

1 BOARD OF WATER SUPPLY

2 COUNTY OF MAUI

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10 REGULAR MEETING

11 THURSDAY, MARCH 19, 2009

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16 Held at the Department of Liquor Control Conference

17 Room, David Trask Building, Room 105, Wailuku,

18 Maui, Hawaii, commencing at 9:09 a.m.

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28 Transcribed from the audio recording by Gaye

29 Hayashida, Commission Support Clerk, Department of

30 Water Supply, County of Maui.

1 A P P E A R A N C E S

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3 BOARD MEMBERS:

4 Lee Aldridge, Chair

5 Carl Holmberg, Vice Chair

6 Marion Haller

7 Michael Howden

8 Kui Lester

9 Phyllis Robinson

10 Scott Luck

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12 STAFF PRESENT:

13 Jeffrey K. Eng, Director of Water Supply

14 Edward Kushi, Jr., Deputy Corporation Counsel

15 Holly Perdido, Fiscal Officer

16 Gaye Hayashida, Commission Support Clerk

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1 CHAIR ALDRIDGE: This is a regular meeting of the
2 Board of Water Supply. It is Thursday, March 19,
3 2009. Members in attendance include Scott Luck,
4 Kui Lester, Carl Holmberg, myself, Michael Howden
5 and Marion Haller. Absent and excused is Ted
6 Yamamura and soon to arrive is Phyllis Robinson and
7 Kelli Myers. Staff present include the Director
8 Jeff Eng, Corporation Counsel Ed Kushi and Gaye
9 Hayashida and..

10 (at this time Member Robinson arrived)

11 MEMBER HALLER: Phyllis.

12 DIRECTOR ENG: Holly Perdido.

13 CHAIR ALDRIDGE: I'm sorry, Holly..

14 MEMBER HOWDEN: Holly Perdido.

15 CHAIR ALDRIDGE: I forgot your name, I keep doing
16 that.

17 DIRECTOR ENG: I keep doing that all the time.

18 CHAIR ALDRIDGE: Terrible.

19 DIRECTOR ENG: Normal.

20 CHAIR ALDRIDGE: Normal.

21 DIRECTOR ENG: For me.

22 (laughter)

23 CHAIR ALDRIDGE: Approval of the Minutes. Any one
24 have corrections on the minutes? Gaye, I have some
25 minor..

26 MS. HAYASHIDA: Ok.

27 CHAIR ALDRIDGE: Editorial corrections and marked
28 them on the pages, I believe.

- 1 MS. HAYASHIDA: Can I ask you to all speak up loud
2 because we don't have the microphones?
3 CHAIR ALDRIDGE: Oh, sure.
4 MS. HAYASHIDA: We're relying only on this.
5 (referring to digital recorders)
6 CHAIR ALDRIDGE: Sure.
7 MS. HAYASHIDA: Thank you.
8 CHAIR ALDRIDGE: Ok...
9 MS. HAYASHIDA: Oh, did we have approval?
10 CHAIR ALDRIDGE: No, we have to call for a motion
11 for approval.
12 VICE CHAIR HOLMBERG: I move to approve the minutes
13 as corrected.
14 CHAIR ALDRIDGE: Any second?
15 MEMBER LUCK: Second.
16 CHAIR ALDRIDGE: Ok, we have a motion to approve
17 and a second, all those in favor?
18 (a chorus of ayes)
19 CHAIR ALDRIDGE: Testimony from the Public.
20 MS. HAYASHIDA: None.
21 CHAIR ALDIRDGE: None, ok. Appeals
22 MS. HAYASHIDA: None.
23 CHAIR ALDRIDGE: None.
24 (a chorus of yaahs)
25 MS. HAYASHIDA: Next appeal is Kalama Hills which
26 is scheduled for April. And the 3 of you will not
27 be here to hear it.
28 VICE CHAIR HOLMBERG: Maybe.

1 (laughter)

2 MS. HAYASHIDA: Or maybe they might decide to
3 reappoint you guys.

4 CHAIR ALDRIDGE: Unfinished Business. Letter to
5 Director from Board regarding Use of Discretion in
6 Implementing Drought Guidelines in the Upcountry
7 System. Mr. Kushi?

8 MR. KUSHI: Yes, Mr. Chair, I believe it was at
9 your January 22nd '09 meeting, discussion was had
10 regarding the Drought Guidelines and as I recall
11 from my notes that instead of having a formal
12 motion and resolution to amend the Drought
13 Guidelines that this Board, that I do a draft
14 letter from this Board to the Director, stating
15 that in the case of drought, in the case of a
16 drought watch, that he use his discretion to allow
17 tie-ins and meter tie-ins if the meter tie-in was
18 scheduled before the declaration of drought. For
19 the Board's recollection, we did have an appeal. I
20 believe it was a lady named Collins and although
21 she had scheduled the tie-in, the Board declared a
22 drought so then, as I recall the facts, the tie-in
23 was not made and for whatever reason her remote
24 meter line broke and she had a humongous bill. But
25 again, the facts are not in line, but those things
26 could've, maybe could've been avoided, so the
27 Director, this would allow the Director to use his
28 discretion to allow those type of tie-ins. Again,

1 attached to the draft letter are the recent
2 guidelines, I mean the latest guidelines from the
3 Department, transmittal letter to the council and
4 the mayor. And what we're looking at is on page 3,
5 under Drought Watch. As you recall the, the steps
6 are as follows: the Board declares a drought or
7 the Department declares a drought, then the first
8 thing is a Drought Watch. Then so get better or
9 get worse then there's a Drought Warning. And then
10 a series of action steps there. Then if things get
11 worse further then there's a Drought Emergency.
12 And there are steps, triggers and action steps for
13 each category. Then there's a reverse process
14 also. But on page 3, specifically we're looking at
15 under Action, on the right hand column, number 3
16 which reads, "Postpone all mainline tie-ins using
17 Upcountry water for disinfection and flushing."
18 The recommendation would now read, "Unless
19 scheduled prior to declaration of the drought
20 watch, and subject to the Director's discretion,
21 postpone all mainline tie-ins using Upcountry water
22 for disinfection and flushing." Again, this is the
23 recommendation from this Board to the Director and
24 I believe at that meeting, I believe Director Eng
25 was present. I seem to recall he was agreeable
26 with it but he's here and you can ask him if he
27 will just acknowledge this recommendation.

1 DIRECTOR ENG: Yes, Mr. Chair. I do acknowledge it
2 and I think this is something that we can
3 definitely work with, that we needed to address
4 particularly that particular situation that
5 occurred in the spring of '07 so. Yeah, I think
6 it's good.

7 CHAIR ALDRIDGE: Great.

8 DIRECTOR ENG: Thank you.

9 MR. KUSHI: So anyway, this is for your
10 consideration, Mr. Chair and the Board. Again,
11 coincidentally the Council will take up on second
12 and final reading tomorrow, a bill for an ordinance
13 to codify the drought rules into an ordinance. So
14 then, again, maybe these guidelines will be revised
15 but as we speak today we're still looking at the
16 guidelines that you have before you.

17 CHAIR ALDRIDGE: Well, let's open it to discussion
18 for the board members. Any board members wish to
19 comment on this or have any suggestions?

20 VICE CHAIR HOLMBERG: Oh, I'm sorry, go ahead.

21 CHAIR ALDRIDGE: Mike.

22 MEMBER HOWDEN: Yeah, it's secondary but the only
23 thing that I'd just mention is that we had tended
24 to exempt agriculture users from the drought thing
25 and that's never been reflected in the guidelines.
26 Whether it should be or not, I mean I think it's
27 more a discretionary thing on the Director's part
28 but it's been the policy at least for the last 3

1 years to exempt agricultural users because once
2 they cut back and they're stuck. So, I, I would
3 just mention that.

4 CHAIR ALDRIDGE: Some of that action appears to be
5 in, at least the Drought Watch, action number 5
6 where there is a 10, the Drought Warning, I don't
7 know what page. Page 4, I guess.

8 MR. KUSHI: Yeah.

9 MEMBER ROBINSON: Yes, it says "except for services
10 with Ag water rates..."

11 CHAIR ALDRIDGE: Right.

12 MEMBER ROBINSON: "Which would continue on 5%
13 voluntary..."

14 CHAIR ALDRIDGE: I realize Michael, that we've
15 actually made specific resolutions in that respect
16 each time or recommendations which would just
17 augment this. And even under Drought Emergency,
18 which is the next page, there is again, is some
19 leeway for the Ag rates or for the Ag users.

20 MEMBER HOWDEN: Yes.

21 MEMBER HALLER: And the water reduction is only a
22 request, it's not a mandatory so there's no
23 consequence if you will, so. And that's why it
24 only gets it to it under Warning..

25 MEMBER HOWDEN: Right.

26 MEMBER HALLER: Because under Watch it's voluntary.

27 CHAIR ALDRIDGE: Scott, did you..

28 MEMBER LUCK: Yeah, I like it.

1 CHAIR ALDRIDGE: You looked like you had a...

2 MEMBER LUCK: Yeah, I like it as is.

3 CHAIR ALDRIDGE: Would it be appropriate, I might,
4 direct here a question to Corporation Counsel,
5 would it be appropriate to go ahead and, and make a
6 resolution accepting this draft? Given that these
7 guidelines are under consideration by the County
8 Council as Board rules.

9 MR KUSHI: I don't feel that you need to do a
10 resolution, just a motion by the Board.

11 CHAIR ALDRIDGE: Just a motion?

12 MR. KUSHI: You really did before...

13 CHAIR ALDRIDGE: Oh, ok.

14 MR. KUSHI: But you requested me to come up with a
15 draft.

16 CHAIR ALDRIDGE: Oh, that's right. Can we go ahead
17 and move the approval...

18 MR. KUSHI: Right, and I'll do it at my...

19 CHAIR ALDRIDGE: Is there a, do I get a...

20 MR. KUSHI: Gaye will do it for you.

21 MEMBER HALLER: I'll move. Move to approve the
22 letter as drafted.

23 CHAIR ALDRIDGE: Right, do we have a second?

24 VICE CHAIR HOLMBERG AND MEMBER LUCK: Second.

25 MS. HAYASHIDA: Oh, which one?

26 CHAIR ALDRIDGE: Scott was first.

27 MEMBER LUCK: Carl was first.

28 (laughter)

1 MS. HAYASHIDA: Carl is the second?

2 MEMBER LUCK: Yep.

3 CHAIR ALDRIDGE: We gotta have a runoff.

4 (laughter)

5 MEMBER LUCK: I defer since you're on your way out.

6 MEMBER ROBINSON: So just wondering who's not
7 asleep, right?

8 CHAIR ALDRIDGE: Will this come from my signature
9 or the next board signature?

10 MS. HAYASHIDA: I can have it ready.

11 CHAIR ALDRIDGE: If it's done before the end of the
12 month I should sign it.

13 MS. HAYASHIDA: Yeah, yeah. I can have that..

14 CHAIR ALDRIDGE: Alright.

15 MS. HAYASHIDA: In fact it'll be done today.

16 CHAIR ALDRIDGE: It'll just be cleaner if I sign
17 it. Ok, thank you. Alright, Other Business,
18 Discussion regarding the Drought/Water Supply
19 Situation and its Affect on the Upcountry, Central
20 and West Maui Water Systems. Notice I just went
21 ahead and combined all of this into one item.

22 DIRECTOR ENG: Well, as you can see in this
23 Upcountry water report that Gaye has distributed,
24 we've been looking real good Upcountry. We haven't
25 had to even operate the Kamole Water Treatment
26 Facility. We've been able to drop water down from
27 Olinda to Piiholo. And in considering this I kinda
28 thought maybe we can bring up for discussion again,

1 as you know we still have a 5% voluntary Upcountry
2 since, and this has been in place since May of last
3 year. And I would just like to get some
4 recommendations on what we should do with that. No
5 one's complaining about it. Really in the past I'd
6 say 3 or 4 weeks we've had some more regular
7 rainfall. Earlier than that we just seem to be
8 getting like once a week some rain and then it
9 ceased but as we talked about it last time I think
10 Marion brought up is we better just keep it in
11 place, I mean do we expect this rain to continue
12 for another...

