

WATER RESOURCES COMMITTEE

Council of the County of Maui

MINUTES

August 16, 2011

Council Chamber, 8th floor

CONVENE: 9:04 a.m.

PRESENT: VOTING MEMBERS:

Councilmember Michael P. Victorino, Chair
Councilmember Joseph Pontanilla, Vice-Chair (out 9:57 a.m., in 10:33 a.m.,
out 10:45 a.m., in 10:48 a.m.)
Councilmember Gladys C. Baisa
Councilmember Robert Carroll (out 9:23 a.m., in 9:37a.m.)
Councilmember Elle Cochran
Councilmember G. Riki Hokama (out 9:37 a.m.)
Councilmember Mike B. White (out 9:57 a.m., in 10:26 a.m.)

NON-VOTING MEMBERS:

Councilmember Donald G. Couch, Jr. (out 10:36 a.m.)

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

ADMIN.: Dave Taylor, Director, Department of Water Supply
Edward S. Kushi, Jr., First Deputy Corporation Counsel, Department of the Corporation
Counsel

Seated in the audience:

Paul Meyer, Deputy Director, Department of Water Supply
Paul Seitz, Chief, Water Treatment Plant Operations Division, Department of Water
Supply

OTHERS: **Item 6(3):** Rosemary S. Robbins
Alice Lee, Hui O Na Wai
Zack Franks
Lucienne de Naie
Others (20)

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

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

CHAIR VICTORINO: . . .(*gavel*). . . Good morning. The Water Resources Committee meeting of August 16, 2011 will come to order. We have quorum present this morning and let me start by introducing the Members, first the voting Members. We have our Vice-Chair and the Vice-Chair of the Council, Mr. Joseph Pontanilla.

VICE-CHAIR PONTANILLA: Good morning.

CHAIR VICTORINO: Good morning. We have the young lady, the beautiful young lady from Upcountry, Mrs....Miss Gladys Baisa.

COUNCILMEMBER BAISA: Thank you, Chair. Good morning.

CHAIR VICTORINO: Good morning. Our East Maui representative, Mr. Robert Carroll.

COUNCILMEMBER CARROLL: Good morning.

CHAIR VICTORINO: Good morning, sir. Our beautiful young lady from West side, the West side of Maui, Ms. Elle Cochran.

COUNCILMEMBER COCHRAN: Aloha. Good morning, Chair.

CHAIR VICTORINO: Good morning. And our representative from the island of Lanai, Riki Hokama.

COUNCILMEMBER HOKAMA: . . .(*Inaudible*). . .

CHAIR VICTORINO: Good morning and thank you for being here. And also our, our Paia-Haiku-Makawao representative, Mr. Michael White.

COUNCILMEMBER WHITE: Good morning, Chair.

CHAIR VICTORINO: We also are, are honored to have a non-voting Member here, our South Maui representative, Mr. Don Couch.

COUNCILMEMBER COUCH: Good morning, Chair.

CHAIR VICTORINO: Good morning. Also from the Administration, Deputy...Corporation Counsel, Mr. Edward Kushi.

MR. KUSHI: Good morning.

CHAIR VICTORINO: Representing the Administration, of course, is our fearless leader, Mr. Dave Taylor.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

MR. TAYLOR: Good morning, Chair.

CHAIR VICTORINO: Director of the Water Supply. And our Committee Staff...Michael Geers, our...Legislative Analyst and Yvette Bouthillier, our Committee Secretary. Thank you, everyone, for being here. This morning we have just one item and the item is labeled under WR-6 and it is Committee's Priorities and Procedures, a presentation by County Administrative Agencies which is the Department of Water Supply. And Mr. Taylor is going to be giving us an overview of all the hard work the Department has been doing over the last eight months, getting a plan of action for not only the Upcountry but an entire County system. This plan basically is conceptual, it hasn't been finalized. But it is for the information of both you, the Council members on this Committee, the people of Maui County, and *all* the interested parties. I haven't seen this many people in this Chamber in a long time. So must be water is important, right? And I wanna welcome all of them that are here today. Thank you for being here. And I think this is gonna be very, very important and I would like to say this. First of all, I would...I would want Mr. Taylor to have the opportunity to give his presentation. We're gonna be handing out a handout in a few moments. After that is done, I will then entertain questions. And the questions will be germane to the presentation and we'll try to limit it to understanding that this is a presentation. This is not in stone. This is not a finalized plan. But this will give you a great opportunity to understand where we want to go, how we're gonna get there, what it's gonna cost, et cetera. Mr. Taylor and I and others have met many times on this and I'm excited that this is being brought forward. And I wanna thank Mr. Taylor and all of the staff members that are here and the other staff members who are not here for their hard work and diligent concentration in getting this presentation ready. But before we start with that, I have public testimony. Now I would like to ask, I have just one testifier. And I would like the testifier...if there's anybody else that would like to testify, please if you would sign up at the back table. Seeing none, seeing nobody run back there, I would like to ask this one testifier, would you like us to go over the presentation first and then I will allow you to give your testimony? Or would you like to do that before?

MS. ROBBINS: ...*(Inaudible)*...

CHAIR VICTORINO: Would you mind waiting till after the presentation? Okay, why don't we do that. That way, your, your, your presentation may be more germane to the presentation itself. At this point I'm gonna take a quick three-minute recess so that we can lower the screen and start the presentation itself. This Committee will now stand in recess. ...*(gavel)*..

RECESS: 9:08 a.m.
RECONVENE: 9:11 a.m.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

CHAIR VICTORINO: ...(*gavel*)... The Water Resources Committee meeting of August 16 will reconvene. At this time I'd like to present Mr. David Taylor, the Director of the...Department of Water Supply and he will be giving his presentation. And, again, we'll hold questions 'til after the presentation is completed and as well as his seated presentation. So, Mr. Taylor, will you proceed.

MR. TAYLOR: Thank you, Chairman Victorino. We appreciate the opportunity today to go through some of the work we've been doing and some of the answers we've come up with.

Ever since my confirmation back in January, we've been talking about a number of studies and tasks we would have to do internally within the Department of Water Supply to better quantify the needs of our water infrastructure and to quantify what it's going to take to solve some of our problems. Though none of these studies are completely finished, I'll call them all about 95 percent finished, and they're complete enough that we can see what the results are gonna be and to give you some look at, at where this whole thing is going.

The reason the Council members only have one sheet, it's because everything in this presentation is still in the work in progress stage. So we didn't want to hand out the whole presentation but I think by the time you get to the end, I think you'll get the big picture of what we're talking about. So with that, we're going to end on this slide. So I just want to show it up front. These are the big policy issues that are going to have to be resolved. And the entire presentation is for the sole purpose of understanding why these are the questions and to get a sense of what the answers may have to be. Rates, fees and debt. Is there gonna be some maximum annual rate increase that the public is willing to accept? Are there going to be maximum meter fees that the public is willing to accept? Is there going to be a maximum annual debt allocation for the Department that the Council's willing to allocate? Should meter fees vary by location to reflect actual cost of service? Or should low-cost areas subsidize high-cost areas? And if so, how much? Should current customers subsidize new users? How much? Should we subsidize rates for competing user groups? For example, right now everyone subsidizes ag and, and Downcountry subsidizes Upcountry. Should that stay the same or change? How much? These are the key policy issues that are going to have to be answered. And the purpose of today's presentation is to understand why these are the questions and to get a sense of what's really on the ground so you understand how your answers may affect the future choices we make.

So some of our priority management initiatives are a detailed six-year CIP project schedule, a 20-year strategic business plan, source development options, and Upcountry meter list analysis. We'll be going through all these in the next 30 minutes or so.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

So first just what do we have? We have 38 groundwater sources, six surface water treatment plants, 145 storage tanks, 750 miles of pipeline. That is our current infrastructure. So you wanna kinda keep that in mind. That's the system we have. Currently our budget in Fiscal Year 2012--we don't have to deal with all the details--but if you look at CIP Cash, CIP bonds, CIP with SRF loans, CIP Restricted Cash and Debt Service which goes to pay old CIP, that's about half of our budget. So when you look at infrastructure for the future, it's *really* about our CIP budget and what it's gonna take to build these systems to provide these services people are demanding. So a lot of today's presentation is going to focus on CIP needs and CIP costs.

So first let's just take a look at what we're doing now, our six-year CIP project schedules. What we did is we took all of our existing projects, about 50 of them, and they're on two sheets here. You don't have to read all the details. And we nailed down exactly what the--I know you can't read the details--but we, we nailed down what's actually happening. These different colors represent planning phase, design phase, construction phase. And so between all of our 50 or so ongoing projects, we looked at where are they, what's their schedule for completion, who's working on them. We even have man-hour estimates about how, how many people it takes to, to do these projects. So we have a really good sense of where we are. In years, you can see here this is 2011-2012. So one thing you've noticed by doing it this way, is that due to some issues that happened years ago, *all* kinds of projects are in design, they're all coming to construction. And it's very obvious that we don't have the resources either from a staffing standpoint or a revenue, or, or expenditure and revenue standpoint to support this much construction at once. So already we're about to run into a bottleneck just with what we have. The Department's has been doing about 10 million a year in CIP. There's three permanent CIP people. If we're going to ramp that up, those resources are not going to be enough. And that's been real obvious from looking at the way we've plotted it out.

