

WATER RESOURCES COMMITTEE

Council of the County of Maui

MINUTES

November 1, 2011

Council Chamber, 8th Floor

CONVENE: 9:02 a.m.

PRESENT: VOTING MEMBERS:

Councilmember Michael P. Victorino, Chair
Councilmember Joseph Pontanilla, Vice-Chair
Councilmember Gladys C. Baisa
Councilmember Robert Carroll
Councilmember G. Riki Hokama
Councilmember Mike B. White (in 9:03 a.m.)

EXCUSED: VOTING MEMBERS:

Councilmember Elle Cochran

STAFF:

Michael Geers, Legislative Analyst
Yvette Bouthillier, Committee Secretary

ADMIN.:

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

Seated in the audience:

Sandy Baz, Budget Director, Office of the Mayor

OTHERS:

Item 6(3): Ron Montgomery, President, Kula Community Association
Gary Sanches
Dave DeLeon, Realtors Association of Maui
Alice L. Lee
Rosemary S. Robbins, Upcountry Oversight and Advisory
Community
Others (10)

PRESS:

Akaku: Maui Community Television, Inc.

CHAIR VICTORINO: . . .(*gavel*). . . Good morning. The Water Use and . . .the Water, the Water Use, see, Water Resources Committee meeting of Tuesday, November 1, 2011 will come to order. We have quorum present and let me introduce the Members that are here. First of all, the Vice-Chair of the Committee, Mr. Joseph Pontanilla.

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VICE-CHAIR PONTANILLA: Good morning.

CHAIR VICTORINO: Good morning. Also the young lady from Upcountry, Ms. Gladys Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

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

COUNCILMEMBER CARROLL: Good morning.

CHAIR VICTORINO: Good morning. Our Lanai representative, G. Riki Hokama.

COUNCILMEMBER HOKAMA: Chairman.

CHAIR VICTORINO: Good morning. And also myself, the Chair Michael Victorino. Excused for today's proceeding is Elle Cochran, and Mr. White should be joining us shortly. In fact talking about Mr. White, here he comes walking in. Thank you, Mr. White. We have no non-voting Members today so I'll move right into the Departments. We have from the Department of Corporation, Mr. Edward Kushi.

MR. KUSHI: Good morning.

CHAIR VICTORINO: Good morning. And from the Administration, we have Mr. David Taylor, the Water Director --

MR. TAYLOR: Good morning.

CHAIR VICTORINO: --and also Paul Meyers [*sic*], the Deputy Director of Water Supply.

MR. MEYER: Good morning.

CHAIR VICTORINO: Good morning. We have our Committee Staff, which is one of the most important people in any meeting we have, Michael Geers, the Legislative Analyst, and Yvette Bouthillier, the Committee Secretary. Good morning.

MS. BOUTHILLIER: Good morning.

CHAIR VICTORINO: Okay, so, we have some public testifiers but before we get started, I would ask all that are present in the Chamber to make sure they turn off all noise-making devices. Put your cell phones on vibrate or silent, I would

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appreciate it. And like Ms. Baisa, I better check myself because sometimes you're the embarrassing one.

COUNCILMEMBER BAISA: Yes.

CHAIR VICTORINO: Okay. Yes and diddy, I am on, okay, good. Today we just have one agenda item and that's WR-6(3), which is Community *[sic]* Priorities and Procedures; Presentations from the County Administrative Agencies (Department of Water Supply). What we are going to go over is some of the. . .it's a follow-up meeting to the meeting we had a few months ago in regards to the setup and design and some of the infrastructure improvements and the cost factors that are so important for us next year for budgetary purposes and for future budgetary purposes, yeah. I want to thank Mr. Taylor and his staff because they have worked over eight, nine months, I think, on this whole item. And, I think, this now makes it a reality. It brings it to fruition so that people can understand as we progress into our budgetary sessions next March, some of these issues will be paramount, and these are the areas that we're gonna be looking to make improvements, but improvements cost money. And so, I want people to understand this is the chart that we're going to be following. Isn't that correct, Mr. Taylor?

MR. TAYLOR: That's correct.

CHAIR VICTORINO: All right. I like that. Anyhow before we get started with the Department, we have some testifiers. Right now I have two and, I think, I may have more. I will start off with the first testifier and I want to call on Mr. Ron Montgomery and he's representing the Kula Community Association. If you look in your binder, there is a survey that the Kula Community Association did take. And we're going to be using this as a resource for our Water Use and Development Plan, and, you know, because he has brought it forward, I want to thank the Kula Community Association and, you, Mr. Montgomery, for being instrumental. You took the challenge on from Mr. Taylor, and when he says, get me some, get me some answers, you took it literally, and got it. So, Mr., Mr. Montgomery, go ahead.

...BEGIN PUBLIC TESTIMONY...

MR. MONTGOMERY: Thank you, Chair. And good morning, Committee Members, and the Department of Water Supply as well. As the Chair pointed out, we were very interested of course Upcountry and the proposals made by the Department of Water Supply to be able to address the questions that were presented in that, in that meeting, the priority questions that were presented. And so, we invited Director Taylor as well as two of the Council members to attend, including the Chair, and during that time we handed out paper ballots and also had an online ballot. And in the time I have today I can't go through those results, but I would

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like to go through the summary which is the last slide in the collection that gives an idea of the things that are related to cost.

The first point was is that we had asked the community members which of five proposals they would prefer looking at rate increases to their water bill? And they had a complete understanding of not only what those costs were but the fact that this was an annual accumulated increase year after year, and what the impact would be in ten years of what their water bills would be. So, this wasn't something that was not understood by the community, and the results you can read it two ways. One is that over half of the community voted for an 8 percent increase, but as the President of, of the KCA, I try and accommodate all of the views. And so we took an average of 6.5 percent, and that 6.5 percent based on the DWS' proposals would result in a stabilized water system, upgraded fire suppression system, and they're willing to accept ongoing occasional interruptions or cutbacks in water due to drought conditions.

The second point is Upcountry users believe, perhaps not surprisingly, that water rates should be the same regardless of where you live. But on the other hand, they were also equally supportive of a more aggressive tiered water rate for conservation purposes.

The third bullet is that the community supports subsidizing agriculture, but one of the points that was brought out in the comments was there's either a real or an assumed perception that there are people getting Ag water rates that are not deserving. And so to continue that subsidy, they would like to have the ability. . .one minute, I know it's coming --

CHAIR VICTORINO: Yeah.

MR. MONTGOMERY: --the ability to make sure that there is a standardized procedure so that we can determine who deserves it.

The majority of Upcountry users believe that new users should pay for costs associated for providing water through higher water meter costs.

And the last point is, is that the community puts back on the full Council that when you look at the development that would take place due to water, is that there is a responsibility to make sure that growth is responsible growth along with the infrastructure that's required.

Thank you, Chair and Committee.

CHAIR VICTORINO: Well, thank you, Mr. Montgomery. And I, I like your summary and, you know, the overview that the Kula Community Association has given us. I think it makes us understand that there are areas for which compromise can be

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made. It's not all or nothing and, I think, that's very important and I'm very appreciative of that factor and also the time and effort you guys took to put this together. So, this I'll make sure is included in the Water Use and Development Plan for the Upcountry when we bring that up early next year. I want to thank...

MR. MONTGOMERY: Thank you, Chair. Can I make one other, one other --

CHAIR VICTORINO: Sure, got ahead, Mr. Montgomery.

MR. MONTGOMERY: --point. The other point is, is that I know that this is just one community's view.

CHAIR VICTORINO: Yeah.

MR. MONTGOMERY: And there may be other communities who differ from this, but I believe that for the Upcountry users that even if this plan were only for Upcountry users we feel that, that it's that important to us. We do not want to be the City of Honolulu ten years from now.

CHAIR VICTORINO: And you know, Mr. Montgomery, as I mentioned to some of the Staff earlier this morning, this is a great template for other communities to follow.

MR. MONTGOMERY: I agree.

CHAIR VICTORINO: So, I will encourage...whether it's Haiku or Makawao, Pukalani, Kahului, Wailuku, I don't care what community, I will encourage them to use this or, or if they can maybe change it a little, but this really gets to the gist of the problem.

MR. MONTGOMERY: Thank you, sir.

CHAIR VICTORINO: And, I think, this is something we can use as a template, if you don't mind. And, I think, this we could, you know, really benefit the people of Maui County by having various communities respond and then let's put a real true accumulation. But this I'll make sure is in the Water Use and Development Plan for Upcountry.

