

WATER RESOURCES COMMITTEE
Council of the County of Maui

MINUTES

March 15, 2011

Council Chamber, 8th floor

CONVENE: 9:01 a.m.

PRESENT: VOTING MEMBERS:

Councilmember Michael P. Victorino, Chair
Councilmember Joseph Pontanilla, Vice-Chair (in 9:41 a.m., out 9:42 a.m.)
Councilmember Gladys C. Baisa
Councilmember Robert Carroll (out 10:24 a.m., in 11:16 a.m.)
Councilmember Elle Cochran
Councilmember G. Riki Hokama (in 9:20 a.m.)
Councilmember Mike B. White (in 9:02 a.m., out 10:32 a.m., in 10:58 a.m.)

STAFF: Michael Geers, Legislative Analyst
Yvette Bouthillier, Committee Secretary

ADMIN.: Dave Taylor, Director, Department of Water Supply
Myles Fujinaka, Senior Engineer, Engineering Division, Department of Water Supply
(WR-2)
Edward S. Kushi, Jr., First Deputy Corporation Counsel, Department of the Corporation
Counsel

OTHERS: **Item 2:** Sally Raisbeck
Rosemary Robbins
John Duey
Others (5)

PRESS: Akaku: Maui Community Television, Inc.
Harry Eagar, *The Maui News*

CHAIR VICTORINO: . . .(*gavel*). . . Good morning. The Water Resources Committee meeting for March 15, 2011, will come to order. We have a quorum present so if I may, I'd like to introduce the Members of the Committee, the voting members first. Present is our Vice-Chair, Mr. Joseph Pontanilla.

VICE-CHAIR PONTANILLA: Good morning.

CHAIR VICTORINO: Good morning, sir. We have the gentleman from East Maui, Mr. Robert Carroll --

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COUNCILMEMBER CARROLL: Good morning.

CHAIR VICTORINO: --the lovely lady from Upcountry, Ms. Gladys Baisa --

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR VICTORINO: --and the other lovely lady from West Maui, Ms. Elle Cochran.

COUNCILMEMBER COCHRAN: Good morning. Aloha.

CHAIR VICTORINO: And excused at this time is Riki Hokama and Michael White. They will be joining us a little bit later. From the Department of Corporation Counsel, we have Department Attorney, Deputy Corporation Counsel, Mr. Edward Kushi. Good morning. From the Administration, we have the Director of the Water, Water Supply, Mr. David Taylor.

MR. TAYLOR: Good morning.

CHAIR VICTORINO: Good morning. Our Staff, Ms., Mr. Michael Geers, our Legislative Analyst, and Ms. Yvette Bouthillier, Committee Secretary. This morning we have two items, and may the record show that Mr. Michael White has joined us. Good morning, Mr. White.

COUNCILMEMBER WHITE: Good morning.

CHAIR VICTORINO: We have two items this morning. We have WR-6 [*sic*], which is an orientation of the overview by the Department of Water Supply. I asked Mr. Taylor to put together an overview especially for the Members who have just joined the Committee to kind of give you some guidance and some opportunity to understand the system and what it means to the people of Maui County. Secondly, we have WR-2, water system development fee bill. This is a bill, the last piece of our, our, our...codification of the Water Rules. We'll be covering that as soon as the orientation is over. At this time with no objections, I'd like to do public testimony.

COUNCIL MEMBERS: No objections.

CHAIR VICTORINO: Thank you. And, Mr. Taylor, before I start public testimony, I see a great gallery out there, and these are all your staff and other members of the Department of Water Supply?

MR. TAYLOR: Yes, Mr. Chair, we have a number of staff here to watch the presentation.

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CHAIR VICTORINO: Oh, good. Thank you, and welcome. If the camera would take a quick view, and you guys can all say hello so that everybody in the...Maui County, knows you guys are with the Water Department so if they have questions they don't ask me, they'll call you first.

...(Laughter)...

CHAIR VICTORINO: I like that idea, I like that idea. Welcome and thank you for being here. And thank you, Mr. Taylor, for allowing your staff to participate, yeah. Okay, let us get started with public testimony. And we will be asking for testimony. We'll allow three minutes with one minute to conclude by each testifier. We will be staying with the two items on the agenda WR-6 [*sic*] and WR-2, and I would ask Members to, that to keep your questions in those particular areas so that we don't stray off. We have three testifiers. The first testifier is Ms. Sally Raisbeck followed by Rosemary Robbins. Ms. Raisbeck?

...BEGIN PUBLIC TESTIMONY...

MS. RAISBECK: Good morning, Mr. Chair, and Members. My name is Sally Raisbeck, I live in Wailuku. I'm here today to testify on WR-2, which--

CHAIR VICTORINO: Ms. Raisbeck--

MS. RAISBECK: Yeah.

CHAIR VICTORINO: --if I may, you know, I would like to put this comment out to you so that before you start the entire testimony.

MS. RAISBECK: ...(*sigh*)...

CHAIR VICTORINO: WR-2 is about our water system development fee bill.

MS. RAISBECK: Yes.

CHAIR VICTORINO: And you're referring to a conflict of each and I'll let you, you know, if, if you so choose to, you can continue. However, let me inform you that the issue at hand, their system, Kaanapali Beach, and we all know who that is, is a private system, it is not on the County system. So there is no opportunity for this to have any pertinence to that particular property, because all that West Maui area, the, the resort area, is under private system. So I wanted that made known to you. It's not part of our public system. It is part of the, their private system. It used to be the old Amfac water system. I'm not sure what the name of the corporation now that runs the system. It's a private system. So just so that you

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understand that the, the difference between the two so that there's clarification. So I wanted to bring that to your attention first.

MS. RAISBECK: Thank you, Mr. Chair, I was aware of that.

CHAIR VICTORINO: Thank you, Ms. Raisbeck.

MS. RAISBECK: As you know, I served on the Water Board for three years--

CHAIR VICTORINO: I thought--

MS. RAISBECK: --with you.

CHAIR VICTORINO: --to do that, but I just wanted to make sure that was clear and I--

MS. RAISBECK: Thank you.

CHAIR VICTORINO: ---wanted the public to understand the difference so they have a clear understanding of what we're trying to do here today.

MS. RAISBECK: Yes indeed.

CHAIR VICTORINO: Go ahead. Thank you, Ms. Raisbeck.

MS. RAISBECK: I'm talking this morning about WR-2, which is "A BILL FOR AN ORDINANCE AMENDING TITLE 14...RELATING TO WATER SYSTEM DEVELOPMENT FEES". Water system development fees are of interest to anyone who owns real estate especially people who own major amounts of real estate on Maui. I believe Mike White does have a conflict of interest on this matter and should not be voting on it. The owners of Kaanapali Beach Hotel and of the Kaanapali Properties, which is a real estate investment firm, are Sir Run Run Shaw of Hong Kong and Mona Fong of Hong Kong. They are billionaires who run an enormous multi-billion dollar association of companies in Hong Kong and probably all over the world. As, you know, the Board of Ethics heard a complaint from Kai Nishiki and Buck Joiner last Wednesday. Mike was there with his attorney, Jim Geiger, and the board had special counsel John Kim from the Prosecutors Office. I testified at the open session and provided them with some documentation, but the results of that meeting are not yet known unless they've told Mike what the results are. His conflict of interest comes from wearing two hats. It has nothing to do with his character. It has nothing to do with his intentions or his motives. The two hats are the conflict. I have distributed--I hope you have it--an opinion from the State Board of Ethics discussing the question of why someone who works for the subsidiary of a larger company has a conflict not just with that subsidiary, the Maui Beach Hotel and Kaanapali Properties, but with the entire company that is the parent company of

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those subsidiaries and any subsidiary of that parent company. And this is pretty well established and I gave you one opinion that showed that fact. The Board of Ethics ought to issue a letter to Mike, probably will, and it may advise him to disclose all the subsidiaries of Sir Run Run Shaw and Mona Fong, the, the employers he works for so that people will be able to tell when he has a conflict and when he doesn't have a conflict. If they do, that will be fine because I'm sure Mike is a law-abiding person and would follow their opinion. If they don't, I will probably later file a complaint about what has actually occurred and giving as many precedents as possible showing that this is the case that he should recuse himself, he should disclose and recuse himself on all the subsidiaries of this many billion dollar corporation, which you can look up on Google by the way, Run Run Shaw and Mona Fong. I didn't ask myself this obvious question, who owns the hotel, until Tuesday, which was the day before the Board of Ethics hearing. It's incredible really. It's, it's a story that is like a Hollywood movie. He is 103 years old, and he's still chairman of all his companies. His wife Mona Fong is the former actress. She's 20, 30 years younger than he is, absolutely astounding.

CHAIR VICTORINO: Ms. Raisbeck, could you conclude in the next 15 seconds, please?

MS. RAISBECK: I will.

CHAIR VICTORINO: Thank you, my dear.

MS. RAISBECK: Thank you. Very seldom does the Council have 5-to-4 decisions. However, when Mike is told to recuse himself on all of these subsidiaries, a 5-to-4 vote that means yes could easily become a 4-to-4 vote that means no. So that would make it difficult for the Council. Thank you very much. I'm happy to answer any questions.

CHAIR VICTORINO: Thank you. Any questions relating to the items on the agenda? Seeing none, thank you, Ms. Raisbeck.

MS. RAISBECK: Thank you.

CHAIR VICTORINO: Next...

COUNCILMEMBER WHITE: Mr. Chair, could I be --

CHAIR VICTORINO: Oh, I'm sorry.

COUNCILMEMBER WHITE: --be given an opportunity to just make a brief comment?

CHAIR VICTORINO: I will allow you to make a quick comment, if I may.

COUNCILMEMBER WHITE: Thank you.

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CHAIR VICTORINO: Okay. Thank you, Mr. White.

COUNCILMEMBER WHITE: Just to put Ms. Raisbeck's concerns to rest. Mr. Shaw is 103 years old.

CHAIR VICTORINO: God bless him.

COUNCILMEMBER WHITE: The Kaanapali Beach Hotel and the Kaanapali Properties are the only interest that he has any, any part of here on Maui, and I'm quite proud to work for somebody who has given away to charity far more money than he spent buying our property. He's built over 1,000 elementary schools in Mainland China, he's built hospitals and libraries, and he's done more good works for the community in Asia and here in the U.S. than I think any of us could hope to in our lifetimes. And, and he continues to be a fabulous owner for us allowing us to do our Hawaiian programs and allowing us to do many things the other hotels are not allowed to do for and in, in their communities. And I would venture to say that somebody who has been knighted by the Queen of England for their philanthropy over their lifetime has probably been fairly well vetted by the British Crown prior to a knighthood being offered. So I'd just like to put Ms. Raisbeck's concerns to rest that Mr. Shaw is an incredibly upstanding citizen and yes, he is a billionaire, but he's a billionaire with an incredible level of kindness and a great big heart. And Maui's got nothing to fear from Mr. Shaw or from me. Thank you.

CHAIR VICTORINO: Thank you. And I won't get into a debate, you said, he said, you know, but I will end right here in saying he's, he's addressed that. If you want any further discussion, may I, I suggest you either discuss it with Mr. White directly...

COUNCILMEMBER WHITE: Yes, she, more than happy, I'm more than happy to talk to her about it.

CHAIR VICTORINO: Yeah, and that way we, we, we can proceed. Ms. Raisbeck?

MS. RAISBECK: Two hats, two hats.

CHAIR VICTORINO: Thank you, Ms. Raisbeck. Thank you so much. Okay. Next is Ms. Robbins, Rosemary Robbins... followed by Mr. John Duey.

MS. ROBBINS: Good morning, everybody. I appreciate the opportunity to be here. I'd like to start with again, thank you for what the Water Department has been doing. Thank you, Mike, in trying to get the codification of these rules to be readable and understandable coming from so many different inputs over such a long time. So thank you for having done, done that, and being very aware that the job is only

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partly done. As long as we breathe, there's gonna be more that needs to be done. So I appreciate the commitment to go on to that. On the Water Rule-2 on the back of our sheet this morning, it talks about collecting fees in order to offset the cost associated with necessary water system improvements and to establish appropriate accounting mechanisms. Part of the job of the Water Department here on Maui is to establish capital improvement plans and to review them and to develop the budgets that go along with them. And since we're heading into the budget presentations, throughout our three islands here, there's a lot of pawing at the stall on whether or not the CIPs have been done for particular geographies, so I'm asking that we make sure that gets done evenhandedly across our County. I welcome the new people who are with the Water Department. I see some familiar people that I did some work with back after the '04 EPA half million dollar grant for the Upcountry Piiholo Water Treatment Plant address. To my knowledge, that has not been done and we have not had a good accounting on the EPA Oversight Advisory Committee as to what happened to that half mil, so work again needing to be continued and to be done. So count on my help.