Okay, so let's get into the, the big picture, the 20-year strategic business plan. This was an enormous effort with our planning, fiscal, engineering and all of our operational staff collaborating. It took almost everyone in the Department to put this together. What we've really done, we've looked at projects, schedules, financial projections, rates and debt. We've looked at all of it together. Okay, and don't laugh when you see this next thing. You're not supposed to be able to read it, okay. This is . . .*(laughter)*. . . the 20-year strategic plan. Here's all the years for the next 20 years, 2012 all the way through to 2032. That's what each column is and these rows are basically the categories of projects we have. Each plant, each pump, each tank, categorized in, in sort of areas. So we didn't list every single tank, every single pump and every single nut and bolt but they're all represented in these categories. So here's a little blowup of that and we'll just kinda go through what this is. Again, you don't need to know the details of any

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

one item but it's important to know how we did this. So we have here is all the different categories of, of infrastructure we own. And this yellowish color...it just looks yellower on the screen than it does...on my screen than it does on the projection...these are all yellow. Yellow is things we have to do to keep this system operating. So you can see most of this is yellow. For example, these are pumps that are gonna be replaced year after year after year, different pumps, different years, so stagger them. And this is how much it costs and in what year.

So if you look at all this, it looks like lime green, those are projects that we have to do just to keep this system operational and how much we have to spend in each year to do so.

This reddish-looking color which is supposed to look orange on, on the computer, that's an ongoing program to upgrade, upgrade lines for fire flow. You can do it all right away. You can do it all later. You can never do it. So it's an option.

Blue are efficiency and reliability upgrades, things we'd like to do but we don't necessarily have to. You can move them forward. You can move them back. You can never do them. It's a difference of levels of service. But you don't *have to* do them on any strict time frame.

And also on here in this darker green, these are source development options to support new growth. Again you can move it up, you can move it back. You can never do it. It doesn't affect existing service but it affects new service.

So yellow is most of it and you have these other options. So when you, when you lay all this out for the entire system, for the entire Department of all the infrastructure and you add it up it looks like this. So this is a summary of everything. And this is CIP dollars per year. And these are hard to read but this is 2012 all the way through 2032.

So this color here on the left, this is the yellow that is replacement of existing infrastructure. And, again, the blue are projects for efficiency, reliability. The red up here is to upgrade fire flow requirements. Again, you can move that up, move it back, whatever you want. And this green represents source development to support new growth out of the General Plan. I mentioned earlier that these are all works in progress. Right now these aren't balanced very well because the way we put it together has to go through another iteration but you can kinda see the order of magnitude. We're gonna need to do about \$20 million a year in CIP just to replace existing infrastructure and about another 10 million for improvements and source development. So those are the numbers I'd like you to remember from, from this effort. About \$20 million a year, year in and year out, is what it's going to take to keep our current level of service. Anything more than that would be an addition relatively about 10 million a year.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

So let's look at how we pay for these things. As you folks know, we don't really have any cash reserves. We borrow money and we, we do infrastructure and then we pay it back. That's the standard method that we've been financing things for decades. So our current debt is about \$30 million. Department of Water Supply owes about \$30 million. We've been paying...here's this lower line, is how we're planning on paying off that debt over the next 20 years. You can see we're paying it off about 5 million a year and those payments will drop as the years go by as old debt is, is paid off. If we continue what we've been doing at \$10 million a year, 2 million in cash, 8 million borrowed our debt service payments per year will go up along this pinkish-purple line. If we do 20 million a year, 2 million cash, 18 million borrowed, our debt service payments will go up along this yellow line. And if we do \$30 million a year in construction, 2 million a year cash, 28 million borrowed, our debt service payments will go up along this blue line. As you remember from the, the pie chart we saw at the beginning, construction and debt is, is our biggest cost. So what rates does it take? What, what would the rates necessary to pay off this level of debt? So again on the same timeline 2013 to 2032, current rates are about for an average home that uses 18,000 gallons a month are about \$60 a month. So adding in operational, normal operational costs with some inflationary factors plus paying off the debt we saw at 10 million, 20 million and 30 million, if we do 10 million in CIP, rates are gonna go up from \$60 a month, up at about 4 or 5 percent a year. If we do \$30 million, and again we borrow 28 million of that, rates are gonna go up around 8 percent a year along this upper green line. And if we do 20 million, somewhere in between.

Okay, so this is a very telling story. This says that just to keep current levels of service we need to do about \$20 million a year in CIP that we saw in yellow in, in a previous graph and rates are gonna have to go up about 5 or 6 percent a year along this purple line. That is the minimum we are going to have to do to keep current levels of service for current customers. If we're going to do more than that and pay for it with rates, those rates are gonna have to go up in the neighborhood of maybe \$8 million a year. And we're gonna have to be...being able to borrow up to 30 million a year.

Okay, I know you can't read this and you're not supposed to. . . .(Laughter). . . Water source options, source, source, source has been a huge, has been a huge issue. So what we've done is, we've gone back to sort of ground zero. We started with roughly probably three dozen different source development options and we looked at each one from what is it, how much does it cost, how many gallons does it generate, what its long-term operational cost, cost per thousand, some remarks, pluses and minuses. And we've about, we've about...we've narrowed it down to about 17 source options that cover all the different areas. Now one of the reasons we don't want you to see this is some of these source options would be deals with private entities that we would have to negotiate with. So we've redacted a bunch of information and, or changed some information because there's people in the audience that we don't want to know how, how

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

valuable their, their, their thing is to us or isn't because we're gonna have to negotiate with them. So when we see the real, the real sheet there's probably going to have to be an executive session because we are in ongoing negotiations with a number of different entities. So, but, basically I can tell you that we have just under 20 source options that are all doable, affordable and possible.

It's important to know that right now we charge about \$6,000 for a five-eighths-inch meter. Now some of these options can be implemented for about that price, but not very many. And those don't have very high volume. So if we're really going to add a lot of source and we're gonna fund it from water meter fees, \$6,000 a meter is not going to provide full cost recovery. And if we borrow that money and pay off principal and interest, meter fees may have to double or more to get full cost recovery. So we're very clear on that. We're very clear that we have...there are enough options that we can provide source but probably not at \$6,000 a meter unless that is subsidized by something like fees or property taxes or something else.

So we have a number of source options. Okay, so let's get into what we did for the Upcountry meter list and you've heard about this. We took about 1,300 requests on the Upcountry water service list which is what it was before it was updated in June and we divided it by type and how many, whether it's a subdivision or a second meter, et cetera. And as you folks all know, even if we offer a meter each individual is responsible for the piping or distribution improvements necessary to serve their property. So we also did a cost estimate of every one of these 1,300 or so and these come between \$5,000 at minimum just to put in your lateral and your meter box and things. That's about \$5,000. But some properties need more than half a million dollars of piping improvements just to accept that meter. So these were all listed for, for every single one by location, et cetera. This was all put into a big database so we can sort it a number of different ways and start looking at some options. So here are all of the meter requests. And these generate about...2,600 meters are actually being requested for a total of about 3 million additional gallons a day. Current water use in this area varies between about 6 million gallons a day in the winter to up to 12 million gallons a day in the summer. So you're talking about a 25 percent increase. Because many of those are agriculture I don't know that this represents a 25 percent increase in density but it's a significant increase in density for the Upcountry area, probably in the neighborhood of, you know, maybe 15 or 20 percent of growth as far as number of houses, if you will, in the Upcountry area. That's what the requests come out to be. And because all these requests are in a database we can, we can sort them in a number of different ways. We can look at by the type of request, how much they cost, where they are in the list, you know, we can do all sorts of different, different scenarios because it's integrated with the GIS system.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

Probably the most telling story is this one. This is a graph of the number of requests versus how much in individual improvements they need in order to accept that meter. So these different bars are first meter, the dark green is second meter, yellow here is subdivisions and these are just simple building permits. So in this case all of these, this total number, needs just, just a meter plus their base improvements. So here's all of these people, you know, 200 of these plus another, you know, 75 of these or so, they just need about \$10,000 of improvements. Back here you see there's still a significant number that need, half a million dollars or, you know, couple hundred thousand dollars of improvements. So when you really look at this and you start making some educated guesses, to make...to give everyone a meter here, to give everyone a meter offer, we need about 3 million gallons of water. But you figure that almost everybody in this low area is probably gonna be able to come up with 5 or \$10,000, you know, to afford their meters. Especially if they've been waiting so long, you figure a lot of these people will, will be able to find some way to come up with that money. You figure a lot of people at this end are not. There's gonna be some wealthy people at this end. There's gonna be some people doing large subdivisions where they can maybe sell a lot, make up the money. But as a whole I think it's pretty safe to say that we'll have a lot more people able to accept their meters, you know, down at this end than at this end. So it comes out, depending on where you look at the break point, say over \$50,000, probably the real demand of people that can afford to pay their distribution system improvements is probably gonna come out somewhere around 50 percent. So you figure that about 50 percent of the people are gonna be able to afford their, their share of the distribution system improvements and 50 percent probably won't. And some of those people who can't are probably here. I just read something the other day, there's a CNN study or something that said 60 percent of people in the United States don't have a thousand dollars for an emergency. So, I mean, if the economy is such as, as that, then there's probably some of those people are probably in this group that even \$10,000 is, is not possible for them. So there's really no way for us to know this but it seems that, you know, 50/50 seems like a pretty reasonable guess. What that shows is if we can provide a million, a million and a half gallons, probably gonna have half the people able to accept that meters by, by doing their improvements.

Looking at the source options, if we could probably do that with about 10, \$12 million, for about 10 or \$12 million if we float bonds and generate 10 or \$12 million we can probably develop a million or...a million and a half gallons of water and offer it, you know, and get half the people off the list as long as they can pay their share. If all that money comes in right away, meters can probably stay around \$6,000, maybe a little more. But if those trickle in over 20 years and you look at principal and interest, those meters may have to be twice the cost to get full cost recovery of principal and interest. So this gives a sense of what is a fair meter fee. Do you just want to cover principal and have interest paid, you know, through rates? Or do you really want full cost recovery? And that's gonna

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

make the difference between 6 or \$7,000 meters and maybe having to go to 12,000 or even \$15,000 for meters.