MR. MONTGOMERY: And thank you for all your support, Chair.

CHAIR VICTORINO: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. And thank you very much, Mr. Montgomery, for being here this morning. And again, mahalo for all the hard work that you do as President of the, of the Association. I'm so proud to be associated with the Kula Community Association. You, you do good work and

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this study is really relevant to...you know, I've been participating in the development of the Upcountry Water Use and Development Plan. And, I think, like the Chair says, this will be a very important part as we try to wrap that up. We now have answers. You know, Mr. Taylor challenged and said come up and give me some, give me some input and tell me if you think I'm out in leftfield, and the Association came back with it. Just one quick question for the folks who do not have the opportunity to read the study. When was it done and how many people and how did they participate?

MR. MONTGOMERY: Thank you and thank you for your support of our Association as well. The, the survey was done on September the 7th at a general meeting and beyond. We had paper ballots. We had over 200 votes, which isn't a huge amount but we thought it was significant, and it represents not only the KCA but Kula residents, Upcountry residents. We had people from different parts of Upcountry, and if you read through the comments, we even had a spattering of votes and comments from people throughout the entire County. We had one person who said they were from the West Side and they didn't believe they should pay for improvements Upcountry. So, I know that we reached different people in different areas as well.

COUNCILMEMBER BAISA: Did you have this online also?

MR. MONTGOMERY: Yes, I'm sorry. We also had, we also had voting online on our website, and the website was created or the voting was created so that a person could not vote twice. They could only vote once. We did a comparison of the paper ballots versus the online ballots, and within a percentage point or two, they were the same, and that data should be included in your binder if you want to do a comparison. So we merged all of the data together, and because it was virtually the same.

COUNCILMEMBER BAISA: Thank you very much. You know, the validity and the method of surveying is always questioned so I thought it was important to share that. Thank you.

MR. MONTGOMERY: Well my background is in statistics and I didn't do a statistical analysis on this, but I on a cursory review I would say that they were statistically equal, so.

COUNCILMEMBER BAISA: Lucky us we got the right guy. Thank you and thank you, Chair.

CHAIR VICTORINO: Thank you, Ms. Baisa. Other questions from the...for the testifier? Mr. Pontanilla?

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VICE-CHAIR PONTANILLA: Thank you. Thank you, Mr. Montgomery, for your survey. Fast question, the annual 6.5 percent increase, this is until we catch up our . . . on our infrastructure?

MR. MONTGOMERY: Right. We did a . . . if, if you look at the questions, we did a cost projection of what water rates would be for ten years. And I know the Department has a 20 year plan but, yes, this was our projection for ten years.

VICE-CHAIR PONTANILLA: Okay, thank you. Good job though.

MR. MONTGOMERY: Thank you.

CHAIR VICTORINO: Thank you. Any other questions for the testifier? Seeing none, thank you, Mr. Montgomery --

MR. MONTGOMERY: Thank you.

CHAIR VICTORINO: --very much for all your efforts and Kula Community Association. Next testifier is Mr. Gary Sanches. Sorry, I do have Gary Sanches as number two. Sorry, Dave, you're number three.

MR. DELEON: Excuse me.

CHAIR VICTORINO: Number two, Mr. Sanches, good morning.

MR. SANCHES: Good morning, Council Members, Members of the Water Department. My name is Gary Sanches. I'm here to testify on a couple items. First of all, thank you for coming up to Kula the other month and giving what I thought was a pretty good representation of what the Water Department needs to do. And first of all, like I told Mike Victorino, the Waikamoi situation is finally being addressed, hallelujah. It could be part of the problem for water meter solution Upcountry once the Waikamoi flumes are fixed. So, you know, we don't know. The thing that disturbed me the most was the infrastructure. Many people on that water meter list will be excluded because of the fact that they don't have the money to put in for the infrastructure. They just don't have that kind of money. So, it will be the rich versus the poor. And basically that's what is going to happen.

As far as water rate increases, I have a problem with that. You know, we have been increasing the water rates, increasing the water rates. Where I live down in Omaopio, we don't even have a waterline. We have a water meter, but we don't have a waterline. One of my neighbor's, one of the biggest farmers here in the Omaopio area, 60-plus years he's been waiting for a water line. I've been waiting 25 years plus for a water line. We, we got, we got the water meter but we got no

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waterline. We got to maintain our own waterlines down the road, which is absolutely absurd. Why should I keep paying and paying and paying?

The next item I want to say why can't the Council subsidize the Water Department? You know, we subsidize the bus. We can have the most beautiful fire stations on Maui. What good is all the training for the firemen, the most beautiful fire stations if we don't have waterlines to put out a fire? It doesn't make sense. You know, the Council wants to buy land in Kulamalu for affordable housing. Kulamalu is not an affordable area. I would like to live in Kulamalu, but I can't afford it. You know, we're going to spend I don't know how many thousands of dollars for bus stops. We subsidize everything except the Water Department, which is the most urgent of all our needs in our community. Without water there's no life. Why I should I pay and pay and pay and pay water rate increases and at the same time I don't have any services? We pay higher insurance rates because we don't have a fire hydrant. Every single fire hydrant on Omaopio Road were put in by developers. Not one had been put in by the County of Maui. We still have four-inch fire stands, which are totally, totally obsolete.

So, Council Members, you know, in your next budget, maybe you guys can give the Water Department \$25 million. We give everybody else money. You know, I think, water is probably the most. . . I mean, I know I'm gonna upset some people with things I've said, but you know what, without water there's no life. And that's my, that's my testimony for today.

CHAIR VICTORINO: Thank you, Mr. Sanches. And, you know, Mr. Sanches, you bring up a lot of valid points. You know, you gotta understand one of the major challenges we have is we can do bonds but the, the water is an Enterprise Fund. It supposed to be self-sufficient. In other words, make enough to take care of its own expenses. We not supposed to take money from them and put in the General Fund, and technically we have to make budget amendments to move money over to them to, you know, but it's not an impossibility. However, the other side of the coin is years of neglect have made it so, so encumbering right now that it makes it real difficult. But you're right, without water there's no life. And, I think, that's part of the slogan we use for our Water Department. So, you are. . .you're hitting the nail right on the head. We subsidize all the rest and if a Fire Department goes down there and the water hydrants don't work or don't have, it's, it's a loss cause. Isn't that true?

MR. SANCHES: Right, yeah.

CHAIR VICTORINO: So, but you bring many good points and maybe we can start looking at these points and other areas as far as your place down in Omaopio and, and the farming that goes on down there. Questions for the testifier? Yes, Mr. Pontanilla?

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VICE-CHAIR PONTANILLA: Thank you. Thank you, Mr. Sanches. You know, like the Chairman said, you bring up plenty. . . a lot of good points. But the one that caught my ear is that the cost to bring the waterline or the cost to the people that have been waiting 20, 25 years for, for water and then all of a sudden now we, we have an opportunity. So, how many of the old folks, you know, like yourself that had been waiting for over 20 years now are faced with this huge cost to provide, you know, their own infrastructure? Do you have any idea?

MR. SANCHES: Well where I live, I'd, I'd estimate it's going take about 350,000 to maybe 500,000, you know, it depends how far down you want to go with the waterline. But where I live, you go down the road another quarter mile, it's all A&B property, all canefields. See, you know, there's no more private residences. You know, we're not a subdivision. We're landowners on Omaopio Road that never got a waterline, and why the water line stopped about a quarter mile above me, nobody seems to know. You know, whether was politics or whatever but basically that's what it would take. But, you know, the Water Department engineers keep telling me we're not going be a priority. There's too many other priorities. There's not enough money. So, you know, like my neighbor 60 years plus, he's 90-plus years old, he will never see a waterline in, in his lifetime. I guarantee you that. I'm 68 years old. I guarantee you people I will die and never see a water line down Omaopio Road, because we will never become a priority unless we have more monies in the Water Department. And like I said, I, I have a problem with all these increases, you know. It's hard on the local people.

VICE-CHAIR PONTANILLA: Thank you. Thank you for your information and, you know, I'll be asking that question to the Water Department, if they had identified every, every person that is on the water meter list in regards to the type of money that would be required by that landowner to provide his or her own infrastructure, because that's something that we need to know, something that we need to know. You know, we, we promised and now all of a sudden, you know, you're faced with \$350,000, you know. Where you going get \$350,000, so?