13 MEMBER LUCK: That's a question that I have for
14 you, do you really...

15 DIRECTOR ENG: We don't know at this time. You're
16 asking the wrong guys.

17 MEMBER HALLER: Well, the only thing is the way it
18 feels is like this is a long winter.

19 MEMBER LUCK: Yeah.

20 MEMBER HALLER: So from that standpoint I had these
21 you know, thoughts. I go ok, it's about time we
22 call it off. Just because of the boy who cried
23 wolf. In order to get attention again, it would be
24 better to say, "Ah, did you notice our current
25 drought is kinda over, so we're, we're pulling back
26 our you know, restrictions and whatnot and keep in
27 mind that this is a long term problem, so we'll
28 probably be hearing from us again, but in the

1 meantime, this current drought is off." I mean to
2 me that seems prudent for the purposes of retaining
3 credibility.

4 DIRECTOR ENG: Right.

5 MEMBER HALLER: But I'd couch it in, "we have a
6 long term problem but for the time being our short
7 term issue is..." And everybody who lives Upcountry
8 knows this. I mean you can't mow your lawn you
9 know. My lawn is this long. I mean I ran out
10 there the other day 'cause I had a half an hour
11 window.

12 DIRECTOR ENG: It doesn't dry up to mow again.

13 MEMBER HALLER: Yeah, so.

14 MEMBER LUCK: I, I...

15 CHAIR ALDRIDGE: Scott.

16 MEMBER LUCK: Would just say that I agree with what
17 Marion's saying. I would just say if we do
18 withdraw it there's still really strongly convey
19 the conservation message. Although we're
20 withdrawing the Watch we still strongly encourage
21 everyone to maintain and it also gives 'em, gives
22 you a chance to congratulate 'em, everybody on
23 their good effort, 'cause I think you feel that it
24 has been a strong effort.

25 CHAIR ALDRIDGE: Yeah, I, I, I would add, I would
26 add that you might just, first of all I agree with
27 both Marion and Scott. I've been thinking about
28 for awhile too. I think I brought it up last time,

1 that is we don't want to leave this on for too
2 long. This might be the opportune time to, to
3 recall the Drought Watch. 'Cause you may end up
4 calling it back on in August again.

5 DIRECTOR ENG: Or sooner.

6 CHAIR ALDRIDGE: Or September, or sooner, who
7 knows. But besides the general kudos to the
8 public, I think you ought to really take a look at
9 some of the statistics. I just looked up this the
10 week ending March 16th, compared it to, and I only
11 did that because I only had the week ending March
12 15th last year. And the average up in Upcountry,
13 the demand was down from 6.34 million gallons a day
14 to 5.31. I mean it's a remarkable, it's just been
15 dropping, I mean what are people doing?

16 DIRECTOR ENG: I know, it's a...

17 CHAIR ALDRIDGE: I mean, I know we haven't been
18 watering because it's been overcast, wet, it's
19 generally yucky but still it's, it's a remarkable
20 decrease.

21 DIRECTOR ENG: We've seen this throughout the
22 County.

23 CHAIR ALDRIDGE: Yeah, so you, I think along with
24 releasing or, or whatever the term is,

25 DIRECTOR ENG: Lifting or whatever.

26 CHAIR ALDRIDGE: Lifting the Drought Watch we
27 should make comment about how well people are
28 conserving.

1 DIRECTOR ENG: Yeah, this will be a good time
2 because we do that weekly...

3 CHAIR ALDRIDGE: Right.

4 DIRECTOR ENG: Thing with the Maui News.

5 CHAIR ALDRIDGE: Yeah.

6 DIRECTOR ENG: And so we'll be, the scheduling this
7 meeting was perfect too and timing of it and so I
8 can...

9 MEMBER HALLER: I wanted to bring up that, I went
10 back a couple years because I recall when I first
11 got on the Board, the averages Upcountry used to be
12 in the 7's all the time. I mean, we know in dry
13 periods it goes up to 9 and whatnot, but in the, in
14 the wet period and I thought, "wow, what happened
15 here" and I have to think though this is, well, I
16 have to think some thing has to do with the
17 Department's fixing leaks. There is, there's
18 something more going on here. It's not like the
19 population reduce, reduced dramatically, it's not
20 like, what, what changed dramatically and I wonder
21 whether there were some repairs of old lines..

22 DIRECTOR ENG: Well, there's always some ongoing..

23 MEMBER HALLER: Yeah.

24 DIRECTOR ENG: Repairs of old lines.

25 MEMBER HALLER: And so, because it can't all be the
26 people going from 7 to 5 or 5½ you know, we didn't
27 have a reduction in the population like that so.

1 DIRECTOR ENG: You know I kinda give credit to our
2 customers. I mean, 'cause we're seeing this
3 phenomena, particularly in Central, I mean that was
4 the biggest challenge I thought. The Upcountry
5 people, historically seem to respond pretty much to
6 any pleas from the Department but Central in
7 particularly and I was doing, even doing an
8 analysis yesterday on our hotels in particular
9 because, we had done, Holly had done a spreadsheet
10 2 years ago for the Council. We took about 16
11 hotels and we looked at some of their consumption
12 and we hadn't revisited it 'til just the other day
13 when asked one of our staff members to update the
14 '08 data, the 2008 data. And clearly these hotels
15 and they include some of the bigger users and I
16 analyzed it a number of ways but, they have cut
17 back from calendar year 2007, 15% in consumption.
18 I don't know if it's really conscience efforts on
19 their part, which I think it is. In talking to
20 some of the hotel managers and they realize when
21 they're complaining to us, but you can control your
22 water bill and I think that's what they're doing.
23 I don't think they get promoted being general
24 managers by not being cost conscience. And it's
25 interesting 'cause from 2006, from the first of
26 this, yeah, 2006 and 2007, there's actually like a
27 1% increase in consumption and from 2007 to 2008, a
28 15% reduction. But that kind of was consistent

1 with a lot of our more public, going out to the
2 public with our pleas and information. So, again,
3 some of it also could've been hotel occupancy but a
4 lot of the water demand is, is outdoors for the
5 hotels. And I kind of give credit to our
6 customers.

7 MEMBER ROBINSON: How, how soon, how recent has the
8 installation of the ET systems been in place since
9 some of these hotels?

10 DIRECTOR ENG: I don't know.

11 MEMBER ROBINSON: 'Cause that may have an impact.
12 Because if they're, if they've got those sensors in
13 the ground and they're not watering except when
14 it's dry and I'm just wondering if there's been
15 some, some timing around the installation of those
16 systems.

17 DIRECTOR ENG: I don't know but I think that's
18 pretty much if they do have ET's in place, it's a
19 fairly recent effort I think so that might be tied
20 with the reduction we're seeing. But also, yeah, I
21 agree with what we should do Upcountry. I think we
22 should lift that 5% mandatory but we also have, I
23 mean voluntary cutback but, also in Central Maui
24 we've had this 10% voluntary and that's been in
25 place since the end of August of '07.

26 MEMBER LESTER: Keep it.

27 DIRECTOR ENG: Any discussion on that about what we
28 wanna do?

1 MEMBER LUCK: Well, we haven't seen the consumption
2 numbers, like we have good numbers for Upcountry
3 but do we have the Central in our packet?

4 DIRECTOR ENG: I don't have it with me but it is
5 clearly...

6 MEMBER LUCK: Similar in trend?

7 DIRECTOR ENG: Yeah, consumption it has really, has
8 gone down. Holly would know that first hand based
9 on our revenue.

10 MEMBER LUCK: I think that part of what our message
11 was about was that it was a longer term problem
12 that had to do with the aquifer...

13 MEMBER ROBINSON: Recharge.

14 MEMBER LUCK: Draw and all that. It just seems
15 like they were separate issues. I'm looking at
16 you, Michael, 'cause I know you're gonna...

17 MEMBER HOWDEN: Yeah, I mean there, there's no way,
18 I mean Lee's expressed this before as a
19 professional engineer but you know, we simply don't
20 know what the capacities are of the 'Iao and
21 Waihe'e aquifers. And if we fatally impair those,
22 permanently impair those, we're in horrid
23 conditions so I, I would think you know, Upcountry,
24 it's real easy to, to call a drought warning. Call
25 this one off and, and be prepared. You know,
26 people Upcountry they're, they're so used to that.
27 But I, I think that if we could put kind of a
28 damper if you will, on, on excess use in Central

1 and South Maui, that'll be a very wise policy for
2 this Board, for the Department.

3 MEMBER HALLER: I think it's a whole different
4 issue. Upcountry knows that it gets at least half
5 of its water from catchment, if not more than that,
6 system wide. We've got a couple of wells going
7 right now but most of the time it's, right? So,
8 and people Upcountry know that and Central and
9 South Maui, we're talking about the 'Iao Aquifer.
10 We all know what that level, the salinity is
11 changing and that we're damaging that aquifer. I
12 don't know, to me it doesn't make sense, that's a
13 different drought. That's a real long term
14 drought. What's interesting is what I've been
15 reading is that they're saying that these things do
16 come in 50 year batches. That that's kind of what
17 they're starting to see in other communities. Have
18 you, I mean you must be more familiar with that but
19 anyway, so that there's, we're looking at this, you
20 know, what has been going for 25 years it's been
21 going down basically on average and so doesn't mean
22 it's the end of the world, but it means you need to
23 be prudent. The governor of California just called
24 a 20% mandatory water use reduction. Nobody got up
25 in arms. Nobody in Kahului or Kihei is going nuts.
26 I, I would agree with you. I would say this is,
27 this is the message. Also I want to send that
28 message to the County Council. The County Council

1 is not dealing with, with conservation measures.
2 You know, throw 'em out. Well, we shouldn't lift
3 that drought ban.

4 CHAIR ALDRIDGE: Anybody else have comments?

5 MR. KUSHI: Mr. Chair?

6 CHAIR ALDRIDGE: Yes.

7 MR. KUSHI: Just, just couple technical points.
8 Since you're discussing going from a Drought Watch
9 to Normal. Again, the guidelines that are in place
10 right now, you have a methodology. On your hand-
11 out, let me read this, the last page, Drought Watch
12 to Normal. I would recommend that you look at the
13 triggers and, and if there are, if it's appropriate
14 then you do what you want to do but at least go by
15 those triggers.

16 CHAIR ALDRIDGE: So, the triggers are Upper and
17 Lower Kula average daily inflow less than system
18 demand. Which is difficult to tell from these.

19 DIRECTOR ENG: Yeah, you know, at some point and I
20 looked at this, we looked at this, down the road I
21 suppose we're going to..

22 CHAIR ALDRIDGE: You're gonna have to revise these.

23 DIRECTOR ENG: We're gonna revise some of these..

24 MR. KUSHI: Yeah.

25 DIRECTOR ENG: Numbers, but generally right now
26 everything kinda meets the requirement to go back
27 to normal.

28 CHAIR ALDRIDGE: Yeah. It got...

1 DIRECTOR ENG: Just in general terms.

2 MR. KUSHI: Again, on the bottom of that page,
3 under Note 1, it says, "Drought watch canceled when
4 at least 3...

5 DIRECTOR ENG: And we got just about every one...

6 CHAIR ALDRIDGE: Yeah, you got more than 100
7 million gallons...

8 DIRECTOR ENG: Triggers, yeah.

9 CHAIR ALDRIDGE: You got more than 75 million
10 gallons a day in Wailoa Ditch on going for about 3
11 weeks. Rainfall prediction in foreseeable, who
12 knows about that. Some of these others are also
13 met.

14 DIRECTOR ENG: Right.

15 CHAIR ALDRIDGE: So I would say that...

16 DIRECTOR ENG: So it did meet the triggers.

17 CHAIR ALDRIDGE: Yeah, it does meet the triggers.

18 MEMBER HOWDEN: So, I would move that we formally
19 cancel the Drought Watch for Upcountry.

20 MEMBER HALLER: I second.

21 CHAIR ALDRIDGE: We have a second?

22 MEMBER HALLER: Second.

23 CHAIR ALDRIDGE: All those in favor?

24 (a chorus of ayes)

25 CHAIR ALDRIDGE: And there is no motion to make any
26 changes to the Central systems?

27 MEMBER HOWDEN: I would like to make it mandatory
28 but...

1 (laughter)

2 DIRECTOR ENG: Can I quote you there, Mike?

3 (laughter)

4 CHAIR ALDRIDGE: Michael's never afraid of being
5 quoted.

6 MEMBER HOWDEN: You know, when, when, during the
7 campaign when I was over on Molokai, and I was
8 being introduced to some of Lucienne's supporters
9 and Lucienne introduced me, she said, "you know, he
10 always says what he, what he thinks." Assuming I
11 think of course.

