fiscal Year '10
4 keep the power charge at a dollar. We're not going to
5 increase the power charge. It's going to be absorbed in the
6 regular rates. So we're kind of looking back, as we used to
7 have a general rate, and that's what we're going to be
8 proposing for the Fiscal Year '10.

9 Because in the past, as Mr. Victorino knew, we
10 wanted to set up the power charge to at least have everybody
11 pay for the cost of power, but it would have just increased
12 the agricultural so high we -- And, actually, the Mayor was
13 very adamant about that. So we kept it at a dollar and we
14 will just absorb the difference in the regular -- you know,
15 our rates.

16 VICE-CHAIR PONTANILLA: Thank you.

17 Thank you, Chairman.

18 CHAIR VICTORINO: You're welcome.

19 Mr. Medeiros?

20 COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman.

21 I just wanted to ask: What is the charge when you
22 folks -- the water -- I mean, the Department has to shut off
23 a meter because of nonpayment? I mean, to -- not reinstall
24 it, but to reactive it or to provide service again. What is
25 the charge for that?

1 MR. ENG: Yeah, Mr. Medeiros. Our fee is \$100.

2 COUNCILMEMBER MEDEIROS: Okay. So if you shut it
3 off and they make a -- the required payments, then it costs
4 \$100 to put it back in service?

5 MR. ENG: To restore service.

6 COUNCILMEMBER MEDEIROS: Right. Okay. And that
7 fee will remain the same in the next --

8 MR. ENG: Yes.

9 COUNCILMEMBER MEDEIROS: -- budget cycle?

10 MR. ENG: Yes, Member Medeiros. And Ms. Perdido
11 just reminded me that that is really a charge if the -- we
12 have to restore the service after normal working hours,
13 because now we have to send someone out -- or after noon,
14 because it could take a number of hours travel time. So if
15 we were able to do it in the morning, we really wouldn't
16 charge them.

17 COUNCILMEMBER MEDEIROS: Okay. And just a
18 comment, Mr. Chairman, a short one. In our conservation
19 efforts, you know, for people in East Maui and other places
20 throughout our County, getting to the point of not depleting
21 the streams of all the water, which destroys the ecosystems,
22 it's important that we take conservation members -- measures
23 so that, you know, we can keep our streams healthy.

24 And the other thing that concerned me on -- was
25 that there's a possibility of drawing more water from

1 brackish wells to desalinate. And my concern would be that
2 when you do that, you are impacting the aquifer even more
3 and -- and the well, you know. So I just thought maybe we
4 can consider that when we're talking about conserving, taking
5 conservation measures, but also in developing water sources.

6 Thank you, Department.

7 Mahalo, Mr. Chairman.

8 CHAIR VICTORINO: Thank you, Mr. Medeiros.

9 Further discussion? Seeing none, I'll close the
10 meeting by saying thank you very much, first of all, to
11 Mr. Freedman for his presentation earlier.

12 To the Department, Mr. Eng and Ms. Perdido, thank
13 you very much for fielding these difficult questions.

14 I will say that there is much work to be done and
15 I agree with all of you that conservation has to be one of
16 our -- our key components to our upcoming Water Use and
17 Development Plan. However, on the other side of that coin,
18 we need to learn to be more efficient in the waters we have.
19 Our system still are not as efficient as it can be and we
20 still lose too much water in our systems. And I think this
21 is a real pivotal point that we need to put more money in for
22 CIP and get these systems, and I'm talking the lines,
23 repaired.

24 Power charges, none of us have control on that
25 because that's a -- such a fluctuating synopsis. However, I

1 think Mr. Freedman brought forth the idea of our own
2 reliability, our own sustainable power, such as whether it's
3 wind, solar and other sources. So I think that's something
4 that's very, very important.

5 I want to, again, thank the public for their
6 understanding. I want to thank all my Members.

7 Again, I bring back the first statement I made
8 when we started today's meeting, that if you have specific
9 issues you want to address, specific questions; please,
10 please forward them so that I can get that to Mr. Freedman.
11 And he can in the meantime review these, bring us answers, so
12 that when we return in June, we will get a running
13 start, you know, we'll hit the ground running.

14 Yeah.

15 So if there are no objections, I would like to
16 defer the matter on water rates.

17 COUNCIL MEMBERS: No objections.

18 COUNCIL MEMBERS VOICED NO OBJECTIONS (excused: GB).

19 CHAIR VICTORINO: Thank you, Members.

20 ACTION: DEFER pending further discussion

21 CHAIR VICTORINO: At this time I would like to
22 close the meeting for the Water Resource and Development [sic]
23 Committee for March 3rd, 2009. Thank you very much. Aloha.

24 (Gavel.)

25 ADJOURN: 11:53 a.m.

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C E R T I F I C A T E

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF MAUI)

I, Sandra J. Gran, Certified Shorthand Reporter for the State of Hawaii, hereby certify that the proceedings were taken down by me in machine shorthand and was thereafter reduced to typewritten form under my supervision; that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings had in the foregoing matter.

I further certify that I am not attorney for any of the parties hereto, nor in any way concerned with the cause.

DATED this 19th day of March, 2009, in Maui, Hawaii.

Sandra J. Gran

Sandra J. Gran
Hawaii CSR 424
Notary Public for Hawaii
Commission No. 200-198
My Commission Expires: 5/14/12