So back to our priority policy issues. And you can start seeing *why* these are such important questions, right. How...can we increase rates even enough to cover our infrastructure costs? Can we, can we make fees high enough, you know, to cover our debt? How much debt are we even allowed? And then these other questions about how to, you know, what's fair as far as rate structures? We're gonna come back to this in a minute and then finish up.

We have a proposed timeline for moving forward. In the next four to six weeks, we're gonna finish some of these studies and maybe have a little better information or maybe a...maybe a little different presentation if the Council feels they need some different information or they need it presented in a different way. So we should be able to finish this up in the next month or so. If, by November, the County Council can give us some...some input on these policy issues, we can develop a five to eight-year plan of CIP, source development, rates, fees and debt. And we can come back in the FY 13 Budget in March and give you the first slice of that. And commit to you, you know, that we're working on a plan that is consistent with rates, fees, debt and capital improvement to meet our needs.

I wanna go back to this a little bit and I changed the order here because what you can see when you...when we went through the information we had, the amount of debt we have is probably the single biggest question. The, the fee and rate increases necessary to support these improvements aren't really that extreme. But when you go through all, all the times we go through budget, it's how much money we're willing to borrow, how much risk we're willing to take that seems to be the biggest obstacle. Again, we've been getting about \$10 million a year, 8 or \$10 million a year in borrowed money. Just to keep status quo we're gonna need to double that. And if we're gonna start attacking source and improvements, we're gonna have to triple that. So this is just a *huge* question for the Council about whether through GO bonds, revenue bonds perhaps, we get as much SRF loans as we can, how much debt can be allocated to DWS? And then the secondary questions, you know, can we raise rates and fees enough to cover that debt?

It's important to know that if, if, you know, we have to note that, you know, the economy is obviously not looking very good. It may not improve and--for awhile anyway--if this isn't possible to raise rates to cover this, there is a source development option we...that we would lead to. And that would be saying we don't develop source, we'll let the private sector do it. Develop wells, whole systems, give them to the County and we would get that source, whatever is left, and give that away. That would take no debt, it would have no meter fees but we wouldn't be in control. So that's kind of a big question that the Council has. You know, if we can't fund this, is that a reasonable way to proceed? The other thing

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

we can always do is we can change the rate structure to more...to force conservation, have people use less and use that...saved water to give new meters. So that's another option. And we're, we're working on a rate study that will take about the rest of the year, a detailed rate study that will have that as one of the many options, you know, a very aggressive conservation rate structure.

And these other questions, should meter fees vary by location? Should we, for example, have a certain meter fee for Upcountry and a different one for Central and a different meter fee for West that looks at the real cost of what it takes to develop those sources? This is very similar to how the wastewater impact fees are. Those the, the water supply impact fees or meter fees have always been the same countywide but the wastewater impact fees are different in the different areas. So that is something the County's done before. Should current...should current customers subsidize new users? What this means is should we set meter fees for full cost, principal and interest recovery, for those new source development? Or should we use some of just the general rate money for that and essentially keep meter fees low by raising rates? That's an option. And subsidize rates for competing user groups. Right now, for example, we subsidize agriculture. Do you wanna subsidize that more? Do you wanna subsidize that less?

I think you can see that these questions are the key to the County of Maui having a water fiscal policy. What you saw earlier can help you understand what these...what the issues are. But ultimately, until these questions are answered, whether they're answered in budget where they're actually putting numbers in columns or answered in this sort of forum, philosophically, we are going to need to answer these questions as a community to move forward.

And finally this is our water system. I know we're throwing these huge numbers at you folks but it's important to remember if you live in Kula, this is where your water comes from. I mean, this is it. So...and this isn't unique. We have all sorts of systems that don't look a whole lot different than this. So if we are going to move forward as a community, if water is important to us, if source development is important to us, it is going to be expensive. And I hope that the presentation we put on today, you know, gives you a sense of the order of magnitude of what it's gonna take and clarifies some of these issues that have been talked about, you know, literally for decades about what it's gonna take and what the issues are. And in closing, I would like to thank the Council and Chair Victorino for letting us put this presentation on. I hope you found that it, it clarifies some of these issues that have been going around. I'd like to, to thank the public for being patient with us and giving us this eight months to put this together. Everyone's really been very kind and not bothered us too much about where is it, where is it so we've been able to put this together. And I really wanna thank staff. An *enormous* amount of work was put into this, all through the Department over the last six months by everyone to put this together. It wasn't that one or two people

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

worked on this. This was a department-wide effort that really took all these little bits of information and put them together in a way that I, that I hope was clear and can give the Council and the public some understanding of where we are and what's it's gonna take to move forward. And obviously after the, the screen goes up, we'll be happy to answer any questions.

CHAIR VICTORINO: Thank you, Mr. Taylor, and we'll call...call this meeting in recess subject to the Chair...call of the Chair. . . .(gavel). . .

RECESS: 9:36 a.m.
RECONVENE: 9:37 a.m.

...BEGIN PUBLIC TESTIMONY...

CHAIR VICTORINO: . . .(gavel). . . The August 16th Resource...Water Resources Committee meeting will come to order. I will now, if...with the...with no objections from the Committee I will allow public testimony and then from there we will go into questions and answers to the Department. At this time I have just one testifier but I think there may be others that wanna testify. So at this time I'd like to call on Rosemary Robbins. And, of course, the rules still stay the same, three minutes with one minute to conclude. And if I haven't mentioned, please turn off your pagers or any noise makers, tel cell phones, et cetera. If anybody has a pager let me know. I haven't seen one of those in a long time. Rosemary Robbins, please proceed.

MS. ROBBINS: Aloha. Good morning, everybody.

CHAIR VICTORINO: Good morning.

MS. ROBBINS: Dave, that was a wonderful presentation. Thank you so much. A concerned citizen and part of the Upcountry Oversight Advisory Committee who's been a member of the community working with this for some time and I've learned heaps. Have been to many of the meetings that are dealing with what's happening with water other than in the area where I live so it was nice to be able to get a hold of that. And I have heaps more to learn. Just wanted to quickly bring up that on the 19th of February, the Oversight and Advisory Committee--this is from *The Maui News*--held a meeting up at the Pukalani Community Center about the realities of...title here is, "Results of Water Tests". And this was water testing that was done by Dr. Mark Edwards from Virginia Tech, a specialist in the field and he made that presentation. There was a lot of very emotional presentation that night. It seemed like everybody from the Water Department was there so that was good. They had a chance to see what people were concerned about. And there were papers given out about what was found in the Maui water that was being delivered Upcountry. We mentioned this morning...you mentioned--thank you--about the many, many miles of piping in the distribution

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

system up there. Those pipes are older than the _____ in some cases. And the...not only the piping for that but the water meters prior to that meeting were of a vintage where up to 8 percent of lead was allowed in the water meters and to still have them be identified as lead-free. We offered to do an inventory of what the available piping, et cetera, meters were and were not given that opportunity to follow through with some effort to help and wasn't taken up. So this is talking about quality of water. This morning we were hearing primarily about the cost of doing qualitative work for water. Killer, but thank you, we needed that. P. S. I don't need a water meter. And then when we go to the quantity rather than the quality end of it, H'Poko not to be considered a safe source. And for the safe drinking water revolving fund more or less _____ capacity from Federal and State levels in '08 so the...prior to that was at the Piiholo water treatment plant...Upcountry was number three on its list. First, worst--you're gonna laugh at this, Gladys, 'cause you did that before. First worst, the Big Island, second worst, the Big Island, third worst, Piiholo safe drinking water treatment plant. Ongoing, known for a long time and people Upcountry who are not here this morning--look at all these empty seats. We're just feeling defeated. So don't want that to continue. We're one community and we really need to work doing that. So thank you for your presentation and tough decisions to be made.

CHAIR VICTORINO: Thank you. Any questions for clarification from the testifier? Seeing none, thank you, Ms. Robbins. Next testifier, Alice Lee. And she's testifying as an individual or for Hui O Na Wai...Na'a Wai, I should say. Good morning, Ms. Lee.

MS. LEE: Good morning, Mr. Chair and Members of the Committee and members of the Administration. I'd like to thank you for that PowerPoint presentation. It was very informative. And I'd like to thank the Chair of this Committee and the Committee members for bringing up and continuing to pursue solutions on this very important subject. I do have some comments I'd like to make on the presentation. First of all, as a, as a Council member in the past, we had a difficult time retrieving and obtaining information from the Water Department. It is probably the best-guarded secrets in the world and we rarely got straight answers. But, Dave, I commend you and your staff for, for doing a great job. I think if it comes down to cost we're just merely looking at creative solutions to paying for infrastructure. After all, as most of you know, I'm a strong advocate of affordable housing and in the past we've helped to create a dedicated revenue source for affordable housing. And what I've seen, not only as Director of Housing but after that, the Council has allowed substantial subsidies for housing, up to \$100,000 per unit, per house on rehabilitation. And while I was Director, we provided subsidies of anywhere from 15,000 to \$50,000 for down payment programs. So it wouldn't be unusual for the County to provide subsidies for those who need to, to cover the cost of new meters for...especially for Upcountry. And let's face it. The County subsidizes everything from swimming pool use to tennis court use to golf course use to picking up the trash use to everything. So water shouldn't be

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

any different. In fact, water is more important. Water is essential and we need to start rearranging our priorities if, for some reason, you can't come up with new sources. But to me it's, it's essential that we start looking at subsidy and, and not consider self-sufficiency because it's too cost-prohibitive. And, and for all the permits we've allowed Upcountry, the people Upcountry *deserve* to have same services as the people in Central. And that's all I have to say. Thank you very much for your time.