12 (laughter)

13 MEMBER HOWDEN: But she found it odd.

14 MR. KUSHI: So like my wife.

15 CHAIR ALDRIDGE: Let's move on to the next item
16 then. Discussion/possible action regarding a
17 Proposal for a Resolution to the Maui County
18 Council to allow the Department of Water Supply to
19 use excess Revenue for CIP. I believe this is an
20 item that you had suggested, Carl.

21 VICE CHAIR HOLMBERG: Yes, and it would've behoove
22 me to come up with some, to have come up with a
23 draft which I didn't do. I, I, I, slipped my mind
24 on that one. Still think it would be a great idea
25 but I'd have to start typing now to, to come up
26 with something.

27 CHAIR ALDRIDGE: Well, for the benefit of those and
28 I think at least Scott wasn't here at the last

1 meeting, perhaps you could just briefly describe
2 what you had in mind.

3 VICE CHAIR HOLMBERG: Oh, ok. As it stands now you
4 may have not been here when Gary Elster who was
5 previously with the Kihei Community Association
6 came to testify. He and I had taken it upon
7 ourselves over the last couple months to, to paying
8 all of the council members and also to talk to Jeff
9 about the possibly of taking another crack at
10 adjusting the water rates, adding a 4th tier in some
11 form or another and as we're talking to the various
12 council members, Council member Baisa had mentioned
13 that as it stands right now, you, we, and I, I
14 guess I should have been aware of this but I
15 wasn't, that as it stands now you can't use the
16 rate payers money to, for capital improvements; it
17 has to come from other sources. And so if they
18 did pass a, or if the Department did introduce a 4th
19 tier, and if the, if the people we are trying to
20 get to conserve didn't then extra, extra revenues
21 would roll in and, and she thought and we thought
22 it would be a great idea to, for the Council to
23 pass, to pass an ordinance that would allow the
24 Department to do that. Having come to that grand
25 conclusion and having taken the trouble to get it
26 stuck on the agenda for today, I then dropped the
27 ball. So, I don't, so I don't have a recommended
28 resolution, however I could, I could take a few

1 moments to try and type one up if we go into other
2 business.

3 MEMBER LUCK: I have a quick question. So where,
4 where does the money go now if there's excess
5 revenue?

6 DIRECTOR ENG: Ok, well, probably just give you
7 some background. I met with Gary the other day...

8 VICE CHAIR HOLMBERG: Yes.

9 DIRECTOR ENG: Good meeting with him but you know,
10 we're required by the charter to have a balanced
11 budget. Right now we do try to fund some of our
12 replacement capital improvement projects with
13 revenue funds. We have been over the recent years
14 try to transfer up to 3 million gallons, 3 million
15 dollars a year and that's kind of iffy. Depends on
16 a lot of things, you know, what kind of rate
17 increase we can pursue that's acceptable. I think
18 past couple years have been 3 million. This year
19 it's a shade under 3 million. We couldn't, we were
20 hoping to even go to a higher end like 4.2 million
21 at one time. So we have some flexibility on that,
22 but the overriding issue really is ultimate final
23 rate increase. Like, like this year we were given
24 a direction to try to keep it at 10% or lower, and
25 we struggled with that. In the end it is now
26 around 8 and $\frac{1}{2}$ percent, roughly. There was some
27 last minute adjustments but we're hoping that we'll
28 fund a little bit more. We could, we always try to

1 slip in a little bit more if we can towards CIP
2 replacement and get it approved by the mayor but
3 ultimately it's the, it's a rate, percentage rate
4 increase that we're facing is looked at. It really
5 drives everything. But you know, a situation could
6 occur in future years that maybe we could fund
7 zero. So it would be ideal for us if we had
8 something but again, basically per the charter, we
9 are required to have a balanced budget. And
10 there's nothing that dictates how much we can
11 transfer to the CIP replacement. And so, I don't
12 know how we can really do anything formally. Maybe
13 Holly, is there anything you can add to that?
14 MS. PERDIDO: I know Scott was ask, suggesting what
15 happens to like if we have excess revenues.
16 Basically excess revenues or we come under on our
17 expenses go into our carryover savings. And what
18 we do is we budget it, carryover savings for the
19 following year that incorporates with the rate
20 increase, how much revenue to offset the expenses.
21 MEMBER LUCK: Ok.
22 DIRECTOR ENG: We also have to care about how much
23 carryover savings we have. If it's way in excess
24 then we're gonna get criticized and then they'll be
25 looking at how we're budgeting. But the way,
26 because we're required to have a balanced budget
27 some carryover savings is essential. We have no
28 other means, say like our revenues come in lower or

1 some emergency expenditure has occurred. So this
2 system has a lot of limitations and constraints.
3 So we try to have some carryover savings. We don't
4 necessarily can apply to any capital improvement.
5 And I think we will continue to try fund 3 million
6 dollars a year. That's all that I can give at this
7 time.

8 CHAIR ALDRIDGE: I, I, I'm sorry. Go ahead,
9 Marion.

10 MEMBER HALLER: I was just, you know when you run a
11 budget, that place where you have that kind of grey
12 area between your P&L and your balance sheet and
13 your capital improvement fund, is that place of
14 maintenance, where if the same pipe breaks in 3
15 places and you replace the whole pipe, is that a
16 capital improvement or is that maintenance? So,
17 the, the, thinking of those maps where our pipes do
18 break and they're scheduled for capital
19 improvement, is, is a place in an area like that
20 where the Department sometimes have a little leeway
21 where they can go, "let's put that and that repair
22 under maintenance because it was so urgent and
23 necessary even though it was part of the capital
24 improvement plan in the next 18 months anyway.
25 But, do you know, do you get what I'm saying? Is
26 there...

27 DIRECTOR ENG: What you're referring to is, those
28 would be under capital replacement...

1 MEMBER HALLER: Right, all of 'em.

2 DIRECTOR ENG: Any replacement of a waterline,
3 otherwise if it's just going in and doing a repair
4 or even replacing a small section for the repair,
5 it's still a maintenance.

6 MEMBER HALLER: That's still maintenance.

7 DIRECTOR ENG: Operational expenditure.

8 MEMBER HALLER: So the budget is very clear. It
9 doesn't allow you to be a little clear.

10 DIRECTOR ENG: Very clear and Holly makes sure that
11 we comply and don't do anything silly.

12 MS. PERDIDO: We do have in the CIP like that fund
13 for repair of small, or small in-house projects
14 that in case of emergencies or something that we
15 can tap into for certain in-house projects that we
16 have to repair sections or something.

17 MEMBER HALLER: But that comes out of CIP?

18 MS. PERDIDO: That is out of CIP.

19 MEMBER HALLER: Interesting.

20 CHAIR ALDRIDGE: Can I ask a question for
21 clarification so an engineer can understand? If
22 you end up with excess revenue in any given year,
23 that revenue, that excess revenue has to go into
24 the carryover..

25 MS. PERDIDO: Correct.

26 CHAIR ALDRIDGE: Savings for the following year?
27 And then when you budget the following year then

1 you have to budget less revenue? You have to lower
2 your rates in order to use that carryover or what?

3 MS. PERDIDO: Not necessarily lower the rates.
4 We've never had that.

5 CHAIR ALDRIDGE: I know.

6 DIRECTOR ENG: But it's part of our, we would
7 include it in our revenue the following year.

8 CHAIR ALDRIDGE: Ok, but can...

9 DIRECTOR ENG: So all the...

10 CHAIR ALDRIDGE: I understand that part. So can
11 that, some of that then be applied to capital
12 improvement?

13 MS. PERDIDO: It is.

14 CHAIR ALDRIDGE: It is?

15 MS. PERDIDO: So we look at the whole picture.

16 CHAIR ALDRIDGE: All right.

17 MS. PERDIDO: Yeah, the capital improvements and
18 the expenses which would offset your rates and your
19 carryover savings.

20 MEMBER HALLER: So technically, it does. So,
21 Gladys must've meant this year. You can't use the
22 money this year and quickly move it over there
23 'cause you see yourself having a problem, you can't
24 do it.

25 VICE CHAIR ALDRIDGE: And I don't know why you
26 would want to anyway.

27 MEMBER HALLER: You probably don't the capacity to.
28 So, but if, by what you're saying if it's all one

1 budget and you go, "we're gonna take this portion
2 of it and put it to CIP," then your carry forward
3 is in that long.

4 MS. PERDIDO: Uh huh. So it...

5 VICE CHAIR HOLMBERG: Well, I just assumed that...

6 MEMBER HALLER: Does that make sense? Are we
7 getting this right?

8 VICE CHAIR HOLMBERG: I, I, I, I guess her husband
9 used to work for the...

10 MEMBER HALLER: Oh yeah.

11 VICE CHAIR HOLMBERG: Department for quite a few
12 years and, and so I, I felt that she, maybe she was
13 picking up on something that I wasn't but what you
14 say makes perfect sense to me that capital
15 improvement doesn't occur in the same year that you
16 get the money for it.

17 MS. PERDIDO: What...

18 MEMBER HOWDEN: I, I think, didn't we have
19 discussion before about the capital improvement
20 budget being inadequate for what the actual needs
21 of the, the Department are, of the system?

22 DIRECTOR ENG: Sure. And that's kind of...

23 MEMBER HOWDEN: I mean...

24 DIRECTOR ENG: A known fact.

25 MEMBER HOWDEN: You, I'm sure it was you rather
26 than Director Tengan, but a figure like 8 million
27 or something like that...

1 DIRECTOR ENG: There is a study done by Brown and
2 Caldwell...

3 MEMBER HOWDEN: Oh, that's it, ok.

4 DIRECTOR ENG: Several years ago that, that stated
5 that at that time, this is several years ago, the
6 County should fund at least 8 million per year
7 towards replacement. They never did, never have.
8 So, I don't know what that number is now to catch
9 up. And it comes up from time to time before
10 Council. Councilmember Mateo always brings that
11 report up. So I'm glad I familiarize myself with
12 it but, and I've thrown it out to them. In fact
13 recently, I think in a recent committee meeting. I
14 think I had to reiterate that and make reference to
15 that report that, 'cause I think I related to them
16 that we're looking at 8. They wanted some
17 information on the coming year's rate increase and
18 then we bill at 8%, and also if you want more
19 capital replacement. For every million dollars
20 more, we would have to increase our percentage rate
21 increase by about 2.3, 2.2, 2.3 percent. So, I use
22 this illustration, if you want another 2 million
23 dollars to fund CIP, add another 4.4 on top our
24 8.5, so we're approaching 13% rate increase if
25 that's what you want.

26 CHAIR ALDRIDGE: But that, but that would only be
27 if you wanted to fund CIP out of the revenues.

28 DIRECTOR ENG: Right, right.

1 CHAIR ALDRIDGE: If you wanted to fund some of the
2 CIP out of bond then you just pay the debt off.

3 DIRECTOR ENG: Well, bond is another big, big
4 challenge for us too...

5 CHAIR ALDRIDGE: Yeah, I know, I know.

6 DIRECTOR ENG: They, this is probably my
7 disappointment this year, is that of all the
8 departments, we have the least amount of bond
9 funding. So, we don't have many sources of funding
10 for CIP. We have bond funding, we have a little
11 bit of this revenue transfer due for replacement
12 and we have water system development fees, that's
13 when we issue meter, you get a fee. That's it.

14 MS. PERDIDO: Revolving fund.

15 DIRECTOR ENG: Ok, we take advantage of the state
16 revolving fund.

17 CHAIR ALDRIDGE: State revolving fund.

18 DIRECTOR ENG: And that's gonna be key for this
19 year with some of these recovery act money coming
20 in. Those are gonna be nice.

21 MEMBER HALLER: But I just wanna get clear here.
22 The amount of money, if you have a surplus at the
23 end of the year, and that's water rate surplus, you
24 can put that into CIP then, you can put into the
25 lump that can be allocated to CIP next year?

26 MS. PERDIDO: For the replacement CIP. That's...

27 MEMBER HALLER: For the replacement of pipes and
28 things like...

1 MS. PERDIDO: The cap, yeah.

2 DIRECTOR ENG: But it goes into our lump...

3 MEMBER ROBINSON: The large one.

4 MEMBER HALLER: Goes in, but that's, goes into
5 that...

6 DIRECTOR ENG: Our revenue...

7 MEMBER HALLER: Portion of the revenue, doesn't
8 have to go back into fees, where it only gets
9 allocated to the current year's budget. It goes
10 into CIP...

11 MS. PERDIDO: Well, not specifically, it's...

12 DIRECTOR ENG: It goes into just the lump.

13 MS. PERDIDO: A lump on the...

14 DIRECTOR ENG: And from there we figure out how
15 much do we need for operating expenses, for debt
16 service, for the CIP transfer...