CHAIR VICTORINO: Thank you very much. Any questions for the testifier? Seeing none, thank you, Ms. Robbins.

MS. ROBBINS: You're welcome.

CHAIR VICTORINO: And our last testifier to sign up, Mr. John Duey, and he'll also be, also speaking on WR-2. Mr. Duey?

MR. DUEY: Morning, Chair, and Members. My name is John Duey, taxpayer, landowner, Iao Valley. Some of you may have heard me speak about a big reservoir in Waiale about 100 times or more or less.

CHAIR VICTORINO: ...*(Chuckles)*...

MR. DUEY: I'm in favor of some sort of fee schedule for future water resources. As you know, all the cheap water is gone. The aquifer water is gone, being used, so the only source we have now in Central Maui way, not talking about West Maui, Upcountry, the Central Maui, would be stream water. And in order to use the stream water, you need a reservoir to store it. In order to get the reservoir to store it and before that, you need the watershed. The existing Mayor, I think is in favor of acquiring the watershed which needs to be done before we build a reservoir. So I'm in favor of some sort of fee schedule. I know the, the water meters are expensive now, but I say all the cheap water is gone. There's gonna be some, some people will have to bite the bullet to get the water henceforth, so some kind of fee schedule of amounts of money when you buy a meter to put aside for new, I would say new water. I don't think there's a new water source. It's, the water is here. It's either stream water, whatever. I don't, I don't like that term new, new source of water. It's, it's using the water that's here one way or another. So

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that's all I have to say. I also would think...we testified earlier, my wife and I sometime ago about the water rates. I think the water rates should, should be raised for everybody. I hate to pay more, but, you know, it's, it's, you gotta bite the bullet. So some kind of fee schedule for future reservoirs, water, you know, containment whatever, that's all I have to say at this, this time. You'll hear me again and thanks again for listening.

CHAIR VICTORINO: Thank you, Mr. Duey. Any questions for Mr. Duey? Seeing none, thank you, Mr. Duey.

MR. DUEY: Aloha.

CHAIR VICTORINO: Aloha. Mr. Duey was the last testifier to sign up. I will give anyone in the audience an opportunity, if they so desire to testify, to go to the, to come up and testify right now and then they can sign up later. Seeing no mad dash to the podium itself, with no objections, I'd like to close public testimony on both WR-6 [*sic*] and WR-2.

COUNCIL MEMBERS: No objections.

...END OF PUBLIC TESTIMONY...

CHAIR VICTORINO: Thank you. At this time, we're gonna take a quick...I'd say three minute break to lower the screen. Mr. Taylor will you be ready in about three minutes to give your presentation?

MR. TAYLOR: (*spoke from the audience*) Yes, sir.

CHAIR VICTORINO: Okay. So this meeting is in recess subject to the call of the Chair.
...(gavel)...

RECESS: 9:18 a.m.
RECONVENE: 9:20 a.m.

**ITEM NO. 6(1): COMMITTEE'S PRIORITIES AND PROCEDURES;
PRESENTATIONS FROM COUNTY ADMINISTRATIVE
AGENCIES (ORIENTATION WORKSHOP BY THE DEPARTMENT OF
WATER SUPPLY)**

CHAIR VICTORINO: The meeting of the Water Resources Committee March 15th will come to order. Let the record show that Councilmember Riki Hokama is present. Mr. Taylor, you may proceed.

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MR. TAYLOR: (*PowerPoint presentation*) Thank you, Mr. Chair. I'm Dave Taylor, I'm the Director of Water Supply, and I thank the Committee and Chair Victorino for the opportunity to put on a short presentation today. We're gonna go through an overview of the Department, some things that we're doing, some things that are coming up. I'm gonna start with what we call our global performance measures. You won't find these written down in the budget, but this is how the public judges us and how we look at, at success and failure. The first thing is to develop new and reliable sources both independently and through public/private partnerships. Developing new and reliable sources. This is probably the biggest issue that's talked about relative to Department of Water Supply and admittedly something we need to do better. We're gonna come back to this towards the end, because it's probably the single most difficult issue to deal with. So we're gonna come back to it a little later. Next thing is we produce high quality water at the lowest possible cost. I think most people will agree we have very low water prices on Maui, especially when you consider that we deliver water to your house at about \$1.50 per thousand gallons. When you consider how much you pay in the store, it costs about \$1.50 per gallon and you have to go to the store to get that. So the Department of Water Supply gives really high-quality water at a very low cost right to your house. Probably the best deal on the island. Prepare compliance strategies to meet or exceed current and future water quality regulations. EPA and Department of Health are constantly changing, updating, and making requirements more stringent. So this is an ongoing effort with all of our groups to make sure we're meeting these regulations. And I, I think history has shown the Department's been pretty good at this. One way to look at all of these things is reliability of existing facilities 99.9997 percent of the time, over the long-term, at the lowest possible cost. This number 99.9997 percent is based on the hours a year we operate versus the hours a year that our systems are out of service. And you can see we're in service almost all of the time. If something breaks, it's fixed quickly. If mechanical systems go down, they're fixed quickly. The, the Department is run efficiently. So ongoing operations to our existing customers really are not something that most people complain about. I think our 35,000 or so accounts, the public is very happy with their service, and we know that where we are going to struggle is to get people who want more water, to get new users online. And again we'll get to that a little bit later. Where does our water come from? What does our system look like? Well we have 38 groundwater sources, 6 water treatment facilities, and the water comes from these locations into 145 storage tanks with about 300 million gallons of total storage capacity. At that point, it goes into pipelines. We have about 750 miles of pipeline. We provide 24/7 service and about 33.5 million gallons a day. This is sort of an overview of the system. Because the question's gonna come up, let me talk about the tsunami that happened last weekend. The reason we shut down water to low-lying areas is it would be possible during a tsunami for some of this low-lying pipeline to break. Now if that happened that the rest of the system could be contaminated and these tanks could just drain out of the breaks. And

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when you come up with something like a, like a tsunami where there could be damage, you have to start thinking about the next 72 or 96 hours. Power may go out. This water that's stored may have to get us through days or weeks. So shutting off the systems to the low-lying areas was a way to make sure that regardless of what damage happened, we were saving that water and limiting the damage. And a number of people have asked about that. It wasn't originally gonna be part of the presentation, but I just figured I would just mention it to save the questions later. Here's our overall system. In Hana and Molokai, we're purely groundwater. In Central, South, Upcountry, and West Maui, we have a mix of surface water and groundwater. And you can see, from the colors, kind of the extent of our systems here on Molokai, West Maui, Central Maui--kind of blends with the ocean a little bit--the Upcountry system, Hana. So you can see we have a pretty extensive system, and these are the 750 miles of line. Groundwater accounts for about 72 percent of our total source. A few different well, a few different wells, these wells range in depth from probably a couple of hundred feet down to more than 1,000 feet. And the wells all look basically the same. Here's the Keanae well site with a small tank. Surface water, 28 percent of our total source. This is, these are the Kahakapao Reservoirs, and I was up there a couple of weeks ago. They're almost this full. So we had a pretty rainy winter. Hopefully, you know, the water we have Upcountry will get us through the dry months. So again surface water about 28 percent of the total source. Some of our crews working hard doing some replacement activities at Lahaina Treatment Plant. Here's the Mahinahina Treatment Plant, again another surface water treatment plant. Some of our crews putting a new storage tank, a new roof on a storage tank. So you can see we're pretty busy just keeping normal operations, keeping that 99-plus percent reliability to our customers. And that's what most of the staff is working on. Okay, let's look at the funding history. This slide probably gives more insight into the challenges we're facing than anything else. If we look at the funding history from the '50s towards today, we see back a few decades ago, we had State appropriations, revenue, and general obligation bonds for infrastructure. So the State funded a lot of infrastructure. We had General Fund subsidies provided in the '50s when a lot of the original infrastructure was built. Only the operations were funded by meter sales, meaning your water rates. So the Department finances were subsidized by other sources. And water bills, water, water rates were artificially low because of these external subsidies. So then you look at the '90s to today, we've been doing a lot of expansion, rehabilitation, replacement, and reliability upgrades. There's no State appropriations and no General Fund subsidies to pay for infrastructure, so now the operations and the capital improvements are funded by meter sales. So we're completely funded by, by water rates now. So if you imagine a water utility in its youth was funded largely from outside sources, now in its middle age when there's a lot of work and, and repairs and replacement going on, and we're fully funded by our own rates. Of course rates have been going up. This was predictable in the '50s or '60s that rates would, of course, have to go up when we had to completely cover the cost of operating with meters. One of the reasons for

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all infrastructure--water, sewer, roads--that I think a lot of the public doesn't understand is rates and fees were artificially low during the early life cycles of this infrastructure because of outside funding. So I think the public probably doesn't have a really clear idea of why their rates are going up and they don't see service being any better. And again, it's because the rates were always too low, they were artificially low, and now the rates are catching up to our actual responsibilities. This is our Fiscal Year 2011 Budget in millions of dollars and in percentages. And what I'd like to point out here is just how much we spend on CIP: CIP cash, 3 percent; CIP from bonds, 12 percent; CIP from State SRF loans, 15 percent; CIP from restricted cash, 6 percent--these are the meter fees--debt service which is paying off older CIP, 7 percent. These add up to more than, I think, 40 percent. I added it up yesterday. I can't remember the exact number. What you can see is CIP and here electricity here at 20 percent. So CIP and electricity is more than 60 percent of your bill. So you can see, that's what drives rates, CIP and electricity. The only way to control CIP is to have less of it, but we need it because we have to replace systems. So the only way to control our budget is to control CIP. And what that really means is preventative maintenance. We have to keep systems working as long as we can to push back CIP projects. When we look at salaries and wages, operations, we realize that we're never gonna make a dent in rates by cutting a position here or, you know, pushing replacement of a truck back. There's just not enough money in this piece of the pie to make a huge difference. As an infrastructure system gets to its middle age, it's a lot like we as people get to our middle age. We have to do more preventative maintenance: exercise more, floss your teeth, et cetera. That's a small amount of your expenditure, but it has huge dividends in avoiding big problems later. All of Maui County's infrastructure--water, sewer, roads--is all kind of in this place where we're in this middle age of infrastructure. We're doing a lot of replacement. We are going to have to focus on preventative maintenance, focusing on salaries, wages, operations, keep systems working as long as they can, and push back this CIP. It's in my opinion the only way we are gonna control rates for infrastructure in the future. CIP is just too big a part. We have to keep it from growing by investing early to keep it from failing. Our organizational structure: the director, deputy, and some staff in the director's office; our fiscal group, which handles billing and customer service as well as the budget; our engineering group which handles CIP and permitting; our water resource planning group, long-term planning, long-term CIP, watershed protection, those sort of things. And then our three operational groups: field operations are the people who fix lines, take care of tanks, heavy equipment operators; plant operations takes care of pumping systems, electrical, our, our laboratory and electronics; and then treatment plant operations which are the surface water treatment plants. So these are our six divisions and the six operating groups. One thing I want to mention is there have been two operational audits of the Department in the recent past. And both of them have pointed out this word "siloeing". "Siloeing" means, you know, are these groups working together? And I think the groups as people are working together well. I think the