CHAIR VICTORINO: Thank you, Ms. Lee. Any questions for Ms. Lee for clarification of her testimony? Seeing none, thank you very much for being here.

MS. LEE: You're welcome.

CHAIR VICTORINO: Last testifier who has...signed up is Mr. Zack Franks. He's representing Piiholo South. Mr. Franks.

MR. FRANKS: Thank you, Mr. Chair. I know I wrote down Piiholo South and...but really these are, these are very general comments as opposed to anything directly involving Piiholo South. So good morning, Members of the Committee, and thanks, Dave, for continuing to do your good, systematic...evaluative work. In listening to your presentation this morning I was reminded of what's happening on a national level where we have to...where we're having to make decisions between austerity and stimulation. I think that's how the County has before it, the question of whether it will continue just to fund the system in the water system in its...present state or to build it out further in a...and, and that will result in further stimulation. Should it decide the latter, if at, at 1 million to 1.5 million gallons a day of additional demand, I would guess that we're talking at a very minimum of 1,000 homes being built over the next ten years. If that were to take place, we're talking about something like \$400 million of construction during that period of time. You know, I needn't say what effect that would have on labor in the County of Maui. Furthermore, that \$400 million of construction would then result in property taxes of another couple of million dollars coming in on an annual basis to the County. And I think that that would pretty well pay for the, for the development of source that Dave Taylor has been speaking about. So it seems...this one seems balanced and as opposed to deficit-creating if you go forward with source creation. Thank you for your time and for your hard work.

CHAIR VICTORINO: Thank you, Mr. Franks. Any questions for Mr. Franks? Ms. Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. And thank you, Mr. Franks, for being here this morning.

MR. FRANKS: Certainly.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

COUNCILMEMBER BAISA: I, I wanna make sure I understood your testimony. Can you repeat the numbers that you gave us about how many...how much housing you thought we'd be building?

MR. FRANKS: Well, a million to a million and a half gallons a day is what Mr. Taylor was talking about. Some of it is agricultural. But if 600,000 gallons of that went to the, went to the...towards the construction of houses, 600,000 gallons per day, that's 1,000 houses. I'm figuring that the average house cost to construct around \$400,000. So that's where...so \$400,000 times a 1,000 is \$400 million of construction. Then take one half a percent of that for property taxes and that comes out to \$2 million per year.

COUNCILMEMBER BAISA: Okay, thank you for the additional clarification. It was hard to follow. Thank you.

MR. FRANKS: I'm not very clear but I'll do my best next time. Thanks, bye-bye.

CHAIR VICTORINO: Thank you, Mr. Franks. Any other questions? Seeing none, thank you. And our final testifier today is Ms. Lucienne de Naie. And she's speaking on her behalf.

MS. DE NAIE: Thank you. I just wanna thank Director Taylor. He really cut to the chase there and I think it gives a very clear picture of some of our options. And I'm assuming in these costs that it is built in, maintenance activities for our watersheds because I think that that's very, very important thing to always keep in mind. I know the Department's been very supportive of that but as the last...slide illustrated, that is where our water comes from whether it's the aquifers that we're pumping or whether it's the streams that we're using some of the, the water from, that is the source of our water. And living in the watershed as I do I have to say that, you know, I think we need a long-term strategy for dealing with our watersheds 'cause right now we're dealing with the tops of the mountains and we're not dealing with the areas that actually contribute to generating at least a sizable proportion of that water. And so, you know, as time goes by I think we need to take a hard look at that. We're managing above 3,000 feet and yet most of our collection systems except the Piiholo system for the upper water tanks but the ones that supply the Kamaole are 1,000 feet or lower. And we have no management in that area at all. Our community is trying to put together a watershed management plan for the, the Huelo region. And hopefully other communities will do the same thing because these are priceless resources and we can't just let them go to the dogs, or the pigs in this case, and have their capacity diminished. So just wanted to bring out that point. Also, I hope someone in the Council will ask for clarification if the demand is 1 to 1.5 million...reasonably that we need from the Upcountry system, my understanding is that one of the strategies is proposing a series of wells in Haiku for the Upcountry system which is a rather expensive long-range project. And I don't understand why you would

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

need a series of wells to meet that low goal. So if that could be clarified, perhaps it's gonna be for dual purposes or something like that. But it, it would just be good to sort of know. It's looks like these, these proposed sources are more individual wells which would be appropriate for the numbers needed, one or two individual wells. And it would be good to find out, too, if the Dowling well is going to be expanded 'cause its original expressed capacity was about 2 million gallons a day. And it...I don't even think it pumps most of the time at 1 million right now. Is there going to be a second well put in that area which has proved productive? Or, you know, I, I know we can't discuss other people's properties but maybe you guys in executive session could find that out. Thank you very much. Aloha.

CHAIR VICTORINO: Thank you, Ms. de Naie, and let me remind you also that this Council and the Administration has been very supportive with the watershed program because we put a lot of money in there each and every year. So we've been very cognizant of that and have really tried to do our best. And lot of great groups out there that have done great work.

MS. DE NAIE: Yes.

CHAIR VICTORINO: And we need to continue our diligence, our due diligence in that area, yeah? Any questions for the testifier? Seeing none--oh, oh, I'm sorry. Hang on. I'm sorry, I'm sorry, Mr. Pontanilla. Go ahead.

VICE-CHAIR PONTANILLA: Thank you. Thank you, Lucienne, for being here. You know, when you mention about the series of wells in Haiku--

MS. DE NAIE: Yes.

VICE-CHAIR PONTANILLA: In my mind I'm thinking about your Upcountry Water Use and Development Plan that calls for that.

MS. DE NAIE: Yes, it does. And it's one of the strategies in the Water Use and Development Plan that, you know, with a draft that we've all been following for the Upcountry section. And it just...I think the clarification is needed. Is there going to be a series of wells that are only for Upcountry? And if so, do you need a series of wells to produce one to one and a half million gallons a day 'cause usually that would be maybe two wells. So this series I think that's proposed is something near to, I don't know, six or eight wells, maybe even more. So it would just be, I think, good to sort of clarify what the Department is thinking about because, you know, for you guys to have that kind of blow-by-blow information.

VICE-CHAIR PONTANILLA: Okay, thank you. And one more question. I, I know you, you know, you don't favor an integrated system. I'm looking at some of the

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

questions that Mr. Taylor had put up on the screen in regards to current customer...subsidizing new users. And sometimes, you know, I come from a telephone background where, you know, an, an integrated system would, you know, continue having services to your customers should anything happen in one end.

MS. DE NAIE: Yes.

VICE-CHAIR PONTANILLA: So can you comment on, you know, your comments about that integrated water system, meaning connecting Maui...island of Maui?

MS. DE NAIE: Thank you, Councilmember Pontanilla. I am not an expert on this but I did study how Honolulu's system grew gradually over time and they do have an integrated system. And they had some choices at different points of whether they went to a more integrated system or worked on conservation and utilizing their water well within the systems that they had. They chose to go to a more integrated system. And we're a little different from them in that I think we have some...we have some infrastructure challenges because most of their system is artesian wells or, or groundwater. They, they use very, very little surface water whereas ours is a mix. And that mix brings in different expenses, you know, different treatment options, different issues like with the...what Ms. Blair referred to with the water quality. And so it needs to be carefully analyzed. I believe if you look in the...Central Maui Water Use and Development Plan, there was a pretty robust discussion that concluded that there wasn't really a cross service benefit to, to integrating the system. Now I may remember that wrong but that was my recollection so you may wanna ask Mr. Freedman about it 'cause he's here and he should be a great source person for you folks. But in general, you know, yes, something like telephone, electricity where it just goes through wires and it's all of the same. You know, electricity is electricity or phone signals are phone signals. They, they're the same. You're, you're dealing apples and apples. Our water system, you're dealing, you know, apples, oranges, bananas. You have some things that come from tunnels, some things that comes from wells, some things that come from streams. So we just need to be aware that. Would there really be a benefit? Would there be extra water in one system to back up another system? Or is it better to just have a few wells that we don't use very often but when we need them, they're there? Would that be the more cost effective and, and practical solution? You know, it's gonna be your guys' call so get good information.

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

MS. DE NAIE: Thank you, all.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

CHAIR VICTORINO: Thank you. Any other question? Seeing none, thank you. Ms. de Naie was the last testifier signed up. I'll give one more opportunity to anyone who wants to give public testimony. They can come on up and sign up after they're concluded. And seeing no mad rush to the podium, I'm going to *assume* that nobody else wants to give public testimony. So with no objections I'm gonna close public testimony.

COUNCIL MEMBERS: No objections.

...END OF PUBLIC TESTIMONY...

CHAIR VICTORINO: Thank you, Committee. And at this time Committee before we get into the crux of things, I'm going to take our morning break and I'm going to take it 'til 10:15. There was a request from couple Council members that they have some, some important meetings to do. So we will recess this meeting 'til 10:15. Meeting for the Water Resources Committee is in recess. ...*(gavel)*...

RECESS: 9:57 a.m.
RECONVENE: 10:19 a.m.

**ITEM NO. 6(3): COMMITTEE'S PRIORITIES AND PROCEDURES;
PRESENTATIONS FROM COUNTY ADMINISTRATIVE
AGENCIES (DEPARTMENT OF WATER SUPPLY PRESENTATION)**

CHAIR VICTORINO: ...*(gavel)*...The Water Resources Committee meeting of August 16 will reconvene. At this time I'd like to give Mr. Taylor an opportunity and we will...are you ready for questions Mr. Taylor?

MR. TAYLOR: Yes, Mr. Chair. I have no more comments to make.