17 MEMBER HALLER: Got it.

18 DIRECTOR ENG: So we try to do that \$3 million.

19 MEMBER HALLER: Ok.

20 DIRECTOR ENG: And...

21 MS. PERDIDO: You know maybe I can clarify Carl's,
22 what the situation he's talking about. Ed might
23 have been here but I don't think anyone else was.
24 But prior to us becoming under the council or under
25 the county, we used to have a replacement fund and
26 we would transfer money into that every year. We'd
27 budget it out. It wouldn't equal exactly what we
28 budgeted, whatever was left stayed in that fund.

1 And there wasn't a balance in this fund. One of
2 the Corp Counsel after we became under the county,
3 said no, we can't have this replacement fund and
4 made us zero it out every year after the 18 months.
5 If whatever's left lapses, we have to transfer it
6 back to the revenue fund. So that's kind of what I
7 think Gladys was referring to. We used to transfer
8 3, 5 million sometimes into this fund. It'd be a
9 fund that had this balance in there that we would
10 try to allocate out every year. If it didn't get
11 allocated out or spent in that 18 months it would
12 stay in that fund. And we'd reallocate it. So, I
13 think that's where..

14 MEMBER HALLER: It's no more.

15 MS. PERDIDO: It's no more.

16 MEMBER HALLER: No more.

17 CHAIR ALDRIDGE: That was the question I had one
18 time about the sinking fund for capital
19 replacement.

20 DIRECTOR ENG: Some kind of reserve. Yeah, we 2
21 years ago we called it a reserve fund.

22 MS. PERDIDO: Do you remember, Ed?

23 DIRECTOR ENG: Now with the new administration,
24 they freaked out, "you can't call 'em reserve." So
25 we call it capital replacements.

26 MS. PERDIDO: So that kind of, probably clears up
27 your...

28 VICE CHAIR HOLMBERG: Oh ok.

1 MS. PERDIDO: How it used to be.

2 DIRECTOR ENG: But we will always try to, at least
3 try to fund at least 3 million a year for capital
4 replacement and looks like everyone's accepted that
5 on the council. And if we ever, I don't think, you
6 know, so difficult to expect to be able to transfer
7 any more to that fund, but if we can we will.

8 CHAIR ALDRIDGE: But if you ever have a large
9 project for instance, the Upcountry reservoir, \$100
10 million project, just for instance, there isn't, we
11 do that out of revenue other than to just bond it.

12 DIRECTOR ENG: Yeah, yeah. Or...

13 CHAIR ALDRIDGE: And then pay the debt.

14 DIRECTOR ENG: Or leaning on the feds really to
15 come up with some money for that. I mean that's it
16 really. It's such a huge project, you know. We
17 can never budget by normal means.

18 MEMBER ROBINSON: My reading of the minutes from
19 Mr. Elster's testimony; he was recommending that,
20 that split in the, in the, in creating the 4th tier
21 would fund an incentive program, program to get
22 people tools to conserve. So, that, that's not the
23 CIP, that's a separate..

24 VICE CHAIR HOLMBERG: That's actually the next
25 issue.

26 MEMBER ROBINSON: Oh ok. So I was talking..

27 MEMBER HALLER: But, yeah, you're familiar or know
28 that.

1 CHAIR ALDRIDGE: So it sounds as if, Carl, that
2 perhaps there isn't any point in this resolution.

3 VICE CHAIR HOLMBERG: I agree.

4 CHAIR ALDRIDGE: Alright, well in that case let's
5 move on the next one then.

6 VICE CHAIR HOLMBERG: Ok, this is my fault too.
7 So, as, as I, as I was telling Scott, we had, we
8 had rotated around all the council members to ask
9 their opinion about new water rate tiers. And to a
10 man and woman, they, they all supported having a, a
11 4th tier, to encourage conservation. And, in fact,
12 the word on the street was that, and I, I won't
13 name names but a South county member was, much to
14 my surprise, was evidently the reason why the, the
15 past effort to get the 4th tier didn't make it. So,
16 so, but now we, we have nobody who, who objects on
17 principle to, to doing it. The only, the only
18 objections, the only issues that were, were
19 conveyed to us was, were that they worried about
20 with it, amongst their constituents that there are
21 significant number of extended non-traditional
22 ohanas, well say where, where, where people have
23 illegal, a number of illegal sublets on their
24 property and that, because of economics for people
25 on the island being as it, what it was they didn't
26 want to stick it to them by raising their water
27 rate just because 20 people conserve you know, use
28 a certain amount of water, whether you water your

1 lawn or not. So, we gave that some thought as to
2 how one would go about addressing that. And, and
3 our thought was and, and I think Gary when he
4 visited Jeff a couple days ago, may have expressed
5 this sentiment. I wasn't able to make the meeting,
6 but the basic idea was, is that hotels and, and
7 permitted multi-family residences are going to tend
8 to, the ratio of, of water used by people versus
9 what's used by irrigation is gonna tend toward the
10 people more than the irrigation, as opposed to me,
11 who's watering his lawn like crazy and only has 3
12 people in his household. So, you'd want to do it,
13 you'd want to set up so that you're aiming for
14 people like me not for somebody who's, who's got
15 all of her kids living with her. So, the deal, the
16 idea was is to look at the permitted multi-
17 families, see what their average usage was, go to
18 the Department and, and have them if necessary
19 manually cull those figures for, for a particular
20 year. And, and come up with a baseline of, Ok,
21 this is what a, a normal multi-family condominium
22 complex or, or permitted multi-family home would
23 use, add a fudge figure to that, just so that you
24 can give them some leeway and then, and then to,
25 and then just by, by, either by rule or ordinance,
26 say that anybody using, anybody using above this
27 amount is going to you know, either needs to apply
28 for an exemption or is going to pay the 4th tier

1 rate which would be presumably significantly
2 higher. So what that, that would do is, is that if
3 there were any, well, we do have commercial rate,
4 do we not or do we not?

5 DIRECTOR ENG: No, we just have a general rate.

6 VICE CHAIR HOLMBERG: No, we don't. And so that,
7 that was part of the proposed 4th tier before, so
8 that, that in essence that you could go ahead and,
9 and try again with the, with the previous rate
10 structure that was being proposed. Basically put
11 that forth again, except that you would allow for
12 people to apply for an exemption and, and the, and
13 then the purpose of that exemption would be that
14 the hotels and what not would all come out of the
15 woodwork and ask for their exemption and, and get
16 it on a blanket basis for the most part and that
17 people who had significant illegal subletting
18 wouldn't, wouldn't apply because, because then that
19 exposes them to action from the County in other
20 ways and that people say in Wailea, Maui Meadows,
21 wherever that are consuming a lot of water, who are
22 really trying to get to cutback that they wouldn't
23 count for an exemption and, and they would either
24 have to pay the higher fees or they would cutback.
25 Did I make that suitably confusing? So, in other
26 words, just basically, come up with a baseline,
27 figure out what multi-family people should be, are
28 using right now, set that, set that as a, as a, as

1 a, a limit that people can apply for an exemption
2 for and then, and then all the other people who are
3 using a lot of water just go ahead and pay the
4 higher rate. Now, having said that, evidently when
5 Gary presented more or less the same idea to Jeff a
6 couple days ago, it probably sounded about as clear
7 to him, I'm gonna guess, and, and so he, he had
8 some concern about, and, and I seem to recall that
9 you had concern before that, that when the County
10 was previously proposing 4 tiers that the billing
11 system, that Honolulu's billing system really
12 wasn't set up to support it, if I'm correct.

13 DIRECTOR ENG: Right, right.

14 VICE CHAIR HOLMBERG: And, and so then that
15 provided the problem of the you know, basically he
16 ducked a bullet before that the County was
17 proposing to give him the mandate that he couldn't
18 meet, in essence. Or that would have been
19 difficult to meet.

20 DIRECTOR ENG: Lot of things. Yeah, there's...

21 VICE CHAIR HOLMBERG: And so, so then I'll just go
22 on to say that, that allowing for what Jeff, Jeff's
23 better knowledge on the subject that my response
24 would be is that I, having read through the, the,
25 the rate study, not the rate study, the, the
26 capital improvement study, the, the water supply
27 study that was presented to the, that Carl
28 presented to us before, that I noticed that

1 amongst, even though he, he discusses setting rates
2 to encourage people to conserve, he, he, based on,
3 on what, on the response I got from Gary, I think
4 that one of the issues is, is that there's no,
5 there's no mechanism, there's no funding provided
6 in the, in the cost of doing that thing. That it
7 presumably would cost some money to be able to
8 somehow or another come up with the, the ability
9 for you guys to build, support a 4th tier or to be
10 able to handle various methods of, of charging one
11 person more than another for a given amount of
12 water usage and so that, if that's the case then
13 the things that Carl wasn't dealing with in the
14 study is, is how much does it cost to re-equip
15 either Honolulu County or, or, or Maui County with
16 the, with the software to be able to, to handle
17 rates that are different than how we handle it
18 right now.

19 DIRECTOR ENG: We looked at the status of Honolulu,
20 City and County, all their billing system..

21 MS. PERDIDO: Well, I think it's not that Honolulu
22 cannot handle a 4th rate or something, I think it's
23 more our sys, our, what our information in the
24 system is. Right now, we have 2 rates, general,
25 well, general, ag and non-potable. We don't have a
26 classification in there, single family, multi-
27 family, commercial. We don't have our customers
28 broken out like that.

1 VICE CHAIR HOLMBERG: Right.

2 MS. PERDIDO: They're by meter size, 5/8th inch, you
3 know like that.

4 VICE CHAIR HOLMBERG: Right.

5 MS. PERDIDO: The sewer classifications do have
6 some, but they're a little different than ours.
7 Then we get into the problem of definitions. What
8 is the definition of a multi-family, what is the
9 definition of a single-family. So these are all
10 problems that have arisen that we talked about.
11 Honolulu right now, I'm not sure, we did put in the
12 budget to try to get our own billing system, but we
13 were kind of being forced to go with whoever the
14 County wanted. Because they were putting Refuse
15 and someone else on, so we decided no, we don't
16 want to be stuck with this one billing system which
17 we didn't think would be very good for us. We knew
18 Big Island was having problems. So we decided,
19 let's stay with Oahu. Let them be the guinea pig,
20 let them get the best system. They are supposedly,
21 we just met with them a couple weeks ago, and
22 they're going out for an RFP. They supposedly went
23 out. I haven't heard if it officially went out.
24 And they're hoping by April, May to start choosing
25 an RFP and then start a new billing system. Once
26 that comes online that will give us some more
27 options too, but one of the problems as Jeff and I
28 know, we have to get our billing system, our side

1 of it up to par. If we want to have, break out
2 single family, multi-family, you know, we've got to
3 come up with the definitions and also which
4 customers those are. So that's kind of where we're
5 at right now.

6 CHAIR ALDRIDGE: Holly, a question. I recall and I
7 think that rate study was what, a couple years old.

8 MS. PERDIDO: Yeah, 2008 was the last official one.
9 We haven't update in '09.

10 CHAIR ALDRIDGE: And my recollection, it was, they
11 have a 4 tier rate structure, a 4th block. And, on
12 top of that, the reclassification of users such as
13 you mentioned, dividing, separating residential and
14 commercial or industrial, agricultural from just a
15 general rate that we have now, but it doesn't mean
16 that you could, that you'd have to do all that one
17 time, does it? You could sim, you could still
18 break that process up into 2 parts. In other words
19 you could simply add the 4th block and make sure
20 that the cut-off for that 4th block is high enough
21 that you avoid these things, you know the illegal
22 ohanas. When you think about it, the illegal
23 ohanas, if there are more than 2, 3 buildings on
24 the lot, it takes away from the landscape
25 irrigation anyway. So how much more water is it
26 gonna use overall? So as long as you have the cut-
27 off with the 4th tier up high enough you'd probably
28 avoid that situation. And I realize that you

1 didn't have the means and the wherewithal currently
2 and the data to break up all those different
3 classifications of users, I mean couldn't identify
4 immediately who's commercial and who's residential.
5 That would take time and effort and manpower to do
6 that. But it's a process you could do in 2 steps.
7 You could go ahead and start with, now I'm asking
8 the question, not making the statement. Can you do
9 that?

10 MS. PERDIDO: Jeff and I have talked about it. I
11 think when, if you remember when the rate study,
12 one of the things Ann suggested or R.W. Beck
13 suggested was, right now your, the large consumers,
14 hotels and everybody, are paying the highest rates,
15 'cause they're in that 3rd tier.

