

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

April 18, 2012

Council Chamber, 8th Floor

CONVENE: 9:05 a.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member (Out 11:47 p.m.)
Councilmember Elle Cochran, Member (In 9:10 a.m.)
Councilmember Donald G. Couch, Jr., Member
Councilmember Danny A. Mateo, Member
Councilmember Michael P. Victorino, Member
Councilmember Mike White, Member

EXCUSED: Councilmember G. Riki Hokama, Vice-Chair

STAFF: Scott Kaneshina, Legislative Analyst
Michele Yoshimura, Legislative Analyst
Josiah Nishita, Legislative Analyst (In 9:15 a.m.)
Camille Sakamoto, Committee Secretary

ADMIN.: Sananda K. Baz, Budget Director, Office of the Mayor
David S. Taylor, Director, Department of Water Supply
Jeffrey Pearson, Engineer, Department of Water Supply
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the gallery:

Paul J. Meyer, Deputy Director, Department of Water Supply
Holly Perdido, Fiscal Officer, Department of Water Supply
Helene Kau, Assistant Fiscal Officer, Department of Water Supply
Joseph Mendonca, Chief, Water Systems Division, Department of Water Supply
Robert Vida, Chief, Field Operations Division, Department of Water Supply

OTHERS: Jocelyn Perreira, Executive Director, Wailuku Main Street Association/Tri-Isle Main Street Resource Center
Tom Cannon, Chair, Wailuku Main Street Association/Tri-Isle Main Street Resource Center
Bill Frampton
Madelyn D'Enbeau, Board Member, Tri-Isle Main Street Resource Center
Kim Guequierre
Richard Dan
Amy Hanlon

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Morgan Davis, Scrum Master, Ardent MC
Valerie Richter
Sholom Schusterman
Derek W. K. Bal, Software Engineer, Ardent MC
Leimomi Pacheco
Branscombe Richman
Alison Cohan, Field Representative, The Nature Conservancy
Patrice Farner
Michael Peters
Brad Sundin
Michael Currier, Owner/Videographer, MAC Professional Video
Hugh England
Chris Brosius, Watershed Coordinator, West Maui Watershed Partnership
Fernando Juan, Field and Data Technician, Leeward Haleakala Watershed
Restoration Partnership
Michael Downing, Vice President, IATSE Local 665
Marouo Richmond, Super Technocrane Technician, Panavision Remotes
Christopher Barca
Artemio Baxa
Kathleen Luce
M. Pualani K. Basbas

Jan Dapitan
Shane Feliciano
Twenty (20) additional unidentified attendees

PRESS: *Akaku: Maui Community Television, Inc.*
Ilima Loomis, The Maui News

CHAIR PONTANILLA: . . .(*gavel*). . . The Budget and Finance Committee meeting for April 18, 2012 is now in session. The time is 9:05. Chair would like to recognize the Members that are present this morning, Member Carroll, Member Baisa, Member Couch, Member Victorino, Member White --

COUNCILMEMBER VICTORINO: Morning, Chair.

CHAIR PONTANILLA: --and Chairman Mateo. Excused at this time are Members Cochran and Hokama. We do have with us the Administration personnel. We do have from the Corporation Counsel Office, we do have Deputy Jeff Ueoka, good morning.

MR. UEOKA: Good morning.

CHAIR PONTANILLA: We do have our Budget Director, Mr. Sandy Baz.

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MR. BAZ: Aloha.

CHAIR PONTANILLA: Aloha. And this morning we're gonna be reviewing with the Director of the Water Department, Mr. Taylor, good morning.

MR. TAYLOR: Good morning.

CHAIR PONTANILLA: As usual, the Staff members that are here are Scott Kaneshina, as well as Michele Yoshimura and Camille Sakamoto. Members, we do have a number of people signed up for public testimony this morning, and before the Chair take public testimony if every one of us could put our cell phones to the off position or the silent mode. Chair would appreciate that. For those of you that are providing public testimony this morning, you have three minutes to provide your testimony. Chair will allow one minute for you to conclude. When you come up to the podium there, if you can provide us your name, organization that you represent and once you're done with your testimony, if could stay there for a few seconds, Members may have questions for you. With that, Members, the first person to sign up for public testimony this morning is Jocelyn Perreira.

ITEM BF-1: PROPOSED FISCAL YEAR 2013 BUDGET FOR THE COUNTY OF MAUI (CC 12-59 and 12-72)

...BEGIN PUBLIC TESTIMONY...

MS. PERREIRA: Good morning, Budget Chair Pontanilla, Council Members, my name is Jocelyn Perreira. I'm the Executive Director and the Tri-Isle Main Street Program Coordinator for the Wailuku Main Street Association, Tri-Isle Main Street Resource Center. First, I'd like to draw your attention to the comprehensive portfolio binder that we gave you. In it is a navigational letter that tells you about the different sections contained in this binder for your review and supporting documentation. Aloha, we're here today to request your support to provide funding requested by our small towns to continue the work of important services that affect the viability and preservation of Maui County's small towns. Because we are short on time, I will just put forward a few facts and you have the extensive testimony. First of all, we're not a "one town" organization. We are, however, the only licensed Main Street organization with an exclusive right to operate and develop small towns in Maui County and the State of Hawaii for the next 20 years. And that was done because of our graduation from Historic Hawaii Foundation, the administering agent for the National Trust for Historic Preservation and our ability to continue to utilize the Four Point Approach, but to adapt that local program to fit the unique needs of Hawaii's small towns, its historic cultural significance and island consciousness. Secondly, our independent auditor has said and I quote, "my experience with the organization is that the management is fiscally responsible and frugal with the money that is granted to them. The accounting records for the organization are well organized and accurate so I've been comfortable issuing a clean opinion for many years. Grant reports are on time, complete and comply with requests outlined in the contract." Most viable organizations builds up reserves and we do have some built up reserves, and we--because we are an independent voice for the small

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towns, we are responsible for taking these reserves and trying to apply them to needs of the small towns that go above and beyond what we are able to get in the form of grants. Listed as number four was why we haven't expended these accumulated funds. They were very legitimate reasons. Number five, is the value of the organization. It was noted by a former Planning Director Foley that the value at that time in 2003 was more than half a million dollars. We have a governing board, professional qualified small staff of three with two of them short--short hours, shortened hours. Paid consultant contracts when we have enough funds to do a project specific. Volunteers are unpaid and our team our professionals are also unpaid pro bono professionals. All volunteers are highly valued.

MR. KANESHINA: Three minutes.

MS. PERREIRA: Our auditors follow strict criteria to determine this. The consultants may elect to donate a portion of their services at the end of the contract. We encourage you to look at www.mauitowns.org for a complete list of project involvement including Brick and Mortar, community planning, community/business assistance, government legislation, and intangible community/social benefits. Participation in key committees and community-based process that, that seeks out diverse points of view through public outreach convenient, comfortable and non-threatening. We have received funding from a variety of sources through our 26-year history with absolutely no problems in reporting. We are good stewards of government taxpayer funding and we thank you for this opportunity to present our request to you. Mahalo.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier this morning? Seeing none, thank you again, Jocelyn.

MS. PERREIRA: Thank you very much for your kind attention to our request. Aloha.

CHAIR PONTANILLA: Thank you. Next testifier is Tom Cannon.

MR. CANNON: Good morning, Chairman Pontanilla and Committee Members. I'm Tom Cannon, a Wailuku-born architect and Chairman of the Wailuku Main Street Association/Tri-Isle Main Street Resource Center or WMSA. WMSA's goal is economic revitalization within the context of historic and cultural preservation, and for the past 26 years, we have worked to perpetuate the traditional characters and sense of place of many Maui County small towns. Our experienced, excellent staff provides the framework for a volunteer, independent, local professionals and others to assist the grassroots community. One reason WMSA/Tri-Isle has so many dedicated volunteers is that we have a proven track record of addressing the concerns of the common man and small business. Unlike County consultants who are hired to tell the County what it wants to hear, WMSA/Tri-Isle independence allows us to inform the County of important community concerns that need attention sooner rather than later in order to keep them manageable and to save tax dollars such as the need to provide handicapped access to the sidewalks of Makawao. County support of the independent Tri-Isle Main Street Resource Center over the years has given voice to countless residents who otherwise would not be heard. When the 11-acre shopping center supported by the Planning Department was proposed in the heart of Makawao, Main

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Street assisted by encouraging the County to rethink that and won a Sierra Club award for its efforts. When the owner of a core block of Paia businesses came to Main Street for help in determining how the property could be further developed in keeping with community concerns and desires, we assisted and won accolades from the owner when the project sailed through the permit process without opposition. When the County considered tearing down the historic Iao Theatre, Main Street worked hard to ensure saving that Wailuku landmark. The independence of WMSA/Tri-Isle provides for a public/private partnership that leverages the best of both. Over the years, County funding of WMSA/Tri-Isle has come through various departments. Presently our grant is administrated through the Planning Department and has been for a number of years. WMSA and the County agreed upon a methodology for administering our grant in a meeting with the Budget Chair Pontanilla, Corporation Counsel Villarosa and then Planning Director Aoki a couple of years ago. Now however, the new Planning Director has come up with a new methodology unilaterally midway through our current contract, while others in the Department seem to be repackaging much of our work, rewriting history and trying to relocate our funds to outside consultants via the Maui Redevelopment Agency or MRA in hopes of replacing us.

MR. KANESHINA: Three minutes.

MR. CANNON: WMSA has long been recognized partner in developing the Maui Redevelopment Plan, has supported the Agency's relevance and for many years provide pro bono professional design review for proposed development within the MRA area. Now our independent community-based review seems no longer desired and we see an effort by individuals within the Department and MRA to minimize our role and to, and to control public input. The MRA and WMSA are very different from each other and we have a chart that illustrates some of the differences for your review. Nonprofit boards have challenges other boards don't. Nonprofits rely on the goodwill of volunteers and sometimes these volunteers participate for their own agendas instead of the mission of the nonprofit. WMSA mistakenly elected two individuals, a chair and vice-chair, trusting that they would attend program orientation and education as required by our bylaws. These two wreaked havoc in their brief tenure as officers, breaking bylaws and long held board policies and plotting with others outside board meetings; neither is on the board any longer. Unbeknownst to the rest of the board, prior to leaving, the former chair sent an improper document to the State DCCA naming himself as our agent and redirecting official mail to his personal address. The former vice-chair made a formal complaint to the State Attorney General or AG saying that he--that he had been denied access to WMSA financial documents when that was not true. Both claim to not have access to documents that were included in their personal board binders which they would have learned had they agreed--had they attended the agreed upon and required program education. The AG is now conducting an internal investigation and we are confident that the facts, when the facts are reviewed we will be completely vindicated. We are one of the few nonprofits that voluntarily arranged for a independently--to be independently audited, audited yearly and our finances are certified to be acceptable. Tri-Isle has felt the pressure of a coordinated assault of unsworn, baseless allegations by disgruntled former board members and a Main Street wannabe working with various officials, a *Maui News* reporter and those who are beholden to them. This has intensified ever since the General and Maui Island Plan --

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MR. KANESHINA: Five minutes.

MR. CANNON: --started being reviewed. We will find--you find detailed responses to this assault on our webpage at mauitowns.org. We respond to innuendo and untruth with the facts at mauitowns.org, and we humbly ask for your support. Thank you very much.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier? I do have...in regards to your work, I, I know you guys do good work for the County of Maui, that I can attest. In regards to audit, you do it once a year and who does it?

MR. CANNON: It's performed by an independent CPA of last name Riecke-Gonzales.

CHAIR PONTANILLA: Thank you. And you've had clean audits all this time?

MR. CANNON: Correct, for 26 years.

CHAIR PONTANILLA: Okay. That audit, does it go to the Planning Department for review?

MR. CANNON: Yes, it does.

CHAIR PONTANILLA: Okay, fine. Thank you. Members, any more questions for the testifier? Seeing none, thank you again, Tom.

MR. CANNON: Thank you, Chairman Pontanilla. We appreciate it.

CHAIR PONTANILLA: The next testifier is Bill Frampton.

MR. FRAMPTON: Good morning, Chair and Council Members. My name's Bill Frampton and I'm a board member of the Wailuku Main Street Association. For my testimony this morning, I would like to read County Council Resolution No. 0653 that was passed by this body congratulating Wailuku Main Street Association. Whereas, in 1986, Wailuku Main Street Association/Tri-Isle Main Street Resource Center was established to aggressively pursue through grassroots community efforts the economic revitalization of small towns within the context of historic preservation; and whereas, recognized as a valuable community partner, WMSA has augmented existing government services through its direct relationship and ongoing involvement with Maui County's Department of Planning to assist with the development and implementing community plans, reviewing project design proposals, recommending smart growth tools, and providing technical assistance and professional resources to the Maui Redevelopment Agency and other agencies working toward the betterment of preservation of small towns; and whereas, nationally recognized for its beautification efforts in Wailuku, WMSA was the only Main Street organization in the nation to be recipient of the Take Pride in America Award in recognition for its efforts to transform blighted vacant lots into aesthetically pleasing pocket parks, a farmers market and Main Street festival sites; whereas, in an effort to generate and sustain economic

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viability, WMSA has networked with the Mayor's Office of Economic Development in the adoption and implementation of the Wailuku Redevelopment Plan, proposed redevelopment of the Wailuku Municipal Parking Lot, strategic planning for economic development conferences and in assisting small town entrepreneurs with renovation, rehabilitation and expansions of properties and local businesses; and whereas, the County's acquisition and renovation of the historic treasure known as the Iao Theatre situated within the heart of Wailuku Town and currently utilized as a venue for broad-based public use including theatrical performances remains a highly acclaimed hallmark accomplished by WMSA; and whereas, WMSA attributes its success to the organization's ability to attract and retain highly regarded professionals from a wide spectrum of career paths, including well-respected community leaders and volunteers within the WMSA network of towns who possess a wealth of knowledge and lifetime experiences, along with its qualified and dedicated staff, all of which exemplify the grassroots support, concept and showcase--the concept and showcase, it showcases the cost of effectiveness of the Main Street Program; and whereas, the exceptional performance, tireless dedication, long standing community commitment and countless contributions by WMSA that have led to the preservation and betterment of small towns have brought pride and honor to the people of the County of Maui, now therefore be it resolved, the County Council of Maui hereby acknowledges WMSA's gallant efforts, --

MR. KANESHINA: Three minutes.

MR. FRAMPTON: --applauds WMSA noteworthy contributions to both the County government and the entire community and congratulates WMSA on its celebration. Thank you very much.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier at this time? Thank you again, Bill, for reading that resolution. Kinda remind us of the award that you folks have gotten from this Council, so I thank you very much.

MR. FRAMPTON: Thank you, Chair.

CHAIR PONTANILLA: Oh, by the way, one, one question.

MR. FRAMPTON: Sure.

CHAIR PONTANILLA: What type of professional people do you have in your organization?

MR. FRAMPTON: Well, it's a broad, broad range of spectrums. Let's see, we have architects, former Planning Directors, Public Works Directors, banking industry, former judge, attorneys, professional planners, landscape architects, and a lot of the people without professional titles also bring--it's, it's nice to have the professionals, but the connection to the grassroots people, getting into the homes of those who are out there and really listening is probably the top value that we offer.

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CHAIR PONTANILLA: Thank you. Members, any more questions for the testifier? Seeing none, thank you again.

MR. FRAMPTON: Thank you, Chair.

CHAIR PONTANILLA: Next testifier is Madelyn D'Enbeau.

MS. D'ENBEAU: Good morning, Chair Pontanilla, --

CHAIR PONTANILLA: Good morning.

MS. D'ENBEAU: --Members of the Committee. My name is Madelyn D'Enbeau. I'm a retired attorney. I retired a year and a half ago from working with Corporation Counsel, and I worked for the County for 13 years. I was in private practice before that, but for, for an interval I owned a shop up in Makawao and that's how I became involved with Makawao Main Street and Tri-Isle Main Street, Wailuku Main Street. The--some of you may remember, this goes back many years, I'll guess almost 20 now, there was a big controversy in Makawao about the building of a large shopping center that we, that the landowners and shop owners and residents of Makawao felt would really gut the, the town and sorta destroy the small town environment. At that time, and some of you will remember, some of you may not, at that time there was a lot of fear in the community. There was a feeling that you couldn't really speak out because left over, I guess, from the plantation days or something, it was dangerous--not dangerous like someone was going to beat you up, but just dangerous for your family, for your career, better just to keep quiet. So there was a lot of talk about the silent majority, but unfortunately it was manipulated so that whoever was proposing a development would say, well the silent majority is behind us. There's a few malcontents that don't like this, but everybody else is in favor of it. Some of you may remember those days and what happened with the development in Makawao is that through the auspice of the Main Street Association and particularly our Director, Jocelyn Perreira, able to bring forward the voices of the old-time residents in Makawao and appear at meetings. Still many of them would not testify, but we had little badges that said, stand up for Makawao, and people wore those badges and came by the hundreds to these meetings to say, the silent majority, we really don't want this. This isn't appropriate for our town and to me that was a watershed moment in the history of small towns on Maui. And I've been working with the organization for the 20 years since then. I just feel it does a wonderful job in reaching out to the grassroots. It fills a different role than the Planning Department. People who go to talk the Planning Department, they realize the Planning Department has power over them, but the Main Street organization is just about listening to the grassroots and bringing that voice forward. So I would urge you to support the funding for the Main Street organization, and thank you very much for your time.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier this morning? Seeing none, thank you again. Nice see you, Marilyn [*sic*]. Chair at this time would like to recognize the presence of Member Cochran.