CHAIR VICTORINO: No more comments. Okay, so we're gonna open up to questions and answers. And we'll start from East Maui and work our way across the island if we don't mind. East, Upcountry, West and South 'cause that's all I have left. And Central, of course. Mr. Carroll, I will let you ask the first question, sir.

COUNCILMEMBER CARROLL: Thank you, Chair. There was a lot of consideration it seems on how to restructure how we...the fees that we charge in individual areas. And me and you before touched on that, the rural areas, that they really can't carry the load financially. And Miss Lee had brought out, and I think very truthfully, that we do subsidize almost everything in this County at the expense of someone else. And, of course, any time you subsidize anything somebody has to pay for it. But water is one of the most important things. And I'm afraid that if we entertain charging any particular area whether it's Hana or Molokai or Lanai or Pukalani or wherever it is, if we're going to make a really high fee some place what we are doing is we are saying that we don't want business over here. We are

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

going to hold down, that area is going to be penalized for anything that they want to do. Nobody is going to go...want to move into an area where they have to pay way more than if, let's say, Central Maui. It's going to be really holding us down, the homeowners, individual homeowners, whatever have you. If you're gonna do a subsidy for people outside here, in the rural areas, it's the same thing as leaving it the way it is now because you're still paying more for them. The system we have now, yes, it...the rural areas it costs more to get a gallon of water to a home or a business than it does, let's say, in Kahului. But if you take that away, you're literally abandoning Kula. You're literally abandoning Hana and other places because people just cannot afford it and businesses and other people are just not going to be attracted to that area anymore because it's way more expensive. So you're dictating where people are going to build, where they're gonna put, put, put their houses, where they're gonna put their businesses. When we have water on an equal footing in every area it gives every area an equal chance. The...it keeps them in the ballgame. It's a level playing field as far as the...people in that area building homes or attracting businesses or whatever have you that are connected to water. And I would hope that as we continue on these considerations that we will leave the system as far as the equity that we have for our people in place. And I have quite a bit more that I'd like to talk about, stream and other water, but I'll pass on to the next person for now. Thank you, Chair.

CHAIR VICTORINO: Thank you. And, and, and, Mr. Carroll, let me say that Mr. Taylor's discussion is strictly that. We are, we're making a comprehensive plan and somewhere along the line somebody's gotta pay for the plan. And so that's what we were talking about. There's no willingness to, to change and make one place pay way more than the other but there is the reality, how far and who, _____ subsidizes enough and the...and the questions there tells you that. And that's one of the reason...one of the discussions we're gonna have to have in this room along with others, okay. So nothing's in stone. It's all...and as I said earlier, this is just a plan as completed to this point and once we complete it then we'll have more finite answers to your questions here. And we'll work our best to make sure we keep it equitable for all.

MR. CARROLL: Thank you, Chair. It was just that third bullet point, should meter fees by location reflect actual cost that generated my comments.

CHAIR VICTORINO: Yeah, no, no. And then...and again, that was all part of the equation, yeah. Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. And I'm very excited that this day has arrived. And first of all, I'd really like to thank Director Taylor and his staff for the wonderful work that's been done and that it's gonna continue. You know, you promised us that you were gonna give us a good assessment and then give us the opportunity to make policy issues and here it is. I think very shortly we're gonna be here trying to struggle with difficult decisions. And, you

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

know, it was a lot of information but it's good information. And we have long tried to get this kind of information so now that we have it, most of it, it raises a lot of questions. And I particularly like your handout on the priority policy issues because those are the things that are gonna come home to roost here and we're gonna have to make decisions. But one of the things that I couldn't really gather from...you know that slide you had where you had the different columns and you showed different colors and you showed the price range like 5 to...\$10,000 and you said well, probably that's where the action would occur. And I tend to agree with you because everybody can come up with--most people that are gonna do, you know, something substantial like build a cottage or whatever probably can come up with the 5 to 10,000. As it gets more expensive it's gonna be harder. But I'm trying to relate that to the water meter list and the restrictions that we have been made to understand go with that list which is first come, first served. And I realize that this is an issue that probably you may not be ready to discuss or it's maybe even something we have to discuss in executive session, but if you can say anything about that I'd like to know what you're saying.

MR. TAYLOR: Sure, thank you. And I can discuss that. My discussion earlier during my presentation was assuming we don't change any of the rules about the meter issuance list. So as I noted, there was, there's about 1,500 or, 1,500 or so applicants for about 2,600 meters on, on the list. So let's just assume...and that, that totals as I mentioned about...about 3 million gallons a day of, of demand. So let's just say that, that those guesstimates were correct and that half the people just can't afford their improvements. So we borrow, we float bonds, we get 10, 10, \$12 million, we develop source and we start offering meters. The first guy on the list needs \$200,000 of improvements, he says no. Second guy only needs 10,000, he says yes, on and on and on. What I was really saying is will we...at...if we still went through the list as per the existing rules, if those guesstimates are right that half the people aren't gonna be able to afford it, we'll get through the whole list, half of the people would've accepted their meters and paid, the other half would've had to decline. So that was consistent with the existing rules.

COUNCILMEMBER BAISA: Thank you very much because, you know, the issue of jumping the list always comes up so I wanna make sure that people understand and I wanted to understand what your discussion or your thoughts were in, in developing this list. Chair, I have a whole list of questions but I think the best way to handle this is we all take one burning issue so that everybody gets a chance.

CHAIR VICTORINO: Thank--

COUNCILMEMBER BAISA: So I defer...I...to my colleague.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

CHAIR VICTORINO: And what I, what I was gonna do, again, because this, this is a...not a complete report, today we're just asking general questions. We will have and schedule another meeting when the report is done hopefully in the next month or two. And then at that point your burning questions may be answered or maybe the burning questions can be asked at that time. So I'll try to limit it to just kinda like what he has presented today. And once we're done today we will look forward to the next meeting when it will...I'll dedicate the whole meeting just to that and with that complete report, yeah.

COUNCILMEMBER BAISA: Yeah, thank you very much. I'll still...defer. I think you may run out of time if we don't do this.

CHAIR VICTORINO: Okay.

COUNCILMEMBER BAISA: Thank you.

CHAIR VICTORINO: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair, and thank you, Director, for being here and for the presentation and all the time and effort your staff has done. I sorta, just to cut to the chase, I know that \$10 million you wanted for source development was not granted during budget so this entire presentation seems to be kinda leading towards that sorta overarching, you know, whatever goal, I suppose, for water source development which in turn is going to, you know, answer hopefully these requests for Upcountry. And then it dawned on me, you know, when you had come back for us to, to redraft the, the ordinance or bill in regards to being sort of a loan department to people because that little...section was never utilized. And I think also because nobody's ever told that it was even an option that it was there to begin with, we took it out. And so my question is, right now, out of those 13, 1, 3...1,300 plus requests, you know, you're saying 50 percent of those would be affordable, 50 percent not so much affordable for some people. If there was that loan payment in place, would that be generating money? Would that be helping these people to receive meters?

CHAIR VICTORINO: Mr. Taylor?

MR. TAYLOR: Thank you, Member Cochran. And first of all, let me say, let me say, there, there's no...I'm glad you mentioned the, the \$10 million and these other things because they're consistent from the sense that when we asked for the \$10 million we had a rough idea of how much it would cost but we hadn't fleshed it out to this point. So, of course, the numbers are similar because we, we kinda knew that then but we didn't really know what the source would be. But this isn't really an effort to try to get that \$10 million. It's...this is just what it is. As far as the issue about the loan I never thought about that until you just mentioned it. But I believe--maybe Mr. Kushi remembers--but I thought that loan was just for the

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

meter itself not for the, not for the piping improvements. So I, I, I remember what you're talking about but if, if that was for the meter, it wouldn't even apply anyway to these, to these distribution system improvements. So that wouldn't really have anything to do with it. But when, when that happened we were really not even thinking about this presentation at the time and that was an issue that, you know, we felt that way on, on, on that issue on its face, not having anything to do with this.

COUNCILMEMBER COCHRAN: One follow-up, Chair.

CHAIR VICTORINO: Go ahead.

COUNCILMEMBER COCHRAN: Thank you. But just...but, Mr. Taylor, if it were to pertain to infrastructure and, and allowing people to tie in on that basis, would that, would that be generating some money in, in, into our Department?

MR. TAYLOR: Oh, I think it would actually be...this is something that if the Council feels...one number I didn't give you is...I should've mentioned this in my presentation. I'd mentioned months ago that I was concerned that Upcountry source was a lot less expensive than Upcountry distribution system improvements for the people on the list, right. That all these little pieces of pipe that have to be put in would be way more expensive. And because our staff went through all these numbers, now we have a rough answer on that, is the distribution system improvements are probably ten times the cost of the source improvements. So, for example, that...we could probably get enough source for everyone Upcountry for, say, \$20 million. But all of the piping distribution system improvements to get everybody a meter is probably gonna be in the neighborhood of 200 million or more. So if the Council feels that they wanna help these people on that, those higher-end costs, and you want some sort of program where we front that money too, yeah, we can do that. But again that's just even...that's gonna be *very* expensive and depending on how they pay it back, are they gonna pay principal and interest, we're gonna have to front a lot of money. And as long as we add it to their bill, you know, where they're paying back their share of principal and interest, doesn't really cost us anything, just a program we would do. We would bring just as much in every month on their bill as our principal and...interest payments are. So that's something we could do but again we would have to front that money. And that would be in addition...you know, say another 100 or \$200 million in addition to everything you saw today. But if that's the wishes of the Council, I mean, we can do that. It's not a problem. It's just expensive.

COUNCILMEMBER COCHRAN: Thank you. Thank you, Chair. Just tossing some ideas around like the whole presentation is. Thank you.