16 CHAIR ALDRIDGE: Right.

17 MS. PERDIDO: So that's why she said, "let's start
18 with the single family," not multi-family, the
19 single family. Get the people who are, we can get
20 to conserve and you know who do, like certain areas
21 in Kihei or wherever, go up into that higher tier
22 and get them to conserve and cutback. And I think
23 that's why it would be easier for us to try to
24 identify those single family, I mean sure we're
25 gonna have probably a lot of people calling for
26 exemptions and all this stuff but at least it could
27 be a starting point and I think it is doable. But
28 I don't think it would be doable for this fiscal or

1 for this budget year. We could probably try to do
2 it for next fiscal, budget year. 'Cause we're
3 talking July 1st you know, and it would be tough on
4 us.

5 CHAIR ALDRIDGE: Right, right. But it would still
6 behoove us as a board to go ahead and, and
7 recommend to Council that this be pursued, without
8 specifying the details.

9 DIRECTOR ENG: And I believe it's gonna be coming
10 up during the budget review. I think it's more
11 gonna be focused on the single family, 4th tier. My
12 biggest concern is just coming up with a definition
13 for single family. I mean, does that include, ok,
14 a single meter, including the main dwelling, one
15 ohana? What about a single meter and a duplex? Is
16 that multi-family or single family? What about
17 these horizontal condominiums? So they bypass the
18 subdivision process but they have 3 dwellings on
19 one meter, if they can't, do they get the single
20 family? You know, it's all these things that need
21 to be addressed. But I think really definitions
22 are the starting point. From there I think we can
23 figure out something. Time-wise it's gonna be
24 tough because now we gonna have to re-crunch our
25 revenue numbers and I don't think we're gonna be
26 able to do that. But I won't be surprised,
27 surprised when the Council demands that. So, I've

1 been warning Holly, look out. We might be really
2 staying up late.

3 VICE CHAIR HOLMBERG: Is there any reason why you
4 couldn't use just a really broad brush, that you
5 could use the zoning as your basis for who's what?

6 DIRECTOR ENG: Oooh, well, that takes some time.
7 Well, one, a couple of other counties, and as
8 Kauai, Big Island, they use meter size. They don't
9 break it out in classes; just by meter size and
10 then 3 or 4 tiers for each meter. And that is
11 something we may want to look at. Again, we'd have
12 to, and as I was telling Gary the other day, we'd
13 have to probably contract with R.W. Beck again to
14 do that kind of analysis and see if that's the way
15 we want to go, and maybe resolve all these class
16 issues and you have to look at the rate structures
17 of those counties. Yeah, it's kinda complicated,
18 every meter size has 3 or 4 tiers. And I don't
19 even know how they came up with those ranges for
20 each tier. Yesterday, in fact, I was doing some
21 simple calculations; I was trying to compare, I was
22 doing like a, an example of a hotel, and what we
23 would charge a hotel versus Kauai and the Big
24 Island 'cause I think the Kauai water manager
25 recently told me, "hey, you're giving the hotels a
26 break over there, your structure..." So I did a
27 calculation, I think it's correct, we would charge

1 that typical hotel more than the Big Island or
2 Kauai, so I was kinda relieved there.

3 MEMBER HALLER: Good.

4 CHAIR ALDRIDGE: That's why they charge more.

5 DIRECTOR ENG: So...

6 MEMBER HALLER: Well, it seems to me that complex
7 is not necessarily better. To give you an example,
8 the law that went into affect about cesspools said
9 very simply, "you have more than one unit," and
10 they define unit by kitchen, "you must put in a
11 septic system. You cannot have 2 units on one
12 cesspool," which there were plenty of. So, that
13 was pretty simple and people can deal with that and
14 people can enforce it, and whatnot. And over here,
15 I resonate with what he says is we're under
16 charging. So I would rather get the message out to
17 the County Council, "keep raising the rates, we're
18 still under charging. Show comparisons to places
19 in the mainland, show comparisons to you know,
20 what's life like, 100% of our population growth or
21 90% is mainlanders." It's like our tax rates are
22 low and our water rates are low. I'm a realtor,
23 that's what we say to people. What do you pay for
24 water? Don't worry about it. So, I, I, rather
25 than get complex, I mean I'm a multi-family
26 property owner, I'm one of those people that has 3
27 legal houses on an ag lot, right. So, my water
28 rate is only double what a single family should be

1 but I've got 3 families. So, there's value in
2 that, I don't care, I pay \$160 every other month
3 for water. What do I care if it's \$200, you know.
4 This is not the end of the world. And if I choose
5 to water my property and build and an oasis in
6 Kihei, well, then I can afford that, can't I? So,
7 this issue about, you know, I know it's people
8 who've lived on the island for 75 years and don't
9 have the income, well then, let's build a circuit
10 breaker law like they do for the tax you know, into
11 the rate structure for water. You come in, you
12 show us that you've been in there for 50 years,
13 we'll give you the rate from 50 years ago.

14 CHAIR ALDRIDGE: Grandfather you in.

15 MEMBER HALLER: Yeah, grandfather you in.

16 DIRECTOR ENG: Well, we can protect the, the...

17 MEMBER HALLER: Yeah...

18 DIRECTOR ENG: Local residents...

19 MEMBER HALLER: You can do that. But I'm saying
20 this complexity does not, it's not, nobody looks at
21 their water bill, nobody goes, "ooooh, ooooh, look
22 at that rate. I don't want to go over that rate."
23 I mean if 1% of the people do that, that would be a
24 lot. So, to me it's the KIS method, you know Keep
25 It Simple.

26 VICE CHAIR HOLMBERG: You know, I agree. Keeping
27 it simple is good idea...

28 MEMBER HALLER: Just get it up.

1 VICE CHAIR HOLMBERG: My part, my partner, my
2 partner in crime was just, I think he and, by, by
3 association I, were getting carried away because we
4 saw just 2 people, basically Councilperson Johnson
5 and, and Mike, who worried about what's gonna
6 happen to some of their lower income rate payers
7 and so, so we, we gave it our first stab and, and
8 got a little crazy.

9 MEMBER LUCK: There's, there's a lower income rate
10 structure though, right?

11 DIRECTOR ENG: Yes, we have a 1st tier...

12 MEMBER LUCK: Yeah.

13 DIRECTOR ENG: Which is very low and our 2nd tier
14 really protects the average single family customer.
15 So when you really analyze where our revenues
16 coming from, everyone almost on the 3rd tier. Look
17 at the big guys, like the hotels, 98% of them,
18 they're in the 3rd tier on the first day of the
19 month of the billing cycle. It's, it works right
20 now. I mean, again we can use it as a conservation
21 tool. My, always my concern has been, 'cause I had
22 to deal with the customer service side of running a
23 water business. And that was my concern with Holly
24 and her staff was, if we don't have our system with
25 enough certainty that we're billing everyone
26 correctly, they're gonna get inundated with
27 complaint calls every month.

28 MEMBER LUCK: True.

1 DIRECTOR ENG: And everyone wants to be billed
2 correctly, and I did have that assurance that that
3 system would provide us with that certainty. And
4 we get enough issues already every day so that's
5 where I was kinda hesitant to go even with a single
6 family when I got to know better our system and,
7 and, and, and what it provided to us so. But I
8 think and we have been always supportive of the
9 single family and the 4th tier or whatever class.
10 And again, down the road we might have again and we
11 can really break it out into different classes,
12 commercial, industrial, multi-family and that's
13 another thing as far as definitions, do you want
14 long term, multi family like for long term
15 residential condos versus visitor condos, I mean,
16 there's so much in definitions that have to be
17 looked at, it's just gonna take time.

18 MR. KUSHI: Mr. Chair?

19 CHAIR ALDRIDGE: Uh huh.

20 DIRECTOR Eng: I'll leave that to the Council.

21 MR. KUSHI: Mr. Chair, if I may. Not to rain on
22 all your parades but..

23 CHAIR ALDRIDGE: But please do.

24 MR. KUSHI: I mean, you know..

25 MEMBER ROBINSON: Why didn't you speak sooner?

26 (laughter)

27 MEMBER HALLER: You let us go on and on.

28 MEMBER ROBINSON: Yeah, really.

1 MR. KUSHI: But you know, I understand and I
2 support the purpose of raising the rates to
3 conserve water, but when you put everything
4 together and assuming the same water use or mis-
5 use, raising the rates, you gonna get more
6 revenues, so Holly just said they got carryover
7 savings. So, you may have double your carryover
8 savings. And somebody might just say, "eh, your
9 water rates are too high." You're charging the
10 public and you're getting surplus from these rates;
11 doesn't match your costs. Somebody just might say,
12 "you know, you making a, you getting a..."

13 DIRECTOR ENG: That's exactly for...

14 MR. KUSHI: "...a surplus."

15 DIRECTOR ENG: For us, is if there's too much
16 carrover...

17 MR. KUSHI: "The costs should match your, your,
18 your, what you're charging should match what you,
19 cost you. And every year you're getting humongous
20 carryover savings. That's not what I'm paying for.
21 You wanna penalize me, penalize me but not jump
22 rates."

23 MEMBER ROBINSON: But wouldn't you get it the first
24 year though? I mean it seems to me that then you'd
25 budget for the conservation program and you would
26 increase the, the amount that you put into
27 conservation so that only it would be in that first
28 year that you had the carryover with the higher

1 rates then you'd budget in the next year to raise
2 the amount you spend on conservation and education.
3 So, wouldn't that offset it?

4 MR. KUSHI: Well, it's not a conservation fund.
5 It's just a regular general use fund, I mean charge
6 basically. If you call it what it should be, it's
7 a penalty. And then put that money aside to a
8 conservation fund. Otherwise general ratepayer
9 would say, "you know, I'm paying too much. Why,
10 why charge me..."

11 DIRECTOR ENG: Or how can you warrant a rate
12 increase when you have all this carryover savings.

13 MR. KUSHI: You're right, right.

14 VICE CHAIR HOLMBERG: Well, I still, I still agree
15 with her that it is liable to just be the first
16 year when you first kick that in. You still need
17 to see how people are gonna react and so my first,
18 you know, my first blush, thought would be that if
19 the, if the people in whatever the 4th tier was
20 still decide, "I'm watering my lawn. I don't care
21 what you charge me." Then, then reduce the rates
22 on the other people. You know, balance it out that
23 way or if the main goal is, is to get them to stop
24 using so much water then crank the screws harder.
25 I'm, I'm making this sound easy but in essence you
26 know, in some point anybody's got a breaking point.

1 MR. KUSHI: But, but if everything is constant you
2 just raise the rates. You gonna, you not, your
3 balance, your budget will not be balanced.

4 VICE CHAIR HOLMBERG: But you don't have to raise
5 all the rates. You could, you can adjust which you
6 know, tier 4 could head up to \$20.00 a gallon for
7 all that matter and everybody else pays a cent a
8 gallon and you know, you might still get the same
9 revenue.

10 MS. PERDIDO: What, can I say something? One
11 thing, it's not like we have a horrendous
12 carryover.

13 MR. KUSHI: Yeah.

14 MS. PERDIDO: Whatever the carryover is, I take
15 that amount, I figure out how much revenue we need,
16 we know our expenses, what we're projecting and the
17 difference would go, we put in our CIP. So it's
18 zeros out. It's not necessarily after this year
19 we're gonna have no carryover. Our expenses, we
20 were told to cut our expenses 15? This year, they
21 wanted us to cut, even though we budgeted, they
22 wanted us to still cut expenses. So we do try to
23 cut expenses. Last year our revenues came in much
24 lower than we anticipated. So our revenues were
25 down, our expenses luckily were down, so our net
26 effect, we did have some carryover again. But I'm
27 anticipating next year, I don't know if we'll have
28 that much carryover.

1 DIRECTOR ENG: But we had less carryover than after
2 this recent fiscal year. So, luckily we did have a
3 little more carryover the previous year.

4 MS. PERDIDO: Yeah.

5 DIRECTOR ENG: We ate into that to, to just
6 operate. So...

7 MS. PERDIDO: So, it's never like zeroing out
8 because you always have all these factors. When
9 you lapse CIP, CIP doesn't get done that money goes
10 back in. That becomes part of the balance so.

11 MR. KUSHI: Just another point of view.

12 MEMBER HALLER: But if the County were to take on
13 or authorize you to do a conservation program and
14 spend money against that, there's nothing that says
15 in the Charter that you can't use rate revenue for
16 that.