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COUNCILMEMBER COCHRAN: Thank you. Excuse my tardiness. Thank you, Chair.

CHAIR PONTANILLA: The next testifier is Kimo Guequierre.

MR. GUEQUIERRE: Aloha. My name is Kimo Guequierre. I'm a new member of the board of directors for the Wailuku Main Street Association/Tri-Isle Main Street Association. My background, I was president and board member of the Native Hawaiian Chamber of Commerce on Oahu. I was also director of design for Ferraro and Choi on Oahu, and a senior associate with Wimberly Allison Tong & Goo here in the islands. I've gotten to travel the world over from the northern part of the globe to the southern part which was the South Pole research facility. And I was nominated to this board by Bryan Sarasin and shortly before the, the problems that he, he was part of occurred. And I was honored to take, to become a member of the board because I'd been watching the towns of Maui County and just blossom over the last, over the last ten years. I mean, the color that's been added to the buildings, the, the, the plantings, it's exciting. And coming from a world perspective, it's, it's what this, this group has done is really phenomenal and a lot of that can be attributed to Jocelyn Perreira, our executive director. I don't know where the problems arise with, with the finances or the, or the accusations, because everything has been above board at the meetings. And I fully, I appreciate the appropriation of 243,000 to the Finance Committee.

CHAIR PONTANILLA: That's it?

MR. GUEQUIERRE: Uh huh.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier at this time? Seeing none, thank you again. Richard Dan.

MR. DAN: Aloha, my name is Richard Dan. I wanna thank you all for your dedication and hard work in making Maui a better place. I'm gonna read the testimony that I hope that you've gotten in the mail already. My family owns and operates the businesses at 12, 42, 46, 48, 50, 52, 58, and we recently opened 98 North Market Street. We run many retail stores and maintain a residence. All of this is located on Market Street between Main and Vineyard. For the past 26 plus years, the Wailuku Main Street Association and Executive Director, Jocelyn Perreira, are the only creditable, long-term, consistent organizations representing Wailuku. I am writing you this letter to affirm the great assistance that the organization has provided to me over these many years. Most recently, my wife, Carolyn and I received personalized assistance with a selecting of appropriate color scheme for our newest business which whenever I have a concern or need help with a business-related problem, Ms. Perreira has immediately responded with helpful recommendations. The relentless passion for Wailuku that the WMSA has have been the most responsible in keeping Wailuku growing and out of a reoccurrence of the slum and blight. The only organization that has consistently worked to alleviate Wailuku's parking problems is the WMSA. I endorse the endeavors of the Wailuku Main Street Association, Inc. and it's executive director. Please support their budget request.

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CHAIR PONTANILLA: Thank you. Members, any questions for the testifier? Seeing none, thank you again.

MR. DAN: I also wish to testify on the Film Commission, is that okay?

CHAIR PONTANILLA: Yeah, go ahead.

MR. KANESHINA: Mr. Chair?

CHAIR PONTANILLA: Yes?

MR. KANESHINA: Just--there's one item posted today, and the rule you set forth was one--three minutes per item.

CHAIR PONTANILLA: Okay.

MR. KANESHINA: So just--

CHAIR PONTANILLA: Okay, three minutes.

MR. DAN: Okay. So does that mean I can speak about the Film Commission?

CHAIR PONTANILLA: Yeah, you just as well, since you're there.

MR. DAN: Yes?

CHAIR PONTANILLA: Go.

MR. DAN: Okay. Harry Donenfeld of the Film Commission is a personal friend. I've known him for many years. He works extremely hard. The Film Commission recently helped arrange a TV show on--at the Iao Theatre. All those people that came to the Iao Theatre who were filming the show were all spending money at my stores. I think the Film Commission's great. Harry told me there was some accusation of him being culturally insensitive. I find that impossible to believe. I've known the man for years and he's as open-minded as you can get. I'm fully in support of the Film Commission and Mr. Donenfeld's job.

CHAIR PONTANILLA: Thank you. Members, any questions? Seeing none, thank you again. Amy Hanlo [sic].

MS. HANLON: Good morning, Chair Pontanilla and Council Members. My name is Amy Hanlon. I am a member of Wailuku Main Street. I'm also the treasurer. I just wanted to say it's--I take exception when I read in the paper that our finances are in shambles when they aren't because I know. I also respectfully ask the Council to restore 243,000 that has been put into Planning back to Wailuku Main Street so that we can continue our good work that we do. I also would like to

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read a letter from Mr. Hibbard if I can? Okay. It's to Council members. My name is Don Hibbard. I have had a long-standing relationship with the Wailuku Main Street Association. During the time the Statewide Main Street Program was under the auspices of the Department of Land and Natural Resources, I oversaw the activities of the various main street towns including Wailuku. Since retiring from the State, I have maintained contact with Wailuku Main Street program and its continuing progress. I have always been impressed with the organization's impeccable fiscal management and attention to fulfilling its responsibilities in a prudent and professional manner. So therefore I was surprised and disconcerted to learn that the baseless asper...aspersions, sorry, have been cast against the highly successful grassroots oriented organization. If not for the efforts of Wailuku Main Street Association, the Iao Theatre would not have been rehabilitated; the commercial focus in Makawao would have shifted from its historic core, and while Paia might still have prospered, its face and character may well have disappeared. In addition to these readily apparent successes, the organization has day in and day out contributed to fostering not only an awareness of the appreciation of Maui's heritage, but also a sense of community and vitality within the County's small towns. Moving beyond merely protecting and preserving the tangible aspects of a community, the organization has steadfastly strove to maintain the intangible aspects that make a town a distinctly local place to live and work. Be it oral history projects, children/elderly activities, holiday parades, festivities, police foot patrols and countless other endeavors or by providing a small town voice in numerous planning processes, the Wailuku Main Street Association has been a strong advocate and catalyst for the survival of Maui's small towns and their historic fabric, character and spirit. Thanks to their ability and willingness to collaborate with other organizations and programs, they have over the years greatly multiplied the benefits derived from the government grants they have received. I strongly urge you to continue to support this distinctively unique program which not only helps protect and maintain Maui's historic built environment, but also strikes at the core of the local spirit behind these structures. And this is from the former director, Don Hibbard of Department of Land and Natural Resources Division.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again. The next testifier is Morgan Davis.

MS. DAVIS: Aloha, Chair, Council Members. My name is Morgan Davis. I was here before you, but as a representative of my former job which was with the State Historic Preservation Division. I was your State archaeologist for Maui. Currently, I'm a new hire at Ardent Management Consulting which is located in Kihei at the Tech Park. I'm working there as a Scrum Master. I'm speaking on behalf of Ardent Management Consultant for the MEDB's continued support. I'm happy to speak on their behalf because over the past few years I've watched MEDB as a needed resource for all industries here on Maui. I've been lucky that high tech opportunities are available here and that I've been continued to be employed in my field. With the educational support MEDB offers to women in technology, I also feel that my daughter who's enrolled at UHMC will have viable options for employment here on Maui. It's important to me as a female scientist to advocate for our youth in areas of job creation. In partnership with MEDB, we have worked with STEM, Science Technology Engineering and Math, and Women in Technology to offer educational opportunities to Maui's children in the area of science and technology. While

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we are volunteering for these programs, we get back a sense of pride and community seeing the engagement that the keiki have in the technology. We bring GIS, Global Information Systems to the young people here on Maui. It's always a favorite. It's easy to get them excited about going into the technology field as there are so many uses for things like Global Position Systems, GPS all around and in the waters of our islands. Again, my name is Morgan Davis. I'm a Scrum Master at Ardent Management Consulting and we are asking for your continued support of MEDB initiatives. We continue to see hope for a prosperous future and with the work that MEDB is doing to advocate for high technology, we see our relationship with them as an investment in the workforce pipeline. Mahalo.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Member Baisa.

COUNCILMEMBER BAISA: I'm sorry, I can't resist. What's a Scrum Master?

MS. DAVIS: It's a--in software technology development, it's another word for a program manager.

COUNCILMEMBER BAISA: Okay, thank you very much. It was a new one. I figured I'd better ask.
Thank you.

MS. DAVIS: You're welcome.

CHAIR PONTANILLA: Thank you.

MS. DAVIS: Mahalo.

CHAIR PONTANILLA: Thank you. Valerie Richter.

MS. RICHTER: Good morning, Council member. My name is Valerie Richter. And I own a property in Paia, Kuau where I built a house and a cottage in 2000. I live in the house and I rent the cottage as a permitted B&B. I have never operated illegally and I applied for a Conditional Permit back in 2000, just after the cottage was built. I was granted a permit for one year, then five years, and finally in 2011, was granted another ten years. In the last few years I've been following the laborious process that you have gone through of coming up with a bill for the bed and breakfast properties and now the STR homes. I am totally aware that it is an insane puzzle that to try to regulate and legalize this industry and I really appreciate your hard work. As you are getting closer to solving and finishing all this, I would like to bring up something. I chose to rent only one cottage with one bedroom, but the way the property tax rate works right now is that everybody's taxed the same whether you rent one or six bedrooms. I'm going to use an example. Let's assume B&B No. 1 has one bedroom and makes \$25,000 a year and B&B No. 2 next door has six bedrooms and makes \$125,000 a year. Both properties have the same assessed value, B&B No. 1 and 2 would pay the same amount of property tax or about \$8,000 based on a property valued at 1.9 million. This might not be a problem for No. 2, but is that fair for No. 1? I feel that to be fair there should be a differentiation between a small and a big B&B. Each should be taxed according to the percentage of the property being used for B&B use. The first

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step would be to differentiate the home from the B&B using the square footage used for its use. Since all of the floor plans are included in a B&B application, this would be easy to determine. Then tax the home area at the Homeowner rate and tax the B&B at the Commercialized Residential rate. As an example, if the home is 1,500 square feet and the B&B is 500 square feet then tax 75 percent of the property at the, at the Homeowner rate and 25 percent at the Commercialized Residential rate. Please, when you determine the rates, consider the small B&B. Please keep in mind that a high tax rate does not encourage small operators to come forth and get a permit. Many charge very low rents and the economics simply wouldn't make sense for them. Do I understand that there will be a tax increase for the privilege of using part of my property as B&B? Yes, I do, but I also feel that it needs to be proportionate and fair.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier this morning? Seeing none, thank you for your testimony.

MS. RICHTER: Thank you.

CHAIR PONTANILLA: Next testifier is Sholom Schusterman.

MR. SCHUSTERMAN: Good morning, my name is Sholom Schusterman. I'm the Director of the Maui Mitzvah Center which is a Jewish outreach organization here on Maui. Many of you may have seen me, but you may not have read that on my forehead. But I'm here actually today to testify and encourage the Council to--about an hour ago it was brought to my attention that the Film Commission and Harry Donenfeld's position as the director is sort of up in the air, and I'm not really much into politics but I could just share with you that, you know, from my personal experiences with Harry, he's a very pleasant, very well-meaning person. And meeting--had a meeting once with him together with the Mayor. It was a Hanukkah celebration and, you know, they put their time and effort into, into, you know, keeping this, you know, making this Commission a reality. And you know, I know that obstacles do come up and, you know, my job is to help people of all faiths and Harry being of my faith, you know, I try to encourage him and bring him back to his core spiritual essence. And from my experience, he's always been available and been there and very sensitive to the needs of the community. And I know that, you know, that that this plans of having the Commission and the, and the film industry brought to Maui has been a work in progress. I was made aware of it about a year ago when I was invited to the, you know, the little conference that they had at the Grand Wailea. And they had over there, film directors and people speaking about the plans and the vision. And I know it's had its upheavals and its ups and its downs, yet they've been persistent in making it work. And I really urge you to consider keeping this Commission going. And here on Maui, I think that the vision could be attained and will benefit our residents and our County. And you know, again, I was just made aware of a small problem, I'm not really much into politics. So I'm just sort of sharing based on my sense, sense, sense of what's going on, they should seriously take into consideration keeping the Commission active and keeping Harry as its, you know, Director and, and leader to be able to make--put all the pieces together so that the vision for Maui and the film industry could actually take place. And you know, I could just share with you that, you know, from my,

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you know, experience over the last year, you know, just meeting different filmmakers and, and people that have come through the island --

MR. KANESHINA: Three minutes.

MR. SCHUSTERMAN: --you know, I've been consulted and was able to have very positive feedback. And I look forward to the day when, you know, the success of this industry on Maui and in Hawaii takes place where it could benefit everybody involved and all the citizens here, et cetera. So, my humble opinion, please take into consideration keeping this, this active. Thank you.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again. Derek Ball, Bal.

MR. BAL: Aloha, my name is Derek Bal and I'm a software engineer at Ardent Management Consulting in the Kihei High Tech Park. And I'm here to express my support for the MEDB. I was born and raised here on Maui, and after graduating from St. Anthony High School was blessed to be able to go to college in the mainland, and then to serve as a communications computer officer in the Air Force. However, as I started raising my family on the mainland, my dream was always that I would be able to return here to Maui and to find a good position here on Maui in high tech. And that before my children were too old that they might be able to come back and spend more time with the ohana and also to learn more about their Hawaiian culture. That dream became a reality five years ago when my son and daughter were accepted into Kamehameha Maui and I was able to move home as a software engineer and telecommuter. However, there was still always the concern that would the opportunities be available for me here on Maui after the defense contract I was working on ended? And I really didn't wanna have to move back to the mainland to support my family while my son was finishing high school. Well, thankfully when that contract ended last year, as a direct result of the support that MEDB has given to encourage high tech growth on Maui, I was able to find a job with Ardent here on Maui as a software engineer. See when the Maui branch of Ardent started a couple years ago, MEDB provided the use of their conference room as a temporary facility while the construction was being done in the building for a more permanent office space. And they have provided reasonable, yet quality office space to us for the last couple years, allowing our Maui staff to grow from only 2 employees to 22 full-time employees in just a couple of years. The opportunities they provide with programs such as STEM, Women in Technology, the annual Career Fair, it connects Ardent and other companies with interns and potential hires in the local community. So in the past, it's always been a concern for many of us on Maui as to whether our children and our grandchildren and our family members would have opportunities available to them in high tech after they've served in the military or after they've graduated from college, but I'm very grateful that due to organizations such as MEDB, we now have hope that they will have those opportunities available to them. So in conclusion, I ask that you please continue to support the MEDB for our future generations and for our local community. Thank you.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again. The next testifier is Leimomi Pacheco.

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MS. PACHECO: Good morning and aloha, Council Budget Chair Pontanilla and Council Members. My name is Leimomi Pacheco. I'm a Kula resident up at the Waiohuli Homestead and I'm just speaking on behalf of the Wailuku Main Street Association/Tri-Isle Main Street Resource Center. I wanna thank you for the opportunity to request your continued support of our local Main Street program which is celebrating its 25th year of service to Maui County small towns. Here in Hawaii, they have adjusted and adapted the National Program Profile or Profile Program to meet the special and unique needs of our island home, adopted in the use concepts to encompass the Hawaiian value system as a basis for local community empowerment. The local Main Street team of professionals and community volunteers such as myself have a wealth of experience from a wide array of career paths together with small town and a qualified staff that meet the needs--glances, sorry--and assistance through consultation, research, analysis, technical resource assistance, design reviews, comprehensive small town visioning and planning strategies to help them gain the skills in communications, consensus building, tracking and meeting compliance for their business, home improvement, permit applications. Main Street makes the positive difference to keep projects moving. They take actions that keep businesses thriving with broad base community support that interfaces government and private sector through an independent voice to achieve and implement workable community plans. The local Main Street Program is a dynamic, viable process through which communities of people are empowered with decision making. Each town is unique. No one size fits all. As a Kula resident, I don't particularly have concerns that affect Makawao or Paia. That's what makes Wailuku Main Street/Tri Isle Resource Center so valuable to each of our small towns, the effects of which gradually permeate a community and eventually impact positively upon the physical, social and economic stability of a town, a county or a state. Mahalo for your time, attention, and I request a favorable response to WMSA's grant request. Mahalo.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again.

MS. PACHECO: Thank you.

CHAIR PONTANILLA: Next testifier is Branscombe Richman.