CHAIR VICTORINO: Mr. Couch?

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Taylor, you know, there was mention of subsidizing and what not and that's understandable. But my concern is, is that we are paying actually what it costs if you average everybody out, what it actually costs to develop the water. That would be a concern and I don't, I don't know if we are. I mean, you, you seem, you seem to be saying we're paying a little bit less than what it really costs. But my biggest question is, you know, we're talking about capacity versus yield and need and what not. When you say, for instance, a well has 1.5 million gallons per day, is that actual usable capacity or then you have to cut it in half for your reserve capacity and what not? 'Cause, 'cause I'm getting a little confused with the numbers. I know we need 3 million a day, say, for Upcountry but if Piiholo Well South says 1.5 million gallons, is that 1.5 million gallons that we actually can use?

MR. TAYLOR: That, that's such a great question.

COUNCILMEMBER COUCH: . . .*(Laughs)*. . .

MR. TAYLOR: I'll try to answer without more confusing everyone. The 3 million...the 3 million gallons a day was based on the fact that an average household uses 600 gallons a day, you know, actual use. When a well is built, if you run the well at its full capacity and let's say it puts out 1 million gallons a day. But you know the use of that isn't gonna be even so you reduce it by two-thirds and then from a mechanical reliability standpoint you reduce it by another two-thirds. So you end up giving away 440,000 gallons out of that million. And that's been the Department's policy on how much of that million gallons that the well can do at peak capacity that it actually gives meters away on. That's also something we're looking at, about...should that apply everywhere? Should it depend on how many wells there are in the field and reservoirs and back-up systems? And so we're taking another look at how to best apply those numbers but those two numbers are a little apples and oranges. You know, the 600 gallons a day is what you use at your house but a well capacity has to be cut down a little bit to be compatible with that number.

COUNCILMEMBER COUCH: Just to clarify, Mr. Chair.

CHAIR VICTORINO: Uh-huh.

COUNCILMEMBER COUCH: So when you tell us that a capacity is 1.5 million gallons, are you telling us that's the...usable capacity or that's the maximum capacity?

MR. TAYLOR: We will have to be clear on what we're talking about because the numbers sound similar. I mean, we're, we're gonna talk about both. I mean, if we're gonna buy a well and it has a 1 million gallon a day maximum capacity,

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

we're also gonna have to tell you but we're only planning on giving meters to, you know, 440,000 gallons of capacity.

COUNCILMEMBER COUCH: Okay.

MR. TAYLOR: So there's always a couple different numbers, you know, the peak capacity and then the, the peak output versus what we'll actually give meters off of.

COUNCILMEMBER COUCH: Okay, I just, I just wanna clarify that when we discuss this forever because you add up the numbers and they don't add up a lot of times.

MR. TAYLOR: Yeah, and, and that's difficult in, in water and wastewater because you've got these peak things but you've also got mechanical reliability and then you've got the fact that people aren't using water evenly over 24 hours a day so there's a factor for that. And it's very common to have one system and there's four or five numbers associated with it that all say maximum something. And I know it's really hard for the public but we'll do the best we can to try to explain it.

CHAIR VICTORINO: Okay, thank you. Mr. White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. I wanna thank you for framing this discussion very well. And, Mr. Chair, I, I'll hold my questions until we get the details and the...then the, then the questions will be more meaningful. Thank you.

CHAIR VICTORINO: Thank you.

MR. TAYLOR: Mr. Chair, can I, can I respond just because that's a good input.

CHAIR VICTORINO: Yeah, yeah. Okay, go ahead.

MR. TAYLOR: The details aren't really going to change these questions.

CHAIR VICTORINO: Yeah.

MR. TAYLOR: What you saw in the presentation is a bunch of options. So the options are over here. In order to make the options into a plan we somehow need to filter them through the answers to these questions. And so we can fine tune some of the information you, you have but it's not really going to change anything and you're still going to be left with these questions. We *cannot* produce a plan saying, here's our, our proposed plan, until we get some feedback from the Council on the answers to these questions. The danger of, of, of moving forward without that feedback is essentially we would just say, well, here's what we think

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

the plan should be. We're gonna put an enormous amount of work into it, I mean, hundreds and maybe thousands of man hours. Come in budget next year, and if you guys don't like it, we have to go back to square one and that'll be in the FY 14 Budget. It takes so long. We, we're not going to be able change this, you know, between March 25th and, and, you know, and May 30th while you guys are talking about budget. We're really gonna get one shot at an eight-year plan in the FY 13 Budget discussion. And the Mayor and myself, we wanna get it right. We want it to be what you folks want because we're...otherwise we're gonna lose a whole year. And I think if we frame it in that, in that, in that talk about budget where we set, where we set our borrowing amounts, we set rates, we set fees, we set CIP. We really need the FY 13 Budget to be what you folks want and that's why these questions are so key to us finishing the plan because we really can't do much more except fine tune our numbers but they're not going to change anything.

COUNCILMEMBER WHITE: Yeah, as a follow-up, Chair.

CHAIR VICTORINO: Go ahead.

COUNCILMEMBER WHITE: I agree with that. The question...the, the challenge is that all the details you presented today were this big and very fuzzy so we couldn't read them. . . .(Chuckles). . . So it'll be much more fun when we can actually see what the details are to put these questions into, into perspective.

MR. TAYLOR: In that case, you know, we'll get you those details but essentially the details you really need to know are, you know, \$20 million a year to keep the system operating, another 10 for source, you know, 4 percent, 6 percent, or 8 percent rate increases to support that. And all those little, tiny details about which pump is being replaced which year...I mean, frankly, you really don't need to know that. I mean, only we need to know that. What you really need to know is how they add up. So we'll get you--

COUNCILMEMBER WHITE: Right.

MR. TAYLOR: And we can get you all that information but I don't think it will help you answer these questions because I don't think, frankly, you really care whether we're replacing this tank this year and the other one next year or vice versa. It's not going to change the bottom line. And again, that's why I tried to focus down to these policy questions on these...the sort of big picture numbers, 10 million, 20 million, 30 million, 4 percent increase, 6 percent increase, 8 percent increase. Those are really the big numbers and everything else is really just to, to get those numbers together. But we will get more...you know, we'll clarify some of this so it'll help. But, again, I, I don't think it's really going to help you make fundamental policy decisions because that, that data is just that. It's just noisy data. But we'll, we'll get that for you.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

COUNCILMEMBER WHITE: Okay.

CHAIR VICTORINO: Thank you, Mr. White.

COUNCILMEMBER WHITE: Thank you for the razzmatazz. . . .(Laughs). . .

CHAIR VICTORINO: Mr. Pontanilla?

VICE-CHAIR PONTANILLA: Thank you, Chairman. Thank you...Dave, for presenting us your overview regarding the CIPs, upcoming...well, upcoming future CIPs. And, and I agree with you. You know, the policy issues, you know, we need to make some, some of those decisions. When I look at rates, you know, you may say something but for us looking at our constituents, you know, we may something else. You know, that one question that I asked one of the testifiers is, you know, if we're gonna subsidize putting in infrastructure, you know, should we be looking at integrated system so that, you know, we all...water is...belongs to our people, yeah. So we need to share that...I, I don't care what...for the island of Maui. But again how, how do we do it is something that we need to find out. So, yeah, these questions that you pose are, are very important questions. You know, coming from a utility company some of the questions that you pose are the very same questions that we asked ourselves. You know, should we have different rates for different areas? You know, it always comes about. In fact, we did have different rates for different areas because of the high cost of providing services. So those are things that need to be considered, you know, when you move forward on your CIPs.

So the other question that I had was in regards...so if we say, yeah, go ahead with \$20 million worth of capital improvement projects for the next I don't know how many years, I, I'm sure you're gonna be increasing your workforce size to meet the \$20 million CIP request. Or you may not, but again, I, I look at, you know, from 10 to 20 basically you're, you know, looking at increasing your resources in your department to accomplish the things that you wanna do. So, again, thank you for your presentation.

MR. TAYLOR: And Member Pontanilla, to, to give clarity to a couple of your questions. First, we're not proposing to have different rates for different areas. We're simply labeling it as a question. And if the Council says, no, no, no, keep operational costs the same, that's fine. And we'll do that. We'll, we'll frame the budget that way. Again, these are just...these are, these are questions for a reason. They're not statements.

VICE-CHAIR PONTANILLA: Uh-huh.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

MR. TAYLOR: We're just trying to be clear that there's a choice and whatever the choice is, we'll use it to frame the rates for the next five or eight years. As far as your question about, about growth, and growth of staff, for example, that's exactly why we feel it's necessary to nail down over a longer time period what our real plan is. If we're just gonna have one year of sort of increased output, we, we were not gonna up, up staff for that. We use overtime, maybe we'll outsource. But if we're going to have a continuous, higher-level output, we're gonna end up with all this extra infrastructure, then downsizing, you know, isn't really an option. So to make good decisions about long-term stability of staff, should we upsize or just not? Having a five to eight-year outlook is really a necessity in order to make those decisions. And what we're really trying to do with all of this is to provide clarity to the Council so that we come for budget every year, you're not only looking at our budget that year but you're getting a sense of how it fits in to the next five years of budget. So we can tell you, yes, you know, we're adding this position, here's why, it supports these future projects, it ties into these rate increases or these fees increases and it's one sort of five-year look ahead package.