17 DIRECTOR ENG: It would be rate revenue. We would..

18 MEMBER HALLER: Right! So...

19 DIRECTOR ENG: As we get into more intense
20 conservation programs...

21 MEMBER HALLER: Yeah.

22 DIRECTOR ENG: It'll be an operational expense.

23 MEMBER HALLER: Yeah, yeah. So...

24 DIRECTOR ENG: It won't be CIP, so we'll just
25 budget overall greater.

26 (several people speaking at the same time)

27 MS. PERDIDO: Yeah.

28 MEMBER HALLER: Saves budget, increase the rates.

1 DIRECTOR ENG: We were hoping this...

2 MEMBER HALLER: I don't think you're gonna be able
3 to increase the rate this year. I don't think this
4 is the environment to ask for rate increases.
5 (several people speaking at the same time)

6 VICE CHAIR HOLMBERG: Not enough time.

7 MEMBER HALLER: You're gonna try, but good luck.

8 MEMBER ROBINSON: There's not enough time.

9 DIRECTOR ENG: No, we got 8 and 1/2, I didn't get
10 any negative reaction from anyone on 8 and 1/2
11 percent. Our goal was to keep it below Wastewater
12 which is 10 percent. Or not be higher than them,
13 so we were kinda fortunate.

14 CHAIR ALDRIDGE: Let me just insert my, my one
15 nickel here. At the risk of sounding like a right-
16 winger conservative, I don't like the social
17 engineering aspects of making people conserve just
18 to make them conserve. I think we have a fiduciary
19 responsibility to develop the water resources that
20 are necessary for the people who want and have the
21 money to buy water, to use water. Now if we're
22 telling people they have to conserve, is it because
23 we don't have the resources, physically there isn't
24 the water and therefore we're forcing them to
25 conserve? If that's the case we've given out a lot
26 of water meters under the false pretense that
27 there's water available. So, my point is if you're
28 gonna make people conserve the point should be to

1 take that extra revenue and build the resources
2 necessary to meet the needs. I just don't like the
3 social engineering that goes on with making people
4 conserve for no purpose, other than we don't like
5 them making things green.

6 MEMBER HALLER: Yeah, but I think we, life has
7 changed.

8 CHAIR ALDRIDGE: Well, hey, life always changes.
9 (laughter)

10 MEMBER HALLER: Exactly so...

11 CHAIR ALDRIDGE: That's life.

12 MEMBER HALLER: I mean look at the...

13 (several people speaking at the same time)

14 CHAIR ALDRIDGE: I'm just making my point of view...

15 MEMBER ROBINSON: We have climate change to
16 consider...

17 CHAIR ALDRIDGE: Oh...

18 MEMBER ROBINSON: For the long term too.

19 CHAIR ALDRIDGE: Yeah, I know. Climate was like a
20 whole lot different a million years ago too. The
21 point is though there's gotta to be a purpose to
22 conservation and that purpose has to be supported.

23 MEMBER HOWDEN: Well protection for the aquifers

24 CHAIR ALDRIDGE: Yeah, that, that's a good purpose.

25 MEMBER HALLER: Well, nobody's, I mean the
26 Haleakala, you know, we don't exactly know a lot
27 about that aquifer, nor about the amount of water
28 that's there, so I would suggest that we don't

1 really know our capacity at all. We know something
2 about the 'Iao Aquifer but we don't know the other
3 half of the island very well.

4 CHAIR ALDRIDGE: Yeah, that's a big half.

5 MEMBER HALLER: And that's a big half.

6 CHAIR ALDRIDGE: Anyway, my, I'll get off my soap
7 box.

8 MEMBER HALLER: No, I have that issue too.

9 MEMBER HOWDEN: Why?

10 MEMBER HALLER: People say we're running out of
11 water, I go "we're not!" We're running out of
12 infrastructure to deliver it.

13 CHAIR ALDRIDGE: Well, let's, maybe Ed's tired of
14 us banging the question here. I'm still in support
15 of a general resolution if you wish to do that,
16 Carl, if you prepared anything.

17 VICE CHAIR HOLMBERG: No, again, I've fallen down
18 on the job. So I'm just gonna have to kick the can
19 down the road to whoever else wants to, I, I'd be
20 happy to draft something to email to somebody but
21 I'll have to kick the can down to the next, next
22 board.

23 MEMBER HOWDEN: You could always present it as
24 public testimony next week..

25 VICE CHAIR HOLMBERG: Ok.

26 MEMBER HOWDEN: Or next month.

1 DIRECTOR ENG: That'll probably be when the Budget
2 and Finance Committee takes up the rates and fees.
3 So that'll be maybe in a few weeks, not next week.

4 MS. PERDIDO: Mid April maybe?

5 DIRECTOR ENG: Yeah.

6 MS. PERDIDO: Beginning of April?

7 DIRECTOR ENG: Next week we're just gonna over our
8 operational, operations so.

9 CHAIR ALDRIDGE: Alright, are we ready to move on
10 to the next item? Receipt of Board member requests
11 for agenda items to be placed on future agendas.

12 (silence)

13 MEMBER HALLER: Gosh, don't all speak at once.

14 (laughter)

15 MEMBER LUCK: I, I have something but I don't know
16 actually if Jeff might be able to answer it when we
17 get to the Director's Reports. It's just an
18 updated status of the fire flow guidelines and if
19 it's gonna be transferred to the Fire Department
20 exclusively or not. So one or the other. Future
21 or today, either way is great.

22 DIRECTOR ENG: We could talk about it today..

23 MEMBER LUCK: Ok, great.

24 DIRECTOR ENG: When we get there.

25 CHAIR ALDRIDGE: No, ok good, under your report?

26 DIRECTOR ENG: Under my, yeah.

27 CHAIR ALDRIDGE: Ok.

28 DIRECTOR ENG: We'll just give you an update.

1 CHAIR ALDRIDGE: Michael, I'm sorry I cut you off.

2 MEMBER HOWDEN: Oh, no problem. I would like to
3 see a more thorough discussion of the materials
4 that John Blumer-Buell presented to the Board in
5 terms of Hana District, their concerns about the
6 water system.

7 CHAIR ALDRIDGE: Like a line by line item type,
8 'cause he had several points.

9 MEMBER HOWDEN: Yeah, I mean he, he tends to be a
10 tad bombastic but at the same time he does
11 represent the kupuna from that district. And I
12 think there are serious questions and it would be
13 helpful to look at them more carefully. I would
14 like to ask that we have an update on the Piiholo
15 Well and the possibility of using the Franks' well,
16 the Zack Franks' well. I think Zack has met with
17 the Mayor on that and probably Jeff as well. I
18 think it would be helpful to go back into
19 discussion of water conservation measures in spite
20 of that thing having been rejected by the Council.
21 And I'd also know what's happening, I understand
22 from Charmaine that she cancelled the appraisal for
23 Na Wai Eha and I think that we should probably
24 discuss that again.

25 CHAIR ALDRIDGE: Ok, thanks Michael. Anyone? You
26 have all this, Gaye? Thank you. Alright.
27 Election of Board Chair and Vice Chair. Let's see.
28 I haven't conducted one of these before.

1 MEMBER HALLER: Can we have a...

2 MS. HAYASHIDA: Nominations.

3 MEMBER HALLER: A ten minute break?

4 MEMBER ROBINSON: Can we have a break for...

5 CHAIR ALDRIDGE: Oh, sure, sure, sure. Let's go
6 ahead and take a ten minute break.

7 MEMBER HALLER: Thank you.

8 CHAIR ALDRIDGE: You're welcome.

9 MEMBER ROBINSON: Thank you.

10 (meeting in recess)

11 CHAIR ALDRIDGE: Right, we're back on. Item E,
12 Election of Board Chair and Vice Chair. And so at
13 this point I'll take nominations for the Board
14 Chair position.

15 MEMBER ROBINSON: I'd...

16 CHAIR ALDRIDGE: Phyllis?

17 MEMBER ROBINSON: Like to nominate Michael Howden.

18 CHAIR ALDRIDGE: We have a nomination for Michael
19 Howden. Is there a second?

20 MEMBER HALLER: Second that.

21 CHAIR ALDRIDGE: Ok. Are there any other
22 nominations?

23 MEMBER HALLER: Yeah, I'd like to nominate Scott.

24 CHAIR ALDRIDGE: For Chair? Ok.

25 MEMBER LUCK: Can I, can I respond to that.

26 CHAIR ALDRIDGE: Yes, you may.

27 MEMBER LUCK: First of all, thank you very much. I
28 appreciate that. The recent change in my life...

1 (laughter)

2 MEMBER LUCK: Has made me a little leery of that
3 responsibility right now.

4 (laughter)

5 MR. KUSHI: You want a life?

6 (laughter)

7 MEMBER LUCK: Not that responsibility!

8 (laughter)

9 MEMBER LUCK: But of the additional responsibility
10 of chairing this Board. I would definitely
11 consider the Vice position though.

12 MEMBER HALLER: Alright, I'll put that on when it
13 comes up.

14 MEMBER LUCK: Ok, thank you.

15 CHAIR ALDRIDGE: Alright, so we have a nomination
16 for Michael Howden and a second and no other
17 nominations. We can take this just by voice vote.
18 So all those in favor?

19 (a chorus of ayes)

20 CHAIR ALDRIDGE: Congratulations, Michael.

21 MEMBER HOWDEN: I'll do my best.

22 (laughter)

23 CHAIR ALDRIDGE: Alright, we'll take nominations
24 for Vice Chair.

25 MEMBER HALLER: I, I would, I would like to
26 nominate Scott for Vice Chair.

27 CHAIR ALDRIDGE: Alright, do we...

28 MEMBER LESTER: Second.

1 CHAIR ALDRIDGE: Have a second? Kui. Any other
2 nominations? Well, I guess that's it. Let's take
3 a vote on it. All those in favor?
4 (a chorus of ayes)

5 CHAIR ALDRIDGE: Now you can add to your
6 responsibilities. Congratulations, Scott.

7 MEMBER LUCK: Thank you.

8 CHAIR ALDRIDGE: Alright, now I can come to the
9 audience and harangue you guys.

10 DIRECTOR ENG: Quite a few more days there to go.

11 CHAIR ALDRIDGE: Yeah, a few more days to be
12 harangued. Alright. We have some resolutions
13 commending our faithful services.

14 MEMBER LUCK: Do you read your own?

15 CHAIR ALDRIDGE: I don't know. Michael, why don't
16 you read mine.

17 MEMBER ROBINSON: Your first duty.

18 DIRECTOR ENG: Let the new chair read.

19 MEMBER LUCK: Yeah.

20 CHAIR ALDRIDGE: Yeah, let the new chair read.

21 MEMBER HOWDEN: You know it's over one page.

22 (laughter)

23 MEMBER HOWDEN: Board of Water Supply, County of
24 Maui, Resolution Number 1, 2009. Whereas Lee
25 Aldridge of Haiku, Maui, Hawaii was appointed to
26 the Board of Water Supply of the County of Maui on
27 April 1st, rather appropriately, 2006 and his term
28 will expire on March 31st, 2009; and whereas, the

1 said Lee Aldridge served as Vice Chairperson of the
2 Board of Water Supply from November 2006 to October
3 2007 and as Chairperson of the Board of Water
4 Supply from October 2007 to February 2009; and
5 whereas...Did you write this?

6 (laughter)

7 DIRECTOR ENG: No, he wrote it.

8 (laughter)

9 MEMBER HOWDEN: Once an attorney gets going, man,
10 we're sunk.

11 CHAIR ALDRIDGE: You can't stop 'em.

12 MEMBER HOWDEN: Oh, this is the good part.
13 Whereas, the said Lee Aldridge has unselfishly and
14 with dedication devoted..

15 MEMBER HALLER: Hear hear.

16 MEMBER HOWDEN: Without compensation, his time and
17 energy into matters dealing with the Board of Water
18 Supply, all in the interest of the people of the
19 County of Maui; and whereas, during the time of his
20 service as a board member, the said Lee Aldridge
21 has contributed generously of his knowledge and
22 skills to make decisions for the Board of Water
23 Supply that will influence its direction and
24 operation for the years ahead..

25 MEMBER HALLER: Hear hear.

26 MEMBER HOWDEN: That's pretty good. And..Ed's
27 blushing. And whereas, the said Lee Aldridge's
28 interest in the Board of Water Supply and the

1 Department of Water Supply has been greatly
2 appreciated by his fellow Board Members; now,
3 therefore, be it resolved by the Board of Water
4 Supply of the County of Maui that it does hereby
5 congratulate, commend, and thank the said Lee
6 Aldridge for the 3 years of faithful and
7 outstanding service he has rendered as a member of
8 the Board of Water Supply; and, be it furthered
9 resolved..