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previous director made that a, a, a real emphasis, and I think he did a really fantastic job of getting people in these different groups working together. Something the operational audits didn't catch is the reason for the siloing. The silos follows the program budget. Each one of these boxes is a separate program in the budget. So is the director's office. There are seven programs in the Fiscal Year '11 budget. And that's where the silos are. Each group, no matter how much they want to help the others, is responsible for their budget. And people get a little bit territorial about worrying about running out of money. In Wastewater as an example, where I came from, there were only two programs that covered the entire operation: operations and administration. That meant that money could be used a little more flexibly with a little more flexibility between these groups. There were never any problems with that, but it took away an external constraint of constraining money to these certain boxes. So as a little foreshadowing to the budget you're going to see next week, we are going to propose or we are proposing in the Fiscal Year 2012 Budget, to take the seven previous programs of the Department of Water Supply and limit it to two, two programs: operations, which will be these three groups, and then administration which is all the office people that support those three groups. This fits in more with the purpose of the program budget which is to say these operational groups take water from the ground and get it to people. As a, as a whole, they either all succeed or they all fail. There is no way one group can succeed and the others fail or they others can fail and the other succeeds. These guys do one thing, they should be in one program, same with the administrative staff. This will provide flexibility in the future to where in the changing world we're living in, when cost for pumps are a little more than we thought, the cost for filtration of equipment is a little less, we can move that money. When the engineers are doing a project and they need fiscal support, some of the overtime that was tied up in engineering can be used to support that...flexibility of management. I want to point back that in my...I think 19 years or so in Wastewater, the last 13 of which we had two programs since the program budget started, there were no problems because of this and it allowed us flexibility of management that kept things moving. And I think we need to recognize that when our structures themselves are holding us back, we can change them. And this is something that I'm pretty excited about. I know the public doesn't see boxes on, on a screen as something that's exciting. But it's something that by changing from seven programs to two and getting rid of this external constraint, we can be more efficient and more flexible. No one gets hurt, people's jobs are easier, we save time, we save money, and it costs nothing. So I hope in budget we'll have support from the Council on this, because I think the last decade or so of Wastewater has shown that there are no problems that come from having two programs and we can get rid of a lot of inefficiency. Some priority management initiatives. Upcountry meter list analysis, you know, this is on everybody's mind. Our engineers are going through the Upcountry meter list, one applicant at a time, looking at how many meters they're applying for, looking at where they are geographically, looking at what infrastructure is necessary offsite to allow them to hook up, putting some costs to that. So hopefully within a few

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months, we will have a pretty good idea of what it will take to address Upcountry meter list from the sense of distribution and source. We need to know answers to things like in the first 200 names on the list, how many just need source? How many need offsite improvements more than \$100,000? How many of these people are in areas where they can share those? We need to know that before we can move forward, so this is a pretty high priority in our engineering group. Another high priority in our engineering group is they are reformatting how they track CIP into some detailed, six-year CIP project schedules. So we can provide better information about, for example, some of the earlier projects we have that are in a preliminary stage, say planning or design. When are they going to permitting, when are they going to construction, when can we expect them to come online, and how do we tie these into the budget? We're also working on a 20-year infrastructure plan--most of the Council Members have seen the Wastewater 20-year infrastructure plan--cost loaded, prioritized, tied to rates, and looks sort of plus or minus 20 percent over the next 20 years to give the Council Members a better idea of what's coming in the future. So these are a couple of things that are not going to be completed before we talk about budget this year. There's, there's really no way we can put these together before the FY '12 Budget discussions are over. We're heading to try to have a lot of this, this summer to discuss, so we can get input from the Council to help us with the FY '13 budget. That's a realistic timeline for these things, but I think once we finish these and a year from now when we have these things finished and we have some better tools in front of us, I think we're gonna have altogether a better view of what is happening over the next five years, ten years, and longer in the Department of Water Supply, how much that's gonna cost. So let's get back to source. Source issues, as I have said before, are primarily policy issues. These policy issues are what we really need the Council's help with. We can design things, we can maintain things, but in order to put our budgets together, which is really where infrastructure happens in the County of Maui, we need some direction about how to fund these things, some questions that have to be answered. How do we fund improvements for new customers? Should we raise meter fees? Should we spread the cost for some of these new users to everybody? Should it be different in different areas? There's really nothing written down. In fact just last week, I went through the Maui Island Plan and the Policy Plan, there's really nothing that talks about how to fund things, how to prioritize allocations for competing user groups? There's some existing customers that say look, put more money into reliability, storage, so we don't have a lack of water in the dry season. There's other agricultural groups that say no, no, agriculture's more important, any new water source should go right to that. Some people are saying hey, we've been on the meter list for a long time, new users should get the water. How to prioritize allocations for competing user groups is something else that has not really been talked about, but we're going to need to make some headway on this. Water quality standards. EPA and DOH define water quality standards. Sometimes, talking about H'Poko Wells, people are saying that's not good enough, we should be better. We're gonna have to get some clarity over how much better is gonna

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be expected of us. There's no point in us developing a new source if it meets DOH and EPA standards, but the people of Maui County say well, that's still not good enough for us. If we do need to go to much higher standards than legally required, because that's the wishes of the, of the public, we really need to know that upfront to not sort of waste time and money into things that end up being unusable. Water pricing, should we do it by area? Providing water Upcountry is a lot more expensive than providing water in Central. Should we charge more or not? Should we have different drought pricing? Recycled water, should that be as inexpensive as it is now or should we just say look, if you're using recycled water, you know, you pay almost the same price, you know, that's, that's your water source? How do we divide water pricing? And all these things are sort of involved with each other. I think if you look at these and look back at the discussions that have been had in this County over the last ten years, these things have been mentioned often, but there's almost nothing written down about how to deal with them. And I think what we're gonna find is we can develop all sorts of preliminary projects, but when it comes to budget, how to fund them, it's gonna be these issues that are really the obstacle that needs to be pushed through. We are going to have to have some very serious discussions about what the answers to these questions are. And, you know, we may want to write down the answers to some of these in things like the Maui Island Plan or the Policy Plan just to, to, to lock that in saying this is what we believe in. Another thing, should there be limits to how much we raise rates every year? Should we only raise rates no more than, you know, 6 percent a year? That creates a constraint. Without having any sort of hard numbers on these questions, it's very difficult for us to come up with plans. And we're gonna come up with a number of options. But I think we're gonna find that we're gonna run into these at some point; otherwise, we can't put the budgets together. So in general, that's an overview of our Department. Obviously, we'll, I'll take any questions you have on this, and I hope this gives some insight as we move into budget about some of the big picture items we need to focus on, some of the challenges we have, and some of the opportunities, and where, as a, as a community, we need to focus to solve some of these problems. So I appreciate the time and I look forward to any of your questions.

CHAIR VICTORINO: Thank you, Mr. Taylor. What we'll do is we'll call a short recess subject to the call of the Chair, and lift the screen and we'll start our question and answers for Mr. Taylor. This meeting is now in recess. . . .(gavel). . .

RECESS: 9:41 a.m.
RECONVENE: 9:42 a.m.

CHAIR VICTORINO: The meeting of the Water Resources Committee will come back to order. First of all, Mr. Taylor, before I open up to questions, let me start by saying thank you for this comprehensive overview and the challenging questions you have brought up. I think some of us who've been around this water industry for many years know these questions would have to be addressed at a certain

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point, and you, you're absolutely corite...correct in the sense that we've lagged behind in rates in other areas and today the piper has to be paid. So I think you are absolutely correct...I think you brought up some very interesting dynamics, and I thank you. Really, what I really liked is the way the budget is broken down, and I'm excited to the fact that you're gonna consolidate your Departments [*sic*] into two divisions or two groups if, as, as you've called it. I think that's gonna make interesting dynamics. The other thing I would close with saying is the 6-year CIP project schedule and the 20-year infrastructure plan, I think is something we really truly need. Without a plan...and I think yesterday we talked about that with our...in the infrastructure management on the injection wells. Without a plan of action, nothing gets done, 'cause we kind of flounder and we change and we move, and we're like moving targets all the time. And it's not, I don't want to blame anybody or anything, but I like the idea that you're gonna have a definitive plan for which we can start following. And maybe...this is the other thing I will say is hopefully, no matter who is in the chair both these chairs and your chair, that they'll follow the plan. You know, if you want to deviate a little and make something a more priority because of changes in the, in the, in the world and in and Maui County, I have no problem with that, but the, one of the problems I've always found with government, we make plans, new administration, a new group comes in and ...(*whistles*) ... plan disappears, goes on the shelf. So all that being said, I will start with Mr. Pontanilla and just work my way down, just to be fair. Mr. Pontanilla?

VICE-CHAIR PONTANILLA: Thank you, Chairman. Thank you for the presentation...kind of informative just like when you was with Wastewater. In, in regards to some of the issues that you face, you know, like storage, we know that we need more storage capacity, and every time it rains, you know, we see a lot of water goes to, into the ocean especially here in Central Maui. Have you had or, you know, have the Administration had some, or have conversations with like say the plantation in regards to their capacity to hold more water in their reservoirs? They have many in Central Maui that, you know, can hold well, if they increase the size, you know, can hold more water, of course. And that way, you know, for our stuff, we don't have to rely, you know, in, in getting more capacity in, in the, in the short term.

CHAIR VICTORINO: Mr. Taylor?

MR. TAYLOR: In the Central Maui Water Use Development Plan that you folks recently passed, I think that was one of the sort of options that was talked about and costed out, and I think the recommendations of that document take that into account. So as we move forward with what we're going to do, you know, I think where that, where those kind of things like storage and surface water fit in are consolidated into the recommendations of that document. So I think it has been looked at.

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VICE-CHAIR PONTANILLA: Okay. Now, let's see. The other question that I had is in regards to water quality. You know, we followed DOH as well as EPA rules, and whenever we do follow the rules, I, I know we adhere to the rules, but, you know, like you mentioned, that sometimes, you know, our people here in this County, you know, don't look at the rules like we do. In other words, what they expect is a higher...I guess, grading, not grading, but, you know, higher requirements to provide water for this County. But if we do follow DOH as well as EPA rules, which we always do, what stop us from, you know, moving forward with some, some of the things that we talked about.

MR. TAYLOR: I think ultimately, that's a community decision, and I'm very supportive of, of the republic form of democracy that we practice here. Ultimately, the people are in charge through their elected officials. I'm not, I, I've been on record before saying I don't think going way, way, way, way beyond the rules at some huge cost really makes a lot of sense. Going a little beyond the rules if that's what the community wants, that's okay. We really need to just know upfront. For example, if we know that everybody wants us to be say twice as good as the rules say, you know, that goes originally into our planning estimates, our cost estimates, and we take that into account. What's difficult is when we think we're trying to meet EPA and DOH rules, we develop a project, spend millions of dollars, and then find out that no, no, no, you know, this water quality is not okay, we want something else. So I think it's the discussions happening beforehand, it really helps us and again, if the public wants a much, much higher level of, of treatment, you know, we can do that. That's, I was just reading one of the magazines, the water magazines, where it's more in Utah or Colorado, they had uranium in their water, and they showed this system to take uranium out of the water. I mean you can take anything out of water. So the question is at what level, how clean do you want it? How much are you willing to pay? And where do you draw the line? But we can do it. Again, I think it's just having the Council as the representatives, you can help us draw that line of how clean is clean, how good is good, and give us that upfront. You know, we won't waste time and money on things that ultimately aren't gonna be acceptable to the public.

VICE-CHAIR PONTANILLA: So how do we educate the public or how you, you educate the public as a Department?

MR. TAYLOR: I know our Department and all the departments always try. I, that's a really difficult question because I think in our industry environment, water infrastructure, what we kind of find is that a, a minority, a very vocal minority with concerns tends to drive decisions. What we find is, you know, 90 percent of the people are, are kind of happy with what we're doing. There may be 10 percent that are very unhappy that sort of drives these decisions. How do you reach that last 10 percent? I, I don't have any easy answer to that and if, if I did, I'd probably be in a very different job at, at a Federal level. But I think all of us in this industry, have this, in this industry of environmental engineering, have this

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difficulty in that the environmental movement has gotten a lot of people involved, and a lot of times the, the, the sort of education experience of a lot of people isn't up to the level of their enthusiasm and passion. And so I don't doubt anyone's passion for these issues, but sometimes it's difficult having, you know, science-based discussions with, with some people who are just very passionate and very concerned. How we break through that and come together, I, I don't really have any easy answer for you and, and I, we are constantly out there talking to people, testifying, public meetings, as are you, and how we get through to everyone, I don't know the answer to that.

VICE-CHAIR PONTANILLA: Okay. Just one more question, comment, Chairman. This is in regards to an article that both Victorino and I saw in the *USA Today* newspaper. There is a country that utilize wastewater, you know, and they go through this filtration to make it potable water. So, you know, hopefully we don't come to that in the next 40-50 years, but people are looking at utilizing wastewater as a means to provide potable water, so there's all kind stuff that's happening out in the world. Thank you, Chairman.

CHAIR VICTORINO: Thank you, Mr., Mr. Pontanilla. And for the Committee Members' information, I do have a copy of that and I will have my staff make copies and distribute it to all of you. It was a very informative *USA Today* article about how wastewater is treated to the point of potable use, and I think I correct, wasn't it Singapore, wasn't it Malaysia?

VICE-CHAIR PONTANILLA: Yeah.

CHAIR VICTORINO: Yeah, yeah, and so they are treating wastewater into potable water. Now this was over many year, I think 20-year process and it was educated with the public and it wasn't like overnight they did it. But it's working and working very well so anyhow I'll make sure the article gets to all of you that you'll have a copy of that. Now I'll go to Mr. White, and since this, I want to give everybody a chance and this may take... 'cause everybody's got a lot of questions, what I'd like to ask is everybody limit it to two questions so I get everybody get a chance, because we do have another item that I want to take up at a later moment. Okay, so I'll start with you Mr. White, go ahead.