I think that one thing that I, I would hope you all take away from today's discussion is that we cannot do countywide infrastructure sort of one year at a time with what should we do this year. Large infrastructure does not work that way. And I think we can look back at the last 20 years and see what happens when we look at it, you know, what should we do next year, year after year. We need to start taking a five to eight year look. If you remember a few weeks ago in the paper in the news, one of the lead stories was City and County of Honolulu is proposing a 70 percent water rate increase over the next five years. Now that's a lot more aggressive than what we're proposing and you can see why, because they didn't do this 10 years ago like they should have. So now up against the wall they're having to have higher increases faster. But they're still at least laying out a five-year plan. They're not just saying, hey, we wanna raise, raise rates, you know, 15 percent this year. They're talking about what they need to do. And they have, they have a chart just like this, you know, in their own way that lays out five years of what they need to do and how to pay for it. And I think we have to, from all aspects of infrastructure, get into that mindset where we need to start really looking at the six-year CIP plans, committing to them and understanding the long-term funding issues because we just cannot continue to do infrastructure one year at a time. It's never going to work.

VICE-CHAIR PONTANILLA: Final comment, Chair.

CHAIR VICTORINO: Go ahead.

VICE-CHAIR PONTANILLA: You know, I agree with what Mr. Taylor had just said in regards to...he has a 20-year outlook and he has a short-term of six, six years. And hopefully the six years would be basically almost the true cost of doing the

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

projects so that when we budget, you know, we're looking at almost true cost for each project. So I agree with you. Thank you.

CHAIR VICTORINO: Thank you, Mr. Pontanilla. Go back to Mr. Carroll now. Further questions?

COUNCILMEMBER CARROLL: Thank you, Chair. We wanted to keep this pretty much to the presentation--

CHAIR VICTORINO: Yes, please.

COUNCILMEMBER CARROLL: --we received today. It's very difficult sitting over here right now to really say a lot because there's a lot of things that weren't in the presentation today that have an effect on what we have before us. Our relationship _____ to wells to surface water, which way we proceed is going to be a huge thing as far as the budget goes. But our Water Director was saying that he is going to defer to the Council obviously because we do the funding over here. I'm just gonna run down this list one time and I think this is all that I'm gonna have to say today. For the rates, fees and debt, I think that's going to come at the last when we decide what we actually have to do. And then we look at that and what we have to do to pay for it. I already commented on that I think that we need to have equitable services for our rural areas as well as our city areas even though the cost is different. Current...customers subsidize new users, I think that this is something that falls into what we call, for the common good. Some people do have to sacrifice a little bit more for the common good for all of the people of Maui. And subsidizing rates for competing users like farmers, I think everybody on Maui just about has said that we really want to promote agriculture. That is going to have to be something that we have right up front when we are addressing cost. And I look forward to looking at all of this much deeper and when we have more facts and figures that I'm sure our Director can give to us in what we have just gone over to make, as a Council, to make some decision to see what direction we can take for the next six years. And I agree that we really need to do this long-term planning. Honolulu is really...I mean every day they have a water break over there, literally every day, and a *major* one too. And hopefully we can get this together this year and avoid a lot of the pain and expense that they're going through. Thank you, Chair.

CHAIR VICTORINO: Thank you, Mr. Carroll. Ms. Baisa?

COUNCILMEMBER BAISA: Yes, Chair, thank you very much. Comment and a question. One, of course, is that I'm going to, without discussing this with any of my constituents, I think I'm very...I, I can hear them clearly telling me we don't wanna pay any more Upcountry than the people Downcountry and let's be fair about spreading this around. But, you know, until we take these very well-identified priority policy issues out to our, our various communities and

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

discuss it with them, you know, we won't really know. So thank you for giving it to us so that we can begin the discussion so that when you do come to us with a plan we will have some feeling about what our constituents think about these things. That's really important I know to me and all of my colleagues so that we can sit here and, you know, represent the people we represent and get some real good feelings from them. So thank you for giving it to us now. Anyway, question. Of course, you know, the minute we started doing this today all of our water fans are watching Akaku. And I got a question that I'd like to ask you on behalf of one of my folks who, who e-mailed me. At the \$20 million-rate to maintain current service, does that mean that current users would be sustained, that is, no more need for voluntary or mandatory reduction?

MR. TAYLOR: The 24...\$20 million is basically for infrastructure, to keep the existing infrastructure. When you really think about what, what's causing the reductions it's really about Mother Nature. There's nothing we can do about Mother Nature. The fact is even if all the infrastructure that we have today was rebuilt tomorrow, if it doesn't rain, it doesn't rain. So having increased reliability of water with something shown on the plan as blue, that would be something like building more reservoirs, not for source, but for reliability. Building more wells, not for additional users, but for reliability. So those are things we can do but those really weren't covered in that first 20 million. That would be additional to that.

COUNCILMEMBER BAISA: Thank you very much. One last quick question, and that is in regards to, you know, on these list of policy issues, one of the things that will certainly be, be arising and be discussed, I think, at length are the social impacts of, you know, expanding and having water everywhere. There will be more houses Upcountry. I think Mr. Zack's, Zack Franks was talking about 1,000 houses and that was his guesstimate, I guess, on the fly. You know, we're all guesstimating 'cause we don't really have the actual information in front of us. Was there any discussion of that in your work?

MR. TAYLOR: Yes. And our conclusion was we are looking at your committee and the urban growth boundaries and your...basically, how you choose growth in the Maui Island Plan and what we would need to do as a department to support that. We're not taking a stand on whether we think that's good or not. I...we think that's something for the Council to decide in your committee. And our job is to pay attention to that and find some way, find the best way to meet the needs and the growth rates that you identify in the Maui Island Plan.

COUNCILMEMBER BAISA: Thank you very much. And that's an excellent answer. It does fall on the General Plan Committee to look at these kinds of issues as we move ahead. Again I look forward to getting the rest of the information and that we can move ahead. You know, this water problem has plagued Upcountry during my entire 71 years on this earth and it is exciting, Chair, that we are on the

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

brink of really dealing with it. So thank you, too, for making this a priority issue. Thank you.

CHAIR VICTORINO: You're welcome. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And just following up on the 20 million to keep up current service and you mentioned 5 to 6 percent raise per year will be needed. Is that kinda the average that we're doing currently?

MR. TAYLOR: Back during budget, I had a, I had a graph of, of the rate increases over the past 10 years. I didn't bring it with me today. I, I don't think we've been raising rates at that level over the last 10 years. I, I think we probably raised rates maybe less than that. But I, I'm not, I'm not sure. Mr. Pontanilla might, might have better recollection than me because he's been in, in Budget all these times.

COUNCILMEMBER COCHRAN: And the water source options, you said there's 17 areas that you folks have been looking into that's doable, affordable and so on. Is that 10 million to address all 17 of those?

MR. TAYLOR: Absolutely not. I mean--

COUNCILMEMBER COCHRAN: . . . *(Laughs)* . . . I was hoping but...

MR. TAYLOR: And, and, and we, we don't need all 17 of them. In fact, that list started...the deputy really kind of put together this, this overall program starting with probably three times that maybe and they were pared down through different levels of, of analysis until we got these 17...I think it's 17, right...that are the best options. But we don't need all 17 and all 17 is obviously a lot more than \$10 million a year. But there's 17 to choose from and they're the ones that cover all the areas that we'll be back at some point to pursue, you know, the tops from each area.

COUNCILMEMBER COCHRAN: Thank you.

CHAIR VICTORINO: You're welcome.

COUNCILMEMBER COCHRAN: And...is there...can I ask one more? And you mentioned the urban growth boundaries and, of course, water has no boundaries and, just curious, your comments on...Mr. Pontanilla brought up the question to Lucienne about the integrated water supply system. And if that's what...just wanted your comments or department's comments.

MR. TAYLOR: Sure. First of all, we believe we're a utility, not a growth regulatory agency. Again, that's why we're looking at the General Plan, the Maui Island Plan, the urban growth boundaries to say what are the needs. We don't think the

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

Water Department...or lack of funding to the Water Department should be a growth restricting function although many, many, many Water Departments across the United States are used by that...for that function by the elected officials. And I think we can all agree that's, that's really not the proper use of our department, right. Growth happens through...growth *should* happen through zoning and entitlement legislation not through water supply funding. So we would really like to sort of extricate ourselves out of growth control. Look towards what you folks passed in the Maui Island Plan, the urban growth boundaries, the growth rates and look at the most cost-effective way to meet the water needs for where you folks say growth is desirable. And we really wanna stay out of the growth is good, growth is bad debate because it's really not...our, our department really should not be in that, in that debate.

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

CHAIR VICTORINO: Mr. White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. Just one last question. The, the sheet of questions and comments here, will you be coming back to us at our next meeting with recommendations or just the same questions?

MR. TAYLOR: These, these, these questions aren't going to change. And--

COUNCILMEMBER WHITE: That, that, that wasn't my question.

MR. TAYLOR: Are we going to have recommendations? We ultimately...you know, the Mayor, the Mayor and I had a long discussion about this last week and the Mayor respects the Council's right to set County policy. We could come with recommendations but the Mayor really wants to follow your lead from a policy standpoint. He doesn't want to try to force anything and he wants...he was very clear with me. I mean, even back in December, that he wants to work with you folks and...respect your role. So we can give input but ultimately through budget you're gonna make these decisions. So I, I don't know that you really want us to make recommendations because they'd be policy recommendations which I think really is, is really your role. So I think we'd, we'd prefer...

COUNCILMEMBER WHITE: ...*(Inaudible)*... the reason, if you don't mind, the reason I'm asking that is that you're the person who has the, the staff and the background to provide us with an, an assessment of what best practices are in other communities and other water systems. So I'm, I'm feeling like it's a little bit of a cop out if you just come back to us with the same list of questions without recommendations of best practices so...