MR. SANCHES: You know what, Mr. Pontanilla, excuse me, yeah.

VICE-CHAIR PONTANILLA: Sure.

MR. SANCHES: You know, we have water meters, what we don't have is waterlines.

VICE-CHAIR PONTANILLA: Yeah, I know. I know I have friends that have water meters but no waterline. Thank you.

MR. SANCHES: Okay, thank you.

CHAIR VICTORINO: We need, we need to improve the waterline, that's what the, the challenge is. Isn't that correct, Mr. Sanches?

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MR. SANCHES: Infrastructure, yes.

CHAIR VICTORINO: Yeah, okay. Any other questions for the testifier? Yes, Ms. Baisa?

COUNCILMEMBER BAISA: Thank you, Chair. And thank you, Mr. Sanches, for being here. I think, you know, you represent a lot of people who are frustrated just like you. You know, they talk to me all the time, and this water problem that we're dealing with is not new. This is as old as you and I, maybe even older, 'cause I remember we had water challenges when I was a child. And my parents, I think, were part of all this already, yours too.

So, anyway, we have a real problem and, you know, the dilemma that you bring up is this. There's many people, like yourself, and of course all of us, nobody wants to pay any more. But then we have this how to do we pay for all this stuff, you know? For one person if it gets into 350,000, 100,000, 200,000, whatever, and Mr. Taylor has mapped out where all of these meters are, we want to have them and the infrastructure that's going to be required. So, somewhere there's going to be money, and yes, I, I share your concern about. . .you know, when I came here I was really surprised to find out that the Water Department is an Enterprise Fund. It's on its own and if it, you know, if it has money, can do. No more money, cannot.

And yet we have the big budget, which is the General Fund and I asked the same question. Why can't we take money from here and put it in the Water 'cause, you know, we need to do this. I, I still think that's a question that's hanging, because, you know, we make the rules and we set up the laws and so it really is sitting in our lap. But, you know, even if we were to take money from the General Fund and put it in the Water Department, we still need more money to do it because if we do that something else is going to hurt. You know how it is. Everybody has a priority. Some people want to see roads. Some people want to see bigger parks. Some people want more fields. You know, it really depends on your own personal situation, so at some point it comes down to who's going to pay. Your ideas, I'd be really willing, willing to listen to you and I know my colleagues are too. Well how do you think we can find this money to do this?

MR. SANCHES: Well, you know, a raise is part of the answer. I mean, you know, but, you know, like ten years in a row, 6 percent. I have a problem with that. I . . .it's a little too steep. You know, most people have, you know, like State employees, et cetera, you know, they taking a cut in their wages. You know, they, they're not meeting inflation. So, you know, you're purchasing power becomes lesser and lesser and lesser. So, you know, it's hard. You know, some of these other things gotta wait. You know, like a bus, bus stop, a shelter. I mean when we were kids we wore raincoats.

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COUNCILMEMBER BAISA: And walked.

MR. SANCHES: Walked. Today we gotta get bus shelters. You know, you know, you gotta look at the priorities. Water or bus shelter from being wet, I mean, and that's how I kind of look at it. You know, it's like when you go eat dinner at night time. Can you afford a steak or you're going afford spam? You gotta make choices if you want to survive, and, I think, basically that's what the County of Maui has to do in, in relation to the Water Department. And this isn't too funny but I told Mike. . .Mr. Victorino up in Kula, the County of Maui is like a teenager, has a big truck, lifted, big tires, fancy rims, the body all rotten, and the engine smoking. I mean, you know, but, you know, we have everything but the necessities, you know. So, and I know it hurts. I know it hurts sportsmen. You know, everybody is hurting but, I think, water is gotta be...we gotta catch up.

COUNCILMEMBER BAISA: I think I get the point. Water is a priority and we should take care of that.

MR. SANCHES: Right.

COUNCILMEMBER BAISA: Okay. Thank you very much for being here.

CHAIR VICTORINO: Thank you, Mr. Sanches. Other questions for the testifier? Seeing none, thank you, sir.

MR. SANCHES: Okay, thank you.

CHAIR VICTORINO: Next testifier is Mr. Dave DeLeon and he is representing the Realtors Association of Maui.

MR. DELEON: Good morning and aloha. I'm, I'm still trying to get my eye, my head around the idea of having a water meter but no line to, to feed it. Thank you for this opportunity to address the Committee. I'm, I'm Dave DeLeon representing the 1,300 professional realtors on Maui.

At its August 16th meeting on the same topic, this Committee heard County Water Director Dave Taylor present the Council very clear options. We were encouraged by a thoughtful analysis and all of our existing water situation and wish to encourage the Council to take this opportunity to seriously address our water situation. It's been about a decade since the County has added new sources to the nearly tapped out Central Maui Water System. They were probably the last options from the Iao Aquifer. That source is now probably totally tapped out and we need to get new sources online soon, or we could be facing a moratorium in Central. . .for water hookups from the Central Maui System in the foreseeable future.

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If the economy improves and demand grows, as it stands now, Maui County will not be able to capitalize on that growth, at least not until we have new water sources. It's imperative that we start making investments in water supply. The water is out there. We just need the supply it.

There are those who would restrict infrastructure, like water supplies, as a means to restrain growth. I guess that's fine if you have everything you need in life, but limiting water source means no new homes, affordable or otherwise. It means no new jobs. It means no new farms. And in limiting water supply will have a very real impact on the existing population as it continues to grow naturally. The proper way to control growth is through zoning and not through limiting resources our community, our existing community needs.

Our Association was very excited by the leadership this Council demonstrated in the recent Hamakuapoko bill situation and we would extend our heart...heartfelt mahalo for that vote. RAM knows that this Council has the courage and the intelligence to address this important issue and would like to encourage the Council to continue to push for the development of water sources this County. . .this community so desperately needs. Mahalo.

CHAIR VICTORINO: Thank you, Mr. DeLeon. And Mr. DeLeon's testimony is been submitted in writing also. Questions for Mr. DeLeon? Seeing none, thank you.

MR. DELEON: Thank you.

CHAIR VICTORINO: Okay. Next testifier is Alice Lee and she's testifying on her behalf.

MS. LEE: Good morning, Mr. Chair, and Committee Members.

CHAIR VICTORINO: Good morning.

MS. LEE: Good to see all of you. I too would like to thank you very much for your vote on reopening the Hamakuapoko Wells. That was very, very important to all of us. Did I say my name is Alice Lee?

CHAIR VICTORINO: Not yet.

MS. LEE: Oh, sorry.

CHAIR VICTORINO: Yes, thank you.

MS. LEE: That's me. I'm here to testify in support of the Department, but I, I just want to say one thing first though. I'm gonna have to disagree with my cousin over

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here, Gary Sanches, who I love dearly, but believe it or not his grandmother and my grandmother were sisters. Yeah. We don't look like cousins but we are. Anyway, again, thank you very much for H'poko.

With regard to raising rates, you know, I know Gary and many, many others are not supportive of something like this. But my feeling is if we can absorb some raises, let's go for it because we can't continue to neglect our infrastructure any longer. And we have to take the medicine now; otherwise, what's going to happen if we continue to neglect our failing systems, we're gonna end up just like Oahu, and improvements and upgrades are gonna cost way more in the future. And we're basically in a situation where we can't defer dealing with these issues any longer.

Also I, I wanna say that at some point in time, I'm hoping we can revive looking at Show Me The Water, okay, because to me this an impediment for the, the County moving forward at a faster pace looking for a new source.

I wanna mention that people have talked about, Gary and others talked about, how do we use money. . . monies for the Water Department if it's an Enterprise Fund or...I think, if you look in your, your coffer, it's under proprietary, proprietary funds. Anyway, if for some reason you can't give funding to that, that Department, you can also, you can think about loaning that Department funds. You can float GO bonds and you can loan that Department funds. Because, you know, what bothers me is--and that's why I bring up the Show Me The Water-- in the Charter, the Department is mandated to implement the Community Plans, and let's say they're mandated to be self-supporting. Well I'll tell you one thing, they're not implementing the Community Plans, because they have not been able to keep up with new source. No blame to anybody especially not this new Administration because they just started, but I'm not blaming anybody. The point is we know the problem. Let's deal with it and, you know, let's not use the excuse that this is an Enterprise Fund and it's supposed to be self-supporting, because the Charter says the Department is responsible for developing new source to keep up and implement the Community Plans. Thank you, Mr. Chair.