COUNCILMEMBER WHITE: Thank you, Chair. I, I've only got two.

CHAIR VICTORINO: Oh, right on.

COUNCILMEMBER WHITE: So I'll stick within your parameter.

CHAIR VICTORINO: Thank you, sir.

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COUNCILMEMBER WHITE: Director, you mentioned that the average daily usage is 33.5 million gallons. What is the high level of usage and what is the low from different and does it vary during different times of the year?

MR. TAYLOR: It, it certainly varies during different times of the year. It's going to be much, much higher in the dry months when it's not raining and obviously lower when it's raining, when you only have, you know, the indoor flow and not the...or not the outdoor flow. I don't know the numbers and I haven't been in the Department long enough to really get an instinct of, of exactly what those numbers are and how much they, they, they change. I haven't been through a whole season yet so I don't really have a feel for that.

COUNCILMEMBER WHITE: Well then you might not know the answer to my second question, but I'm gonna ask it anyway. What is the, what would you estimate the capacity to provide water to be if, if our average is 33.5 during the months where we've got the storage capacity, what, what are we able to provide?

MR. TAYLOR: That question I can answer because there's no answer and I can tell you that.

COUNCILMEMBER WHITE: ...*(Laughter)*... Well, I'll just withdraw my question.

MR. TAYLOR: Your, your question is so important and we actually have a number of staff members working on helping us to answer that. For example, if you're gonna say that you want water for these nine people and you want it, however much water you want day and night, winter or summer reliably so that you don't have the, no matter how much drought we have over six months, you don't have to cut back more than 1 percent. Well then we're gonna need all that storage to back up, to back you up. But if you're gonna say well I'll be okay dropping my usage 10 percent for up to 6 months, well now we can serve a lot more people. So it's a balance of do we use the water we have to have more customers at a lower reliability or to have fewer customers at a higher reliability? There is no one answer and that's why you, you, really can't answer it with a number without first defining level of reliability. So what we have some, some planning staff doing and it's, it's kind of a joint, a joint effort between some of the operational groups and some of the planning groups to start putting these numbers together, what if, what if. As the reliability becomes higher and higher, how much water do we have? If it's lower and lower, how much water do we have? What if this, what if that? And so there's gonna be a menu of options about how much water we have depending on the level of reliable service through the dry times and what our worst case is. Is our worst case a sort of one month drought where precipitation is, you know, 50 percent of normal or is it a 1 year drought where the precipitation is 10 percent of normal? And so you can see there's almost an infinite number of answers to your question. We are trying to kind of get a little better handle on it quantitatively. It's a very difficult thing to do because, like I

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said, there's, there's just, there's a lot of variables and almost an infinite number of, of unknowns.

COUNCILMEMBER WHITE: Thank you, Chair.

CHAIR VICTORINO: You're welcome, Mr. White. Mr. Hokama?

COUNCILMEMBER HOKAMA: No questions.

CHAIR VICTORINO: No questions. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Can I take Mr.--

CHAIR VICTORINO: No you cannot.

COUNCILMEMBER COCHRAN: --Hokama's two?

CHAIR VICTORINO: Sorry, next.

...(Laughter)...

CHAIR VICTORINO: That was one question, you got one more left.

COUNCILMEMBER COCHRAN: Oh, wait, wait, wait. That doesn't count.

...(Laughter)...

CHAIR VICTORINO: Well, I mean, you know, I said two questions. I didn't say how they were and go ahead, Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. Thank you, Director Taylor. Yeah, passion of mine, water, as you know. I guess, let's see, let me choose my top two then. First...the, the third slide when you mentioned develop new, reliable sources both independently and through public/private partnerships, you said you would get back to that 'cause that's kind of a big, but we never did. So I'm curious, you know, who the private entities are if we are or in negotiations with or where do we stand with that?

MR. TAYLOR: When I said I'd get back to it, what I meant in the last slide was priority policy issues was really the key to that. How we're gonna fund it is really what's really holding us back answering that. We can develop public/private partnerships, we can do it ourselves. The question is who is gonna pay for it? And so how we actually go about doing it is less important than how we're gonna fund it. 'Cause there's a number of options out there to, to implement. The real difficulty is how to fund it. So that's why, where I meant, what I meant when I

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say I'd get back to it, is it's really a funding issue and it's all tied together. We are in discussions with many people who own wells, want to develop wells, want to do public/private partnerships. We have our own staff who have ideas that, you know, we can drill here and explore there. There's an enormous number of opportunities. Frankly our big question is how are we gonna fit this in the budget, how should we offset the revenues when we don't have enough from water source development fees to pay for all these things? So should we float bonds and then pay back the debt service by raising rates? You know, what should we do? There's a number of options to implement, the real difficulty is paying off the debt service, and that's really I think what we're gonna find is the core problem.

COUNCILMEMBER COCHRAN: Thank you. And I guess in a sense a follow-up. You know, you mentioned how rates were artificially low at the time when all that outside funding came in. Now we're looking at aging infrastructure and what have you. You know, you've been in the Water Department for almost 20 years, should we not have seen, you know, had the foresight to know this is going to be in the predicament we are in today? And, and if not, I mean I think I would like to see some suggestions and the options you're talking about prioritized by your Department. You know, here we are coming up to budget, as you're saying, where's the funding, how are we gonna do it? You know, we're left with a lot of questions thrown in our laps here. Coming from the expertise that you have, I would like to see some suggestions and some of your folks' top priorities that you feel are the most doable and, and winnable, reachable goals at this point.

CHAIR VICTORINO: Mr. Taylor, let me--

COUNCILMEMBER COCHRAN: Thank you.

CHAIR VICTORINO: --let me address Ms. Cochran's one issue. First of all, he's not been with the Water Department for 20 years. He was with the Wastewater Division which is two different divisions. Let me start right there and he's only been only three months as...oh, yeah, three months, yeah, as director? Yeah, so let me, let me correct you there so that you're, you're clear that's he's not 20 years with the Water Department. He was with the Wastewater Division [*sic*] which is two different divisions with two different mandates overall. Okay. So, Mr. Taylor, would you like to take a stab at the other questions?

MR. TAYLOR: Thanks, thanks, Chair Victorino. And I'm okay with, with Member Cochran's question, because I have been here for 19 years and the Water, the Wastewater Division [*sic*] and Water Department have always been in the same business and always worked together closely, have a lot of the same issues. I think what you'll find, as far as the engineering and finance people in infrastructure, we almost all across the country have the same view. When you front money for something and you know it has a life that's 10, 20, 30 years, and you know you're gonna have a big replacement cost, when the Federal

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government funds it, what we all want to do is raise rates immediately just a little bit and start a piggybank for replacement. We always want to do that. The same way in a, in a, and anyone who lives in a condo has a replacement fund, you put a little money in every month, and when it comes time to replace the electrical system, the roof, you have enough. Government, for whatever reason, likes to balance its budget every year, so even though you have these costs that only happen, you know, once a generation, we sort of wait until that, to, to fund it. And, and, and the analogy is, you know, people who have a kid and think they're gonna pay for college the four years that kids at college, you have to start saving when that kid's one and maybe even take a loan. And so you're basically from the time he's one to the time he's 35, you're paying off those four years of college. I think most of us professionals in infrastructure would've preferred to fund infrastructure that way, but I, technically it's your predecessors who have decided to keep rates low on a yearly basis and not have infrastructure replacement funds. Once you get into that middle age of infrastructure where you have no choice, now you have to rather than paying it forward, you've gotta float bonds, you know, and, and collect more in the future. We could've spread it over a long period of time, but the chance for that is gone. The chance for that is only in your initial startup when you have low operational costs to start saving that money. Just like if you buy a new house, you know that years 20 to 40, you're gonna have this big costs. You should start saving from day one because you're not gonna be able to, to absorb all those. And if we choose not to do that and you buy a house that's 40 years old, you know, you're just gonna have to absorb those, those, those repair costs, and that's where we are with infrastructure. I think all infrastructure, small infrastructure groups across the country that were funded primarily from private developers and the Federal government in the '70s and earlier, we're now in this replacement time and no one saved any money. There's really nothing we can do except raise rates now and fix it now. I mean there are no other options, and I think every small community is struggling with that across the country because that's where we are.

COUNCILMEMBER COCHRAN: Thank you. Thank you, Chair.

CHAIR VICTORINO: Okay. Ms. Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. My first question kind of follows along with the conversation that was being, going on with Member Cochran. I was very interested in the presentation and what you did for us historically, which I thought was very important, where you showed that in the beginning, we had a lot of assistance from the Federal government and from State grants and also from the General Fund in putting in the initial infrastructure. At this point and somewhere along the line, I don't know how that happened because, you know, I wasn't around or paying attention. I was around, I wasn't paying attention at that point. I was too young I guess to realize that somebody made a decision and said no, we're not going to do this anymore, we're going to

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try and have this system be self supporting. And just like a utility, whatever money you earn is what you have to work on. Is that practical in terms of where we are, where we have this great need to fix our infrastructure, expand our system and take care of new users and do all that has to be done? Is that still a practical approach or is it possible that we could look at General Fund subsidy?

MR. TAYLOR: I'll, I'll give you my opinion on that.

COUNCILMEMBER BAISA: Yes, I welcome that.

MR. TAYLOR: Almost all of the people who pay property taxes, except for basically Kaanapali probably, which is on a large private system, are water system users. So you're really hitting the same people. You, you can move towards General Fund, having General Fund pay for it, but if you think about it, except for Kaanapali Resort, you're really hitting all exactly the same people. Whether or not that makes any difference to charge them, you know, to, to raise their tax, their property taxes rather than their water rate by the same amount, that's really not a question for me. But I mean from my standpoint, you know, if you're gonna raise my, my property taxes \$100 a year or you're gonna raise my water rates \$100 a year, I, I don't really care, I mean it's the same money to me. So I don't know that there's that huge a difference because you're almost hitting everybody anyway.

COUNCILMEMBER BAISA: I'm just looking at, you know, trying to find a whole pot of money in a hurry, and to raise the water rates from what they are now to what we really need would be draconian.

MR. TAYLOR: One thing that, that maybe the Council wants to keep in mind and this is just general, general information, when we charge water rates, we don't take into account your economic situation. So basically if everybody uses the same amount of water and has a residence, you get charged the same. But if you think about how property taxes work, that's a little different. There's a circuit breaker. Your property taxes are, are...you can use those as an itemization on your, on your Federal income taxes. So there is some benefit to having some General Fund subsidy, because you're spreading it a little differently, you're not treating everyone the same which is either fair or unfair depending on how you folks see it, and you are giving people a break to let them use that as a deduction on their Federal income taxes. So it has been brought up before that there may be some benefits about doing some General Fund subsidy for water, wastewater infrastructure for those reasons. Some people think it's more fair, some people don't. You know, ultimately, that's up for you folks to, to decide what's fair.

COUNCILMEMBER BAISA: Okay, thank you. Second question, when you were showing us the pie chart with the various breakdown of how the money is spent for your budget, you showed us that approximately 60 percent of it goes to CIP

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and electricity. And, yeah, I don't, I don't have that pie right in front of me but I know electricity was a very substantial amount, 20-something percent. I also happen to know the Department of Water Supply is the biggest customer for MECO. Is there any thought about and I'm sure you're working on it, but I think it's really...something that would help in cutting down that electrical costs also?

MR. TAYLOR: There, there are a number of things we're doing to, to deal with that. First of all, we're working with the Department of Economic Development and the Managing Director's Office with the two energy specialists about some possible insulation of photovoltaic and or wind at a couple of our sites that, that look good for that. So, you know, that's one thing. I don't know that we're gonna see an enormous difference but it's something. Our staff has constantly been replacing our motors, which are big electricity users with high efficiency motors that pump the same amount of water and use less electricity. It's probably the single biggest thing we can do. Now we come back to the Upcountry meter list. Pumping water uphill is our big cost. The people in upper Kula, if we add those people to our system, and we have to pump from Kamole Weir in Haliimaile to them, we're gonna use more and more and more electricity. So there is some--how do I say this?--we are not really in control about whether or not high elevation areas are developed or not. High elevation areas are going to make this worse. Development in low elevation areas will make this better. So it's going to be a, a tough weighting decision as far as what's more important, because moving water uphill is I believe the single most expensive, the single largest use of electricity in the United States, and it's the single biggest use on Maui 'cause we're the biggest user. So there's this balance between where people want to live and how much it costs to service them, which ties back into the question of should we have different rates for different people especially at elevation? You know, if we choose to give lots of water meters in Upcountry and pump water up there, then the electric bill is gonna go up. So we're not really completely in control of that, there's not a lot we can do. Wind, solar are not firm sources of power, meaning that even if you build them, you still need backup from some sort of fossil fuel source. I think this issue is more driven by where we choose to live than by any other technology. So I am sure we will be discussing energy a lot more. It is a big cost. There's not a lot we can do about it because moving water uphill is expensive.