MR. RICHMAN: Aloha kakahiaka. My name is Branscombe Richman. I am 37 years in the motion picture television industry. I'm also a Hawaiian homesteader up in Waiohuli and I've worked in over 400 hours of television, over a 100 motion pictures. I wanted to relate to everyone that we have a big mountain to climb because if want to build an industry here in the Maui County region, we're gonna have to go through the great state of Oahu. That's the way this business is set up through our unions and as Maui workers we are forced to work as locals on the island of Oahu. We have no Teamsters here. We have--because they had to move to go work in Oahu and the rest of us that are still here, we work on Oahu as locals. So there is a solution and the solution is, is that we need people that can go ahead and pierce the defense that when negotiations comes across the table that they are able to speak, some who can kibitz the same way that they kibitz here on the mainland. Someone who has the right punam, someone who has

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the right chutzpa, and that's Harry Donenfeld, our Film Commissioner. It's a--it is not easy to get the motion picture industry to spend millions of dollars outside of Oahu. You have 100 percent of filming that happens in this State, 96 goes to Oahu, 4 percent goes outer islands. That's means 1½ percent comes to Maui County. We get the crumbs. It's about time somebody went in there and fought for us and got us the opportunity to go ahead and work. We have families that wanna pay their bills, and unfortunately like--we, we are migrant workers, we follow tax credits. So New Mexico's 25 percent, Louisiana is 40 percent. So do we need to go over there or can we stay here and fight to work here? You need a strong Film Commissioner, make no doubt about it, and that's what we have in Harry Donenfeld. I've been doing this a long time. And being a homesteader Upcountry, I see our people who wanna work in this industry that don't have the opportunity and at times without being rude, crude, and obscene, if they're not working, the unfortunate part is that people start to think about doing the wrong thing. So hopefully we do the right thing and I wanna say mahalo nui to all of you guys working very hard to build an industry here that is not construction and that is not hotel, but the motion picture television industry does trickle down and assists all of those opportunities for this whole County, and we get to pay taxes and I know you guys love that. Mahalo nui. Thank you so much.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah, thank you. Mr. Richman, thank you for being here. We mahalo your insights. How does the--and just so that I understand and others, how does a Film Commissioner be able to pierce all of these problems that you've just described?

MR. RICHMAN: Okay.

COUNCILMEMBER VICTORINO: Real quickly if you can.

MR. RICHMAN: I'll make it really fast. You know what, without being rude again, this is a Jewish business. Make no mistake. So when the big decision makers on the mainland whether you're the head of Paramount Studios, Universal Studios, 20th Century Fox, on and on, it's a conglomeration of gentlemen who have been in this industry for such a long time inherited by their grandparents and they just happen to be Jewish. The industry was founded by Jewish German people who created film making. When you sit across the table and you see a fellow of, that you--who can walk the walk, talk the talk and understand, business does then become accessible. So I'm, I'm making no bad references about our past film commissioners but I'm just saying what do we have now? We have a great opportunity--we got a fighter in there right now. He's fighting the great state of Oahu because he wants stuff to come here. They don't want it to come here and you have to do it that way. So I hope I was understood, but I just wanted to kinda let you know we got to hoomalimali the folks in the mainland to come and spend their money here. And you need a guy on the other side of that table that they're gonna feel comfortable with, and this has always been the way of life, you know. Cats wanna be with cats, dogs wanna be with dogs, birds wanna be with birds. That's the way it is. I'm sorry, I don't mean to be rude, but it's true. Portagees with Portagees, too.

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COUNCILMEMBER VICTORINO: Yeah, I appreciate the insight and, you know, the frankness. You know, I think that's important for people to understand, Mr. Chair. Thank you, Branscombe.

MR. RICHMAN: Mahalo.

CHAIR PONTANILLA: Thank you. Members, any more questions for the testifier? Seeing none, thank you again.

MR. RICHMAN: Mahalo.

CHAIR PONTANILLA: Alison Cohan.

MS. COHAN: Aloha, Council Chair Pontanilla and Members of the Council. Thank you so much for hearing us speak to you this morning. My name is Alison Cohan. I'm the field representative for The Nature Conservancy Maui Nui Program. However, today I'm not just representing The Nature Conservancy. I'm here more as a proponent for general watershed protection. The five watershed partnerships of Maui Nui and The Nature Conservancy of Maui and Molokai rely greatly on the funding that the Department of Water Supply provides annually. We would like to urge the County of Maui to maintain the current level of DWS funding for the five Maui County watershed partnerships. This funding allows the continuation of key watershed protection programs that have taken decades to develop and are achieving outstanding results. With this funding, we protect essential core watershed areas that County residents and visitors rely on for subsistence, recreation, aesthetic beauty, biodiversity, Hawaiian cultural and gathering access, and most of all, and most important to all of us, our water. With this--these forests, these forests and the services they provide are under enormous threat, as many of you may know, from nonnative, invasive weeds, and ungulates which are the pigs and deer and goats that invade our forests. The work of the watershed partnerships, like fencing, fence maintenance, ungulate and weed control is critical to combating these threats to ensure our forests continue to sustain current and future generations in Hawaii. Now I'm not gonna get gloomy and tell you how much the forests and watersheds will suffer without continued DWS funding through there is some truth to that, but instead what I'd like to focus on is the great successes that the watershed partnerships have been able to achieve thanks to County support. We've been able to leverage your support about four times, getting millions of dollars in Federal, State and private funding as a result. And as a result of that, we've seen amazing progress. Tens of thousands of acres have--of our best forests and watershed areas are now enclosed in protective fencing and free of the destructive feral ungulates. Since 2007, The Nature Conservancy and the East Maui Watershed Partnership, which you all helped to form in 1991, we've worked together to build and maintain 18 miles of fencing. We've removed tens of thousands of priority habitat modifying weeds and discovered about 50 new rare plant locations throughout the East Maui Watershed area. In addition, in a recent study we conducted, 14 years after removing the feral goats and pigs from this particular area of TNC's Waikamoi Preserve, the native vegetation increased by three times and the alien grasses reduced by half. It's a pretty amazing recovery. These substantial endeavors would not have been possible without the County funding received and leveraged for additional funding. That said, it is worth noting that unfortunately our State funding for the

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watershed partnerships has not yet been fully restored. Therefore, we hope to have the County's continued support during this difficult economic period to facilitate continued progress for watershed conservation and the quality of life --

MR. KANESHINA: Three minutes.

MS. COHAN: --for future generations. We've very appreciative of your strong support that you guys have shown us over the years, and we hope to have your continued support. Mahalo.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? I do have a question. Do you see any problems in the watershed in regards to Axis Deer?

MS. COHAN: Yes, we do. Axis Deer are a large problem, an increasing problem and in some of our areas which Chris Brosius will talk about the West Maui Watershed Partnership, we're having to go in and retrofit some of the existing pig fences which are about four feet high to be deer fences, six feet or even eight feet high. So a big problem, they're, they're knocking on our, our door of our pristine watershed.

CHAIR PONTANILLA: So there's no program in regards to controlling the Axis Deer population by the watershed people?

MS. COHAN: It's in the works. Actually there is a Axis Deer group, core group that has been started that includes a lot of people from all the different conservation groups. So it's definitely in the works.

CHAIR PONTANILLA: Thank you. Maybe you should work with Ken Yamamura, who represent the agricultural side of the Economic Development area --

MS. COHAN: Right.

CHAIR PONTANILLA: --in regards to your program --

MS. COHAN: Okay, thank you for that.

CHAIR PONTANILLA: --in the future.

MS. COHAN: Mahalo.

CHAIR PONTANILLA: Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah, thank you. You mentioned earlier about State had not restored your funding, but it was my understanding that I talked to the Deputy of DLNR and they were looking at at least 5--he was asking for at least 5, as much as 7 million in water, direct watershed protection. Have you followed that in any way?

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MS. COHAN: Yes, you may be referring to the, The Rain Follows the Forest campaign which has just been started, and while there's talk of this, you know, tens of millions of dollars, none of it has actually been secured. So, so far it's just at the talking level. It hasn't trickled down to us yet which may take years.

COUNCILMEMBER VICTORINO: Okay, I got it. I just wanted to know if you guys were aware of that program, and that I believe it's, you know, hopefully some money will be coming out within the next fiscal year, not many years down the year, but that's another story.

MS. COHAN: Yes, thank you.

COUNCILMEMBER VICTORINO: But thank you, thank you guys for all your hard work. We appreciate it. Mahalo, Chair.

CHAIR PONTANILLA: Thank you. One more question. What, what--how much does the County Water Department provide you in grants?

MS. COHAN: For The Nature Conservancy, we did used to receive \$100,000 per year, that was reduced. This current year we're receiving 83,000. I mean, that's just the Department of Water Supply for The Nature Conservancy. And then I think the East Maui Watershed Partnership receives the same amount as well. And then some of the other watershed partnerships used to receive the OED money in addition to that, but not The Nature Conservancy Maui programs.

CHAIR PONTANILLA: Okay, fine. Thank you. Members, any more questions regarding the testimony? If not, thank you again for being here.

MS. COHAN: Mahalo.

CHAIR PONTANILLA: The next testifier is Shane Feliciano. Shane?

COUNCILMEMBER VICTORINO: He left, Mr. Chair.

CHAIR PONTANILLA: He left. Patrice Farner.

MS. FARNER: Good morning, my name is Patrice Farner and I'm a casting director, and I'm based here in Maui as well as Arizona. My specialty is film and commercials. I've been coming to Maui since 2004, and I moved here full-time about a year and a half ago. Not a lot of work going on here, so most of my projects are taking place in Arizona. Unfortunately a couple of years ago Arizona lost their Film Commissioner, their funding for that and while other people had to pick up the huge deficit that's left, it created an environment of unorganization. We lost out on projects, losing some big money, you know, millions of dollars in revenue. Some of them are quite big movies. Harry Donenfeld has been doing a tremendous job here. He's very professional. Here in Maui, he's not only acting as a Film Commissioner; he's also promoting

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tourism and creating jobs. When films go and shoot in Arizona they usually do not showcase Arizona. It could be filmed anywhere and many times they act like the movie is taking place in another city. That's not the case here in Hawaii, of course. They always showcase Hawaii, and you know, praise it and everything else. But to bring the film revenue, we need an infrastructure and the Film Commissioner is a huge part of the infrastructure needed to bring those dollars to the State, and thank you.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? I have one. When you say, "infrastructure" what do you mean?

MS. FARNER: Your infrastructure is your, your crews, of course, your resources. They need a go-to person to, to make that happen for them. So they'll come to Arizona and they hook up with-- they used to hook up with a Film Commissioner. We had a very nice directory for our state, and so they would of course give that to them right away. So then they can get all the departments in place that they needed to. But they need one go-to person originally to make it happen and to get us all organized, too. You know, it's a huge help in, in networking and developing, you know, having meetings and, and creating those resources that is needed.

CHAIR PONTANILLA: Okay, thank you. In my mind was like buildings and the lights, so...

MS. FARNER: Yeah, yeah, yeah, no, resources...

CHAIR PONTANILLA: Okay, thank you. Members, any more questions for the testifier? Seeing none, thank you again.

MS. FARNER: Thank you.

CHAIR PONTANILLA: Michael Peters. Michael Peters?

MR. PETERS: Hello, my name's Michael Peters. I've been in the film industry for 30 years, a member of Screen Actors Guild and IATSE. And I just wanna show up here today in support of Harry Donenfeld. It's important that we have a man who understands the industry, how to bring in jobs. And on Maui with the tremendous access to different locations and diversity and it's nice that--to work on Maui, Maui County at least parts of Maui County that are interested in having film projects. And anyway, I just wanna show my support and for Harry and I think he's very competent and capable, and it's very important that other jobs become available to people who live on Maui other than the housing industry and tourism. Thank you.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again. Brad Sundin.

MR. SUNDIN: Aloha, everybody, Chairman Pontanilla, and the board. Just wanna make a few comments for the Film Commissioner, Harry Donenfeld and what I think it does for Maui. I've had a chance to meet Mr. Donenfeld over a few meetings over the last year, very active, wanting

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to help get the film industry going here on Maui. I think that is a great industry for Maui. It doesn't pollute. It doesn't stay here long term, it doesn't have any ill effects on the economy, and it brings revenue in from someplace else. And to have a viable economy anywhere you have to have money coming in or leaving or products leaving a geographic area. That's why tourism is so, so good here. You look at one picture, we can have film, I think it was just out here for Lifetime movies, a million and a half dollars. GE Tax on that alone is 60,000. When that money's filtered through, you got another at least 160,000 in GE Tax paid by the employees buying other products. That's one small picture. I don't think it takes a genius to figure out that if you land one or two deals a year, even a few deals a year, you have now more than paid for the position. When people see movies made on Maui, they, they wanna come here on vacation. So it has a major side effect. I can tell you I was a tourist here for 15 years before moving here and when you see movies on tropical places and you know, it's filmed in Hawaii, you wanna come here. Hawaii is more unique than any other islands around the world that I've, I've been to. I've traveled extensively in the Caribbean and there is no topography like Hawaii. So you've got great ocean water. You can have just about every climate here. It is great for filming and I think Harry's the right person to help push to get some studios out here. You know, they can have a tropical location, they could have rainforest, they can have mountain climate, they can have desert. You can't do that on many other islands around the world that are as accessible as Maui is and is connected technologically as Maui is. So I think all and all, he's the right person to help push this through and I think the funding for that, like I say, is a no-brainer because you do one or two pictures a year, you've definitely paid that budget, you know, tenfold. Thank you, thank you very much. Any questions?

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again for being here.

MR. SUNDIN: Thanks, thanks a lot.

CHAIR PONTANILLA: Next testifier is Michael Currier.

MR. CURRIER: Good morning, Council Chair and Council Members. My name is Michael Currier. I represent MAC Professional Video. It's my own production business. I've been on Maui since 2008, but what I've seen here since I've been here is a lot of production value that can come to this island. There's a lot of us in the film and production community that can trickle down and it can bring work for everyone involved. Caterers, I know a ton of caterers and makeup people, and it's just the industry would, it would just benefit as a whole. And as Brad said before, you know, before I moved here in 2008, whenever I saw a movie and it was made in Hawaii, I wanted to go there and I was a tourist here for many, many years before I decided to move here. So, and about two weeks ago, I got a call from Harry Donenfeld, a crew was coming over here from Oahu and, and he said there's a production assistant that's needed and would you like to do the job? So, I have also met Mr. Donenfeld before in another meeting and I think he's a real go-getter, and I think he would be a huge asset to this island and to the film community and to everyone abroad. So thank you for listening.

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CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again. Hugh England.

MR. ENGLAND: Good morning, my name is Hugh England. I'm a resident of Maui. I've been in the film business here since 1980. I'm married. I have a 16-year-old son that goes to King K. The film industry has been good to me. I'm here to support Harry, the present Film Commissioner. I think in all the years that I've been working in the film business, he's the first Film Commissioner that has really got down and doing the right thing, trying to bring more business to Maui. As you all know, there's been a few films in Maui in the last I'd say three years, more than we've had before and the film business being as clean as it is, as profitable as it is, and it seems like the money that's earned seems to stay in the County. I strongly suggest that you keep Harry as the present Film Commissioner. Thank you for your time.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again. Chris Brosius.

MR. BROSIUS: Aloha, Council Members. My name is Chris Brosius, and I'm the coordinator for the West Maui Mountains Watershed Partnership. I just wanted to let you know off the bat that there is a document that has been prepared for your reference with a list of accomplishments from Maui's Watershed Partnerships. But today, I'm here to thank you for the sustained support for Maui's watersheds and reinforce the budget items which go to five watershed partnerships including West Maui, East Maui, Leeward Haleakala, East Molokai and Lanai. Each of our programs receives funds from Department of Water Supply's budget and is pleased that the County once again aims to provide the backbone of our soft grant funded programs for FY '13. We're also thankful that a second line item of 415,000 is being retained and transferred from the Office of Economic Development to Department of Water Supply, which we are hoping to maintain an even division of \$83,000 each. Combined, these funds make up a very critical portion of our budgets which we use to leverage State, Federal and private funds two or three times that to sustain and further core watershed protection programs across 245,000 acres of County, Countywide lands. In each of our watersheds are found some of the rainiest places on earth with some over 365 inches a year falling there. Yet the surrounding coastline where the majority of our populous and businesses reside, the rainfall is on par with that of deserts. This is a simple fact that illustrates clearly our dependence on watersheds for providing life giving water. All of our programs strive to protect these forested mountains as critical source water recharge areas from many threats including feral ungulates, like Alison talked about, are worse than most water thirsty invasive weeds like Strawberry Guava and Miconia and more directly from human related impacts such as wildfire and dirt bike erosion. Our efforts to diminish these threats include outreach and education, volunteer programs, memberships to wildfire suppression groups, Statewide networks through Hawaii, the Hawaii Association of Watershed Partnerships and collaborations with several State and Federal agencies. Our partnerships maintain over 40 highly trained staff skilled in the use of ropes for rappelling, helicopters for access, wilderness first aid, infrared aerial imagery to detect invasive weeds, GIS databases, plant identification, monitoring techniques, firearms as well as hardcore steel fence building over extreme mountainous terrain. All of these efforts are geared to keep out the impacts which reduce our

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forests' ability to provide water for Maui's use. Our progress is steady, adaptive, and growing in the acres managed and relationships built. However, we are far from done and in many ways beginning. There was discussion earlier and that's related to this next section. Parallel to the County's efforts, you may have heard that the State DLNR has launched The Rain Follows the Forest initiative with the goal of increasing the area protected Statewide by 10 percent over the next five years. This ambitious and necessary goal speaks to the overall need but yet has secured any funding. Should funds materialize --

MR. KANESHINA: Three minutes.