CHAIR VICTORINO: Thank you, Ms. Lee. And I know you've had many years of experience on this side of the aisle so and as I said earlier, GO bonds and other methodologies of funding is available, you know. So it's not that just an enterprise fund, priority fund, or whatever you might want to call it, but we are restricted that we can't take any money out of there but we can always add to it, you know. So anyhow, questions for the testifier? Yes, Mr. Pontanilla?

VICE-CHAIR PONTANILLA: Thank you. Just a fast question for Ms. Lee, back in 1980's or middle of 1980's, when that study was made by Norman Saito regarding infrastructure. I don't know if you folks were. . .I know you were on the Council at that time and...

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MS. LEE: Actually, Mr. Pontanilla, I'm not that old. I started in 1989 --

VICE-CHAIR PONTANILLA: Sorry.

MS. LEE: --and I went through 1999.

VICE-CHAIR PONTANILLA: So anyway, my question is I, I don't know if, if that Council at that time, you know, looked at this study that said that by the year 2000 we should be, you know, doing a lot of things to support infrastructure, to support resources, and, and evidently nothing was done. So, I, I think, you know, your, your comments in regards to yeah, we, we, we gotta start acting is well said. Yeah, we gotta start acting but, you know, what bothers me is that we've had this problem for decades and for some reason there weren't any leadership to take this thing and move forward. So, this is why we in this predicament right now. So, I, I don't know if you read that thing.

MS. LEE: I probably did at the time because we needed to make very serious decisions on new source when I was on the Council. And when I was on the Council, on average, we developed a new well every year. See, so, I don't think we fell behind. I, I think what, what happened really is challenges from the community, lawsuits, those kinds of issues came up. And, I think, what happened was the County started, started to retreat, started to recoil in the face of adversity, what they've seen. You know, they didn't want the challenges. They didn't want the liabilities. I think that contributed heavily to stalling moving forward.

But, again, I believe, and during our time we didn't have as many challenges as you have today. And that's why I say I'm not here to blame anybody. I think we did what we could when we. . .during that time and we did move forward. We had many wells developed. In fact, it was during my time that we developed H'poko, sadly to say it was in 1992 and I was still on the Council. And I flipped the switch at, at the North Waihee Wells to start those. But we are in an environment today where you're challenged left and right. You have a much more vocal minority. You have more organized opposition. So it's harder, it's harder to move forward under those conditions. And, and that, I think, is contributing to, to us falling behind with regard to infrastructure.

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

CHAIR VICTORINO: Thank you, Ms. Lee, you hit the nail on the head. You know, we're in a different time. I often hear people tell me, oh, why can't you be like back in Elmer's day or other people's. . .Eddie Tam? But that was a different time --

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MS. LEE: Right.

CHAIR VICTORINO: --in this County. We had a different demographic. We had a different group of people. We're a different. . .a whole different County. We were agriculture back then, but it's all changed and that has been the real challenges moving forward. But this Council has never been afraid to at least take on the issues. Now for better or worse we're doing it. Now we've gotta make some major decisions and I guarantee, whether Mr. Sanches or others are happy or unhappy, decisions will be made. How good, how bad, only time will answer that question. Other questions for Ms. Lee? Seeing none, thank you very much, Ms. Lee, for being here today.

MS. LEE: And, and please you can count my support. I know how hard it is. What you're doing is really hard and we appreciate what you're doing. Thank you.

CHAIR VICTORINO: Thank you very much. The last testifier who signed up to this point is Ms. Rosemary Robbins and she's testifying on behalf of the. . .as a concerned citizen and a member of the Priority Oversight. . .you're right, you're right. You know, I supposed to remember this but I can't. You wrote so. . .can you, I'm sorry. I can't read your writing.

MS. ROBBINS: Upcountry Oversight and Advisory Community from the EPA.

CHAIR VICTORINO: Thank you, Ms. Robinson [*sic*]. I should remember that but I apologize. Go ahead.

MS. ROBBINS: That Committee came into existence because this County was in very dangerous care of some of the water that it was being delivered, that it was allowing to be delivered to its citizens. And there was a half million dollar grant that came with that, but the EPA said that there would be no half million--the budget--no half million dollars if there were not a concerned citizen oversight committee, that's the why of that.

Okay, so, I would like to just speak for a minute, if I may. The first speaker this morning from the Kula Community Association gave a genuine plan. I'm part of that Community Association. I really appreciate your having done that and the people who worked with him. I'm still seeing such a disconnect from other people who were here this morning who said we have water meters, we don't have waterlines. And for all of the Committee members. . .for all of the Committee meetings that I've been here, I've been hearing we have waterlines, we have no meters. If that's a fault and a disconnect on both ends, that really needs to be bridged, and the fact that, that's been a known issue for a long time makes it all the more great in need.

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When we hear that the Central Maui water situation is just about run out, one of the other testifiers before me this morning said, I've been in touch with the Water Department, current and previously, about the fact that on our campuses, we have water going...yesterday, I was on a Kahului Committee. . .Kahului campus and those (*imitated sounds of water sprinklers*) water things were going from 11:00 in the morning until I left at 3:00. And most of us who are living Upcountry are walking around on step, God help us don't let that ignite because we're so dry. And yet this is the County water address, and what I'm hearing from the Water Department is that the water that's serving the campuses is a State issue. Here's another huge connect that could be made, should be made, hasn't been made. There's such huge gaps and they've been known as huge gaps for so long. We can't keep going back to saying remember how it used to be. Remember the gauze around the faucets when we had gravel in it. I remember that. I was teaching in Kaneohe. We had that back in that. For us to plan for 50 years ago was crazy. It's not a reason. It's a cause. Not all causes are reasonable.

So, I'm asking you to please take a good look that those disconnects and make sure that we get them plugged in. As for the H'poko Wells, I would love to see what we saw brought in by concerned citizens this morning, an actual plan of how and when and by whom those remediations are going to be made. They definitely need to be made. Thank you.

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

MS. ROBBINS: You're welcome.

CHAIR VICTORINO: I see no other testifiers as far as being listed, so I will open one more opportunity to anyone in the gallery who has not testified. If you want to come up to testify, please rush to the podium. Since I don't see anybody even standing up, with the permission of the Committee, I'd like to close public testimony, with no objections.

COUNCIL MEMBERS: No objections.

CHAIR VICTORINO: Thank you very, very much.

...END OF PUBLIC TESTIMONY...

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

CHAIR VICTORINO: This morning we're going to have a presentation from the Department of Water Supply. Now, we will be in open session and we have

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various items that we're going to be covering in open session. However, there may be a point where an executive session may be necessitated. This is in regards to acquisitions and other issues that are now pending with the County of Maui. So, if that is necessary I will ask the Committee, with their permission, to go into executive session to cover these various areas. So, Mr. Taylor, will give a presentation. And, Mr. Taylor, I want to thank you first and foremost because I know you were getting tired of me bugging you. I mean I would call almost every other week, trying to figure out when we were going to get this done. Right, Mr. Taylor? So, my apologies but, I think, the people of Maui County are long overdue this report. So with no further ado, Mr. Taylor, I will give you the opportunity to go over your presentation.

MR. TAYLOR: Thank you, Mr. Chair, and thank you, Members, for the opportunity to discuss this in a little more detail today. I don't have a very long presentation and in . . . it's essentially just some follow-up to the presentation we gave back in August, which was, was pretty thorough.

I know it's November and no one is thinking about budget, but we're thinking about budget because our Fiscal Year 2013 Budget we have to finish in the next couple of months so that you guys can get it. And the Budget Director just looked at me like couple months, more like couple weeks. But we have to finish that in the next couple of months so that you guys can get in March. And that means we have to nail down our six-year CIP plan, our rates, our fees, and our overall Budget for Fiscal Year '13 and beyond, and we need to do that in the next couple of months. So, hopefully, we can get some feedback today about the answers, how the Council feels about some of these issues that have been discussed, so we can use that to try to formulate our budget for Fiscal Year 2013.

In the four pages that were just handed out, most of them are updates to what you've seen. We got these Priority Policy Issues, which is identical to what you were handed out last time in August, rates, fees, debt. . . the big questions we have about money. So, that's on the first sheet, number one.