COUNCILMEMBER BAISA: Thank you very much. But after Thursday night, I'm glad I live uphill. It may be more expensive to live on the coast. Thank you. Thank you, Chair. ...*(chuckles)*

CHAIR VICTORINO: Alright ...*(chuckles)*... okay. Mr. Carroll, please.

COUNCILMEMBER CARROLL: Thank you, Chair. In the interest of time, I'll just ask one question. Surface water, you have over here as we have 28 percent of the total source. When I was growing up in Hana, we, County, had only surface

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water gravity feed fed Hana, the ranch had a well. Even with all the water we have, sometimes that most dependable source would go dry and we'd have to use the County, the ranch water, and it would pipe it into the County. Well that was a problem and also with pollution and everything else, we eventually had money and we have wells now for several reasons, the drying and also there was concern about the safety of surface water and other concerns. You know, it was always the Department's stand before, that there were going to get away from using surface water completely for domestic use. However, it does not seem that the Department in all these years has made really a lot of headway or a lot of effort to go to a plan to get a system of wells that can satisfy our needs. We're still very dependent on this surface water. Your Department, what is your stand going to be as far as surface water?

MR. TAYLOR: I, I think everyone in our industry prefers groundwater to surface water. It's using the earth itself as your reservoir rather than having to build it. It evens out the, the ups and downs. I think everyone likes it better. We have what we have right now. Part of our 20-year plan will be looking at different options, what they cost, how quickly they could be implemented, environmental issues. There was a move I think everyone knows of, you know, a decade or so ago to put a series of groundwater wells in East Maui to bring it to Central, that ran into problems from environmental issues and, and, and it failed. So I think that was always...the, the push is to move towards groundwater and that push, that last big push didn't work out. So the question is do we try that again? Is it worth trying again? Should we try something different? There's only groundwater at "x" number of locations, I mean you can't just drill anywhere and hit water. So and most of them are sensitive for one reason or another. And so that's all going into some of the work we're doing to put together a sort of a 20-year option plan, and the more we do the more its gonna cost, and to give the Council and public a clear view over here are some different directions we can go in, here are the likely costs and issues associated with it, so we can start moving in some consolidated direction. But the key is this 20-year plan, and a lot of people all through the Department have little pieces of it. I foresee it coming together in version one probably this summer. We'll go through a couple quick versions of it and having next year's Capital Improvement in FY '13, really based on the discussions we can have with Council about where we might go and what it might take to get there. And I think a lot of those questions will come out of that discussion.

COUNCILMEMBER CARROLL: Thank you, Chair.

CHAIR VICTORINO: Thank you, Mr. Carroll. Mr. Taylor, just for clarification, you say 28 percent of our water use is surface? You're talking totality, right, the entire County systems together, right?

MR. TAYLOR: That's correct.

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CHAIR VICTORINO: Okay. So with that in mind, can you tell the public what the percentage of ground versus surface water, for example, in the Upcountry area which I know is skewed very heavily to surface water.

MR. TAYLOR: I, I don't know the answer and I do know it's gonna vary year by year. For example in a rainy year, it's much less expensive for us to use Olinda and Piiholo groundwater sources. But if when those dry out, we've got to pump from Kamole, which I guess technically is also a groundwater source, but we, you know, we can use Pookela, which is a surface or which is a groundwater source, the ditch water is surface. So it really depends I think year by year. I mean we could look at any one year and tell you what the numbers were. We could average it over five years. I've seen some graphs and they kind of bounce around. I don't know if there's any good number to say this is an average year, because I think we'd have to look at a lot of years and it's, it's going to vary.

CHAIR VICTORINO: Well it was always my understanding and I, you know, I don't claim to know the exact number, but Upcountry has always been at a very high dependency to surface water, someplace in the area of 80-85 percent was surface water and something like 15 or 20 percent ground. Now that may have changed and like you say, every year it may change a little, but the vast dependency on Upcountry, the question I have for you, is surface water is that not correct?

MR. TAYLOR: Right now, I mean that's the primary uphill sources. You have Olinda and Piiholo which are both surface water systems that feed most of Upcountry. That's correct.

CHAIR VICTORINO: And Kamole is treating surface water out of the Waikamoi Ditch and other sources. Is that correct?

MR. TAYLOR: That's correct.

CHAIR VICTORINO: I mean I just want the public to understand when you say 23 percent, it seems like a real insignificant number, but I and, you know, it is actually for Upcountry, a significant number. And that's why droughts occur in the Upcountry area year in and year out. Whereas, in town or in the Central system, because the, the numbers are skewed vastly the other way, we don't have droughts as often. So it makes a big difference and what I would ask you to do later on is really get, get, get an average use of surface for Upcountry and ground and even in, even in the Central system. 'Cause we have five, five systems--right?--Central, West, Upcountry, East Maui, and Molokai. We have five distinguished, different systems that we operate. Is that correct?

MR. TAYLOR: That's correct. And we, we can definitely add some slides so that each area has those percentages. And Jacky is shaking her head up and down like...so she'll do that.

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CHAIR VICTORINO: Okay. Jacky, thank you. And I know a lot of experts out there and if I wanted to start calling them up, I guess they could give us the answers, but we'll, we'll reserve that. Okay. We'll start round two and this time I'll start with Mr. Carroll and work our way back. Mr. Carroll, you have the first question.

COUNCILMEMBER CARROLL: Again, I'll just ask one question --

CHAIR VICTORINO: Sure.

COUNCILMEMBER CARROLL: --in the interest of time. And this is again going right back to surface water. There's a lot of concern and coming down about stream restoration, as you know, some of the decisions. And you were talking about a 20-year plan and the Chair has also given the concerns about Upcountry and other areas. Are you aware that it might be sooner than later that you do not have the surface water that will be available to the County? And what would you do if it was cut off a year from now?

MR. TAYLOR: We are very well aware of that. In fact our consultant for the Upcountry Water Use and Development Plan is taking recent rulings and direction from the State Commission on Water Resource Management about stream flow restoration and adding that into the draft of the Upcountry Water Use and Development Plan to basically try to quantify exactly what you're talking about. So we're, we're...we follow that. We are very concerned about that. Ultimately this issue of, you know, as a, as a community, where do we want this water going is going to affect all of us, and obviously it's not a County decision. Our job becomes obviously a lot harder the less water we control, so I, I think we're just going to have to do what we can and pay attention to those, those rulings as they occur.

COUNCILMEMBER CARROLL: One final follow-up.

CHAIR VICTORINO: Go ahead.

COUNCILMEMBER CARROLL: Actually more of a comment. When I asked you the first question and you gave the answer and this is what we've heard from when I was growing up, it's always been, well, we're going to look over a period of time. You talked about 20 year plan and what. A lot of us feel we don't have 20 years. It's, it's something that really needs to be looked at hard now and something that needs to be expediated [*sic*] in a much shorter period of time, to have a reliable groundwater source and get away from the surface.

MR. TAYLOR: Thank you, Mr. Carroll, for, for the opportunity so I can clarify. The 20 year plan I'm talking about doesn't mean what we're going to do 20 years from now. It's a year-by-year plan that shows what we can do each year. And when we do this...and, and a lot of you have seen the one from Wastewater. It's

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got a, it's got different rate structures depending on how quickly we want to do things. So if we want to do everything in the first ten years then we need higher rates now. If we're willing to push things back then we have lower rates now and higher rates later. So it's really a way of looking at everything we want to do with some different options about how time and money sort of relate to each other. So I don't mean in any way to say, you know, we're not going to do anything for 20 years, that's, that's not the case. Really just giving everyone a what to expect over 20 years from what we can accomplish versus what we have to pay over that time period. As we move projects earlier, we can do more and more and more, just have to pay earlier and earlier, but we can do these things. I think you'll hear this from all the infrastructure folks, it's a question of financial resources, not of our abilities.

COUNCILMEMBER CARROLL: Thank you. We look forward to working with you in the future on that. Thank you, Chair.

CHAIR VICTORINO: Thank you, Mr. Carroll. And again, I'll, I'll ask everybody this time to get it to one question 'cause I'd like to try to get done by 10:35, take a break, and then go into our next agenda item if that is okay with the Committee. Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair, and I'll try to be succinct. Of course I have many, many questions, but I'll try to choose one that I, I think is relevant. Mr. Taylor, during your presentation, talked about how many gallons we use for day...per day and this was an average, and, you know, a lot of this of course is, varies from day to day, location to location, or drought or no drought or whatever. But I didn't hear any conversation or any reference to the ability to reduce needs by conservation. I have a real interest in that. I really believe that there's a lot of water that is wasted every day, and if we did a better job with conservation that we might be able to, you know, replace or find a lot of source. And I didn't hear anything about that so I was interested in any comments you have in that area.

MR. TAYLOR: Thank you. Our, our water resources group is, also has a conservation section, and I failed to mention that when I showed the organizational structure. That is also one of their, their roles is to lead that way in conservation, and they're doing a number of different programs to try to push conservation. Probably again something we couldn't put together this...it's something we didn't have time to put together this year for budget but we're looking towards next year, is having a fourth tier to water rates. Call it a, a, a conservation, a conservation tier, basically saying when you go above a certain level, you know, your rates are going to step up even higher to say conservation is very important. That combined with possibly some changes to the, to the structure of the rates would, could build a rate structure that helps push towards conservation and yet covers our fixed costs that we have to cover even if people aren't using a lot of water. So that's

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something that staff is working on. We just could not crunch the numbers in time to get it into the FY '12 Budget proposal, but I think in the FY '13 Budget proposal you're going to see something that's a little more aggressively conservation based in the rate structure.

COUNCILMEMBER BAISA: Just one follow-up quick one, same line. Did you also think about other policies like besides rates, you know, methods?

MR. TAYLOR: Our, our conservation group is putting out a request for proposals which kind of dovetails off of the Water Use and Development Plan. Water Use and Development Plan has...all of the different scenarios have a strict conservation component to them, how do we do that? So we're looking at getting an expert on how we might implement some of these things, what our role would be, what the private sector's role would be, how it would fold into these rate structures, how it would all tie together. There are differing thoughts. I mean some people, like in some towns, you know, there's the water police that say, you know, you can only water on alternate days, and other groups just say look, we're just going to add a higher conservation tier and leave it up to you to figure out how to conserve. So there's, there's a wide variety of things we can do, and maybe a mix of those might, may be best. But I agree, Member Baisa, with conservation, the water you have you already have, and so that's obviously going to be more economical than developing new sources. So to have people conserve and use that water is again part of the Water Use and Development Plan, something that I think all utilities believe in and something that we are pursuing.

COUNCILMEMBER BAISA: It's interesting and very personal for me. I pay two water bills every two months and one is half the other, and it's the same-size house, same-size families, but it has a lot to do with the way I was brought up. I was brought up Upcountry and you don't waste water. My tenants were not. Thank you very much.

CHAIR VICTORINO: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Thank you, Director Taylor. Just curious, you know, in West Maui, there's private people and it seems like they're heading towards really privatizing that water source there. I don't know if the County has any concerns about, you know, I mean look at the Na Wai Eha case, East Maui case. On the other side of West Maui, I think there's going to be some concerns relate, in relating to that type of situations coming up. A lot of...as our East Maui representative, you know, said there's stream restoration that wants to come into play and things of that nature. Do you think there's ever a possibility that, that the County or the Department is willing to...I know it's money again, but to somehow, you know, take control of the system and, and, you know, keep it for public in public hands versus private?

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MR. TAYLOR: I'm sorry, could you be more...there are, there are a number of different water sources in West Maui. Can you be more --

COUNCILMEMBER COCHRAN: Well there's the main Honokohau --

MR. TAYLOR: --specific?

COUNCILMEMBER COCHRAN: --Ditch system.

MR. TAYLOR: Okay.

COUNCILMEMBER COCHRAN: I'm pretty much referring to that streams all the way down --

MR. TAYLOR: Okay.

COUNCILMEMBER COCHRAN: --to that Crater Village reservoir that I think is looking to be decommissioned right, right now. You know, I just want to get your thoughts or Administration's, any ideas on how we can maybe address this?