MR. BROSIUS: --they will not necessarily trickle down for years, may go toward many underfunded State programs and would be supplemental at best and not duplicative of the County's support for watersheds. While State support has varied through the years, County support has been solid and incredibly reassuring to our programs, and we hope to rely on it for years to come. Thank you very much for your contributions.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again.

MR. BROSIUS: Aloha.

CHAIR PONTANILLA: Fernando Juan.

MR. JUAN: Aloha kakahiaka. Good morning, everyone --

CHAIR PONTANILLA: Good morning.

MR. JUAN: --Maui County Council Members and supporting staff and everyone here present. My name is Fernando Juan, born and raised here on Maui. I work with the Leeward Haleakala Watershed Restoration Partnership or LHWRP as a field and data tech. I have a loving wife, a four-year-old boy and a two-year-old daughter. We're also expecting a boy any day soon. I'm very fortunate to be able to stay here on my island home to make a living doing what I love to do, protecting what I feel needs to be protected. Mahalo nui for all your recent and ongoing support of our watershed partnerships. As most of you know, LHWRP is dedicated to restoring and protecting the upper elevation watersheds. This forest includes diverse mesic forests of Auwahi as well as remaining Koa forests in DHHL Kahikinui. Regarding a few of LHWRP's objectives and accomplishments, we carefully determine, build and maintain fences in areas including Ulupalakua Ranch and Kaupo, Nu'u. These seven- to eight-foot tall fences are solid, keeping ungulates out such as deer and pigs and goats. Currently, one of our biggest projects is at DHHL Kahikinui. Here the first 2.3 of 9.1 miles of fencing is being built to be completed in June. When the entire perimeter fence is complete it will protect 5,520 acres of Maui's native Koa and Ohia watershed forests. In our existing enclosure such as Auwahi on Ulupalakua Ranch, we continue native forest restoration by outplanting native seedlings. Since 2000, we have had 200 volunteer trips utilizing over 4,000 volunteers in planting over 100,000 native keiki

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such as A`ali`i, `Iliahi and Kauwila. We also survey and control priority invasive weeds including Gorse, Baconia and Australian Tree Fern. Looking towards the future, we are currently developing restoration techniques for landscape level forest reestablishment using clay balls filled with native seeds. In conclusion, I would like to reiterate, mahalo nui loa for your current and continuing support of the Maui Watershed Partnerships, including East Maui, West Maui Mountains, and Leeward Haleakala. Once again, my name is Fernando, one of the thousands that defend the mountains of Maui. Thank you for your time and attention. Aloha.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you.

MR. JUAN: Thanks.

CHAIR PONTANILLA: Michael Downing.

MR. DOWNING: Aloha, good morning, madam--Mr. Chairman and Council Members. I am Michael Downing. I am vice-president and Maui representative for the IATSE, Local 665. We're the technicians and people that do all the motion picture television convention work here in the State of Hawaii. We have approximately 600 members which Maui has 30 members. From that, you can tell we're very small. We're trying to grow here on Maui. We wanna support this industry in every way possible. The Mayor has come forward and, and tried to make this industry grow here in Maui County. He's doing an incredible job. Harry Donenfeld is the best Film Commissioner we've had. He's worked the hardest. He's the most knowledgeable and, and this is a person that we need desperately right now. If we're gonna succeed and make this industry grow and be successful here, this is the type of person we need. A lot of people don't understand the, the hardships and everything that go into this industry. It's very cruel. If you cannot provide what they need, they go somewhere else. That's the bottom line. It is controlled by the Jewish bean counters. I'm not trying to be rude, I'm just saying this is way it works. And if you cannot provide what these people need, they go somewhere else. And right now we're at the bottom of the barrel of all the states that can--that have tax incentives for the film industry, we are at the very bottom of the barrel. And the only way we're gonna make this grow is, is to show the support of the people that have the knowledge and the skill to make this happen. And this is the best person we have. Unfortunately...Hawaii we have a very unique culture here. My family goes back hundreds of years here. I understand this, this, the culture. A lot of people come here, they don't understand the culture. It's very sensitive. We need to work with these people to make this thing work. It's a benefit for all of us. It's for our children. It's for the future. This is a very good industry for Hawaii and we can make this happen. But please, keep Harry in this business. We need people like him that are knowledgeable and strong and can talk to these people, and they will understand what he says and what we need to do. I thank you for your support.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again.

MR. DOWNING: Thank you.

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CHAIR PONTANILLA: Marouo Richmond.

MR. RICHMOND: Good morning. My name is Marouo Richmond. I am Panavision Hawaii's representative. I'm an AFTRA and SAG member as well and a third generation motion picture guy. I am encouraged and I'm encouraged by having Harry Donenfeld in this position. He has encouraged me to continue to working hard here, knowing I'll have a future here for my family and for the infrastructure here. He has gone to bat with me personally on projects that I have planning in the future, and I encourage you guys to keep him here and to fight for him staying here. Thank you very much.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again. Christopher Barca.

MR. BARCA: Good morning, Council. My name's Christopher Barca. I would like to say a few words. I've been a Wailuku resident since about 2001. I'm a freelance artist and I work in film and television and have spent many years having to go back to New York to work to just make ends meet over here. And I've been really fortunate over the past short while to have a lot of work, and I've actually had the privilege in the past few weeks to work on a project with some incredible people, and I've gotten to meet and have some conversations with Mr. Harry Donenfeld and have just been so impressed to be on a film site and have the Film Commissioner there to see how things are going and to relate, and it's, it's just incredible. I have a lot of hope for my future to be employed here because of the current situation, and I'm a little nervous to speak in front of the Council. I didn't know I was going to be doing this this morning. But another thing that I've seen I've been intimidated by the film industry coming to Maui and what that might mean, and seeing people like Harry and some other professionals that I've met here on Maui, I have incredible confidence that good things will happen, that things will be done right. And it kinda excites me where in the past I've been intimidated by it of what it means to have folks from L.A. and New York coming to Maui to take this concept of they just wanna take from Hawaii, and this has been my home and from what I see is positive growth. I see amazing people that wanna do good things and Harry's one of them. And another thing that I--my experience over the last ten so years, the amount of incredibly talented and creative individuals including myself, not to toot my own horn, but to, to see if I'd have to choose to leave Maui for work or forced into jobs that they don't really--that is just below their skill level because of lack of opportunities. And I see, again, I just see nothing but positive growth here in Maui County, and I really enjoy living here. It's been, it's been my home for years and I enjoy making my money and spending it here, and I don't know if--it's, it's great and I just--thank you.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? I do have one. What type of projects are you currently doing?

MR. BARCA: Well, I just, I just finished working on that Blue Lagoon project with Lifetime Television that I worked a few weeks on over here which we just finished that maybe a week or two ago.

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And I'm looking at--so there's some things in the mix, but I usually don't get clued in for a while, but the BBC, some projects with them, yeah.

CHAIR PONTANILLA: Okay, thank you.

MR. BARCA: Thank you.

CHAIR PONTANILLA: Next testifier is Artemio Baxa, Judge.

MR. BAXA: Honorable Chair Pontanilla, Chair Mateo, Councilmember White, Councilmember Couch, Councilmember Cochran, Councilmember Baisa, Councilmember Carroll. Mr. Chair, I appear here before you as a citizen of the community of Maui and as a member of the board of the Wailuku Main Street Association. In my long years as a member of that Association, this is my first time to appear before the Council. I am an employee of the County and I have taken a vacation today, because I felt that this is an important Committee meeting that I have to attend to. I notice that Councilman Victorino was here a few minutes ago, he just left, and I know that Councilmember Hokama is not here, but I hope that somehow they will have time to read what I testify to you today, however, humble and feeble that voice may be. The Wailuku Main Street Association probably is the most scrutinized nonprofit organization in the County of Maui today. It has been tossed in the storm of difficulties. The Association has persevered to withstand that storm. The headlines have put the Association into great focus. There had been a lot of criticism about the organization. For my part, I welcome all those criticism because in our society --

MR. KANESHINA: Three minutes.

MR. BAXA: --criticism has a role to play. And I do not bemoan those who are not totally in favor of Wailuku Main Street Association. Lately there has even been a lawsuit questioning the legitimacy of this Association. I am glad that that question has been resolved and put to rest. The legitimacy, legitimacy of this Association is restored. We may ask what is the value of this Association? The greatest value that I can mention to you and which you probably already know and which you must know is this, the Association represents an independent, objective voice of the community. All of us know what the Association it stands for, the revitalization among others, the enhancement of the economic --

MR. KANESHINA: Five minutes.

MR. BAXA: --wellbeing of the community in the context of historical and cultural improvement as well. As a member of our community I take time from time to time to walk in Wailuku, Paia, Makawao and in other areas of our community. What a pride I feel every time. Even as I see those people going to the theatre in Wailuku, throngs of people, I do not claim and I'm pretty sure the other members of the board of Wailuku Main Street Association do not claim that it is the reason why Wailuku, Paia, Makawao and some other areas of our community have that vitality, vigor, vibrancy --

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CHAIR PONTANILLA: Judge, can you conclude please/

MR. BAXA: --but--is it my time over?

CHAIR PONTANILLA: Yeah. Yeah, if you could conclude, Chair would appreciate that.

MR. BAXA: You want me to sit down now, sir?

CHAIR PONTANILLA: Yeah, if you can conclude your testimony?

MR. BAXA: If I could conclude, I do not claim that it is the reason, but it has a role in bringing up this ...*(inaudible)*... I am aware, Mr. Chair, and I understand that our good Mayor has recommended to you the exact funding requested by the Association only that it be not funded directly to the Association right now. I have the greatest faith that if in your wisdom, you will continue to fund directly, the funding requested to the Association, that our good Mayor will understand. I know that the life of this community lies in your hands. I hope that as I said, as small as my voice may be, I hope that it will be heard a little bit. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Thank you, Mr. Baxa. Members, question for Judge Baxa at this time. Seeing none, thank you again, Judge.

MR. BAXA: Thank you again.

CHAIR PONTANILLA: Thank you. Members, we do have one more person signed up for public testimony. I know the time for our midmorning break has surpassed, but please bear with the Chair. The last person to sign up for public testimony this morning is Kathleen Luce.

MS. LUCE: Aloha, good morning. My name is Kathleen, Katia and I am a union member and a Maui taxpayer, and when I heard that Harry was chosen to be our Film Commissioner, I was really, really thrilled to hear that we have such a great champion to represent us, who has the business savvy and the heart and understanding of our, our beautiful Maui and the people here. And I know what it does for myself and my team--all the team players that I'm very fortunate to be working with on different film--film projects. I've been working about four years in the film industry here on Maui, and I know that not only all of us have an opportunity to shine with our special talents and what we have to offer to create the team and make projects, you know, happen. What it does also for the community, I know that a lot of businesses profit from it and they're thrilled, you know, when times have been so down for our community. And the stores, and you know, the supplies that these projects need, and you know, the monies that go out, it's--it makes people so happy all over the community to--when these projects come to our island, and you know, as other people who have already spoken, very few projects do come our way. We get tossed, you know, the little ones and, and we're so grateful for it. So I, you know, highly support Harry, and I really wish that, you know, you all would keep him in, you know, the office, the place, the job that he's doing so great and so, I thank very much for listening.

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CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again.

MS. LUCE: Thank you.

CHAIR PONTANILLA: Again, Members, Ms. Luce is the last person to sign up for public testimony this morning. Is there anyone in the audience that would like to provide public testimony at this time? We do have one person that would like to testify at this time, and Members, if you need to take a personal break, if you could, you know, just stand up and, and do your personal break. Chair will excuse you, but make sure there's five of us in here.

MS. BASBAS: Mahalo, Chair. Thank you for having me and aloha, Councilman Pontanilla and also our Council members. I'm grateful for the opportunity to be able to testify, my name is Marcial Pualani Kamaunu Basbas. I'm a resident of Waihee Ahupua`a and also the president of Waihee Ma--`O Waihee Ma Community Association and Culture Center. And I'm here in behalf of the Wailuku Main Street Association and Tri-Isle Resource Center. Our community has benefited from the services that Ms. Perreira has provided for us through our Wailuku Main Street Association, and we're really grateful for this organization. And so we're here in support of them and to ask that you continue to support them with the funding. And we're grateful for all that you've done in the past for them and because as it's been said earlier about the independent voice needs to be heard and, and that's why I'm here today. And also, I just wanna say that maybe one of the recommendations could be for the Wailuku Main Street Association/Tri-Isle Resource Center that maybe it needs to be under a different department, and I'd like to recommend maybe the Department of Finance if that's a possibility. So again, I'm grateful and thank you for having me. Mahalo.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you again for being here. Is there anyone else that wanna provide public testimony at this time? Seeing none coming forward, if there's no objection, Members, the Chair would like to close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

...END OF PUBLIC TESTIMONY...

CHAIR PONTANILLA: Members, we're gonna take our midmorning recess and then we'll reconvene at 11 o'clock. So this meeting is in recess till 11:00. ...*(gavel)*...

RECESS: 10:43 a.m.

RECONVENE: 11:04 a.m.

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CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee meeting is now reconvened. Members, we're going up to 11:45, and we're gonna recess 11:45 and then we'll come back at 1:30, and then reconvene at 1:30.

DEPARTMENT OF WATER SUPPLY

CHAIR PONTANILLA: Members, we're gonna begin with CIP this morning and then the first project is on 3-2, 3-216.

MR. BAZ: Good morning, Mr. Chair and Members. Thank you for being with us again here. It's been, it's been a few days, but this morning we do have the CIP Program for the Department of Water Supply, and the Director of Water Supply and his staff are here to assist you with any questions you might have regarding the projects that we've proposed.

CHAIR PONTANILLA: Mr. Taylor, on 3-216 which is Countywide Source Development/Acquisition.

MR. TAYLOR: Yes, thank you, Mr. Chair, and also with me is Jeff Pearson, who is our engineer, who's the head of our Capital Improvement Group.

CHAIR PONTANILLA: Good morning, Mr. Pearson.

MR. TAYLOR: I'm sorry?

CHAIR PONTANILLA: I said, good morning, Mr. Pearson.

MR. PEARSON: Good morning, Chair and Council members.

MR. TAYLOR: Many of you remember Jeff when he was formerly Deputy Director of the Department in the past. So for this project, Countywide Source Development/Acquisition, is that correct? Okay, \$1 million.

CHAIR PONTANILLA: Yes.

MR. TAYLOR: Okay, in--'cause we didn't do any opening comments, I'll just kinda jump right into it. In the very last Water Resources Committee meeting, and most of the Members here are on that Committee meeting, we gave a pretty in-depth presentation about our 20-year plan, how all the projects fit together, projects that were, we call the yellow--the yellow colored projects which were replacement of existing. The projects that are all coded in green which were either new source development and/or reliable capacity improvements which generate more water for people to use. Okay, and the Countywide Water Source Acquisition is a Countywide fund for those green type of projects. We talked about debottlenecking. We had all those complex supply demand curves saying how we're trying to keep supply ahead of demand. So what this million dollars will be used for in a general sense is the first bunch of professional services for what will be the low hanging fruit of the debottlenecking or source development projects that we

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don't know precisely what they are. We have a pretty good idea. What we showed in that Water Resources Committee meeting is we have that analysis that is still going on. We should be finished a little later this year. By the time we're finished the analysis, this money will be ready. What we think it will be used for, again, there's a million dollars, one thing is a test well, a test well in East Maui which will be a precursor to USGS doing a hydrogeologic model. That hydrogeologic model is a precursor for doing the Environmental Impact Statement which is a precursor for design and construction of new wells. So CIP is difficult for a lot of people to grasp because there tend to be many phases. So this represents, in this case, the first phase of a multi-stage process to end up with a new water source. Again, these test wells are necessary so USGS can start their hydrogeologic modeling. Other things we could do with this money include professional service such as design and/or appraisal of other, what we were calling in our presentation, debottlenecking. For example, if we're gonna build a backup well at a specific site, we could use this money for designing that. If we're going to acquire an existing well, there's been a lot of discussion of specific wells, would the County require them? We would use this money for appraisal of that site and possible design of development of that site. So again, as we talked about in that last Water Resources Committee meeting, we are taking the smaller number of options, doing a little more analysis to fine tune which are the best this money would be professional services to move forward on those. There is--the million dollars is not enough to actually complete any of the projects. We would definitely be back here probably in FY '14 for the larger expenditure to actually begin implementation, either purchasing a well, construction of a well, et cetera for the bigger costs. So this is the smaller professional services which is a step one in what will be a multi-step process.