Sheet 2, which is this bar chart is an update from what you saw last time, which would replace what was presented last time. So, we took another. . . we did another iteration of our 20-year Capital Improvement Plan which we have in, in detail if anyone wants to see at a break. It's, it's probably too small to make copies of that you can read, but I do have the full-sized one where we looked at every single pipe, pump, treatment plant, and laid out what needs to be done, and how much it's going to cost for the next two decades. In yellow, in the bar chart, are what we need to do to keep existing levels of service. So, you can see for the next decade, that's about 20 million a year. So about \$20 million a year in capital improvement is what it's going to take to keep existing customers having the same level of service they have now. In green are some additions for new source development. New source development can happen faster if we spend more

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money. It can happen slower if we spend less money. So you can see that's about another \$10 million a year. So, again, we're back to this 20 million a year for the next decade in CIP just for status quo and maybe about 30 million a year if we're going to address some of these shortfalls that, that people have been discussing.

On the next sheet, Sheet 3, this also is, is the same. It hasn't changed. These are three different financial rate projections that correspond to 10 million in CIP every year, 20 million in CIP every year, or 30 million in CIP every year, about what the rates would have to be over the next two decades in order to support operations plus that level of debt. And you can see that the lower line in blue, which is about \$10 million in CIP, that alone represents about a 4 percent a year rate increase, and that's only for 10 million a year in CIP, that won't even keep status quo. That's what I'll call sort of a controlled failure scenario where we decide what parts of the system operate well and decide which parts to kind of let it go, mostly pipelines. We, we probably push the pipelines out and say look we just don't have enough money for everything so when pipelines break we'll repair them. But we can't let tanks fail. We can't let pumps fail and we can't let treatment plants fail because that affects everyone. So essentially the blue line, around 4 percent increase a year represents kind of what you've been seeing in City and County of Honolulu. You haven't seen any, any water that's of, of low quality. You just see a lot of breaks. So that's essentially what you're looking at, at 4 percent a year. The red line represents how rates would go up, say about six to 7 percent a year, and that represents status quo or possibly some improvement. And then the green line, you know, a little more than that with a little more improvements. So that's Page 3. So that should give you a pretty good sense of how much we have to spend in capital versus what rates need to be for what level of service.

And on Page 4 is something you didn't see. The Kula Community Association saw it. What we did here is this is the Upcountry system. In blue are all the existing meters. In red are the meter requests, the 1,600 applicants on the list with all of their meters. This gives a sense of the density increase we're looking at Upcountry if everyone on the list gets a meter. And as you can see, the meter requests are spread all the way through at the upper, the upper portion of the, of the pages mauka or is makai. And so, you can see Paia in blue right where it says meter requests, that's Paia. Just to the right of that, you see Haiku with a lot of red. You see Makawao with a lot of red and you see Upper and Lower Kula with a lot of red. So you see the meter requests are spread all throughout Upcountry evenly. So it represents basically a 20 or 25 percent density increase through all of Upcountry. And I can tell you that when I showed this at the Kula Community Association, a lot of people came up to me who thought they were in favor of getting everyone meters, who were thinking about changing their minds. Because though everybody knows somebody who wants a meter, a lot of people have

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expressed some concern about having all of these meters and all of these additional users come on line in such a short time from a density standpoint.

Also what I have that I, I can't show you 'cause it's, we can. . .again something we can look at a break. We also took all the new meter requests and we put them on a, on a large graphic and put the proposed urban and rural growth boundaries from the Maui Island Plan on top of them and we tried to see where are these meters in relation to where the Council's pointing towards having growth. And they don't quite match up. An awful lot of the meter requests, probably more than half, are outside of the urban growth boundary areas. So, I just want to mention that as something that, you know, I realize these are semi-unrelated issues but the Council's dealing with growth, with the urban growth boundaries, and I just do feel it's important to point out that a lot of the meter requests are not in those areas. So that's something full-sized, you know, I'd be happy at a break, you know, we can lay out and take a look at.

So, in addition, if there is an executive session, we, we are prepared to brief the Council on where we are with a lot of negotiations and discussions we've had regard, regarding real property acquisition relative to new source development, again, something we're not comfortable talking in open session but we are ready to discuss that.

With all that wrapped together, again, I'll go back to budget just for a couple final words. We can either come in for Budget in FY '13 with a very aggressive plan, you know, somewhere around 8 percent rate increases, realizing that we're going to do that year after year for the next six years or so, have a CIP plan that incorporates that with appropriate levels of rates, and fees, and staffing to support that. Or, you know, we can take the, the other approach which is say the economy is bad, it's not time for rate increases, we're not going to do this right now, or somewhere in between. Whatever we do, I think, it's important to note that we can't do a lot of iterations quickly on the fly in April when budget's discussed. It takes us at least a few weeks to come up with a, a balanced scenario of rates, fees, CIP, six-year CIP, debt, and staffing. It's not something we can just in a day give you a new iteration.

So, what we're really trying to hope over the next couple of months in Water Resources Committee is to get from feedback from Council about what ballpark do you want us to be in for our FY '13 Budget, so we can tailor that a little closer to your expectations so that we are closer to what you're expecting and not, what I'll say, lose a year. 'Cause if we come in with a very aggressive plan, and then Council says no, no, it's too aggressive, just leave it flat from last year, we lose a whole year until we can give you another iteration. So, if we could use this time between now and March to try to do sort of an informal iteration, we can really make some decisions, have them codified in the Budget for FY '13, and get moving on whatever our plan is. So, hopefully, we can use some of the rest of the

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time to get feedback from the Council rather than us giving more information, 'cause, I think, what I've laid out are really the, the ballparks that we have to choose from. And, I think, we're ready to get some feedback from Council so we can start fine tuning our, our Budget for FY '13. And with that, you know, we will be happy to answer any questions you have.

CHAIR VICTORINO: Thank you, Mr. Taylor. And before I open the floor up to questions, first of all I'd like to thank you again, you and your staff, for the hard work you guys have put, put forward. At least this now gives us a true or at least what I call a very visible picture, a reality gut check, if you want to call it, to make sure that the items that we are bringing forward and the cost that may be involved, people can understand. I mean this is what has been lacking for the years is we all know what needs to be done but we don't see the picture. Now you've been able to put together the picture and I want to thank you very much. And I promise you I won't bug you anymore except maybe to find out what the rate increases will be. No, I won't do that.

But, however, I will, I will say this, Mr. Taylor, the other aspect of this is you're correct is what the community can bear at this point in time. So, we've gotta be realistic that, you know, even though we know this is a priority what can the community bear, like Mr. Pontanilla mentioned earlier. We've got sewer. We've got all these other issues that are out there. So, what is the priority of our communities? Mr. Sanches put it clearly, without water there's no life. True, but do people all see water as the only priority, or is roads and other issues more of a priority to them? That's the other issue.

So, today, I think, we have the first, what I call, road map, and I want to thank Mr. Baz for being here also. Thank you, Sandy, for being out there in the gallery to, to participate if we need you. I appreciate that. And also, Mr. Kushi, we also may run across what I call legal issues that may arise from all of this. And so that's the other issue that we gotta understand, like Ms. Lee brought up. We are in a very tenuous time so everything we attempt to do sometimes meets with resistance. So, I hope those who are out there that are watching today and those groups that have resisted us, I think, maybe in the future, let us sit down and collaborate instead of being adversarial. We can't do that anymore, costing us too much time and too much money. So, with that in mind, Mr. Taylor, are you ready for questions? And don't tell me no now, 'cause it's too late.

MR. TAYLOR: I'm just distracted by Corporation Counsel drinking bottled water in front of me, but...

CHAIR VICTORINO: Let's not get personal now, ladies and gentlemen, I mean.

MR. TAYLOR: No, we're, we're certainly ready for questions.

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CHAIR VICTORINO: Okay, what I'll do is I'll start from this way and work our way down. How's that? Is that fair? In fact, you know what, Mr. Pontanilla, I'm going change it around, just give the other guys chance. You know, I always start from that side. I'm going start from this side. Mr. Carroll, I'll start with you. You pass? Ms. Baisa? And can we keep it to just two questions and let everybody ask and then we can go back. How's that sound?