MR. TAYLOR: The Mayor's been very clear that, you know, he feels that the more water the County controls, the better position we are in the future, and I think we all agree with that. So the issues become what are these sources; who owns them; who controls them, let's say; where they fit in with the State Commission on Water Resource Management; are they likely to designate these things? In which case, boy, having ownership of it doesn't really guarantee you more water unless they give it to you. So it's sort of a complicated situation and I don't know that there's going to be any model that works everywhere. I think everyone's going to be a case-by-case basis, as they come up. In general, those things are going to be part of our 20 year plan with part of our prioritization about, you know, how much would they cost, what would it take to operate and maintain, is this better, a good direction for us or not? Obviously controlling more of the source and transmission is better for us, and if we can make that happen reasonably, obviously that's something we'd like to do.

COUNCILMEMBER COCHRAN: Okay. Great. Thank you, Chair.

CHAIR VICTORINO: You're welcome.

COUNCILMEMBER COCHRAN: Thank you.

CHAIR VICTORINO: Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, thank you. Just quickly a point of clarification for the Director, please.

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CHAIR VICTORINO: Go ahead.

COUNCILMEMBER HOKAMA: In your term that you used to the Committee this morning regarding control, is that the, the same as ownership?

MR. TAYLOR: No, I need to be a little careful about the way I, I speak about these items. No one owns the water, I think we all recognize that. There are, for example, the ditch systems which I believe the actual physical infrastructure is owned by, by people, and there are various...some of these are controlled by the, by the Public Utility Commission and the State Commission on Water Resource Management. It's a pretty complex construct of this. And just again the more water that we have the say over what to do with it, the better off we are.

COUNCILMEMBER HOKAMA: Okay. Just needed that to be assured that that's how...we're thinking alike there, Mr. Director. But my one question is should the Budget Committee, that will be constituted on at the end of the month under the leadership of Mr. Pontanilla, wants to pursue the fourth tier of water rate consideration, will your Department be able to respond to the Budget Committee's review and possible consideration?

MR. TAYLOR: We, we believe we're going to have to wait. We really tried to do it this year. One thing we're in the middle of is the City and County of Honolulu who does our billing, we pay them to do our billing for us, they're changing their system. So when we discussed this with them this is something that they can't do for us in the timeframe. Once they're finished their switchover of systems, they could do it for us next year. They just don't have time with what they're going through with their, their system change to add this as another change. So that was our feedback from the Honolulu Board of Water Supply, that it just wasn't something they could initiate this calendar year. And I believe...our finance group is gone, but I believe that what they told us is they, they might be able to change it, say, January 1st for the second six months of the fiscal year, but again they're, they're in this mix of this changeover. I think everyone's going to be, I think they're going to be changing over to monthly billings from bimonthly billings, so there's going to be a lot of changes with their system, interaction with us, and it's, it's another change on top of that. They're asking us to kind of wait so they can get through this, get all the bugs worked out, and then make changes to, to the rate structures.

COUNCILMEMBER HOKAMA: Thank you, Mr. Director. I had thought that the County had made a decision to reduce the dependency on the City and County especially as regarded with other areas of County business regarding the Real Property Tax Division and the updating of certain parcel mapping. So I thought that we had already built in, from a policy standpoint, the capability for us to go on our own and that Council in the past has appropriated substantial financial

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resources to create that independence from City County and to allow our departments to function to meet our needs as a top priority. So I look forward to your participation in budget very shortly, Mr. Director. Thank you, Chairman.

CHAIR VICTORINO: Thank you, Mr. Hokama. Mr. White?

COUNCILMEMBER WHITE: No further questions, Chair.

CHAIR VICTORINO: Mr. Pontanilla?

VICE-CHAIR PONTANILLA: Yeah. Just a fast question. What is your thought about, thoughts about integrated water system?

MR. TAYLOR: Could, could you clarify your, your thought of . . . *(inaudible)* . . .

VICE-CHAIR PONTANILLA: Integration of our water system here in Maui County, meaning crossing community plan boundaries.

MR. TAYLOR: I think in general, you know, some of the language when people talk about don't allow water to go from one community plan to another, every time I hear that, it kind of strikes me as odd that we, we think outlawing something might make something else happen, because in general that's not true. I think almost all resources cross community plan boundaries. Upcountry trash and septic sewage comes to Central. Money that's generated in West and South, you know, goes to everybody including Molokai and Lanai. Power that's generated in South goes everywhere. It's always struck me as odd that the only resource that we talk about limiting to within where it's generated is water and yet everything else is allowed to cross lines. So I don't think it's sustainable, from a, from a community standpoint, to pick one resource and say this has to stay within the lines, but everything else is allowed to free flow. I could understand that if a community said look, our money, our trash, our water, you know, we'll be self sustaining, I could understand that, but to say, you know, we want to keep our water but, you know, you gotta take our trash. I've never really understood how that's sort of a valid methodology to balance communities' needs. Different areas have different resources and that's what civilization is, is balancing those. So as a Department, as an Administration, you know, we don't, we don't think sort of using the community plan lines as, as sort of walls for resources really as a constraint makes a lot of sense. Now that being said, it doesn't mean that you have to allow water, a project that allows water from one place to another, you cannot allow the project, you can limit it, et cetera, you don't have to approve it, but to, to kind of outlaw it from the beginning and not even be opening to the concept that could really cause us some problems later.

VICE-CHAIR PONTANILLA: Thank you. Thank you for your comments. Thank you, Chairman.

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CHAIR VICTORINO: Mr...thank you, Committee, and, and, Mr. Taylor and the Department, I want to thank you guys very, very much. This was very enlightening. I believe you bring a new idea and an idea that's been around a long time is the fact that it really comes down to, like you said many times, the fiscal policy that is set forth by this Council, by this Committee, and the willingness of the people of Maui County to pay for that fiscal change. And until we realize and, and are willing to embrace that...and the other thing you mentioned is there's no free lunch, and then the free lunch even in, in what we have now from the Feds and the State is going to dry up even faster. Mr. Pontanilla and I, we just returned from DC along with Mr. Hokama and that was the universal message we got from our Federal people is money is going to start drying up for many areas. And so with that in mind, we're going to have to become more self-sustaining and more, you know, contained in our cost factors. So, Mr. Taylor, I wish you luck. I know you're going to bring it to us and then we're going to have long discussions on these matters. So at this point in time, I will call for a recess. I'll call for a recess to 10:50, to allow all of you to make your calls and, and do all the necessary things you need. This Water Resources Committee is now in recess. . . .(gavel) . . .

RECESS: 10:32 a.m.
RECONVENE: 10:57 a.m.

CHAIR VICTORINO: . . .(gavel) . . . The Water Resources Committee meeting of March 15, 2011 will reconvene. Before I go onto item WR-2, I'd like to, with your indulgence, defer WR-6(1)...I would like to defer the matter with no objections from the Committee.

COUNCIL MEMBERS: No objections.

ACTION: DEFER pending further discussion.

ITEM NO. 2: DEPARTMENT OF WATER SUPPLY RULES AND REGULATIONS PERTAINING TO THE WATER SYSTEM DEVELOPMENT FEES (C.C. No. 11-44)

CHAIR VICTORINO: Thank you. Okay, moving right along. WR-2, Department of Water Supply Rules and Regulations Pertaining to Water System Development Fees. The Committee is in receipt of the following: one, the County Communication No. 11-44 from Councilmember Michael P. Victorino, referring this matter to the Department of Water Supply rules and regulations pertaining to the Water System Development Fund; two, correspondence dated March 8, 2011 from Corporation Counsel transmitting a bill drafted, a Bill for an Ordinance

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Amending Title 14, Maui County Code, Relating to Water System Development Fees. The purpose of the draft bill is to authorize the Department of Water Supply to collect fees in order to offset costs associated with necessary water system improvements and to establish appropriate accounting mechanisms. You all have and what I would like all of you to do is turn to the letter dated March 14, 2011, from Mr. Kushi and to myself, and this is the draft bill that we'll be working off of. Okay. So again the letter dated March 14, 2011. Okay. We also in receipt from the Department and you've got all that in your possession the same changes, but what the Department did is there were areas of concerns which are highlighted in red so it'll be easy to follow. So the corresponding ordinance is on that March 14, 2011 is the same thing as the Department, but the Department added their concerns. So at this time I will ask the Director to give a quick overview, and at that point in time, we can ask Mr. Kushi to continue the discussion. Go ahead, Mr. Taylor.

MR. TAYLOR: Thank you, Mr. Chair. Chairman Victorino took all of my statements I was gonna say and he already said them, so I don't really have anything to add. You have our comments in front of you. And with me I have Myles Fujinaka, one of our senior engineers, who has a lot more experience with this ordinance than I do, to answer any technical questions. Thank you.

CHAIR VICTORINO: Thank you, Mr. Fujinaka, for being here. At this time I will ask, Mr. Kushi, would you like to address the various concerns brought up by the Department, and then, Mr. Fujinaka, if you have anything else you'd like to add, you may at that point in time or you can ask for clarification. So if you don't mind, Members, I'll ask Mr. Kushi to go through the bill itself.

MR. KUSHI: Yes, Mr. Chair...first of all, maybe some background. Usually when a bill is before you to codify the rules, my office and the Department of Water Supply usually get together and get their act straightened out. In this case, because of the urgency of the request and the various time limits we did not get a chance to meet and confer before the bill was submitted to **you** for today's agenda. So that's why, I guess, the Department chose to make some comments in red. Hopefully this will not happen in the future. But in any event, I am prepared to respond to the comments from the Department.

CHAIR VICTORINO: Mr. Kushi, before you do that, let me, let me address the concern or what has occurred and I'll put fault on myself, because this was one of the very few items left on the codification of rules. So I asked Mr. Kushi to expedite this, and so he worked very diligently to get all the changes that we had discussed in the prior Council put in this. But unfortunately we didn't have time to go to the Department, and I assure you that in the future I will try to avoid that in every way possible, because it makes it for a very confusing moment in time. But again this is where we're at and we can get all these questions answered and then we can move from there. So, Mr. Kushi, if you'd like to begin, thank you very much.

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MR. KUSHI: Okay. As you say, Mr. Chair, the first draft that was submitted to your office was dated sometime in March 4th. Subsequent to that, we met with your staff and then we did some revisions. And the one you have--we'll work on today--is dated with the transmittal of March 14th which is yesterday. The Department has submitted something to this office today, to your body today, and I think the changes or comments they have are noted in red. If all of you have a copy of that, we can begin by there. Let me just address the changes in red first. And again, you know, because the Department and my office did not get together, if I say my stuff and the Department wants to respond, please, you know, ask them. Okay. The first one, first red comment is Page 2 referencing a definition of accessory dwelling. Again, again the Department is working off the draft of March 4th. If you note the draft of March 14th that was taken care of, so it's not applicable. Those comments, that line in red has been deleted. Moving on to Page 4, Subsection 050(F) as in Frank, I believe the draft that you have before you of March 14th, that was deleted. And the reason for the deletion in my office's draft was that it would delete the offset for any, any meter removed. Again, it may be a policy call on, on the Department and this body, but right now if a meter is removed and reinstated, let's say, they would pay half of the meter fee. So really the penalty is only half. We see no reason for the offset. If it was removed, it's removed. You want to reinstate, you pay the fee again, unless they're exempted pursuant to another section. Again that may be a policy call on your part. Next page, Page 5 under Exemptions, Exemption A, regarding accessory dwellings. Right now it reads that if you have an accessory dwelling like an extension to your house or I guess in a case this could be a cottage, you pay one half of the meter fee. If you subsequently subdivide then you pay the other half. The Department suggests that this exemption should be deleted. That being the case, an accessory dwelling or addition to your house or a cottage on your property that is served by a...let's a 5/8-inch meter that does not need additional water service, you would still have to get another meter, if I read that correctly, instead of paying half as it is right now. In any event, if you, if you, if you suggest...if you consider the suggestion of deletion for accessory dwellings, I believe the next Subsection B as in boy would take care of it. That section reads that any...a building permit for any structure that does not need water service or additional water service, service shall be exempted from the whole fee entirely. Now that's a determination to be made by the Department based on fixture counts, et cetera. So again, you know, it's sort of like a Catch 22, one section of the rule reads pay one-half, the one other says if you don't need water service you don't pay at all. Next page, Page 6 regarding credits, Subsection 110, the first red comment, should this last sentence be Subsection B? I don't care, suggest just leave it as is. About the Subsection, Subsection C regarding governmental agencies, was this deletion intentional? My answer is yes. Yeah, by deleting government, government agencies you would take out the geographical location limitation for government agencies; therefore, the government agency who has a credit would be more flexible. For instance, if in the future we, we do a

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agreement with the State or OHA or any other government agencies to do a source development, they would be entitled to credits and they would be entitled to credits regardless of the location. Whereas private developers will be limited to the improvements they did on, on a certain premises. So the deletion was indeed intentional. On the bottom of the page regarding deletion of credits under prior rules, prior agreements, the deletion again was intentional, because if they had a prior...if somebody had a prior agreement and a prior credit recorded, they're vested. This, this ordinance only moves forward, it doesn't affect their prior credits...unless you want it to. Lastly under Unauthorized Service Subsection 120, again the deletion was indeed intentional. This is regarding you have a meter identified to Lot A, we...the Department finds out it serves Lot A **and** Lot B, we will, we will remove that meter. This...that kind of situation is already taken care of in previous Section 14.10.010 in a previous chapter, so it's redundant at best, and, Mr. Chair, those are my comments.