MR. TAYLOR: I'd be more than happy to do those right now. I mean I've thought about this a lot and though it's not my recommendation, I'll tell you what it is.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

It's my analysis of having listened to the Council debate these issues in infrastructure for the last decade. Whether it's water, wastewater, traffic impact fees, issues in the General Plan, rates, fees, here's my analysis of what the body feels. I think your annual rate increases, because water is so important, 6 to 8 percent is reasonable for something so important. I think that fits exactly in with the policy plan that talks about how important water is. Meter fees, if you look at the policy plan and the, the draft Maui Island Plan it talks about growth paying for growth simultaneously. It's very clear about that. That's written a number of times for infrastructure. So that would mean that you're looking for full cost recovery of principal and interest from any new growth. So that would mean that even meter fees up to \$15,000 as long as it's for full cost principal and interest recovery, I think it's consistent with the discussion I've heard in this Chamber over the past decade for growth.

For maximum annual debt allocation for DWS between SRF loans, GO bonds and even revenue bonds, I would think up to \$30 million is reasonable for this County for our size and for again the importance of this and what's been done in the past.

Should meter fees vary by location to reflect...actual cost of service? I think they should...or it's not that I think they should. All these questions are...this is what I think *you've* been saying. I think when you talked about traffic impact fees, wastewater impact fees, you had these discussions and you said, you know, they should be sort of regional. So, so based on that, I would think that you folks would think that meter fees...that *meter fees* meaning source development should be different in the different areas.

Should current...current customers subsidize new users? Meaning should we raise rates rather than raising meter fees? I think you guys would say no. I think what you guys wrote in the policy plan in the Maui Island Plan where your heading is growth pays for growth. So the answer to that would be no.

And the subsidies for competing user groups, I think you've debated this again and again every year in budget. You should leave 'em at the ratios where they are now. So again these aren't...I don't mean...and some of my words weren't exactly correct. I'm not saying this is what I think you should do. But watching this for the past decade, I think if you guys debate this for six months I think you're gonna come up with those answers because I think you've debated this again and again for the last decade and I think that's what you folks think. So that's not really my...so that *is* my recommendation . . .*(laughter)*. . . is to follow your existing policies. And that's how I think your existing policies would answer these questions. So how's that? Is that okay?

COUNCILMEMBER WHITE: Thank you, Mr. Taylor.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

MR. TAYLOR: I trying to move...rather than spending six months, I, I'm just trying to get to the end.

COUNCILMEMBER WHITE: Thank you. I, I appreciate that.

MR. TAYLOR: So maybe today.

CHAIR VICTORINO: You, you know, Mr. Taylor, I, I gotta admit one thing. You could give an answer without never giving an answer. And that's all I got to say about that.

MR. TAYLOR: I learned that from the best.

COUNCIL MEMBERS: ...*(Laughter)*...

COUNCILMEMBER WHITE: Yeah, Mr. Victorino, Mr. Chair.

CHAIR VICTORINO: I've been practicing. I don't know.

COUNCILMEMBER WHITE: Yeah, Mr. Chair. It is difficult to tell whether he should be that side or on this side.

CHAIR VICTORINO: I'm not sure which side he should be on either. So we'll leave that one alone. Mr. Pontanilla?

VICE-CHAIR PONTANILLA: After hearing his comments about rates, you know, it's true. True, true, true because every time there's a rate increase, in fact the first time we, we talked about a rate increase since I've been here it was upwards to, like, 33 percent. So guess what? We breaked it down to a number of years and we still didn't catch up so, you know, we're behind the eight ball all the time. So good, good observation, David. Thank you. That's it.

CHAIR VICTORINO: That's it? Oh, okay. Let, let me, let me sum this up the best I can. And, again, Mr. Taylor, first of all I'd like to thank you and your staff for the hard work in putting this together. I think when we first talked about this many months ago you and I both agreed that this was something that was necessitated. I mean, without this we're like driving in the dark with no lights on going nowhere fast. And that's, that's the best way I can put it 'cause the terminology Upcountry, 'cause no mo' lights, yeah. ...*(Chuckles)*... No mo' lights on the road side. Anyhow, bottom line right now is you're asking us...you've given us the questions and you're asking us what decisions we are willing to make. And that's what it's coming down to, Members, is where are we're...where do we wanna go with this? And I've heard different answers and from different...and different opinions.

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

I can say when I first came on to the Board of Water Supply back in 2002, I remember one of the things that struck me real quickly was the fact that there was no rate increases, no rate changes for five years. Five years and that was like, something like '94 through '99 or something of that nature. And today we're still paying, right, Mr. Pontanilla? We're still paying for that no rate increase for five years. And we've never caught up. We've been trying to but we've never caught up.

I agree with you, Mr. Carroll. I don't wanna be like Oahu. Last year they had 487 pipe breaks and that's only two inch or bigger that they count as a pipe break. They don't count the little stuff. Four hundred, that's more than...almost two a day. Little over one point something a day. And you saw the last one, Waianae, 24-inch water main break, the whole community impacted. So we don't wanna wait 'til then.

I agree with Ms....Ms. Robertson [*sic*] back there. Quality as well as quantity has to be important. And I think the whole discussion is based upon that whole issue. Whether it's Upcountry, town, West, South, I don't care where. Quality of water is very important. So we're not, we're not leaving that off the scale. I think Mr. Taylor has done a yeoman's job trying to incorporate all of that and what will it cost to treat? What will it cost to deliver good, quality water? And that's what the rates are gonna have to be looking at.

As far as regional stuff and regional rates, you know, that day may come someday. It may come because I'm hearing that more and more from various communities. I hear it from West, I hear it from South. You know, why are we paying so much and we don't get the same kind of return as somewhere else? Hey, the discussion is out there so let's be real. Let's put the, the facts on the table so everybody now understands what's going on.

I've lived in this...community almost all my adult life and we've always worked together. Right, Ms. Baisa? It's one community. It's been one county and one county votes for us. I won't go into pitches about anything beyond voting. I don't go there 'cause Mr. Deleon is in the gallery and I don't wanna go there. Thank you, David. No, it's really more of really what we need to do. We gotta have the political whereall [*sic*] to do it. And make the rates and make all the fees what we need to to keep reliable sources available and the delivery system that needs to be kept up. I think we cannot put it in any other way except the Department can only give us the facts and now we've gotta make the political decisions. The Administration has gone and brought in people that I think want to do a great job, have demonstrated a number of times that they're really into it. And that's why I wanted this today because I've have been heard out there, oh, I haven't heard anything. It's been quiet. What are they doing? They're not doing anything. Well, you can see over the last eight months Mr. Taylor and *all* of this staff have been working really diligently to get us this information. And I've

WATER RESOURCES COMMITTEE
Council of the County of Maui

August 16, 2011

been up to this office, I've seen the maps, I've seen all the dots and he tell me, oh, this dots mean this and this dots...I says, please, don't go there. Don't go there with the dots, you know what I mean? We need to put the final plan together. But I know they're working hard. So this is why this was important, David. To show the people of Maui County and the Water Resources Committee what you have accomplished to this point. And I want to thank you very, very much for that.

All of you out there in the gallery, department, all the department people, thank you. All of the audience out there, now you know where, what we face. Now you know what we need to do. Now we need your help. We need your mana'o. We need your advice. What do you want us to do? The days of the low-hanging water, you know like the low-hanging fruit, is gone. Cheap water is gone. It's getting to a point where it's gonna cost us to deliver this water. So we've gotta be more conservative. We've gotta be more dependent on other things such as recycling reclaimed water. That's not off the map. That's...as part of all this source development. So all of that is all gonna be incorporated but it costs money to get it from there to where it needs to be. It's going cost money. So nothing's easy. And if you thought the job was easy then you really don't belong in the chair that you're sitting in. So again, in closing I'll say you, the general public, have been the people watching this or people who may watch this in the near future, understand this is just the plan. These are the questions that need to be answered and we're here to answer those questions. But we need your advice. Don't be afraid, and I know some are not, to e-mail us, to, to call us. Mrs. Baisa said no, don't tell 'em e-mail any more. . . .(Chuckles). . . Come on now, I get the same e-mails. In fact, I may get a few that...oh, never mind, I won't go there. . . .(Chuckles). . . But it's our responsibility and it's time we take this on. It's time we...take the bull by the horn and let's get it done. So I really believe today was the first step and hopefully, Mr. Taylor, in the next couple of months you'll have the final report with all the numbers so that people like Mr. White can absorb. He's a numbers man. He likes those numbers. Me too. I, I kinda like to have some numbers too so I can figure out what and where to go with this, yeah? But all, all joking aside, this is a great step and this is a great...and, and I thank *The Maui News* for being here because today...tomorrow they going report all the great things that gonna happen and what it will cost everybody to do it. Anyhow, if there's no other comments or discussion or questions for the Department, I will call this meeting of the Water Resources Committee, August 16, adjourned. . . .(gavel). . .

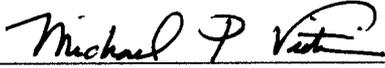
ACTION: DEFER pending further discussion.

ADJOURN: 11:07 a.m.

**WATER RESOURCES COMMITTEE
Council of the County of Maui**

August 16, 2011

APPROVED:



MICHAEL P. VICTORINO, Chair
Water Resources Committee

wr:min:110816:rk

Transcribed by: Reinette Kutz

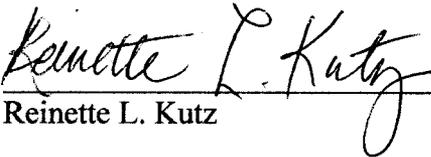
**WATER RESOURCES COMMITTEE
Council of the County of Maui**

August 16, 2011

CERTIFICATE

I, Reinette Kutz, 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 this 31st day of August 2011, in Wailuku, Hawaii.


Reinette L. Kutz