COUNCILMEMBER BAISA: Thank you very much and I promise you I won't pass. This is the most, in my opinion, important issue before the Council. I totally agree with the idea that water is a priority and it's time to deal with it. I want to thank you, Mr. Taylor, for all the work that you've done in producing at least the kind of information that we need. And, of course, now the tough job is ours. When you showed this graph, and you have the red line, and the green line, and the blue line, obviously if you look at a 4 percent raise in water rates we're really not going anywhere. And I am, I am really frightened by the idea of controlled failure. You know, I put on the news every evening as much as I can at 6 o'clock or definitely at 10:00 or in the morning, and you see the same thing, broken pipes, broken sewers, broken whatever. And I don't know if . . . I, I, I know that's not what I want for Maui. We've got to do better than that. You know, I think, it really is a reflection on us as government when we have poor maintenance and things are breaking all over the place. And the result of that, of course, is an interrupted service and nobody wants to deal. . . face it when your water is gone, you're in big trouble. You know, I'm sure that the phones at the Water Department ring off the wall whenever there is a water interruption because everybody needs to use water. Then you look to the red line and you're talking about 6 to 7 percent, and this was the number amazingly that kind of coincides with the study from Kula Community Association. But that again it's pretty much kind of status quo, repairing what needs to be repaired and, you know, having things where they are. So, really if we want to see any exciting results or we want to solve this problem, we're looking at more than that. And that number, Mr. Taylor, was how, how many percent?

MR. TAYLOR: Roughly between, probably between 8 and 10 percent a year. As you can see, in the early years, they're pretty close together.

COUNCILMEMBER BAISA: Right.

MR. TAYLOR: But, you know, because it's exponential growth at about year ten they really start separating. So, because the cost of things out past five or eight years are pretty difficult to nail down. You know, you're talking about high single digits. We can probably. . . that's probably a reasonable amount.

COUNCILMEMBER BAISA: So, so, your recommendation--we're talking about pre-budget, we're having pre-budget talks--would be that you would probably in order to do some, you know, some meaningful change in the

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improvement. . .improving water would need how big a rate increase or a subsidy, either one? And I would like us to discuss a subsidy before we close that door.

MR. TAYLOR: Okay, well, let, let me address both. For, to really, to, to put ourselves in a place where ten years from now we look back and say wow, we really made some huge improvements in the last decade, you're looking at high single digits every single year. You know, 8, 9, maybe even 10 percent a year, every year for the next decade. That's what it's going to take for people to notice that things are fundamentally better. Anything less than that we're still going to be in the status quo range. As far as subsidies go, that's fine. And obviously, the, the, the fiscal issues about whether or not to subsidize the special funds like water and sewer are, are up to the Council.

I would throw in just some, you know, some, some quick analysis of it. If you just imagine that everybody on the island had County water, well, you're either paying, you know, an extra \$100 in your water bill every year or you're paying an extra \$100 in your property tax bill every year. It's really the same people paying the same money. The difference is water bills are based on pure usage. We don't look at whether you're rich or poor or anything like that. And also property tax, you can deduct from your Federal income tax. So, there are some benefits. There are some pluses and minuses about shifting some of the cost to General Fund and having it come out of property tax.

One of the negative benefits is that you're going to double dip some people. When you look at Kaanapali and Lanai, these guys have private water systems. So, they're paying out of different money to their private water system operator. So, if we're going to do subsidies to the Water Department, those people are going to be charged higher property taxes to subsidize their share and they're already paying for water and along with the few kind of very, very small communities scattered here and there who have private water systems. But Lanai, Kaanapali, and some portions of Molokai are kind of the bigger areas that have private water systems. So, if there is subsidy, you're going to have those people paying essentially for two water systems. And so, I think, you're going to have some complaints from those.

On the other hand, you know, the County subsidizes different areas with different money all the time. But, I think, that analysis is something the Council is just going to have to weigh. It doesn't really make any difference to us as the Department, because either way, you know, as long as we have the funds we can do what we need to do. I think it really becomes more of a, a financial philosophical issue for the Council, but, I think, those are going to be the big issues that are going to be discussed by members of the public.

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COUNCILMEMBER BAISA: Thank you very much. I also have recently received quite a bit of calls from people in Pukalani that are on a private water system that is increasing their rates tremendously and they're all screaming.

MR. TAYLOR: To, to, to clarify, I believe, they are on a private wastewater system.

COUNCILMEMBER BAISA: Or it's wastewater, not water?

MR. TAYLOR: . . .*(inaudible)*. . .

COUNCILMEMBER BAISA: I thought it was water.

MR. TAYLOR: But they're, they're on County water system but they're on a private wastewater system.

COUNCILMEMBER BAISA: You know what it is those bills get, get put together and, I think, that's the problem. Okay, anyway, Chair, I will. . .that was the framework that I wanted to talk about. And so, I'll wait. I also would like to say that if we have the opportunity to go into executive session to hear about possible acquisitions or solutions, I would like that. Thank you. The more we know, the better. Thank you.

CHAIR VICTORINO: And then, and that is the Chair's plan, you know, and so I just wanted to make sure we get open session first so that the public hears what's going on.

COUNCILMEMBER BAISA: Thank you, Chair.

CHAIR VICTORINO: I think this is what my whole premise, premise has been, and, I think, the Mayor and I both agree and the Administration that water is life. We need to go and have open dialogue as much as possible.

COUNCILMEMBER BAISA: Thank you, Chair.

CHAIR VICTORINO: Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, thank you. You're forecasting, Director Taylor, so we, we get a good sense of how you raising your more or less 8 percent consideration for six to eight years for the short term. Is that on those estimates of growth from Planning Department on the way they see the population moving toward in the next decade or so? Is that part of how you've reached your 8 percent consideration?

MR. TAYLOR: It, it is because once we get beyond status quo, we looked at how much water source do we need, and those really are water sources that we think we will

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need to meet that level of growth that the Planning Department is talking about. So, they are consistent. That number, I think, is consistent with the work you folks are doing in the General Plan.

COUNCILMEMBER HOKAMA: Okay. You know, for, for me, Director, yeah, and let me just say, I think, for most of us the budget is on our mind most of the time or all the time, okay. I can tell you I think about money every day. And so, you know, part of the County's double-edged sword is that while we have been successful in our developments, our, you know, County forefathers and mothers made, if anything in error, in the speed of velocity of our success. And so for me, our goal is where we should be 20 years from now what we currently have today. So, obviously the infrastructure has not kept up with our projections, because we dealing with our population we had predicted for 2030 that's in 2010. So, I don't have a problem adjusting rate of growth for this County to catch up the infrastructure. But to keep going on the way we are, to me, is we're going to get farther apart, and more than likely, for me, my priority, the local people are going to get screwed longer and harder. So, for me, Mr. Taylor, you know, I would ask that you need to also take into consideration different strategies and that's the political side of this equation. Should we change our form of representation by districts, you gotta pray that the Upcountry Member is never in the minority, because funding is going to adjust to who is your remaining majority and they're gonna take care of their districts first because nobody else votes for them in the other districts. So, you're gonna need to think of multiple strategies should things change how you're gonna keep paying for certain things, because the majority may not be in the districts that need those improvements.

MR. TAYLOR: Okay, and we appreciate that, Member Hokama, and, and that actually is part of this. The green line you see with the, the highest level, that's kind of an assumption that we're gonna spread source development to all users. Now, that's not what we're doing right now. Right now, each developer, whether it's a small developer doing one house or a large developer doing a hundred houses, pays through water source development fees that amount. So, we could stay on the red line and say look, we're gonna do more source, but we're just going to raise water source development fees, and we could even do water source development fees by different areas or, you know, depending on where is more expensive. So, we actually...the way our information's organized we almost have an infinite number of strategies that we can paste together by, by pulling the, the costs. And that's why we, we, we did such a, a detailed methodology to come up with our different costs so we can put them together...*(inaudible)*...

COUNCILMEMBER HOKAMA: And it pleases me to hear that Director 'cause, you know, you need to look at as many ways to skin the cat, as we say. So I, so I appreciate that. But you have to understand some of my skepticism, okay. I think Mr. Pontanilla, was with me, maybe Mr. Carroll was with me. I know Mr. Mateo was with me. But when I was your Budget Chair for two years we...I know I

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had recommended, the Committee supported, Council voted for, we gave Water Department every single CIP request. I think we were close to almost \$50 million a year for two consecutive years, we budgeted, way above your \$30 million number you gave in the Committee today, yeah. The Department could not perform, wasn't one financial issue. We gave the money. We supported the projects. The Department could not perform. So, you can keep asking me for this kind of money. You wanna raise rates for certain, you know, components that I, I understand is a priority and necessity, Director. But it's the production and, and fulfillment of getting those CIPs constructed and operational, you know.