CHAIR VICTORINO: Thank you, Mr. Kushi. Myles, would you...do you have anything that you have concerns on, you know, after he went through and gave you the rationale of why certain things were taken out or put in?

MR. FUJINAKA: As far as the accessory dwellings...

CHAIR VICTORINO: Will you go to the page and so that everybody knows --

MR. FUJINAKA: Okay.

CHAIR VICTORINO: --where to follow you, please.

MR. FUJINAKA: Page 5, Section 14.07.080 under accessory dwellings, that Item B does exempt them from the fee if they don't need to upgrade to a larger meter or a second meter. The exemption for the half fee for the accessory dwelling is only if they request or are required to get a second meter. There's nothing forcing them to get that second meter if their calculations show that the existing meter can handle the existing and the accessory dwelling. And to Page 6 on the application of credits, 14.07.110(C), if I heard you correctly, sounded like you wanted to give government agencies the flexibility to use the credits elsewhere?

CHAIR VICTORINO: Mr. Kushi?

MR. KUSHI: Mr. Chair, yes.

MR. FUJINAKA: Yes. So that exemption in that section did...is what gave them that flexibility, so it sounds like when you delete that exemption, you're taking away that flexibility.

CHAIR VICTORINO: Okay. Anything else, Myles?

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MR. FUJINAKA: That's all.

CHAIR VICTORINO: Just those two, okay. And then and it's good because we can focus on two and not go all over the place. Let's go back to the first one, Mr. Kushi, that he brought up. That was on Page 5, yeah. So what you're saying by what is there now, Mr...Myles, you're saying that this would...by having it there, it would exempt them from that or would not exempt them from it?

MR. FUJINAKA: Uh...

CHAIR VICTORINO: You need to speak into the mic 'cause we record this, please.

MR. FUJINAKA: Yeah. No, I was suggesting that the exemption be deleted. If I understood, he was saying that it took away the exemption, B, but that was not the intention. They could, they would still have that exemption if they did not have to...or have to apply for that second water meter.

CHAIR VICTORINO: Okay. Mr. Kushi?

MR. KUSHI: Mr. Chair, okay.

CHAIR VICTORINO: Yeah.

MR. KUSHI: This is why it's, it's, it's hard, but, but let me try and restart, and I'm not going to go into a --

CHAIR VICTORINO: Yeah.

MR. KUSHI: --shooting contest with the Department --

CHAIR VICTORINO: Right, right, right.

MR. KUSHI: --at this point. But again if, if the Department is saying they apply it in this situation, if somebody comes in for a cottage or accessory dwelling or whatever it is and they, they are requiring a second meter because the existing meter cannot serve both structures. Then if they're saying they're going to charge them the...half the meter fee, one existing meter is there, second meter at half price, if that's what they're doing, fine. Okay. Then if they subdivide subsequently then they'll pay the other half price. That being the case, Subsection B as in boy is not applicable, 'cause they already made the determination that the accessory dwelling needs another meter. Is that right?

UNIDENTIFIED SPEAKER: ...*(inaudible)*...

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MR. KUSHI: Okay. If that's the case, leave it alone. That's my, my suggestion.

CHAIR VICTORINO: Okay.

MR. FUJINAKA: Yeah.

MR. TAYLOR: Yeah, Mr. Chair, the, the Department concurs with, with Mr. Kushi's recommendation. We're okay with that.

CHAIR VICTORINO: Okay. Thank you. And let's go to the last one which was the deletion that exempts for governmental agencies that...so, Mr. Kushi, what Myles is saying is basically, you know, if we delete it then we don't have it there. But you said it in another way that by not having it, it is there. So, you know, I guess...was that what I just said? I just said that didn't I. It's not there, it's there, it's there, it's not there, okay. I am glad I'm not an attorney. I'd be having a hard time at this point. Okay. Mr. Kushi?

MR. KUSHI: Give me, give me a couple seconds on this one, okay. You know...

CHAIR VICTORINO: That was page, yeah, Page 6, yeah.

MR. KUSHI: Okay. This is Subsection 110, correct?

CHAIR VICTORINO: Yes.

MR. KUSHI: You know I believe Mr. Fujinaka might be correct.

CHAIR VICTORINO: Hey, hey.

MR. KUSHI: I must have been in some kind of fog when I made the comment.

CHAIR VICTORINO: No, that's okay, that's okay.

MR. KUSHI: But again it's, it's up to this body whether or not you want to keep it in or keep it out. What the gist of it is, if you put it in and, and, and the, the current...the old wording reads as such.

CHAIR VICTORINO: Okay.

MR. KUSHI: Let me, let's, let's start from there. Subsection C starts out credits shall be applicable, et cetera, et cetera, meaning only to a specific premises. After the period, after the last words "prior agreement." it continues on to say the forgoing shall not apply to government agencies. Okay. If you leave it alone how it was that would then confirm that government agencies can apply credits wherever they want. If you take it out, as I had suggested rightfully or wrongfully, then the

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government agencies can only apply the credit to their system source or storage area premises.

CHAIR VICTORINO: So you're saying...you're, you're agreement, Mr...that we put back the wording as you just stated?

MR. KUSHI: Well, I agree with what he says.

CHAIR VICTORINO: Okay.

MR. KUSHI: It's up to you to agree.

CHAIR VICTORINO: Okay. I have no problem with that. If it makes it cleaner I would prefer that.

COUNCILMEMBER HOKAMA: Chairman?

CHAIR VICTORINO: Yes?

COUNCILMEMBER HOKAMA: So can we get an example of how this might potentially work in what type of situation from the Department?

CHAIR VICTORINO: Myles?

COUNCILMEMBER HOKAMA: So we have an understanding of what the, the Department as well as Mr. Kushi is sharing with the Committee, please.

MR. FUJINAKA: Like for example, if one of the State agencies was to construct a well serving say Central Maui, having them exempt from this provision will give them credits anywhere.

COUNCILMEMBER HOKAMA: Anywhere within the County of Maui?

MR. FUJINAKA: Yes.

COUNCILMEMBER HOKAMA: So they could spend the so-called credit on Molokai?

MR. FUJINAKA: Yes.

MR. KUSHI: For, for our system.

CHAIR VICTORINO: Again our system, not private system, public.

COUNCILMEMBER HOKAMA: It has to be to the County system?

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CHAIR VICTORINO: That's correct.

COUNCILMEMBER HOKAMA: So the State... 'cause the State has a system on Molokai --

CHAIR VICTORINO: Right.

COUNCILMEMBER HOKAMA: --so could the State apply the credit to their own system?

CHAIR VICTORINO: And that, that is you're talking Hawaiian Homes, Hawaiian Homestead?

COUNCILMEMBER HOKAMA: Well we, we all know that Molokai has various systems, Hawaiian Homes has a water system.

CHAIR VICTORINO: Right.

COUNCILMEMBER HOKAMA: The County has its own system. I think Dole --

CHAIR VICTORINO: Ranch . . . *(inaudible)* . . . yeah.

COUNCILMEMBER HOKAMA: --Kaluakoi or Molokai Ranch has its system --

CHAIR VICTORINO: Yeah, okay.

COUNCILMEMBER HOKAMA: --so when you say governmental agencies, the State can apply to them only their system? It has to be the Maui County system?

MR. FUJINAKA: Yes.

CHAIR VICTORINO: Myles?

MR. FUJINAKA: Yes. So when, when we give the State's credits, they can use it on any County of Maui, Department of Water Supply system.

COUNCILMEMBER HOKAMA: Which is to, in your estimation, to the County's benefit, not necessarily to the State's benefit then? So why wouldn't we just, why would we just, why would we give them the credit then if it only can be spent and used on our system? Why doesn't it stay with us?

MR. FUJINAKA: I don't understand what you're trying to say.

COUNCILMEMBER HOKAMA: Well that's okay. I understand what I'm trying to do, Chair.

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CHAIR VICTORINO: Yeah.

...*(Laughter)*...

CHAIR VICTORINO: Okay. I guess, okay.

MR. KUSHI: Maybe, maybe I can clarify.

CHAIR VICTORINO: Yeah, please, Mr. Kushi.

MR. KUSHI: In the unlikely event we get into a deal with the State or ...*(knocks on wood)*. . . whoever, like in a private situation, developer, be it State or individual turnkeys a project and gives it to us. In exchange, we either pay 'em for our share or...and they, they, they keep some source or we either pay them for our share or we give 'em credits. Or if they don't...and I mean that's the general scenario. This section applies, it says a private developer, he can only use those credits for that system where he constructed, whereas if we exempt the State, it's how, how it now reads, they can use that credits for, for another project as long as it's on our system. Okay. And, and it may be a County nightmare, but again that's the flexibility that, that the makers of this rule originally intended.

COUNCILMEMBER HOKAMA: Thank you, Mr. Kushi.

CHAIR VICTORINO: Okay. Mr. White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. What is the rationale for not allowing a private entity that provides a well the ability to use that credit in another part of the system? If we're allowing government agencies to do that, why would we not allow private companies to do that?

MR. KUSHI: Several reasons, one, the, the credit should be within a system that they built, that they served. I mean it's basically, you know, you know, reserve a piece of the pie, you eat only this pie, not, not some other. The main reason--I mean maybe it was unintended consequences, but it's a good one--is that, let's say, a developer does a system here in Wailuku and if we don't restrict him to credits in Wailuku he could use it Upcountry and we have a problem with our system up there. Okay.

COUNCILMEMBER WHITE: Okay. Thank you, Mr. Chair.

CHAIR VICTORINO: Okay. Mr. Pontanilla?

VICE-CHAIR PONTANILLA: Thank you. Is there a value for this credit? And what is it?

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MR. FUJINAKA: Value?

VICE-CHAIR PONTANILLA: Yeah. Or how does a credit work?

MR. FUJINAKA: Okay. It's different for storage, transmission, and source. With transmission there is dollar value. Well, they all have dollar value when you apply it to the meter application, but it's applied differently. So like for transmission credits, it's a dollar-for-dollar credit for what it costs to build the transmission line, so those dollars are what's subtracted from the transmission portion of the water system development fee when they apply for the meter. Whereas for storage and source, it would be in gallons, so you would figure for how many gallons a certain meter would require, like for a single-family residential meter for a 5/8-inch meter with...deduct 1,000 gallons and from their gallons of credit, and so for each 5/8-inch meter that would result in currently \$1,140 in credits. I don't know if you understood that, but...

VICE-CHAIR PONTANILLA: No. So, so if we can, if we only can utilize to the County system, then those people that hook up from the County system has a, has an advantage in, in hooking up to their source?

MR. FUJINAKA: Okay. Generally the, the purpose of them making these improvements which result in them getting these credits is because they're hooking up to the County system, and these improvements are required for this system to be able to serve them. So it wouldn't make any sense that they're making improvements to the County system to serve this area and then try to get a water meter someplace else.

VICE-CHAIR PONTANILLA: Yeah. Okay. Still confused, but...

CHAIR VICTORINO: You...okay. Mr. Kushi?

MR. KUSHI: Yeah, Mr. Chair. Member Pontanilla, maybe expanding on your, your question. The credits are based on the meter fee. You know, in your Committee, you, you annually approve a meter fee. So let's say for a 5/8 inch meter, right now the cost is \$6,030. That meter fee in your budget is broken up into three components: source, transmission, storage. So source is \$2,040, transmission is 2,850, and storage is 1,140. So you add all those up, it comes up to one meter fee, so the person who has the credits when they apply for the meter then we can calculate their, their credits. So if they only built a storage tank they would get credit for the storage portion of that fee.