CHAIR PONTANILLA: Okay. Long answer, yeah? I was reading the description, basically what it says in the short version what you going do, so --

MR. TAYLOR: I could read that, too.

CHAIR PONTANILLA: I know. Chair Mateo, if you have any questions?

COUNCILMEMBER MATEO: Not actual question, but it's nice to see that the Department is more or less looking ahead at the completion of the Maui Island Plan and all the particulars to be able to plan accordingly to meet the, I guess, projected or anticipated need for additional source. So I'm hoping that this small amount of money, you know, only a million dollars will at least provide you with some kind of an understanding of the direction we need to go towards. Because, you know, as the Chairman said, I no need nice words, I just need to know exactly what the hell we doing, and that's all we ask for. So, you know, thank you for this projection in helping us deal with the needs of the Island Plan. Thank you. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. The question I have is whether the design monies in this project will be used for projects that are in other, in subsequent pages or is this design money all for this one item?

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MR. TAYLOR: This--the design monies are, in this project, are not for things in subsequent pages. This would be for things that are not in the other pages. For things that, again going back to that last presentation we talked about what might--what the bottlenecks in the system might be and what we'd have to do to debottleneck them. It would be specifically to start the process of those things. Whether those are new sources or efficiency upgrades to let us juggle water better to get water to people, but things that aren't listed specifically in future projects, in other projects.

COUNCILMEMBER WHITE: Okay. Is there a reason why you have no funding for this subject in subsequent years?

MR. TAYLOR: This is something we're, we're still I think struggling with a little bit. You've seen the 20-year projections which is how we really do our longer range planning. We try to take that and force it into this template which isn't necessarily an exact match. So we're not quite sure whether some of these projects will have their own project sheets or whether they'll be combined in Countywide. So we, we just weren't quite sure what we'll do with the future projects. They may have their own project sheets as they become very specifically defined projects. They may have their own line--their own project sheets or they may be put into the, you know, other Countywide funds, but we're not quite sure.

COUNCILMEMBER WHITE: Okay, because the design percentage is obviously a pretty, pretty significant at 50 percent. But you've explained and I think I'm--so in subsequent years we may find that this design money is gonna be creating an understanding of projects that we need to do, that some of which show up here and some of which will have their project page?

MR. TAYLOR: That's correct.

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

CHAIR PONTANILLA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And I, too, echo Mr. Mateo's sentiments as far as the Maui Island Plan, having attended a very long KCA meeting last night. That was one of the biggest concerns 'cause we talked about the Maui Island Plan, where we're gonna get the water, especially since, you know, Iao aquifer's being tapped to its limit. So I encourage you to continue on. And the question I have is, you know, I'm seeing dollar amounts from other sources especially from the State. How are you working together with the State as far as obtaining those funds and, and fitting those into your plan here?

MR. TAYLOR: Our primary funding from the State is through the State Revolving Fund Loan Program, where we work regularly with the State about what our projects are, to get them accepted on their lists. And we try to coordinate such that when we submit budgets to the Council, we have a pretty good idea that those will be approved for State SRF Funding. We'll see later when you get to a future project, that sometimes, you know, that coordination, though

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there's best efforts on both sides, is not always possible to exactly coordinate. But that's our primary method. If there are--I'm not sure if the right word is "earmarks", but if there are specific projects that are funded by the State, we would have to, you know, find out from the actual representatives who's putting that money in and what the--how we're getting that. But right now I'm not aware of, of any funding that fits into that category. It's the SRF Funds are primarily what we get from the State.

COUNCILMEMBER COUCH: Okay. We'll, we'll contact their office and see what they're suggesting. If those are actual funds that we can get from the State, that's really great. For instance, if, if one of these things like the Kamaole Water Treatment Plant, \$6 million for a high lift pumps. If that actually did, if that was \$6 million from the State, would that reduce your request here for \$6 million or will that be in addition to what you've got here?

MR. TAYLOR: In that project case, I believe that is, is--was SRF money.

COUNCILMEMBER COUCH: Oh, just SRF money.

MR. TAYLOR: I think it's just listing SRF money. Now if there was a specific allocation from the State for a project we're already doing, we would have to list that in the budget as accepting that money from the State and obviously we would, we would substitute that money, if it was something in addition again, it would have to be shown in the budget in whatever the appropriate way the list it was.

COUNCILMEMBER COUCH: Okay, thank you, Chair.

CHAIR PONTANILLA: Thank you. Thank you for that piece of information. In regards to what Member Couch has just mentioned to you folks, do you guys have a working relationship with our State guys, especially our State Representative that represents Upcountry who sits on the CIP Finance Committee?

MR. TAYLOR: In the Administration, most of that coordination happens with--from the Mayor and his staff. I know that no one on in my Department has regular coordination with Representatives at the State level. But I know the Mayor does, I know member of the Mayor's staff do. So we do our coordination through, through Mayor and his staff and not directly.

CHAIR PONTANILLA: Okay, how 'bout the Farm Bureau? I know they advocate for monies for, you know, things like water improvements and the like.

MR. TAYLOR: Yeah, we're certainly--we certainly know the people in the Farm Bureau, but they're not really advocating for money to be given to us to do things for them. I think they do that really themselves.

CHAIR PONTANILLA: Okay, thank you. Ms. Cochran.

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COUNCILMEMBER COCHRAN: Thank you, Chair. Thank you, Department for being here. And yeah, I concur with Mr. Couch and Mr. Mateo in regards to you folks basing, you know, this on the growth projections in the Maui Island Plan. So that's great. And so the project name for this is County Wide Source Development/Acquisition is that correct?

MR. TAYLOR: That's correct.

COUNCILMEMBER COCHRAN: 'Cause I don't. I believe you spoke about the source development but not so much on acquisitions, so can you elaborate on that?

MR. TAYLOR: I can and this is something, again, going back to the last Water Resources Committee meeting, I was really changing the word from "source" to "reliable capacity," which is a concept we were talking about. Because every year we try to use the same terms, this is the term that's been using, that's been being used. So I hope that we can sort of phase out this term, "source development/acquisition" and just move towards "reliable capacity", because that really encompasses anything that get's more water for people to use. So it's really more the terminology is maybe a little bit archaic, but it's still the best fit and it allows us to keep using the same headings that have been used for years. But I think anytime we see source development or acquisition, it really means source development and/or acquisition and/or reliable capacity improvement improvements. It really means anything that will increase the supply of water to people that need it, whatever that is.

COUNCILMEMBER COCHRAN: Okay, thank you.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair, and my comment on the CIPs that are being asked for is, you know, for years we have bemoaned the fact that the Water Department can't move CIPs, we can't get source which we're now talking about is reliable, reliable capacity. And what I'm seeing now is that we have a tremendous amount of information. And that information is being based on sound engineering standards, a knowledge of the system, what needs to be done, and the amount of monies, and all that stuff. For me, at this point, I would really like to give the Department the tools to proceed, to check out projects and to try things and, you know, get things going. We need to get things going. I think the frustration that we have is that we don't see things change very much and we need to give you the opportunity to do that. So my thing is, I'm going to be very supportive of your ideas and your concepts, and we'll look at them four years from now and say, well, how did it all work out? Is it better or is it worse? And if it's better and projects are being done, well, God bless you guys. But we've got to give you the tools to try and that's where I'm at.

CHAIR PONTANILLA: Okay, Mr. Carroll, question? Okay, thank you. Next project is 3-219.

MR. TAYLOR: I believe 3-219 is Countywide Facility Improvements --

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CHAIR PONTANILLA: Yes. Yes.

MR. TAYLOR: --\$2.5 million. This is another Countywide project, 1 million of the \$2 million or 1 million of the 2½ million is for large pump replacements. Again, back to the big colored 20-year plan that I've shown you a number of times, large pump replacements have been laid out on that year by year. So we know the large pumps that have to be replaced in a planned method based on their, their size and years of service, so a million dollars is for that. The other 2½ million--I gotta, I gotta back up a little bit and explain how we're using this money; it supports the other projects that we haven't gotten to yet. First, let me, let me back up and give a little general explanation of how we do CIP budgeting. We do a cost estimate for a project, let's say it's \$1 million, but there's some uncertainty in the big price, so--and there also may be things that happened during the, during the approval phase where you have to do archaeological monitoring, there may be change orders, et cetera. So, even though our cost estimate is \$1 million, depending on the complexity, we may make the cost 1.1 million or 1.2 million, say in our budget. So what, what we've been doing for a number of years and I think we started this in Wastewater and it migrated it to Water is instead of adding that contingency to every single project, we leave the baseline estimate in all the projects, pull all the contingencies, reduce them a little bit and put it into one fund. That way if one project's a little low, one project's a little high; we don't need to come back to the Council to move a \$100,000 from one project to another. One of the reasons this became so important is because when projects go out to bid, the contractors have to hold their bid price for 90 days. Now, the longer we make them hold the bid price, the more risk they have that costs are gonna escalate and the higher their costs are just to cover themselves. But when you look at take at the time it takes for us to do a budget amendment, get it sent to full Council, sent to Budge and Finance Committee, heard, first and second reading, that can take more than three months. So there just isn't time to have costs come in high in the bid and come back to Council to juggle money around. So by doing this, we're able to really help control our budget and have enough flexibility that we can keep projects moving. This has been found to be an excellent way that--you know there's enough difficulty we have with keeping projects moving. This is one thing that we can control by having just a little bit of flexibility, by pooling the money, no matter what comes up, we can have this contingency put together so we can juggle and keep things moving. So that's what the other \$1½ million is for. These things that have--and so basically if this was cut, the reason I, I had to give that explanation, that other \$1½ million would have to be spread to the other projects because it was removed from them to create this, this project. So I just wanted to give that explanation to recognize it isn't another project, it's pieces of all the other projects put together to ensure flexibility so we can keep moving.

CHAIR PONTANILLA: Thank you. Let me ask you this question. Fiscal Year 2012, \$2.9 million. So what have you done to expend \$2.9 million?

MR. TAYLOR: In, let's see, the pumps were again \$1 million, the rest was allocated, \$50,000 for archaeological things, \$1 million for land acquisition and appraisals, et cetera. So I don't know that all of it's been spent. I don't, I don't, I don't have a breakdown of what it was spent on. Obviously Fiscal '12 is still ongoing. Fiscal '12 is still ongoing. So some of this money may not

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be spent till the end of this calendar year, but that's what it's for. Now hopefully, we don't really wanna spend this money. I mean, it would be great if we didn't have to spend a dime of it, so it's there in case we need it again, to keep the other--the specific projects moving.

CHAIR PONTANILLA: Okay, if you can provide this Committee with, you know, whatever projects that you folks have already or you know, design or construct in the current appropriation for Fiscal Year '12. I understand that Fiscal Year '13 you're saying \$1 million for large pump replacement, so I don't think you have identified any of the pumps that need to replace at this time or have you?

MR. TAYLOR: We can certainly provide a breakdown of what we've spent that money on to date. Is that what you're asking for?

CHAIR PONTANILLA: Yeah, well for 2012. Yeah, what you've already spent on, but for 2013, you don't have anything identified though.

MR. TAYLOR: For 2013, we know which pumps are scheduled for replacement so that the million dollars for pump replacement, those, those pumps are named. So we know which ones those are supposed to be.

CHAIR PONTANILLA: Yeah, so you have a fairly good idea what you're gonna do?

MR. TAYLOR: That's correct. They're, they're laid out in a first, second, third and so we'll get as far as we can.

CHAIR PONTANILLA: Okay, I hope you understand the questioning from me in regards to the monies that, you know, currently appropriated and future, yeah? Mr. Mateo?

COUNCILMEMBER MATEO: Thank you, Mr. Chairman. Under your, your project description one of the items listed is land appraisals and acquisition. Does that actually belong here or in the item that we just covered that includes acquisitions?

MR. TAYLOR: We think it belongs here. For example, if we're doing a project that will be listed later and we run into trouble trying to get a piece of land for an easement for fire hydrants and we have to have appraisals and have to go through eminent domain, et cetera, we would use this money because it's supporting that other project. So that's this type of land acquisition rather than land acquisition for a new source or reliable capacity. That's what the, the acquisition in the previous project was really referring to.

COUNCILMEMBER MATEO: Okay. Well, the only reason I ask that is because when you project the details in this particular project, it just references new construction. And new construction is not acquisition nor is it, you know, any, anything else regarding appraisals and the like. So I had concerns about your limitations in actually using the money when you've been specific in how it's gonna be used. And then just to express my own concern, I do, I do get a little worried when

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funds are there just to ride along just in case. I'd like to have money just in case, but it doesn't work that way. So your challenges are even tenfold because as we move into the actual budget, you're 100 percent projection is something we will be talking about, yeah. Thank you very much. Thank you, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Along the same lines as, as your question, do you have a sense of the 8.5 million that's shown as either expended or encumbered? Do you know how much of that is encumbered versus expended?

MR. TAYLOR: I do not have the information; we'd have to give it to you.

COUNCILMEMBER WHITE: If you could just add that to the request from the Chair?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER WHITE: That's all I have. Thank you, Chair.

CHAIR PONTANILLA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And Mr. Taylor, this is a question probably for the whole CIP, but you know, you talked about the minimum amount of fee increase versus, you know, to do a controlled burn and then maintain and then actually improve. Are these numbers, where do they fall in in that range? Where do you intend on getting the revenue?

MR. TAYLOR: I think you referring to a question I heard you ask watching the Council meeting I think on first day of budget when Mr. Baz was here, I was not, and I think you mentioned that in our projections in Water Resources Committee we showed that we would need to do about \$30 million a year in CIP just to--or 20 million to keep up in--to keep up and 30 million to keep up and start getting ahead. And you thought that our 4½ percent rate increase coincided with a little lower value, and you were concerned that that was sort of controlled failure rather than keeping up and getting ahead. Mr. Baz, I think, did a great job answering but just to, to relay what, what he said and he was exactly correct, because the way we're funding CIPs we borrow money, we build the projects, then we pay it back. There's a time lag between when a CIP project goes into the budget and when the rates go up to pay back the Debt Service. So any kind of borrowed money in the budget this year, there's really no revenue necessary this year to pay for it. The revenue will kick in next year or even the year after to start paying that Debt Service. So as we wrap up to a higher level of CIP, the first couple years of doing that, there may just be a lot of borrowed money in the budget, but coming years two, three, four, when all that Debt Service starts piling up, that's when the rates have to ramp up to, to catch that. So I think what you see is a \$32 million CIP budget which is in the aggressive range that we showed about trying to catch up and get ahead. And if we're gonna keep doing that over the next decade or so, then

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rates are gonna have to go up to pay that Debt Service as that Debt Service starts coming in, in future years. I think that was your question. I think that was the answer.

COUNCILMEMBER COUCH: Thank you.

CHAIR PONTANILLA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Looking at Anticipated Life and it says 10 pumps, 25 electrical upgrade, 50 tank/pipes --is that the amount of pumps or amount of years each pump's life is?

MR. TAYLOR: That's years.

COUNCILMEMBER COCHRAN: Those are years.

MR. TAYLOR: The deep well pumps last about 10 years; electrical upgrades lasts about 25 years; and tanks and pipes last about 50 years.

COUNCILMEMBER COCHRAN: Okay, thank you.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: None, thank you.

CHAIR PONTANILLA: Mr. Carroll? Thank you. Next project is 3-220. Director, Countywide Conservation Program, DSM.

MR. TAYLOR: I'm just wondering why--I know it was here last night when I was studying. Oh, here it is, it's on the opposite so it's on double-sided, confuse me. Okay, Countywide Conservation Program, DSM. DSM stands for Demand Side Management. Again, back to the presentation we gave, we saw a bunch of supply demand curves. Our goal is to keep supply above demand, just like with any utility. So anything that increases supplies, what we've been talking about a little earlier in the first couple of projects, this is about decreasing demand. So how can we use less water to keep that demand curve below the supply curve? So this million dollars is programmed for primarily leak repairs. What we're planning on doing with this money is if you think any money that's leaking out of pipes, we're having to generate, we're having to pump, but no one's using it. We're not collecting any revenue for it. So what we intend to do with this million dollars is at about the end of this calendar year, take a list of worst leaky pipes. We have an ongoing program to find leaky pipes. Every time the Field Operations Crew has to repair something, they made a note of it. We'll have plenty of leaky pipes. So we'll take the worst ones, a million dollars worth, either do it in-house or put it out to bid and repair the worst of the leaky pipes, reducing essentially demand because more of the water that we generate will be used by customers and not leaking. So, in future years, some of this money may need to move into a B Account. Right now it's in the CIP because it's going to be--it's programmed to be used

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to do infrastructure improvements to our system that can be capitalized. So it belongs in the CIP budget. If we do Demand Side Management where let's say we increase going into private either homes or commercial establishments and retrofitting their systems, that can't be capitalized so that needs to go into a B Account not in a CIP budget. So Demand Side Management is going to be sort of tough to track in future budget years 'cause it may be in CIP, it may be in a B Account, it may be split a little bit, but this year we're gonna focus on bad leaks and repairing them. But again in the future that, that may change a little bit. But it all does the same thing of lowering demand so that more of our water is going to customers, we're generating revenue, and it's not being wasted.