I hope you can appreciate our frustration on our part when we make the resources available and yet we don't see the project completed. So, take that into your, you know, thought process, because for people like me, you know, I agree with the, you know, one of the gentlemen earlier, take care Waikamoi. Once we deal with that major project, we're gonna understand how much money. . .more water we have available that's not being lost through...leakage and what have you, line losses, and then see how your other projects will, you know, be a supplementary support to, to our overall goals. And I just share that because, I think, you know, Ms. Baisa, is conducting critical meetings for us in the General Plan and Maui Island Plan. And, I think, maybe in those components we need to work together, 'cause like I said I don't have a problem managing the growth and managing the population for us to catch up and provide what we should to our existing people first. Thank you, Chairman.

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

COUNCILMEMBER WHITE: Thank you, Mr. Chair. You know, I, I really appreciate the, the, the effort that you all have put into this. But, you know, when you produce a map like this showing the number of people that are still waiting for a water meter, the important thing, the important takeaway for me is that if you showed the whole island, there would be no other place, no other district with red dots at all. Is that right?

MR. TAYLOR: I'm sure there would be some small red dots here and there for people who were sort of off the beaten path, who didn't have. . .who were really still waiting for, for lines but not necessarily for meters, yeah.

COUNCILMEMBER WHITE: But, you know, when we, when we listen to Mr. Sanches' comments, can't help but think that we really haven't done our job to provide the, the growth in the, in the district that, that we're talking about that would have supported so many people that have been waiting for so long. So, I, I really appreciate the direction that you're going in. And I would like to see some additional ways of structuring the, the cost, whether it's input from the General Fund or whether it's various ranges of, of, of user fees, well, the source development fees. Because in most other areas where the County has provided

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the source development, it's all built into the rates. It's only more recent. . .well maybe I should ask the question, when did we start charging meter fees as a Department? Do you know?

CHAIR VICTORINO: Mr. Taylor?

MR. TAYLOR: I don't know enough about the history, but it's been a pretty long time that we've been on, you know, meter fees. I think one thing to remember is a lot of the source was developed. . .all sorts of source and large projects were developed by large developers where the County got, you know, a portion of it. So, there may not have really been any County money. It was really, you know, we took infrastructure and for that gave source credits. So, you'd have to really peel apart this very carefully to find any statistics on it. And I just don't have the history with the Department to know.

COUNCILMEMBER WHITE: Okay. Well thank you for all the work that you guys have put into this, 'cause, I think, it's, it's an important piece of, of where we need to go. And I agree with Mr. Hokama that if this were, if this were just myself and Ms. Baisa fighting for this to be fixed amongst a Council of, of other-minded individuals, we'd have a real tough time. So, thank you, Mr. Chair.

CHAIR VICTORINO: Thank you and that is very true if district voting did come to fruition, this could be a real challenge for those areas. And as you saw, there was one comment and Mr. Montgomery brought that from West Maui, who felt that they didn't think they should be paying for expansion and improvements Upcountry. And I'll bet you if we take that around the County, you'll find that to be more prevalent than not. But, again, by being one unified system where all of us are elected at large, we've always thought of the whole County as being our district, not just the district that we are residing in. Mr. Pontanilla?

VICE-CHAIR PONTANILLA: Thank you, Chairman. I just like to comment on what Mr. Hokama had just said earlier. You know, when he was the Budget and Finance Committee Chairman, we put in a lot of money into the Water Department. He said 50 million but I kind of remember between 25 and 50. And the reason why we did that, they had a special group of people that started the Upcountry area, started Maui County actually, the infrastructure that we, that we need. . .needed at the time and, and this was, you know, during his time. And we were looking at a 16 percent rate increase, but we never did go 16 percent. We kind of agreed that we were gonna have this 16 percent in a number of given years like four years, 4 percent each year. And, and, to me, you know, we kind of fell back, yeah.

You know, I, I enjoy looking at this chart because, because it tells me that as we move forward, all the yellows, you know, we see a downward trend. So, I'm, I'm thinking that, okay, we gonna fix all these pipes. And, and of course, you know,

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we're gonna add some growth, right, in the CIP area. So when we come to 2026, you know, most of the work that is going to be done is strictly growth type rather than, you know, fixing...the, the daily maintenance and repair. So, I, I like this chart. The map though, you know, is something that I have a concern of. And the question to the Department is that when I look at this map, I see a whole bunch of red dots in the blue area. Whose responsibility, you know, in regards to providing additional resource. . .infrastructure to those blue areas? Would it be, you know, people that are on the water meter list? Or what is the County's obligation in, in looking at providing for growth in those blue areas?

MR. TAYLOR: To be clear there are no blue areas. What blue are, are little dots and there are so many of them together that it looks a blue area. Those are just single water meters. So what you see in the blue and what look like blue areas are dense. . .densely populated neighborhoods.

VICE-CHAIR PONTANILLA: So, I, I, I may be looking like a Pukalani subdivision, a Kula, not Kulamalu, but Kula 200 subdivision in those areas. So, what I'm trying to get at is that since we have existing infrastructure in there, do we have any responsibility as far as of keeping up the infrastructure looking at growth, maintenance and repair, and the like?

MR. TAYLOR: Maintenance and repair is always our responsibility in all areas, whether it's Upcountry or any other area. The issues for growth are the same. If we've got an old community like, like Wailuku here, we're down, up on Vineyard Street. Let's say there's one empty lot up at the top of Vineyard Street, and let's say there's an old line in there. And somebody finally wants to get a building permit, but that line is too small and it doesn't meet their requirements. And it's down on Market Street where the nearest point of adequacy is of a large line. That person building that one house, you know, has to improve that line all the way up Vineyard Street. That's so. . .regardless of whether or not a lot of people have meters around you, if improvements are necessary because you're, of what you're initiating, you're responsible for those.

Now there are some various cases that we've, we've come up recently where depending on when you were subdivided, you may be grandfathered under that and, and things like that. But in general if improvements are necessary to support your project then you have to absorb those costs.

VICE-CHAIR PONTANILLA: Thank you. The other question that I had is in regards standpipes. If a standpipe needs to be replaced, because now, you know, we all going into fire hydrants, whose responsibility is that to provide enough water. . .provide enough water pressure so that, you know, public safety can be supported?

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MR. MEYER: Thank you, Councilman, that's a good question. My name is Paul Meyer. The...that situation would only arise in the case of somebody requesting a subdivision. In other words, if fire service is old and consists of say a four-inch stand pipe instead of a regular fire hydrant with six- or eight-inch supply, there would be no requirement for upgrade unless there was a subdivision. Those bring into...those...subdivision brings into effect the County Code requirements for subdivision, and at this point because fire flow requirements have increased, at that point if you were subdividing into three or more lots then you would get the, the requirement for increase in, in...and, and fire service.

VICE-CHAIR PONTANILLA: So everything that's existing stays existing --

MR. MEYER: That's correct.

VICE-CHAIR PONTANILLA: --unless the ordinance change, right?

MR. MEYER: ...*(inaudible)*... existing unless there's a new subdivision, that's correct.

VICE-CHAIR PONTANILLA: Okay, so if a new ordinance come by saying that okay now the, I guess, the water pressure need to be increased. So, whose responsibility is that?

MR. TAYLOR: That really depends on the language of the ordinance. The ordinance would have to specify...if this was a law...if this was something pushed down by EPA or DOH that said there was some new requirements then the County is responsible.

VICE-CHAIR PONTANILLA: Responsible.

MR. TAYLOR: If the County wants to pass that responsibility on through a County ordinance that passes it on to customers, you know, obviously, you know, that could be written in or it could just be absorbed through rates by the Department. So, that, that's really a decision that ultimately would fall upon the Council in rates or ordinances as appropriate.

VICE-CHAIR PONTANILLA: Okay, kind of fuzzy, but that's okay.

MR. TAYLOR: Every situation is different and, and, and, Member Pontanilla, if I could address one of the first things you said that both you and Member Hokama brought up. First, you're, you're, you're very observant notice that the yellow decreases is really good news, and I, I'm really glad you picked up on that, because what it shows is things aren't that bad. We can catch up. We can catch up in our lifetimes. I mean we're not talking about in your kids' lifetimes or your grandkids' lifetimes. We can keep from happening what's going on in Honolulu. You know, we're catching this. Although, I think, we're a little bit late, we're not

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so many decades late that we can't catch up in a reasonable timeframe. So, I think, that is really good news and because materials are so much better now than they used to be, that once we replace these we'll probably skip a whole generation or two. And that wasn't the case with the first go-round.