VICE-CHAIR PONTANILLA: Thank you.

CHAIR VICTORINO: Okay. Other questions?

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COUNCILMEMBER WHITE: On this particular section or any other questions on . . .*(inaudible)*. . .

CHAIR VICTORINO: Any other questions.

COUNCILMEMBER WHITE: Okay.

CHAIR VICTORINO: Go ahead.

COUNCILMEMBER WHITE: Oh, thank you. Hey, easy, boy.

CHAIR VICTORINO: Go ahead.

COUNCILMEMBER WHITE: Director, the question I have is when we're talking about the accessory buildings, the, the example of the Upcountry water meter waiting list comes up, because I know that there are certain subdivisions in Kula where ohana units are allowed and are built. How have those ohana units been handled? I'm assuming that if--from, from what was explained earlier--that if a service can be provided with the existing meter then the, there is no cost and there, there's no prohibition on them building a unit and using the water. Is, is that correct?

MR. FUJINAKA: Okay. I don't handle anything Upcountry, but my understanding is that if they apply for a meter...a building permit for an accessory dwelling, it has to be able to be served by the existing meter. In that case, calculations would be done to ensure that the existing meter can handle both the existing main dwelling and the accessory dwelling.

COUNCILMEMBER WHITE: Okay. Yeah, that was my understanding, but my, my question with that is that if we're holding off approving additional meters Upcountry but at the same time allowing additional water to be used as long as it can go through a 5/8-inch meter, then what service are we providing to those people that are on the waiting list? I, I just have, I have a little bit of a difficulty understanding how we justify providing added water resources to existing owners of subdivision lots when their neighbors in some cases can't get a meter. And I've been asked that question as I'm sure others have been asked, and I don't have a logical answer to say well, you can't get a meter, because nobody else can use any more water when in, in fact there are a bunch of people that are building ohana units using additional water, and that's eliminating the water resource for people that are on the waiting list.

MR. FUJINAKA: The rationale is that they paid for and obtained that existing water meter, and they have the rights to use that water meter to its capacity.

COUNCILMEMBER WHITE: Okay.

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MR. TAYLOR: I think if you go back --

COUNCILMEMBER WHITE: I'm done.

MR. TAYLOR: --to the original ordinance, I think it was a 1993 ordinance that says there will be no more meters given Upcountry. I think that took into account the fact that whoever, you know, the Council that passed that ordinance sort of knew that you've got all these meters out there, some are being fully utilized, some are not being fully utilized, and they took that into account. I, I don't recall ever reading in the ordinance saying not one more drop of water can be used Upcountry. It said we can't give any more meters because there's not enough water to support more meters. It didn't say people who have meters can't use them, you know, to, to the extent allowed. So I think it's, I think it's really in that, that law didn't declare a moratorium Upcountry. It didn't say you can't expand your house and use more fixture units. It said there's no more meters and that's, that's how we're going to kind of save water. It didn't say we're not going to allow building permits.

COUNCILMEMBER WHITE: No, I understand the expansion of houses, but I guess my concern is if you're adding another living unit, you're getting, you're getting water and your neighbors can't. So I'm not sure there's an answer to the question. But...I don't have any other questions at this point. Thank you.

CHAIR VICTORINO: Okay. Others, questions --

VICE-CHAIR PONTANILLA: Chairman?

CHAIR VICTORINO: --for the Department? Yes, Mr. Pontanilla?

VICE-CHAIR PONTANILLA: So just to clarify, so if the 5/8-inch pipe can serve both a main dwelling and a future ohana unit, that's the only concern that the Department have, and if it, it cannot, the 5/8 inch cannot not provide enough water to serve that ohana dwelling then that application is rejected?

MR. FUJINAKA: Yes.

VICE-CHAIR PONTANILLA: Okay.

CHAIR VICTORINO: Mr. White, then Mr. Hokama.

COUNCILMEMBER WHITE: Oh, go ahead.

COUNCILMEMBER HOKAMA: Thank you. Chairman, if I may?

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CHAIR VICTORINO: Go ahead.

COUNCILMEMBER HOKAMA: Thank you. I'm trying, I'm gonna kind of reverse. Let's say I have two adjacent lots, both has its...a unit, a dwelling unit and both has its water meter. I choose to consolidate the both lots into one, and let's say one meter can take care now on one lot the two structures. Does the County take away that second meter I had prior to the consolidation of the lot? Or is that meter available for me to use on another unimproved lot in the future?

MR. FUJINAKA: So you have two adjacent lots...

COUNCILMEMBER HOKAMA: Yeah. There's two houses.

MR. FUJINAKA: And two houses.

COUNCILMEMBER HOKAMA: Each lot has its own meter because it's two separate lots. I consolidate the two lots.

MR. FUJINAKA: Yes.

COUNCILMEMBER HOKAMA: Yeah. And I know one meter can take care the two houses that's, let's say it's within close proximity.

MR. FUJINAKA: And the, the meter is...one meter is large enough to handle both houses?

COUNCILMEMBER HOKAMA: Right. What happens to that second meter? Does the County request it back? Does it buy it back? Does it say I need to give it up? Can I use it for another lot I own that does not have a meter yet?

MR. FUJINAKA: You cannot move it to another lot but you can keep the meter.

COUNCILMEMBER HOKAMA: Even if I don't use it?

MR. FUJINAKA: Yes.

COUNCILMEMBER HOKAMA: Okay. And even if there is no service being provided through that meter, I still get to keep the meter?

MR. FUJINAKA: Even if you're not using it, yes, but you're going to be paying the monthly service fees.

COUNCILMEMBER HOKAMA: No, no, yeah, I understand you have to still pay the appropriate minimum requirements. Hm. Good one. Thank you, Chairman.

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CHAIR VICTORINO: Mr. White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. It, it appears, Director, that the, the structure that we're creating here is funding all system expansions through new meters. Is there any part of the cost of expansion that is being built into increased fees so that part of that cost is, is being borne by the existing users or is, are all the costs being placed on new users only?

MR. TAYLOR: This ordinance simply sets up the rules for meter fees. Whether or not the Council chooses to approve a CIP project...let's say there's a, there's a well we're going to build or buy, and the Council says we're going to use some money from meter fees, some money from water rates, and some money from General Fund. This ordinance doesn't say you can't pay for something that way. This just says how we're going to collect, how we're going to collect the revenue. It doesn't limit you from using other sources of revenue for Capital Improvement Projects in the budget.

COUNCILMEMBER WHITE: Okay. Okay, I understand that. So it still...but at this point, are the, the existing...is the existing fee structure covering any of the expansion costs of the system?

MR. TAYLOR: I think the question is whether or not the existing fee structure will cover future expansion fees or future, future expansion costs, and that's something we don't really know until we see what those future expansion costs are.

COUNCILMEMBER WHITE: Okay. So you're not, you're not eliminating that, that potential?

MR. TAYLOR: That's correct.

COUNCILMEMBER WHITE: Okay. Thank you, Chair.

CHAIR VICTORINO: Other questions? Yes, Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Just trying to mull over this Subsection 110 again, Application of credit. Just, you know, hearing Mr. Kushi and Mr. Fujinaka's take on it, just trying to figure out what's in the best interest of our County. I mean is there one that favors--you know what I mean--gives us the, the more benefit of going one way or the other way with this in, in deletion of the governmental agencies or not? I'm just kind of still not that clear. I don't know who can answer that.

CHAIR VICTORINO: Who would like to answer that question, Mr. Fujinaka or Mr. Taylor? I think it's going to be Mr. Taylor.

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COUNCILMEMBER COCHRAN: Okay. Thanks.

MR. TAYLOR: I think it depends on what you think best interest of the County means. If somebody moves or if...let's say we gave no credits. That would be in the best interest of the County though there's probably not going to be any takers on the other side. I mean people want credits. That's why they're doing these things. So you can see some extreme cases where somebody...everybody develops in Wailuku and wants their credits in, in Lahaina, and we don't have enough water in Lahaina. So I think from our stance, it's, it's easier for us to balance everything if people only can use their credits in their area 'cause that's where the water is. As, as Mr. Kushi said earlier, it's not a different piece of the pie, it's a piece of the pie you paid for. Whether or not that's fair to applicants, you know, I think that's one of the policy questions in, in front of you. That, and Mr. Kushi may wish to add to that. He does not wish to add to that.

COUNCILMEMBER COCHRAN: So, yeah, I'm getting it a little clearer and I agree that I think the source, you know, the, I guess credits should stay within that designated area. So the red, is that what we're...so we want to put back the governmental agencies? Is that, that's what the Department is saying, right, at this point? It was deleted out and you folks want to put it back?

MR. KUSHI: Right. Again the discussion is whether we put it, whether we put it back...this body puts it back.

COUNCILMEMBER COCHRAN: Right. Okay. ...*(inaudible)*...

MR. KUSHI: Again maybe for the Committee's information, you know, whether we give credits or not, whether an applicant, be it a private or, or, or a government agency has credits or not, there are other rules and regulations that would, in my mind, supersede the application of the credits. And one rule is the Upcountry water meter list. So they would get on the list and when their number comes up, you know, then we can apply the credits. Provided let's say if the...but in the event the Department does a deal subject to the Council approval for a private/public water source in the Upcountry area and the developer requests immediate source from that...water from that source, and if this body says okay, fine and well. But it's subject to your approval, of course.

COUNCILMEMBER COCHRAN: Okay. Thank you.

CHAIR VICTORINO: Okay. Any other questions?

COUNCILMEMBER COCHRAN: Yeah, I have a follow-up in regards to Subsection 090. There's no dispute here but if...can I just get a clarification on something in that particular Subsection B? Applicant not ready for water service,

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and there seems to be a duration of any such reservation shall not exceed two years plus two six-month extensions, and then it goes on to explain. How do...I guess and it can be continued...the extensions can keep continuing from the Director's call, I guess?

CHAIR VICTORINO: Mr. Kushi?

COUNCILMEMBER COCHRAN: And how does...I'm just trying to figure out if someone's not ready for it, they're applying, and then year after year they're still not ready but yet we're extending their reservation I suppose on this meter. How does that...I don't quite get that part.

CHAIR VICTORINO: Mr. Kushi?

MR. KUSHI: Yeah. Member Cochran and Members, this is the infamous reservation rule. Basically it says, you know, if, if the Department has source available and the application...the applicant is, let's say, in the early stages of development and he wants assurance of service in the future and he's going on with his, with his project, the board at that time felt that two years plus another year of extension was reasonable. And if you can't hook up by that end of the time you forfeit your fee. And you, by waiting three years, you may be depriving others who are ready to hook up, so that's, that's basis of the rule. Now again, because of...you know, this rule was made in I believe in 2002, because the State designated--meaning the Iao Aquifer--the groundwater anyway, at that point in time the Department administratively ceased issuing reservations because of the limitation on the groundwater source. So in essence, this rule is not in effect, because the Department in its own judgment does not...cannot estimate capacity two years down the road, but that's the whole intent of this rule.

COUNCILMEMBER COCHRAN: Thank you, Mr. Kushi. Thank you, Chair.

CHAIR VICTORINO: Okay. Other questions for the Department or Mr. Kushi? Well seeing none, I mean I'm glad everybody covered all what they wanted to cover. So at this point, I will make my recommendations.

COUNCILMEMBER BAISA: Recommendation.

CHAIR VICTORINO: Okay. Thank you.

COUNCILMEMBER COCHRAN: Recommendation.

CHAIR VICTORINO: Okay. Let's take a quick, quick break and subject to the call of the Chair, so don't leave your chairs 'cause I want to try to get this done real quick. ...*(gavel)*...

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RECESS: 11:40 a.m.
RECONVENE: 11:41 a.m.

CHAIR VICTORINO: . . .*(gavel)*. . . The Water Resources Committee meeting will reconvene. With no objections, the Chair will defer this matter 'till after our budget session is over. It seems there's a lot of confusion and a lot of people that don't understand. And I would hope that by the time you guys come back, you'll have suggestions, ideas. So with no objections, I'm going to defer this matter.

COUNCIL MEMBERS: No objections.

CHAIR VICTORINO: Thank you. This meeting of the Water Resources Committee March 15, 2011 is now adjourned. . . .*(gavel)*. . .

ACTION: DEFER pending further discussion.

ADJOURN: 11:42 a.m.

APPROVED:



MICHAEL P. VICTORINO, Chair
Water Resources Committee

wr:min:110315:ds

Transcribed by: Daniel Schoenbeck

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CERTIFICATE

I, Daniel Schoenbeck, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 30th day of March, 2011, in Pukalani, Hawaii



Daniel Schoenbeck