CHAIR PONTANILLA: Chairman Mateo?

COUNCILMEMBER MATEO: Chairman, the only question would be the reference under Impact Narrative on the program may necessitate more staffing personnel, if the Director can speak to that?

MR. TAYLOR: If in the future we do more programs to attack private property usage, if--let's just say we--we're gonna direct retrofit every condo and every hotel and every house, if we're gonna do that, that may necessitate more staff. This particular project this year isn't going to necessitate more staff because again, it's really direct CIP.

COUNCILMEMBER MATEO: Thank you, Mr. Chair.

CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: And where would we find the additional personnel shown in your budget? Are these, are these people hired through this million dollars?

MR. TAYLOR: This year we're not requesting any positions. If in the future for example, we wanted to have--let's say we said the best, the next best way to do Demand Side Management is to knock on every door, you know, and come and direct install showerheads in every house and we were going to have DWS employees doing that, we would have to up staff. So it may need that. We may not even do that. You know, that could be farmed out to private consultants and things. This year we're not doing that, but if Demand Side Management moves in that direction, Demand Side Management could take more staff, but it isn't this year.

COUNCILMEMBER WHITE: Okay. The other question I have is that I understand the top half of the page and what you're trying to accomplish, but the, the bottom half were the Phase Description simply says, "planning", and there's no design, there's no construction. It's all planning and the six-year total is 12 million. My question to you--and you've, you've partially answered it is, why is this in CIP if it's all planning for conservation which the only thing I heard is the, the leak--you know, fixing the leaks. The rest seems like it's not CIP kind of work. So can you give me a little more of an explanation of why it's in CIP?

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MR. TAYLOR: It's in CIP this year because this year is CIP and you're, you're absolutely right, in the future this may disappear from CIP and have to be moved into the B Account because it may not be CIP in the future. That's what makes Demand Side Management kind of difficult from a budget standpoint. Everyone's always looking for flat budget, but the whole reason for doing this is we're doing this instead of developing more source. So it really serves the same reason as CIP, but we're so used to seeing smaller expenditures in the B Account that again, if next year we decide the next best thing to do is do direct replacements, we may need to really bump up the B Account by, by ending this CIP project and having this money be put into B Account that isn't in CIP anymore. So exactly what we're going to do next year, we're not sure, but it is something just to keep in mind, next year you may see it organized differently.

COUNCILMEMBER WHITE: Okay. The--when you fix leaks now, somebody calls and says we got a leaky pipe on our road, does that come out of CIP or, or B Account?

MR. TAYLOR: A little bit of both or it can be either, let me say. If there was an emergency repair, it comes out of, completely out of B Account, comes out of our Operations Group. They're just fixing something. We'll see a CIP project later where we're replacing a whole bunch of laterals to take a line out of service that's leaky. That's coming out of CIP, but the purpose of it is similar. So it's, it's not always--there's really no bright line of what is operations and what is CIP when, when you're repairing something because it really serves both needs.

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

CHAIR PONTANILLA: Mr. Couch?

COUNCILMEMBER COUCH: No questions.

CHAIR PONTANILLA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, I'm trying to--following up from Mr. White's questioning in regards to CIP and I hear it's very complicated to explain and--'cause I guess it would be like pipe A through Z are leaky and this is the amount of the money we need to fix "x" amount of miles of leakage or whatever. So I guess--and then in this section also the Watershed Protection part, you know, I was just trying sift through my pages here in the program budget for all the watershed protection things, grants that you folks give out which are awesome. So I just thought well, here's part of that language, verbiage tossed in here, too. So it's just--gets a little confusing that the words are, you know, in other areas I guess within this budget. But I'm trying to grasp what you're, how you're trying to explain it, is that it's a little bit of here, there and it sort of does touch with all, you know, aspects of your Department. So just trying to get it straight.

CHAIR PONTANILLA: Mr. Baz.

COUNCILMEMBER COCHRAN: Mr. Baz?

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MR. BAZ: Mr. Chair, if I might? There, there is no clear definition in Hawaii Revised Statutes or County Code that sets a limit either by the amount of money or by the length of the improvement as to far as defining what is operational and what is a capital. And so, it's really something that is kind of ambiguous in, in the discussions so, I can understand your, your difficulty in trying to figure out, yeah, what is CIP and what is not, and that goes across all departments and all operations.

COUNCILMEMBER COCHRAN: Right. Okay, thank you, Mr. Baz.

MR. TAYLOR: In addition, Member Cochran, I share your confusion, mines probably more, because actually it gets even more complicated than what you said. Because when you talk about watershed protection, if we do watershed enhancement--there was a couple here this morning testifying on that, you can take a well field and a specific physical infrastructure and improve its output through watershed protection. Well, that ends up having the same result to a customer as us building a new well. We could do a reuse project, it's funded out of a different department that displaces potable water, and now we have extra water to give away to somebody else. Plus we can do other Demand Side Management whether it's showerheads or fixing leaks, any of these things end up with more water that we have to give away. But our accountants, the accountants are actually running the world, I know they're sitting in the back there, including the Deputy, there's, there's some accounting procedures which they keep explaining to me, and at one point I'll understand, having to do with fixed asset accounting where because we're using money to buy things that are assets that are depreciated, a showerhead in someone's house isn't an asset. A bunch of trees planted up on the mountain isn't an asset. So even though it ends up having the same end result that we have more water, it doesn't necessarily go in CIP. So it becomes confusing from both an operational standpoint and especially from an accounting standpoint about where exactly to put the money and why it's in which cases. So it's a combination of operational issues plus some accounting issues of how this has to be done. And the bottom line is--that's why I go back to the supply/demand curves that we saw, we wanna keep supply above demand and figure out the accounting afterwards. So that's really what we're operationally trying to do, and it may not be as clean as we've had in the before as Operations, Demand Side Management, all these things kind of don't fit the old templates of how budget's been done in the past. So there may be some moving as these things move forward.

COUNCILMEMBER COCHRAN: Well, thank you for that. Thank you, Chair.

CHAIR PONTANILLA: Confusing, yeah? Member Baisa?

COUNCILMEMBER BAISA: It's interesting this is the second time in this Chamber this morning we've heard about bean counters running the world, and I'm wondering if I should have stayed in accounting, but I really am supportive of fixing leaky pipes. You know, it's really unconscionable to have water dripping away that we need so badly and it's so scarce. So I think this is good. Thank you.

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CHAIR PONTANILLA: Thank you. Mr. Carroll? You know, the way we identify capital repair and maintenance is kinda confusing. You know, when I was with the phone company, anything that's brand new, you know, you can call it capital, you can call it maintenance, depending on if, if you're like say replacing something, like for like, it becomes maintenance, but if you're putting out something brand new, it's capital. So the accounting is very, very different over here. Yeah, and it's confusing. And whenever things are removed, then basically it's just removing an asset. So interesting. Okay, next project is 3-231, Hana Source Improvements.

MR. TAYLOR: Okay, Project 3-231, Hana Source Improvements. This is for Wakiu Well C in Hana. Currently in FY '12 we're doing design of well development and in FY '13 we plan to construct that. So, this will add reliable capacity to Hana whether it's reliability backing up the existing system or again as we, as we talked in Water Resources Committee, the more wells you have statistically more are in service at any time so you can support more customers. So this is a classic example of that increase of reliable capacity. It meets everyone's needs, existing users and possible new users.

CHAIR PONTANILLA: Okay, Mr. Mateo?

COUNCILMEMBER MATEO: Thank you. Thank you, Mr. Chair. So that means that we're also providing greater capacity with the--with this well?

MR. TAYLOR: This replaces an abandoned well which--if you think about, if you only have one well and it goes out of service, you have nothing. If you have two and one goes out of service, you still have 50 percent.

COUNCILMEMBER MATEO: So we're creating additional...

MR. TAYLOR: We're creating this additional certainty so we can serve our existing customers and more.

COUNCILMEMBER MATEO: So I guess the answer is yes, we are creating more capacity?

MR. TAYLOR: Yes, they run together.

COUNCILMEMBER MATEO: Thank you, Mr. Chair.

CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: No question.

CHAIR PONTANILLA: Mr. Couch?

COUNCILMEMBER COUCH: No.

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CHAIR PONTANILLA: Mr. Cochran, Mr.--Ms. Cochran?

COUNCILMEMBER COCHRAN: Is he here? I don't know. No.

CHAIR PONTANILLA: He's not here? Ms. Baisa?

COUNCILMEMBER BAISA: No thanks.

CHAIR PONTANILLA: Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. What is the timeline that you think that that well will be able, be able to come on line? I see what we have, but when do you think that we will actually see water coming out that well into the tank?

MR. TAYLOR: Right now we are--we are in the midst of construction of the exploratory well. It should be on line mid-2014 is our current schedule.

COUNCILMEMBER CARROLL: Thank you.

CHAIR PONTANILLA: Thank you. Just a fast question. You know, in the project--the project title in the budget bill is Hana Source Improvement and this is on Page 16 of the budget bill, but on the SRF bills this is identified as Wakiu Well Replacement Development Project and it's Bill J. Why the discrepancy? Shouldn't it be the same?

MR. TAYLOR: We are going to have to look into that. I'm not sure.

CHAIR PONTANILLA: Okay. There's several of them that's, you know, kinda mismatched, yeah as far as the budget bill and comparing it to the project title in the SRF bill so ...

MR. BAZ: Mr. Chair?

CHAIR PONTANILLA: Sure.

MR. BAZ: From my understanding, I did notice that the--my office prepares the Capital Budget document and the Department requests the SRF loan documents directly from the Department of Corporation Counsel. And from my understanding those are specific because that's how the State identifies the project in very specific names, whereas the Department in their request to the Budget Office is requested in a more general description.

CHAIR PONTANILLA: But that doesn't leave, you know, the Administration from straying away from that budget to do other things, no?

MR. BAZ: I guess, Mr. Chair, the intent of some of the more broad definitions in the Capital Improvement Program are specifically, as the Director mentioned and some of the other directors

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have mentioned, the ability to be a little bit flexible in the funding should, you know, they be doing some of the Countywide, you know, development stuff and, and one of the pipes isn't available to be fixed right away so they can go do another one. But for the SRF loans, so the funding source wouldn't be there and they wouldn't be able to spend the money without the SRF approval of that specific item. So I guess the authorization of the project would be flexible, but the appropriation of the State monies specifically for the this are more --

CHAIR PONTANILLA: Would be more specific.

MR. BAZ: --more specific, yeah. And therefore, the Finance Department wouldn't let them go forward with the project without the authorization from the State to move forward.

CHAIR PONTANILLA: Okay, thank you. Members, we're gonna stop over here and then we'll reconvene at 1:30. So the Budget and Finance Committee meeting is now in recess till 1:30 this afternoon. . . .(gavel). . .

RECESS: 11:47 a.m.

RECONVENE: 1:32 p.m.

CHAIR PONTANILLA: . . .(gavel). . . The Budget and Finance Committee meeting is in session now. Okay, Members we're still on CIP. So we go to Page 3-225, Kihei-Makena Distribution System Improvements, and again, Mr. Baz, you know, the budget bill says that, but SRI [*sic*]...

UNIDENTIFIED SPEAKER: I'm not sure who you're talking to but ...

CHAIR PONTANILLA: Maybe for you, yeah, just for your information in the budget bill, you know, it indicates Kihei-Makena Distribution System as noted, but in the SRF bill it's noted as Maui Meadows Booster Pump Station No. 18 Improvement Project, Bill H on agenda. So, Director.

MR. TAYLOR: Thank you for bringing that to our attention. We will check with the SRF folks and make sure that the titles are, match what's okay with them as well as match what's in the budget. So we'll, we'll check with the SRF folks and make appropriate adjustments if necessary.

CHAIR PONTANILLA: Okay, that's good. Mr. Mateo?

COUNCILMEMBER MATEO: No questions.

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: No questions.

CHAIR PONTANILLA: Mr. Couch?

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COUNCILMEMBER COUCH: No questions.

CHAIR PONTANILLA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Not at this time, thank you.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: No, thanks.

CHAIR PONTANILLA: Thank you. The next project is on Page 3-217, this is Makawao-Pukalani-Kula Distribution System Improvements.

MR. TAYLOR: The Makawao-Pukalani-Kula Distribution System Improvements, \$2.7 million. This is a group of projects, two projects, the Hamakuapoko, Hamakuapoko Well Site and the Haliimaile Tank Replacement. Seven hundred thousand dollars of it is for replacement of the Haliimaile tank, just a straight replacement, and 2 million is for development of a tank and any site improvements necessary at the H'poko Wells. This is something if the Members will remember during Water Resources Committee when we talked about putting that system on line, we said we would need some additional improvements. These are those improvements, primarily a tank.

CHAIR PONTANILLA: Okay. Mr. Mateo?

COUNCILMEMBER MATEO: Just, just to find out two things. One is the H'poko site, can you just real, real briefly tell me what's being done there, and secondly, is the prior year and the current appropriation whether or not any of the monies are still available?

CHAIR PONTANILLA: Mr. Taylor.

MR. TAYLOR: I am--I don't have information of--for the prior year of what was encumbered and what is not. We can, we can, we can get that to you later. As far as at the H'poko site, what there is now are two wells and a--with pumps and a granulated activated carbon system. If we're gonna put that on line with reliability, we need a tank at the site so we can--there's a booster pump station there that lifts it up towards the Kamaole Treatment Plant, so we need a tank to balance the pumping if we're gonna use it reliably. So primarily this money is to build a tank at that site.

COUNCILMEMBER MATEO: And the size of this tank?

MR. TAYLOR: That will be determined. It's probably in the neighborhood of half a million gallons.

COUNCILMEMBER MATEO: Thank you. Thank you, Chair.

CHAIR PONTANILLA: Mr. Victorino?

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COUNCILMEMBER VICTORINO: I guess the, none of this money is for the EA or anything--all those additional studies that we're doing on Hamakuapoko, right?

MR. TAYLOR: No, the EA is actually underway right now with FY '12 money.

COUNCILMEMBER VICTORINO: Okay, that's all I wanted to know. Thank you.

CHAIR PONTANILLA: Mr. Couch? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Just reading the Project Justification Section, is that, that last sentence not complete? Is there some more words that supposed to be on that last sentence?

MR. TAYLOR: Under Project Justification which starts with, "For FY '13"?

COUNCILMEMBER COCHRAN: Yes. The overall intent is to accom--that last sentence of that entire section is that like incomplete sentence?

MR. TAYLOR: That is clearly incomplete and it refers to things in FY '17 and '18 of whatever those projects were and it looked like it must have been something longer and then in printing got cut off. But that has nothing to do--I mean, that's for a much, much future year.

COUNCILMEMBER COCHRAN: Okay and just a little bit more elaboration on prevent any potential health and safety problems. What that exactly entails with this project?

MR. TAYLOR: That's a general statement for the overall Makawao-Pukalani-Kula Distribution System Improvements overall, I don't know what we call these pages, the overall project name. These specific projects are both tanks simply to balance pumping between wells and distribution.

COUNCILMEMBER COCHRAN: Okay, thank you, Chair.

CHAIR PONTANILLA: Ms. Baisa.

COUNCILMEMBER BAISA: No questions, let's just let's get it done. Thank you.

CHAIR PONTANILLA: Okay, thank you. The next project is on Page 3-227, Makawao-Pukalani-Kula Treatment Plant Improvements. Mr. Taylor.

MR. TAYLOR: Mr. Chair, that's--can you read the page number again, I'm sorry?

UNIDENTIFIED SPEAKER: Two two seven.

MR. TAYLOR: Two two seven?

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CHAIR PONTANILLA: Two two seven.

MR. TAYLOR: Okay, Makawao-Pukalani-Kula Treatment Plant Improvements, \$8.25 million. There are two projects, one at 7.5 million and one at 750,000. First, the 750,000 is for the Kamole Treatment Plan near Haliimaile and that is to adjust the intake to the--from the ditch. We're allowed to take more water from the ditch, but physically we can't because the way the intake is configured, the water level is too low and we can't get it into the plant. So \$750,000 is to build--it's to make some modifications so we can get a little more water at lower flows. The bulk of the money, the \$7.5 million is to construct the improvements at the Piiholo Treatment Plant. It's something we've talked about previously. The Council funded design. This is to remove organic carbon to comply with regulatory requirements at the Federal level.

CHAIR PONTANILLA: Thank you. Mr. Mateo?

COUNCILMEMBER MATEO: Chair, I guess my only inquiry would be under the Project Justifications. Director, it's noted the 250,000 potential increase in operating costs. With the addition of new construction, new equipment, are these not more efficient to make the use of electricity less and less reliant?