So, the other thing is about the, the ability--and this has been brought up a number of times--the, the past ability of the Department to perform. Having not been in the Department, I, I don't feel any responsibility for what happened then, but observing it neutrally, I can tell you that during that time period the engineering staff was about half staffed. I mean there is no question about that. Half the positions were empty during that time period. Now, we're fully staffed and there are four positions solely dedicated to capital improvement, that's all they do. That's never existed before. And I can tell you that from my time in Wastewater, four full-time CIP engineers, we were able to do, you know, around \$25 million a year. Some of those projects were even more technically complex. So, I feel very, very, very confident with the people we have, with four people doing capital improvement that we can do 20 to \$30 million of capital improvement. And that's just something that wasn't possible back when there was probably two people at most or maybe one and a half positions dedicated to that. So, I feel very, very, very confident in the staff and the numbers of staff that we can do this and you're not going to see a repeat of what happened when we were at that low, low staffing level in the past.

VICE-CHAIR PONTANILLA: I'm done.

CHAIR VICTORINO: Thank you and, and, and, and you brought up some good points that I had forgotten about, because I was on the Water Board when all of this was coming through. And we agreed to all these rate increases because we knew the the necessary. . .the necessary improvements that were dictated. But I remember the Water Department trying their best to get engineers, and we used to bring engineers from the mainland, and many times they'd last six months, a year, they go back. Recruitment was a nightmare and I remember very much so the economy was at its height. So, the priority even though was Upcountry, they were being tugged and pulled in many areas. Right, Mr. Taylor? And so, even Mr. Taylor can tell you even in Wastewater they were having challenges. So, so, to take the total blame, and, again, remember we said earlier we're not going to blame anybody. There is really no blame. Circumstances were what they were. You, the, the Council gave the money, but the departments weren't able to fulfill for whatever the reason. So, let's, let's leave it at that. So, I think, we're at a, at a point now that we have the opportunity. We have the desire. We have the ability. Now do we have the wherel [*sic*] to do the last step is to put that financial picture? That will segue me right into what I'd like to do next to is to have executive session, because, I think, Mr., Ms. Baisa and hopefully the rest of you would be interested in what we're working on right now for acquisition for new sources and other means. Unfortunately, public, you know, the problem is we're

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in negotiations and we, we cannot divulge these kinds of information at this point in time until the actual negotiations are completed and then brought to this Council for that budgetary issue. So, if it's all right with the, the Members, I'd like to take a break and set up for executive session. Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, before your recess, and, and I support your efforts to give us additional information even if it's in executive session. I appreciate your efforts, but let me just say this, Chairman, regarding some of the things of the past that, you know, I brought up. Mr. Pontanilla gave comment and you shared your thoughts. I believe some of the problems or, or some of the concerns that we dealt then, that part of your efforts, part of Ms. Baisa's efforts is going to help, is that in that point in time there was no clear policy on how the County wanted to move forward and, and what was its key concerns or key areas that we would support. The Council supported a lot of capital improvement monies to ensure that we are going to exhaust land base source options.

Administration was thinking about moving into desalinization. There was a difference in opinion between the Admin. . .Administration and the Legislative Branch. I think maybe if we get to come to terms with direction and policy and we work in concert together then, I think, we can make more progress. But at that point in time, you know, Council was not sold on the desal options of various issues that was made knowledgeable to the, to the body as well as the body was made knowledgeable of potential additional "x" options available that through the U.S. program, I mean, University of Hawaii's program, Big Island found additional options of what we now call ancient waters that are in very, very deep trench or drilled wells.

So, you know, for me, Chairman, you know, I appreciate you allowing us to share information of why we've reached this point. But there is facts that need to be shared from the past that help us understand why we are here today and why we are going to consider new options and new funding mechanisms and what not. But it wasn't done without thought. It wasn't done haphazardly with no thought that we should just let things go with like the Wild West and whoever's got the six shooter wins although sometime that works. But, you know, I appreciate you allowing me some time to just share some, some information, Chairman. Thank you.

CHAIR VICTORINO: And thank you, Mr. Hokama. Clarification and, and the, the whole picture is important, so the public understands that Councils in the past weren't inept. They weren't just sitting there doing nothing either. It's just that today is today. Like I, I always use this phrase, I learn from the past, work with the present, and hope to make the future better. That's all I can do and that's, I think, all what we can do here in this room, yeah. So, with that in mind I would like, with no objections, I would like to go into executive session. So I...is there any...

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UNIDENTIFIED SPEAKER: Recess, recess.

CHAIR VICTORINO: Yeah, well, we're going to have a recess. But what I'd like to do is...

COUNCILMEMBER HOKAMA: I'd like to move for executive session.

COUNCILMEMBER BAISA: Second.

CHAIR VICTORINO: Wait, hang on. Yeah, yeah, I need, I need, yeah, I need to set a...okay, everybody's rushing. I know you guys want to take a break. But I'd like to read the, the, the way it's supposed to be read and then go into executive session. And, and then we're going to recess to set up the room. So that will be our normal morning recess. You see where my thought process was moving. So, first of all, the Chair would like to entertain a motion to convene in executive session in pursuant to Section 92-5(a)(3) of the Hawaii Revised Statutes, in order to deliberate concerning the authorities of persons deliberated [*sic*] by the board to negotiate acquisition of public properties, or during, or during the conduct of such negotiations.

VICE-CHAIR PONTANILLA: So move.

CHAIR VICTORINO: So moved. Do I have second?

COUNCILMEMBER HOKAMA: Second.

COUNCILMEMBER BAISA: Second.

CHAIR VICTORINO: Second Mr. Hokama. Thank you. So with that I will take a recess to set up the room for executive session. We will resume at 10:40. With no objections, ladies and gentlemen, we'll take our morning recess and we'll reconvene--yes.

MR. KUSHI: You need to vote on the motion.

CHAIR VICTORINO: Oh, okay. All right, I will do that. Sorry. Thank you for reminding me. All those in favor say aye.

COUNCIL MEMBERS: Aye.

CHAIR VICTORINO: Opposed. Okay. So the, the vote was six ayes, one excused, no...no negative.

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VOTE: **AYES:** **Chair Victorino, Vice-Chair Pontanilla, and Councilmembers Baisa, Carroll, Hokama, and White.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmember Cochran.**

MOTION CARRIED.

ACTION: APPROVE, RECESS open meeting and CONVENE executive meeting.

CHAIR VICTORINO: So with that I will call for a recess 'til 10:40 to set up the room for executive session and we will reconvene at 10:40. This meeting stands in recess. . . .(gavel). . .

 RECESS: 10:30 a.m.
 RECONVENE: 11:57 a.m.

CHAIR VICTORINO: . . .(gavel). . . The Water Resources Committee for November 1, 2011 has reconvened. I wanna publicly thank the Department, Mr. Meyers [sic] and Mr. Taylor, along with Mr. Baz for coming up today. We were given lots of information which, I think, is very enlightening and, I think, really helps us to look forward to the budget upcoming next year. And again as was requested, if you have any ideas, please forward it to Mr. Pontanilla and his Budget Committee, yeah. I want the public to rest assured that this Department is working very diligently to solving many of our water issues, but they're not immediate and they will be costly and there will be some decisions that have to be made. So, I wanna thank the Mayor also for allowing you guys all this time up here. If with no other comments. . .I know we have a Land Use Committee meeting in Lahaina at Kahoma at 1:30. So with no further. . .wait, I got one more thing to do. Excuse me. I would like to recommend deferral of this action --

COUNCIL MEMBERS: No objections.

CHAIR VICTORINO: --with no objections. Thank you. Before I forget that. . .my Committee. . .the Committee Staff was throwing rocks at me not, not to forget. Okay, so the meeting of the Water Resources Committee November 1st, 2011 is now adjourned. . . .(gavel). . .

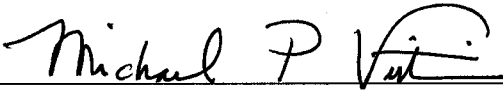
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ACTION: DEFER pending further discussion.

ADJOURN: 11:59 a.m.

APPROVED:



MICHAEL P. VICTORINO, Chair
Water Resources Committee

wr:min:111101:df

Transcribed by: Delfey Fernandez

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CERTIFICATE

I, Delfey Fernandez, 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 23rd day of November 2011, in Wailuku, Hawaii.


Delfey Fernandez