10 CHAIR ALDRIDGE: Oh god.

11 MEMBER HOWDEN: I told you. That the members,
12 sorry, that the members of the Board of Water
13 Supply extend to Lee Aldridge our sincere Aloha and
14 Best Wishes for his continued success and much
15 happiness in his future endeavors; and, be it
16 further resolved that certified copies of this
17 Resolution be transmitted to the said Lee Aldridge,
18 to the Mayor, and to Maui County Council of the
19 County of Maui. Approved as to form and legality
20 our true Edward S. Kushi, Jr., Deputy Corporation
21 Counsel.

22 MS. HAYASHIDA: And you need to take a roll call, a
23 vote.

24 MEMBER HOWDEN: Oh, yeah. Just to make sure that
25 this..

26 MEMBER HALLER: That we all agree to this
27 resolution.

28 MS. HAYASHIDA: Just put aye. Just over there.

1 MEMBER HOWDEN: Ok. Wanna do a roll call?
2 CHAIR ALDRIDGE: Yeah, sure.
3 MEMBER HOWDEN: Ok. We have to do a Lee Aldridge?
4 CHAIR ALDRIDGE: Yeah.
5 (laughter)
6 MEMBER HALLER: That's bizarre.
7 CHAIR ALDRIDGE: I suppose I should abstain.
8 MEMBER HOWDEN: Marion Haller?
9 MEMBER HALLER: Yes. Aye.
10 MEMBER HOWDEN: Carl M. Holmberg?
11 VICE CHAIR HOLMBERG: Aye.
12 MEMBER HOWDEN: Michael S. Howden. Yes. Kui?
13 MEMBER LESTER: Yes.
14 MEMBER HOWDEN: And no try to pronounce the first
15 name.
16 MEMBER HOWDEN: Scott Luck?
17 MEMBR LUCK: Yes.
18 MEMBER HOWDEN: Kelli? Not..
19 MS. HAYASHIDA: Is excused.
20 MEMBER HOWDEN: Excused. Phyllis?
21 MEMBER ROBINSON: Aye.
22 MEMBER HOWDEN: And Ted's excused.
23 MS. HAYASHIDA: Ok, give that to me and then I'll
24 make it..
25 MEMBER HOWDEN: Wow. A cutting board.
26 MEMBER LUCK: Nice.
27 CHAIR ALDRIDGE: Oh well, thank you so much. The
28 Said Lee Aldridge thanks you all.

1 (applause)

2 MS. HAYASHIDA: And here is a certificate from the
3 Mayor to you along with a letter congratulating you
4 on a job well done.

5 MR. KUSHI: No coupons in there?

6 CHAIR ALDRIDGE: No coupons!

7 (laughter)

8 CHAIR ALDRIDGE: Where's my Starbuck's coupon.

9 MEMBER HALLER: Or Koho Grill.

10 MS. HAYASHIDA: So, you wanna continue with Carl
11 and Marion? Or you wanna...

12 CHAIR ALDRIDGE: Whatever you want.

13 MEMBER HOWDEN: Doesn't matter.

14 CHAIR ALDRIDGE: I'll do it. Thank you all.

15 MEMBER LUCK: Thank you.

16 CHAIR ALDRIDGE: My regret is that there wasn't
17 more that we could do. Board of Water Supply,
18 County of Maui, Resolution Number 2, 2009.
19 Whereas, Carl M. Holmberg of Kihei, Maui, Hawaii
20 was appointed to the Board of Water Supply of the
21 County of Maui on November 2005 and his term will
22 expire on March 31st, 2009. I noticed they didn't
23 give you a date in November. Whereas, the said
24 Carl Holmberg served as Vice Chairperson of the
25 Board of Water Supply from October 2007 to February
26 2009; and whereas, the said Carl M. Holmberg has
27 unselfishly and with dedication devoted, without
28 compensation, his time and energy into matters

1 dealing with the Board of Water Supply, all in the
2 interest of the people of the County of Maui; and
3 whereas, during the time of this service as Board
4 Member, the Carl M. Holmberg has contributed
5 generally, generously, I'm sorry, of his knowledge
6 and skills to make decisions for the Board of Water
7 Supply that will influence its direction and
8 operation for the years ahead; and whereas, the
9 said Carl M. Holmberg's interest in the Board of
10 Water Supply and the Department of Water Supply has
11 greatly been appreciated by his fellow Board
12 Members; now, therefore, be it resolved by the
13 Board of Water Supply of the County of Maui that it
14 does hereby congratulate, commend, and thank the
15 said Carl Holmberg for the 3 years and four months
16 of faithful and outstanding service he has rendered
17 as a member of the Board of Water Supply; and, be
18 it further resolved that the members of the Board
19 of Water Supply extend to Carl M. Holmberg our
20 sincere Aloha and Best Wishes for his continued
21 success and much happiness in his future endeavors;
22 and, be it further resolved that certified copies
23 of this resolution be transmitted to the said Carl
24 M. Holmberg, to the Mayor, and to the Maui County
25 Council of the County of Maui. Approved as to form
26 and legality, Edward S. Kushi. Alright,
27 Certification of Adoption, roll call. Lee
28 Aldridge. Yes. Aye. Marion Haller?

1 MEMBER HALLER: Aye.
2 CHAIR ALDRIDGE: Carl?
3 VICE CHAIR HOLMBERG: Abstains.
4 CHAIR ALDRIDGE: You're too modest, Carl. Michael
5 S. Howden?
6 MEMBER HOWDEN: Aye.
7 CHAIR ALDRIDGE: Kui?
8 MEMBER LESTER: Aye.
9 CHAIR ALDRIDGE: Scott?
10 MEMBER LUCK: Aye.
11 CHAIR ALDRIDGE: Phyllis?
12 MEMBER ROBINSON: Aye.
13 CHAIR ALDRIDGE: And Kelli and Ted are both
14 excused.
15 MS. HAYASHIDA: Ok. There you go, Carl.
16 VICE CHAIR HOLMBERG: Thank you very much.
17 MS. HAYASHIDA: And another certificate from the
18 Mayor...
19 VICE CHAIR HOLMBERG: Terrific.
20 MS. HAYASHIDA: And a letter.
21 VICE CHAIR HOLMBERG: Oh, thank you.
22 MEMBER LUCK: Thank you.
23 (applause)
24 VICE CHAIR HOLMBERG: Would you like me to read the
25 last one or are you on a roll?
26 CHAIR ALDRIDGE: Yeah, why don't you do that.
27 'Cause my voice is going out. But I'd love to read
28 Marion's.

1 VICE CHAIR HOLMBERG: Board of, Board of Water
2 Supply, County of Maui, Resolution Number 3, 2009.
3 Whereas, Marion Haller of Haiku, Hawaii, excuse me,
4 Haiku, Maui, Hawaii was appointed to the Board of
5 Water Supply on the County of Maui on September
6 2006 and her term will expire on March 31st, 2009,
7 and whereas, the said Marion Haller has unselfishly
8 and with dedication devoted, without compensation,
9 her time and energy into matters dealing with the
10 Board of Water Supply, all in the interest of the
11 people of the County of Maui; and whereas, during
12 her time of service as a Board Member, the said
13 Marion Haller has contributed generously of her
14 knowledge and skills to make decisions for the
15 Board Water Supply that will influence its
16 direction and operation for the years ahead; and
17 whereas, the said Marion Haller's interest in the
18 Board of Water Supply and the Department of Water
19 Supply has been greatly appreciated by her fellow
20 Board Members; now, therefore, be it resolved by
21 the Board of Water Supply of the County of Maui
22 that it does hereby congratulate, commend, and
23 thank the said Marion Haller for the 2 years and
24 six months of faithful and outstanding service she
25 has rendered as a member of the Board of Water
26 Supply; and be it further resolved that the members
27 of the Board of Water Supply extend to Marion
28 Haller our sincere Aloha and Best Wisses, excuse

1 me, Best Wishes for her continued success and much
2 happiness in her future endeavors; and, be it
3 further resolved that certified copies of this
4 Resolution be transmitted to said Marion Haller, to
5 the Mayor and to the Maui County Council of the
6 County of Maui. Approved as to form and legality,
7 Edward S. Kushi, Jr., Deputy Corporate Counsel.
8 And take the roll?

9 MS. HAYASHIDA: Uh huh.

10 VICE CHAIR HOLMBERG: Lee Aldridge?

11 CHAIR ALDRIDGE: Yes, aye.

12 VICE CHAIR HOLMBERG: Marion Haller?

13 MEMBER HALLER: Abstain.

14 VICE CHAIR HOLMBERG: Carl Holmberg? Yea. Michael
15 S. Howden?

16 MEMBER HOWDEN: Aye.

17 VICE CHAIR HOLMBERG: Uhh.

18 MEMBER LESTER: Yes.

19 VICE CHAIR HOLMBERG: Yes.

20 (laughter)

21 VICE CHAIR HOLMBERG: She was all ready.
22 Kuilauokalani Lester. Scott Luck?

23 MEMBER LUCK: Aye.

24 VICE CHAIR HOLMBERG: Kelli Myers. Phyllis
25 Robinson?

26 MEMBER ROBINSON: Aye.

27 MEMBER HALLER: Thank you very much.

1 MS. HAYASHIDA: Ok. And don't use this as a
2 cutting board.
3 (laughter)
4 MS. HAYASHIDA: I mean you could.
5 MEMBER HALLER: Thank you.
6 MS. HAYASHIDA: And this is a letter from the
7 Mayor. Anyway, there you go.
8 MEMBER HALLER: Thank you.
9 (applause)
10 MS. HAYASHIDA: Did you guys want the plastic bags
11 to put that in, in case it rains.
12 CHAIR ALDRIDGE: Oh, ok. Thanks.
13 MEMBER HALLER: Sure.
14 CHAIR ALDRIDGE: Foodland.
15 VICE CHAIR HOLMBERG: Oh, thank you.
16 MEMBER ROBINSON: Yeah, soon to be no more.
17 VICE CHAIR HOLMBERG: Really?
18 MEMBER ROBINSON: Plastic bags gone.
19 (several people speaking at the same time)
20 DIRECTOR ENG: All Mike Molina's fault.
21 (laughter)
22 CHAIR ALDRIDGE: Alright, Communications? None.
23 Director's Report. Jeff.
24 DIRECTOR ENG: Could you repeat your question,
25 Scott?
26 MEMBER LUCK: Yeah, I was just, just regarding the
27 water flow requirements and if the Fire Department
28 was gonna be..

1 DIRECTOR ENG: Oh, ok, yeah. As you know, last
2 year we made an attempt to transfer that
3 responsibility of fire flow requirement, most of it
4 to the Fire Department. We would still do some
5 reviews. And that just didn't get completed. We
6 were so close. So, I have discussed this with
7 Committee Chair Victorino and as we proceed with
8 codifying the rules we will get to that. And so
9 that's something that we're supporting and pushing,
10 our department, 'cause that would provide that
11 consistency that everyone needs to see. So, it'd
12 be sometime later this year...

13 MEMBER LUCK: Ok.

14 DIRECTOR ENG: Hopefully in the summer.

15 MEMBER LUCK: Great.

16 CHAIR ALDRIDGE: Any other items, Jeff?

17 DIRECTOR ENG: No, I don't.

18 CHAIR ALDRIDGE: Ok. Division Reports? Any
19 questions or comments on Division Reports? I had a
20 real quick question, Jeff.

21 DIRECTOR ENG: Uh huh.

22 CHAIR ALDRIDGE: On page 10 and 12, it references
23 some problems with the new membranes...

24 DIRECTOR ENG: Yes.

25 CHAIR ALDRIDGE: In the area of, what, what...

26 DIRECTOR ENG: Apparently there's some kind of
27 manufacturing problem with the new membranes we

1 discovered out in Lahaina. And Siemens has brought
2 out their people. They admit the fault.

3 CHAIR ALDRIDGE: Oh good.

4 DIRECTOR ENG: So that first of all, they're trying
5 to, well they have been sending out some new
6 batches of these membranes but, yeah, something in
7 the manufacturing process that they were leaking.
8 I don't know why. It could have been how they were
9 configured. These strands within the modules,
10 they're not quite certain.