MR. TAYLOR: Thank you, Chairman Mateo. We've had a number of discussions I think in a couple of different committees about Upcountry water in general. Any more water for the Upcountry area us going to have to be pumped. This \$250,000 isn't about the treatment plant operation, it's about saying, if there's more water, that water is gonna be pumped to higher elevation. So whether it's a treatment plant modification, new pumps, et cetera, any expansion of use Upcountry is going to involve pumping water and is going to have higher electrical costs. So that's what the \$250,000 recognizes.

COUNCILMEMBER MATEO: Thank you. Mr. Director, do you know what the current electrical consumption is in terms of cost at this point?

MR. TAYLOR: I don't have it...

COUNCILMEMBER MATEO: You can ballpark it.

MR. TAYLOR: I don't have it broken down by, by the six treatment plants. I only have a number for all six treatment plants together. I don't have it broken down per treatment plant.

COUNCILMEMBER MATEO: Thank you.

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And going back to the Piiholo Treatment Plant, it says here currently the Waioli [*sic*] Ditch flows at--drops below 20 mgd at the location for the intake. How much more additional volume will we be able to achieve by this?

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MR. TAYLOR: I think Mr. Pearson is more familiar with the details. I'll let him answer that question.

CHAIR PONTANILLA: Mr. Pearson.

MR. PEARSON: Mr. Chair, I think during the low flows right now we can achieve about 4 million gallons a day from the ditch. And with the improvements, we're looking to double that or close to double that from 4 to 8 million gallons a day potentially to draw from the ditch.

COUNCILMEMBER VICTORINO: So what this does is, if the intake is here and the water flows here, the way you're telling me it's because it's dropped down so much that you're not getting anything or very little, so you're dropping--basically you're dropping the intake so you can pick up more?

MR. PEARSON: Well, it may not be physical...

COUNCILMEMBER VICTORINO: Simple terminology.

MR. PEARSON: Yeah, but simply terminology that's correct.

COUNCILMEMBER VICTORINO: Yeah, just so people understand what the terminology is, you know, so that we know that this 8 million is really coming out of what we already have there. It's not like an additional source or anything of that nature.

MR. PEARSON: Correct. It's already in the ditch. It's already there, yes.

COUNCILMEMBER VICTORINO: So we're just increasing what we can--that capability of removal.

MR. PEARSON: Correct.

COUNCILMEMBER VICTORINO: Thank you. Thank you, Chair.

CHAIR PONTANILLA: Mr. Couch? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. So this project is strictly, I can see it's Makawao-Pukalani-Kula area. I'm reading your Project Justification and the last sentence in that paragraph says, "provide service reliability and/or distribute withdrawals from Iao Aquifer". So how is this relating to Iao Aquifer?

CHAIR PONTANILLA: Department.

MR. TAYLOR: Thank you for catching that. In fact, I've reviewed this a couple of times and I, I did not notice that and that is incorrect clearly.

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COUNCILMEMBER COCHRAN: Okay, I just thought --

MR. TAYLOR: So thank you for catching that --

COUNCILMEMBER COCHRAN: --how Kula, Iao was kinda different.

MR. TAYLOR: --that, that's a mistake and it shouldn't say that.

COUNCILMEMBER COCHRAN: It does not belong there. Okay.

MR. TAYLOR: This does not belong there.

COUNCILMEMBER COCHRAN: All right, just checking. Thanks.

CHAIR PONTANILLA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: ...*(inaudible)*...

CHAIR PONTANILLA: Okay, thank you. Next area is 3-229, Waikamoi Flume Improvements.

MR. TAYLOR: Thank you, Mr. Chair. This \$5.2 million. We discussed this at a previous Budget and Finance Committee meeting I think when we went over the quarterly CIP reports. I gave an explanation and I'll basically give the same explanation. We have an appropriation from the Council for \$13 million to use State--SRF, State Revolving Fund loan money. We've been notified verbally. It's not for sure that they may only spend, they may only fund say 60 percent of, of that. In the Project Description it says, "Department of Health will only loan 60 percent". That really should say, "may". We still don't know. So these funds basically hedge that to make sure that we can go ahead with the project. And I wanna say right now that the project hasn't changed. Cost estimates still the same. We don't intend on spending any more than \$13 million, but we're, we're in this difficult position where we don't know if DOH will come through with all the money or not and--which is why we, we put the money in again, this portion of it, into the FY '13 Budget to make sure we can move ahead with the project. It's scheduled to go out to bid this summer.

CHAIR PONTANILLA: Mr. Mateo?

COUNCILMEMBER MATEO: No.

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: No, I think you've explained it a few times to us. Thank you.

CHAIR PONTANILLA: Mr. Couch?

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COUNCILMEMBER COUCH: No.

CHAIR PONTANILLA: Ms. Cochran?

COUNCILMEMBER COCHRAN: No, not at this time. Thank you.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: No thanks.

CHAIR PONTANILLA: So Mr. Director, so you don't know if all of the requests on the SRF loans will be at that particular percentage?

MR. TAYLOR: No, and, and what this number was about, what the 60 percent was about and that's why it's a, it's a--it's not a fixed number. It has to do with the fact that State Revolving Fund loan money under the Safe Drinking Water Act is for safe drinking water. It's for drinking water, domestic use. DOH let us know that water that's for agricultural purposes isn't--doesn't qualify for State Revolving Fund loan money. So the questions become what portion of this flow goes for ag purposes, what purposes for domestic, and that's kind of where the percentage is coming from. Not that they don't wanna fund 100 percent, et cetera, but it has to do with what is for safe drinking water and what's for agricultural water? So that's something we're still working with them with, and we'll know more in the future.

CHAIR PONTANILLA: Okay, thank you. Members, the next project is on Page 3-232, Molokai Source Improvement. Director.

MR. TAYLOR: Thank you, Mr. Chair. Molokai Source Improvements, \$300,000. In current Fiscal Year '12, we're--we have money for exploratory well drilling for the Kawela Well, and in FY '13 we're asking for this 300,000 to design the site improvements which hopefully in a future year will be built and then the well will come on line. The overall intent is to develop an additional source. Very similar to the Hana Well we talked about earlier, provide reliability. With that reliability there is also more capacity. So those go hand in hand.

CHAIR PONTANILLA: Thank you. Mr. Mateo?

COUNCILMEMBER MATEO: You know, you used the word, "hopefully", and that kinda scares me, yeah. It's either we going build 'em or we not going get it done. And "hopefully" does not give me the confidence in knowing that the Kawela needs will be met. So, I just need to know that this is a project that will move forward, because we've already spent monies in design and the next--we're addressing the next phase because down the line there's another design coming up. So at what point do we complete this project?

MR. TAYLOR: Thank you, Chair Mateo. And the reason I said, "hopefully" is because we're in the phase of exploratory well drilling. Exploratory well drilling is drilling the actual shaft and the

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actual well, but until it's drilled, until it's tested, you do not know if it's gonna work or it's gonna be a bust. So that is part of the risk of the County developing any well is until the test is completed, there is not certainty that it will produce. So "hopefully" is that if the well produces, we can certainly get it developed, but if for some reason, it doesn't, then obviously, you know, we have to go to a different site and try another exploratory well.

COUNCILMEMBER MATEO: Okay. So the design concept that was already done in FY '11, that never gave specifics on the potential of source?

MR. TAYLOR: When, when we do the first consultant report, the civil engineer works with a hydrogeologist. They use information to try to pinpoint what they think is the best likely location to have a successful well and that's--based on that hydrogeology, the hydrogeologist's report, that's where we, we drill. Again, until you actually finish the well and test it, there, there is not 100 percent certainty.

COUNCILMEMBER MATEO: Thank you. Thank you, Chair.

CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: No questions, Chair.

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: Mr. Taylor, is this very close to that private well that we had discussed about hooking up? Isn't this the same area?

MR. TAYLOR: Yes, it is the same area.

COUNCILMEMBER VICTORINO: Okay. Because there is a private well that I think Mr. Mateo is well aware of, that they wanted to have some redundancy and hook up with us. And what has happened with that because, I mean, this was the same area?

MR. TAYLOR: It's the same area and we haven't moved forward with that. Having this reliability would increase the likelihood that we can work some sort of deal where we could back them up.

COUNCILMEMBER VICTORINO: Okay, all right. Okay, thank you, Chair.

CHAIR PONTANILLA: Mr. Couch? Ms. Cochran?

COUNCILMEMBER COCHRAN: No.

CHAIR PONTANILLA: Ms. Baisa? Okay, good. Next one is the--on Page 3-224, Paia-Haiku Distribution System Improvements.

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MR. TAYLOR: Okay, this year's project is \$3 million for the Paia Town water line upgrade. There's currently a six-inch waterline. I mentioned this a little earlier. There's a six-inch waterline that's leaking. By replacing all the service laterals and connecting it to the 12-inch, we can take the 6-inch out of service. This project runs--I don't have the map in front of me, but basically from the skate park all the way to Mama's Fish House along Hana Highway. So it's, it's a long project and that's why it's so expensive to do the lateral.

CHAIR PONTANILLA: Mr. Mateo?

COUNCILMEMBER MATEO: No.

CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: I have a question, but I'm--it's a broader question. I'll wait. Thank you.

CHAIR PONTANILLA: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: No, no questions at this time.

CHAIR PONTANILLA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Taylor, you say you're gonna do lateral work and you're also gonna remove the 6-inch line or you're gonna just leave the 6-inch line in there?

MR. TAYLOR: The 6-inch line's in a State highway. So whether or not it has to be removed or it stays there ends up being discussion with State Highways about what exactly are the requirements for the project. We won't need it anymore.

COUNCILMEMBER COUCH: My, my biggest concern is the repair of the road when you're done. I know it took a while for South Kihei Road to get fixed, and I can anticipate a lot of calls once you're done, to repair that to a smooth surface, similar to what you did in North Kihei Road.

MR. TAYLOR: Thank you for bringing that up. The North Kihei Road project you're talking about was a project our in-house crews do. We wait until we have enough critical mass and then pave. This is a project that we put out to bid. So Mr. Pearson right now is writing down that, that, that issue, and somewhere in the specifications we can say, when you get--when you do "x" number of linear feet, you've gotta hot patch. I mean, we can, we can write that in the specifications that they have to do it in, in some reasonable increments and not wait till the whole thing's finished.

CHAIR PONTANILLA: Thank you. Ms. Cochran?

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COUNCILMEMBER COCHRAN: Thank you. Does this run, you know, next to the sewer project that may be going through this area at all? Would you know? Because if you're gonna dig and trench out, I mean, if it's in conjunction with.

MR. TAYLOR: It's in a similar area, but the, the wastewater force mains are going to be excavating along the highway lanes. These are laterals that connect from the mains into people's properties. So when you look, they're just gonna be spot trenches that are, that are perpendicular to the highway. So --

COUNCILMEMBER COCHRAN: We're going across versus along?

MR. TAYLOR: --going across, yeah.

COUNCILMEMBER COCHRAN: Oh, okay, got it.

MR. TAYLOR: So, so we've done projects. Water and sewer have done projects together when we're digging up the same roads. We've done a number of projects together, put them--bid them together for exactly the reason you're talking about. This isn't something that really fits that criteria.

COUNCILMEMBER COCHRAN: Okay, okay, just checking. Thank you. Thank you, Chair.

CHAIR PONTANILLA: Ms. Baisa.

COUNCILMEMBER BAISA: No thanks.

CHAIR PONTANILLA: Thank you. The next project is on Page 3-221, Wailuku-Kahului Distribution System Improvements.

MR. TAYLOR: This project is \$2½ million to replace the Wailuku Heights booster pumping station. Wailuku Heights booster pumping station is on, I don't remember the name of the road, the road up to Wailuku Heights on the left, there's a tank and a...

COUNCILMEMBER VICTORINO: Alu.

MR. TAYLOR: Kuikahi is that what it's called?

COUNCILMEMBER VICTORINO: Kuikahi on that side.

MR. TAYLOR: There's a booster pumping station there. From a reliability and a capacity standpoint it needs to be replaced. That pumping system with all the development that's happened below Wailuku Heights over the years, there's more demand on that tank so that pumping station needs to be upsized as well as it's old and needs to be replaced. So that's what the \$2½ million is for. Something else I need to mention on this project. When we get to Operations, you'll see that our

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electric budget, our electrical budget is about \$2 million less than it has been in the past. I'm sure that would have come up--that will come up. I sort of expected that to come up first, but--because we never know from an electricity standpoint the actual cost per kilowatt hour that MECO charges and whether or not it will be a dry year that we have to pump a lot, we have this uncertainty of how much money we need for electricity. So this year, a lot of that buffer, \$2 million of that buffer was taken out. What we did with that \$2 million, the project you're looking at now was going to be Bond fund, but instead we made it cash. So this project is scheduled to go out to bid towards the end part of the fiscal year. This \$2 million hopefully we'll use for this project. If electricity costs go up a lot more than we budgeted for, our intention is to come back to this body beginning of next calendar year, January, February, ask that this \$2 million be moved into the B Account for electricity and then either change this to Bond or bump this to FY '14. So hopefully we won't need that money, we'll move ahead with this project, but I wanna be just very clear that if we don't have enough money for electricity, this \$2 million its, its first priority is to pay the electric bill through a budget change. That's how we managed to lower the electrical cost this year by putting our contingency into this cash CIP project. So I just wanna fully disclose that so you're not surprised and you understand why we're, we're balancing a Bond float and electricity and CIP a little differently than in the past, to try to be more efficient with the, you know, with the funding.

CHAIR PONTANILLA: Mr. Mateo?

COUNCILMEMBER MATEO: No.

CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: Are you suggesting, Director, that the, that you're gonna have energy saving from the new equipment equal to that reduction that you have in the, in the Utilities Section in Operations?

MR. TAYLOR: No. I'm sorry if I gave you that impression. It's simply just we're funding it with cash that basically used to be in the electrical budget, and if we need it for the electrical budget, we're just gonna have to push this project and fund it another way. So they have nothing to do with each other, other than we're using cash to fund this project that in previous years that \$2 million was used to pay--used as an electrical contingency value basically. So that's just where this 2 million's coming from and that's why it's not in the electrical budget.

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

CHAIR PONTANILLA: Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you. And the concern I have with this booster pump is the capacity of the tank above it and that's, that's limited capacity. That was one of those tanks that were put in for Spencer's project, if I'm correct.

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MR. TAYLOR: I'm not sure.

COUNCILMEMBER VICTORINO: Okay, I think that that's why that tank was put in was strictly for the Waikapu Gardens. What about the other one that's on the other side that was built on the other side of Alu for Kehalani? What's happening with that tank?

MR. TAYLOR: The booster --

COUNCILMEMBER VICTORINO: It all falls under the same, Kehalani.

MR. TAYLOR: --the booster pumping station, there's two pumps there right now. Ideally when you have a two-pump pump station you really want the second pump never running. It's a "hot backup" is what we call it. Problem is is the second pump is running a lot, it's running more than half the time, if I recall. I think it's running like 14 out of 24 hours. So there's no--so if anything fails there, we don't have enough water. The real purpose of this project is so that there's enough pump capacity so that there is enough with a backup pump. So regardless of how much tank storage there is, that's basically a different issue. We don't have booster pumps to even fill the tanks and that's what this project's about. The, the, the tank storage analysis is a little different, but if we can't fill the tanks then, you know, having enough tanks is sort of a moot point.

COUNCILMEMBER VICTORINO: Okay. Alrighty, sir, I just, you know, I just wanna make sure that all this works together 'cause you read your Project Description it's kind of broad, eh? And so I just wanted to make sure that that matches what you're saying here, and you know, it also includes a lot of areas in Kahului so I'm not sure how all of this--you know, when I read this project and its project description and what you just said, it don't match and, and I'm not being tricky now. If you're telling me what you're gonna do here, it not--it didn't come even close to what you just told me verbally, but I'm gonna leave it be for right now. You know, 'cause you have a lot of areas that you're--this project includes pump replacements, Mokuhau and you go on and on and on and on, okay. So I'll leave it at that ,and if you wanna correct it, Mr. Baz, you can go right ahead, but again, sometimes it just doesn't make good sense what you're saying here, but what you just told me, but that's fine.

CHAIR PONTANILLA: Thank you. Mr. Couch? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Does this relate to Shaft 33 in any way?

CHAIR PONTANILLA: Department.

MR. TAYLOR: Not, not directly. I mean, the water from Shaft 33 may, may end up there. But it isn't, I'm not even sure if the water from Shaft 33 ends up there or not, but it, it's not a direct link to Shaft 33 from the sense that that's not why we're doing it. Even if Shaft 33 was fine, we'd still have to do this. This has to do with getting water from a lower level up to the tanks at a higher level.

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COUNCILMEMBER COCHRAN: Okay, got it. Thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: No thanks.

CHAIR PONTANILLA: Mr. Director, your six-year total, you know, we're looking at 18 point--almost \$18.1 million. How realistic is that six-year total?