11 CHAIR ALDRIDGE: How did the staff discover it?
12 Was it the...

13 DIRECTOR ENG: They can do, I think this, this
14 pressure...

15 CHAIR ALDRIDGE: Pressure test.

16 DIRECTOR ENG: Called DK test. So they'll apply
17 pressure...

18 CHAIR ALDRIDGE: Right.

19 DIRECTOR ENG: And see the leakage. So that was
20 the first thing and then once they removed the
21 module they can do additional, put some air into,
22 open up the ends and you can see if air gets into
23 the sides of these...

24 CHAIR ALDRIDGE: Uh huh.

25 DIRECTOR ENG: Individual strands. Air bubbles
26 would coming out on top, so...

27 CHAIR ALDRIDGE: So, they were never actually ever
28 put in use...

1 DIRECTOR ENG: They are in use.

2 CHAIR ALDRIDGE: Oh, they are in use.

3 DIRECTOR ENG: So right now, what our guys are
4 doing periodically, they're taking out these
5 modules, right, and they can actually pin it. So,
6 in these individuals strands, .2 microns, these
7 little, you can see...

8 CHAIR ALDRIDGE: And plug 'em!

9 DIRECTOR ENG: Yeah, you can see a little bubbling
10 and then, they're, you have to have good eyesight,
11 and you can plug 'em.

12 CHAIR ALDRIDGE: I'll be darned.

13 DIRECTOR ENG: Put 'em back in. But it is
14 operational. Yeah, but...

15 CHAIR ALDRIDGE: Some of the fibers are, are...

16 DIRECTOR ENG: Yeah, those...

17 CHAIR ALDRIDGE: Defect.

18 DIRECTOR ENG: Individual fiber strands. Somehow
19 in the process and Siemens again is on top of it.
20 And they have admitted. They brought out quite a
21 few people out here too, to look into it. So,
22 we're operating Lahaina but it's just a matter of
23 going in periodically, regularly and doing a little
24 patch work.

25 CHAIR ALDRIDGE: This, this is the same batch that
26 had gone into the other plants too or...?

27 DIRECTOR ENG: Well, we're stopping what we doing
28 at Kamole.

- 1 CHAIR ALDRIDGE: Oh, you are, ok.
- 2 DIRECTOR ENG: We wanna do the change over in
3 Kamole so not that we were aware but we're...
- 4 CHAIR ALDRIDGE: Not putting them in yet.
- 5 DIRECTOR ENG: Right.
- 6 CHAIR ALDRIDGE: Ok.
- 7 DIRECTOR ENG: Right.
- 8 CHAIR ALDRIDGE: I just was curious.
- 9 DIRECTOR ENG: It is odd, yeah. When we first
10 heard that...
- 11 CHAIR ALDRIDGE: Well, I saw that I thought I
12 wonder what kind of failure that was. Thanks. Any
13 other...
- 14 MEMBER HALLER: Can I, yeah, I have a question.
- 15 CHAIR ALDRIDGE: Yes.
- 16 MEMBER HALLER: Actually, not on the report but a
17 prior topic which was just an update on replacing
18 your head of plant operations and the various
19 people that are looking to retire soon.
- 20 DIRECTOR ENG: Well, we do have that, a new
21 position in our proposed budget and it's been
22 supported by the mayor and we'll just try to push
23 for it when we, when we go before council and...
- 24 MEMBER HALLER: Is that gonna happen in the next
25 fiscal year, yeah?
- 26 DIRECTOR ENG: Yeah.
- 27 MEMBER HALLER: Yeah.

1 DIRECTOR ENG: Yeah, July 1, hopefully. So, we go
2 before the council next Tuesday. I think they're
3 setting aside a whole day for us. So, they'll go
4 over our operations budget basically. And it'll
5 include personnel and equipment, operations
6 expenses. Just that whole day of grilling,
7 basically. I think it'll be alright, there's
8 nothing, there's no surprises. We do have a few
9 bodies, one that, that position under Water
10 Treatment Plant operations. Then we have a few in
11 field operations. We need to be on top of
12 maintaining our well sites better, tank sites.
13 That was pointed out in their sanitary surveys. So
14 it, get some more people to do that. That should
15 be ongoing maintenance, going to all of our tank
16 sites, repairing pukas in the screens, make sure
17 the fencing is there, doing any landscaping,
18 trimming of the trees that surround the areas. So
19 that's what we're trying to address.

20 CHAIR ALDRIDGE: Thank you. Any other questions?

21 MEMBER LUCK: I just had a question..

22 CHAIR ALDRIDGE: Scott.

23 MEMBER LUCK: As I was looking at the water report
24 again, at the usage. So, what happens if we have a
25 year that just is unusually wet and that the usage
26 is like a third lower than anticipated? The impact
27 on the revenue obviously would be pretty, pretty
28 heavy?

1 DIRECTOR ENG: Yes.

2 MEMBER LUCK: What happens in that instance, was
3 that something that just never happens? Is that...

4 DIRECTOR ENG: Well, this past year was a big
5 concern. All of sudden conservation kicked in and
6 lower demand, more than our expectations and much
7 more than even R.W. Beck, our consultants, had
8 expected. I mean, and that's what I kinda
9 questioned when they were doing our rate study, was
10 what kinda expected growth or no growth in demand,
11 given our conservation efforts. And in, recently,
12 in developing this budget I had to meet with them
13 and say you know, let's at least go with flat
14 growth. They argue, "well, no. We anticipate 1
15 and ¼ percent growth in demand." I said, "how can
16 you? We've had negative growth proven." You know,
17 so it's kinda shocked a lot of people the results
18 that we, we got. But in that case, we relied on
19 our carryover savings...

20 MEMBER LUCK: Ok.

21 DIRECTOR ENG: To get us through last year. We ate
22 into that big time. And that's why we need a
23 little bit. Just in case we don't get the revenue.
24 In that case, though let's say like demand is down
25 that we would also expect our electricity is down
26 too, which is our biggest...

27 MEMBER LUCK: Uh huh, right.

28 CHAIR ALDRIDGE: Cost.

1 DIRECTOR ENG: Cost, so that kinda offsets some of
2 that. If it's real bad, I don't know what we'd
3 have to do. Remember, we can't rely on the general
4 fund. Do we go in for an emergency rate increase?
5 We haven't, hopefully we'll never get there...

6 MEMBER LUCK: Right. I was just curious.

7 DIRECTOR ENG: It would, yeah, it would be really
8 quite a crises for us.

9 MEMBER LUCK: So don't conserve too much.

10 DIRECTOR ENG: Yeah, with all that we'll probably...
11 (laughter)

12 MEMBER ROBINSON: Yeah, well, they're de-coupling,
13 you know. There's a thing for, for, for
14 electricity for MECO and HECO that are actually
15 pushing forward for the de-coupling bill to see
16 which is basically de-coupling the whole idea that
17 of course that they're, they're a profit making
18 entity so. De-coupling for them means that they
19 get rewarded for conservation rather than get
20 rewarded for too much use. So it might be
21 something to think about.

22 DIRECTOR ENG: Well, that applies to regulated
23 utilities. That would not apply to us.

24 MEMBER ROBINSON: Right.

25 DIRECTOR ENG: The whole basis for rate-making for
26 a regulated utility is totally than our concept.
27 The owner of a private utility is entitled to a
28 rate of return on their fixed assets. A whole

1 different mechanism, you know, again they pay
2 income taxes, we don't. They treat depreciation
3 differently too so, so yeah, for the regulated
4 utilities de-coupling is the way to go. So they
5 don't have to keep selling a whole lot of water and
6 not encourage conservation in order to stay afloat.
7 So that's much needed in the regulated industries.

8 MEMBER HALLER: We were saying before, during the
9 break I think, that has the Department ever
10 considered a fee as part of the bill to support the
11 CIP budget, that you know of? And Mr. Kushi, is
12 that legal or is that, would the charter allow for
13 that?

14 MR. KUSHI: Well, it'd be a voluntary or?

15 MEMBER HALLER: No.

16 MR. KUSHI: No, just a mandatory? To support CIP,
17 just offhand, I would, I would advise against it
18 unless certain requirements are touched. Because
19 once you do that, CIP, a fee for CIP, it may become
20 or be construed as an impact fee. Under, under
21 Hawaii Revised Statutes, an impact fee, you must
22 spend that money within X number of years,
23 otherwise you gotta return it. So, that's why our
24 rates and fees is set up such that it is not an
25 impact fee. It's a, it's a charge, it's a utility
26 charge.

27 MEMBER HALLER: Well, yeah, what's difficult about
28 that is pipes need replacing and..

- 1 MR. KUSHI: Right, and you know like if we don't do
2 it then we gotta give it back and it becomes a
3 whole...
- 4 MEMBER HALLER: We should have such problems.
- 5 MR. KUSHI: Accounting nightmare.
- 6 MEMBER HALLER: With so many pipes to be replaced
7 that...
- 8 MEMBER LUCK: It could be temporary so you know you
9 use...
- 10 MEMBER HALLER: It could take years before we'd
11 have to take it back and then you, it's like a toll
12 on a highway, yeah. They put up the toll booths
13 and 12 years later the, I'll never forget it. They
14 took the toll booths down, we were like, "wow, it
15 really does work, you know, and it's great."
- 16 MR. KUSHI: The other way you just do a tax instead
17 of a fee.
- 18 MEMBER HALLER: Hmmm.
- 19 MR. KUSHI: Then everybody pays for it.
- 20 MEMBER HOWDEN: Or, or Carl Holmberg at the Water
21 Use and Development thing, said that our...
- 22 MEMBER HALLER: Freedman.
- 23 MEMBER HOWDEN: Fees for the meters are too low.
- 24 MEMBER HALLER: Oh.
- 25 MEMBER HOWDEN: And that we needed to basically
26 triple...
- 27 MEMBER LUCK: Wow.
- 28 MEMBER HOWDEN: One of those...

1 MEMBER HALLER: We're already at 5, 6,000..

2 MEMBER HOWDEN: Six thousand but he said to, to, to
3 adequately address..

4 MEMBER LUCK: Yeah.

5 MEMBER HOWDEN: You know, like Upcountry, what it
6 costs to put in service Upcountry, it should be
7 6,000 just for that..

8 MEMBER HALLER: Right.

9 MEMBER HOWDEN: You know, the system improvements

10 MEMBER HALLER: Right.

11 CHAIR ALDRIDGE: You have something?

12 MR. KUSHI: Yeah, Mr. Chair, before you adjourn, in
13 your packets there's this minutes of your
14 deliberations, again, please note, I won't take it
15 back from you, but please note that it, it is
16 confidential. It is verbatim minutes of your
17 deliberations on the last appeal. As you know,
18 appeals are adjudicated functions, it is not
19 subject the sunshine law. I don't want this
20 getting out. Next time it won't happen. Because
21 of, the reason why it's not subject to sunshine law
22 is that when you deliberate, you act as a judge and
23 jury. It encourages the law, the law encourages
24 you to full, fair and unfettered discussion. So, I
25 don't want these things to come out. But you can
26 have it but you know..

27 CHAIR ALDRIDGE: I just gave it back to you.

- 1 MR. KUSHI: And, and I just read it and there's
2 some mention about some previous directors and
3 stuff like that, that I don't want...
- 4 DIRECTOR ENG: Anybody speak about me in there
5 though?
- 6 (laughter)
- 7 MR. KUSHI: And references to attorney's fees and...
- 8 CHAIR ALDRIDGE: All right.
- 9 MS. HAYASHIDA: Any last words?
- 10 MEMBER ROBINSON: Parting last words?
- 11 MS. HAYASHIDA: Any last words?
- 12 CHAIR ALDRIDGE: Parting words? Well...
- 13 MR. KUSHI: On behalf of my office it was a
14 pleasure to work with all 3 of you.
- 15 DIRECTOR ENG: And likewise from the Department.
16 Thank you so much for your contributions. I really
17 appreciate it.
- 18 VICE CHAIR HOLMBERG: I have a last word. I wonder
19 if I can have everyone stay right where they are
20 and I'm gonna, and have, I wanted go grab somebody
21 out there so that somebody can take our photo
22 before we departed. If you didn't mind.
- 23 MEMBER HALLER: Alright, go for it, go for it.
- 24 (meeting paused for picture taking, several people
25 speaking at the same time)
- 26 MS. HAYASHIDA: Did we adjourn first or wait for
27 the picture?
- 28 CHAIR ALDRIDGE: I adjourned.

1 MS. HAYASHIDA: Oh, you adjourned.

2 CHAIR ALDRIDGE: I thought I adjourned, if not I'll
3 adjourn it now.

4 (meeting adjourned at 10:48 a.m.)

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Prepared and submitted by:

Gaye Hayashida
Commission Support Clerk

Approved on: _____