MR. TAYLOR: I think the six-year totals are pretty realistic. What we did to put these together is, again, in Water Resources Committee you've seen the big colored charts that go out 20 years. What we did is we, we used those charts and that's how we do our planning, and we take those numbers and essentially we sort of force them into the preexisting templates and the preexisting project names that have been used for years. That's why, as Mr. Victorino said, there's so much, there's so many different things in here, because the existing project names that have been tracked for years don't--aren't necessarily a really good match for all the things we've identified. So because the 20-year plans balance out to about a total of, you know, 20 to 30 million a year as we've talked about in Water, in your Committee, we think that the six-year totals are realistic, because they are consistent with the plans that we've shown you in Water Resources Committee. And just to follow to, to your last question, if you look at both the Project Description and Justification, in the Project Description only the first three words are in FY '13, all the rest are FY '14. And in the Project Justification only the first line is FY '13, all the rest is FY '14. I think that's the answer to, to your previous question about why it didn't seem to match.

COUNCILMEMBER VICTORINO: Yeah, it kinda, it kinda runs together and I apologize, Mr. Chair.

CHAIR PONTANILLA: No, part of the question--well, one of the questions that I have, you know, when I see big numbers like this, somewhere along the line there's gonna be some water rate increases, and I don't know how many, how many water rate increase we're gonna have to meet the needs of this County for after the sixth year. And you know, some of the--well, the descriptions are so vague, you know, it's kinda hard to pinpoint the really--the dollar amount for individual projects. That is, you know, so scary. Well, for me anyway, it's scary. Members, any more questions regarding this one here? If not, we go to 3-223, Wailuku-Kahului Source Improvements.

MR. TAYLOR: Okay, Wailuku-Kahului Source Improvements, \$300,000. This, this gets a little complicated 'cause this, this has to do with Shaft 33. To replace Shaft 33, we need four wells total. The first one's almost on line. We expect it to be operational this summer. The second and third are expected to be operational in 2012, and near the end of 2013. This represents the fourth and final well. Ideally we're hoping to bring to the Council a well development deal with Kehalani to develop this well and give it to us in exchange for source credits. They're also holding about a half a million gallons or more in State Water Commission Iao Aquifer capacity. So we'd like to package that as a whole deal, get that--get the rest of the Iao capacity plus a well

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in exchange for source credits. We hope to bring that to the Council. If that happens, this money will be unnecessary. If that can't be worked out and we have to develop it ourselves, that's what this money is for. So this is for the fourth and final well if a well development deal can't be worked out.

CHAIR PONTANILLA: Okay, thank you. Chairman Mateo?

COUNCILMEMBER MATEO: I'll pass.

CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: Just a question on design. The design that you have in with the current appropriation and the FY '13 and FY '15 is in the neighborhood of 25 percent of the total project cost and I've seen throughout these that the design costs widely range and I, I can understand some of that. But if you can explain what kinds of projects you have the much higher design costs in, and how do you choose the companies that are gonna provide the design, and how many of these because it seems like there's some that the design costs are really, really small, does that indicate that the design is being done in-house or is it all designed outside?

MR. TAYLOR: That's a complex question to, to answer and I will try. First of all, when we say, "design" and this isn't just our Department, this is really all the departments, it's usually design and the permitting and it can include things like surveying, archaeological studies, doing SMA Permits, writing EAs, EISs, et cetera, et cetera, and the actual blue print preparation. So some projects have lots and lots of that, some have very little, some just have pure design, some have almost no discretionary permits, you don't have to do surveys, easements. So if you have a complex project where it's not on your land and you need all kinds of subjective approvals, a lot of that design money is actually permitting, not really design, so the ratios when you see design versus construction vary primarily because of the complexity of professional services. A more precise word would actually be professional services not design--design and other professional services. So I think that's why you see this, this large range. As far as how we choose consultants, the State uses a--all the Counties and the State use qualifications-based selection process where generally, where basically you choose consultants based on their qualifications, then negotiate a price. And, you know, I watched the, the discussion the Council had with Environmental Management about the same issue, and I think there's a couple things I wanna add to that because it will clarify it. It used to be, about ten years ago or maybe a little more, we used to get cost loaded proposals from consultants. Consultant A, B, and C would say we're gonna do this work and here's the cost, and we would weigh those and choose somebody. The consulting engineers got together and lobbied the legislature and said this isn't really working. There was two big reasons, a practical reason and ideological reason. The practical reason they said in order to put a cost together and put that cost loaded proposal, they basically had to do a 10 percent design of the whole project and then figure out what it was. And they were saying, look if they have to bid against ten people, they just couldn't afford with a one in ten chance to put that much effort in. So they were saying they can't even afford to, to put in these proposals to County and State projects. The other more, more major issue is the consultants felt that their

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job as professionals is to help the client do the right thing. And if they're low bidding essentially to get jobs, they felt that what they're going to propose is going to be the minimum necessary not what's best for the client. So they said in the same way that you don't get a minimum bid from a doctor, you know, or a lawyer or something, you look for somebody who's best qualified, then work out a strategic plan plus a cost. And they said engineers and architects are really the same. They don't wanna get--they're supposed to protect to the client from making mistakes. They're supposed to be advisors. So that's why--that's basically the push that went into the change in the law for this qualifications-based selection process. Basically we're supposed to pick the most qualified consultant, then work with them to find the right scope for us. So that's, that's why the QBS system exists and that's why it's not cost loaded.

COUNCILMEMBER WHITE: So the QBS is your only option? You can't, you can't find three people that are well qualified to do it and ask for them to give you a price to do it?

MR. TAYLOR: There is an alternative method where you can have a multi-stage qualification where you can, you can, you can preselect say three people through some criteria, then ask them for cost loaded proposals. And through a, not just on a--it wouldn't, it wouldn't be a bid, it would still be a cost versus quality assessment with, with weighted conditions. You can do that. I mean there is a, there is some--the Procurement Law does allow that and for special projects we've done that. But for the most part, the qualification-based selection process is what is the primary way in the State--State and County projects that consultants are selected.

COUNCILMEMBER WHITE: Yeah, I guess I just have a concern that if you don't mix it up a little bit, you end up not necessarily spending the County's money as though it were your own. You know, it's something I just have a little bit of bugaboo with.

MR. TAYLOR: And we all struggle with this too, especially those of us who've done it both ways. There's no perfect way. One of the reasons sometimes it takes so long to negotiate is we're pretty harsh on these guys. And we're like why are we paying for this, why are we paying for that? When you have groups like ours, Wastewater, Public Works, we've done this a lot and a lot of us have been on the other side, we know about how many man hours different things take. The main, the main thing we, we tend to negotiate with is things like say a consultant says hey, they wanna do this computer model and it's gonna cost \$200,000. We may look at the cost of that and say, boy is that really worth it? Is that gonna lower our construction cost by \$200,000 or are they just milking the hours? So we'll take a real close look at that and say is it worth spending the extra money to save on construction or save on long-term operation? One thing that has to be remembered in this discussion is there's design which is relatively small, construction which is usually about ten times the cost, then long-term operation which is more than that cost. What we're looking for is the lowest cost over the next 25 years not necessarily the lowest design cost. So what we're always focused on is what professional services are necessary to give us a good assurance that we're gonna have a low construction cost and a low operational cost. And I think especially, you know, Water, Wastewater, Solid Waste, Public Works where we have a lot of people who are experienced at this, we're pretty pushy with the

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consultants about getting good value. But it is something that there's no easy answer and we recognize that.

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

CHAIR PONTANILLA: Thank you. Mr. Victorino.

COUNCILMEMBER VICTORINO: I guess the only question is, this is drawn out to 2016. Are you anticipating by 2016 we can totally eliminating using Shaft 33? Because we understand that, you know, the real challenge is it could collapse on any given day and we'd all of a sudden lose a big chunk of water in this County, so. So you're saying by 2016?

MR. TAYLOR: Probably closer to 2017. That's a FY '16 appropriation. So you think about the construction being finished more likely 2017.

COUNCILMEMBER VICTORINO: All four. All the four.

MR. TAYLOR: All four. What's nice to know is that if the three--Shaft 33 is about 5 million gallons a day. The first three wells will have a total capacity of 6 million gallons a day. So if all three are working, that's as much as we have now. If any one goes down then we have less. So once we get three of them working, we're probably in--already in better shape than we are today. But to really have, the, the reliability we need, we need four. But probably when the three are finished towards the end of '13, we're probably more reliable than we are right now today.

COUNCILMEMBER VICTORINO: Okay. So, so we're looking for the reliability by the end of 2013?

MR. TAYLOR: In that, in that...

COUNCILMEMBER VICTORINO: More or less.

MR. TAYLOR: That's correct.

COUNCILMEMBER VICTORINO: Two thousand thirteen. Okay. Well, that's good news because, you know, that's the concern. And last big rain, you know, the thing got filled up with dirty water and we had to have boiling water up there and, you know, it became a real challenge, yeah.

MR. TAYLOR: And when this is finished, that will no longer be possible. And no one's more concerned about this than our Plant Operations Division Head, who wants this done more than anyone in the whole world. So I guarantee you that our Department is pushing this and no one worries about it more than he does.

COUNCILMEMBER VICTORINO: Okay, thank you, Mr. Taylor. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Mr. Couch? Ms. Cochran?

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COUNCILMEMBER COCHRAN: Yeah, thank you, Chair. So let me just clarify so a total of four wells are needed to replace Shaft 33?

MR. TAYLOR: That's correct.

COUNCILMEMBER COCHRAN: And three are currently in the making.

MR. TAYLOR: That's correct.

COUNCILMEMBER COCHRAN: Three of them. And so this appropriation is to go for the fourth and final well?

MR. TAYLOR: That's correct.

COUNCILMEMBER COCHRAN: Okay. And you're saying here in your plan to pau in 2017, that from this day forward it's gonna take 2012 to 2017, five years to do one well?

MR. TAYLOR: That's probably --

COUNCILMEMBER COCHRAN: The final fourth well.

MR. TAYLOR: --realistic, realistic estimate, yes.

COUNCILMEMBER COCHRAN: Is that normal?

MR. TAYLOR: The well developments all follow the same course is that we work with a hydrogeologist and civil engineer to find the right site and design the well. Then a well driller has to drill the well and case it. Then we have to test it and get quantity and quality information. We have to submit a report to DOH and get it approved. Once we know that the well produces then we can finish the final design of the pump, the motor, the piping, the electricity, then we have to build that. So it's a, it's like a double construction project. You get to build the test well, make sure it works, then you can design the rest and build that. So it basically takes twice as long as a normal construction project, because there's two projects that have to happen in a linear fashion. They can't really happen simultaneously.

COUNCILMEMBER COCHRAN: Okay, thank you. Thanks, Chair.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Okay, thank you. The last CIP is on Page 3-230, West Maui Source Improvements.

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MR. TAYLOR: West Maui Source Improvements, \$1 million. We've been through wells in Molokai, Hana. We're developing source for Upcountry through the H'poko. We just talked about Wailuku wells. So as you can see, in each of the five areas we are developing more source in this budget. So this million dollars is for let's see the, the--is, is this incorrect? I think '13 is design? Yeah, I'm sorry, this is incorrect. Right now, the exploratory well is being drilled as we speak. I mean, there's a drill rig there right now. So the FY '13 money is actually for--that's the other one. I'm sorry. You know what, Mr. Pearson is going to explain this project because I'm a little confused with which one we're building --

CHAIR PONTANILLA: Mr. Pearson.

MR. TAYLOR: --and which one this is.

MR. PEARSON: Mr. Chair, the Well 1 is the well--Mahinahina Well 1 is the well that's being drilled right now, the exploratory well. The funding for FY '13 is for the, the design of the development well for Well 2. We have the design money right now for the exploratory well for Well 2 and then as Dave said, if after the exploratory, you design and we have the exploratory drilling. If the well is in good shape after we've done the, the preliminary testing of the exploratory well, then we go on for the, the design of the development well which will be the final well. The beginning part of the second construction phase as Dave was describing earlier.

CHAIR PONTANILLA: Okay, thank you. Mr. Mateo?

COUNCILMEMBER MATEO: I'm still in Hana, so I'll pass.

CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: No questions.

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: No, I'm closer. I'm in Wailuku, no problem. Thank you.

CHAIR PONTANILLA: Mr. Couch?

COUNCILMEMBER COUCH: No.

CHAIR PONTANILLA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, I'm trying to figure out. So this is for one well. It's gonna total out at 5.3, 'cause the well we just spoke about was 4.9. It's just a matter of a few hundred thousands of dollars, but just trying to compare and contrast I guess in pricing and it's a single well, also.

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MR. TAYLOR: Chair, the, the kind of variations here of course is, this is Mahinahina, so it's gonna be further up the mountain or it may not be Mahinahina, it may be West Maui, but most likely it's gonna be a higher elevation. So to get the water from the higher elevation to where our system is--can accept the water could be more expensive. That's why the final number there is for Fiscal '15 is \$4 million 'cause it's gonna most likely take a higher cost for the infrastructure to get into our system.

COUNCILMEMBER COCHRAN: Okay, thank you, Mr. Pearson.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: No, thank you.

CHAIR PONTANILLA: Okay, that's all for CIP. If you have any questions, sure you guys get questions, put 'em in writing and then we'll get answers from the Department. Okay, now we go into Page 6-445, Water Supply Department Summary, and Mr. Taylor, if you can give us a brief overview regarding the Department?

MR. TAYLOR: Thank you, Mr. Chair. Since we've already gone through CIP I think I've given most of my opening comments as we've gone along, but basically those of you on the Water Resources Committee, which is most of you, shouldn't be surprised by anything in the budget. We spent a lot of time in Committee going through our 20-Year Strategic Plan, how we developed it. What's in this budget is nothing different than what we've gone through with that. There is a priority. Priority one is keeping the existing the system operational which means replacing things and operating things as per Federal and State law, and replacing things before they fail. Priority two is these expansion issues which we've talked about a lot in CIP and the operations to support that. So--we talked about it also last week the rates and fees necessary to support this. So there's really nothing in the operations budget that I think is really much of a surprise and it's really the first slice of this 20-year plan we've, we've put together. And we'll obviously answer any questions you have, but again I don't think there's really any surprises or anything fundamentally different than what you'd be expecting.

CHAIR PONTANILLA: Okay, thank you. Members, on Page 6-450, the Budget Details, Water Administration Program. Mr. Mateo, you got any questions on the A Account, Salaries and Wages?

COUNCILMEMBER MATEO: No, I'll pass.

CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Just a question on how much do you expect to have expended by the end of this fiscal year in the, in salaries and wages? The reason I ask is that and I can't remember what, what consolidation there was last year that, that resulted in the salaries

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and wages going up by almost a million dollars and I don't remember what was put in your Department. The actual was 2.9 million in 2011, and we adopted a budget of 3.9. I just--I can't remember what was the cause of that increase.

CHAIR PONTANILLA: Mr. Baz or Director.

COUNCILMEMBER WHITE: I'm just interested in seeing how much you spent thus far this year or what you expect to spend by the end of this fiscal year.

MR. TAYLOR: On the page before on 449, there's a, there's a bar chart which shows the same thing and it shows this big jump, and so I asked staff what that was about, who put the budget together and there were two things. One was vacancies and the other is another accounting thing. The adopted values drop because the CIP--the man hours spent on CIP are capitalized to CIP expenditures. So between the capitalization of CIP expenditures and salary and vacancies, that's, that's the big difference. And any deeper explanation than that, I need the fiscal folks to come down and explain it, because it, it seems like it's more of an accounting issue than a change in actual dollars spent. But we, we have--currently we have about just under 20 vacancies. We're in the process of filling most of them. Hopefully we'll spend all of this money. I mean, we don't want to leave any vacancies so our, our, our goal is to actually fill these positions, get the work done and spend the money.

COUNCILMEMBER WHITE: Mr. Baz, what is the, what is the benefit of capitalizing the CIP, the wages and salaries spent on CIP projects if this is a special fund?

MR. BAZ: This water fund is more similar to a typical business accounting than the rest of the County is, and so when the Water Department looks at the capital projects that eventually become an asset, all of the costs that are included in the development of that asset can be included in that.

COUNCILMEMBER WHITE: Capitalize.

MR. BAZ: So, in--yeah, capitalized and so the benefit of that is that we recognize actual capital costs in the asset category.

COUNCILMEMBER WHITE: We're not, we're not really--it's just a reporting procedure then? There's not any real benefit --

MR. BAZ: No.

COUNCILMEMBER WHITE: --to that?

MR. BAZ: Yeah, Mr. Taylor is correct. It's completely an accounting function.

COUNCILMEMBER WHITE: So it makes you Budget guys and Finance guys feel better, but it doesn't provide us any more water.

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MR. BAZ: No, yeah, correct.

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

CHAIR PONTANILLA: Okay. Mr. Victorino?

COUNCILMEMBER VICTORINO: We're just taking in the Administrative area right now, we're not ...*(inaudible)*...

CHAIR PONTANILLA: Yeah, the salaries and wages for ...

COUNCILMEMBER VICTORINO: No, no questions.

CHAIR PONTANILLA: Okay, Mr. Couch? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Looking at Explanation of Changes in 1, very, very bottom of that paragraph, decrease in Premium Pay per Department's request of 54,000 plus dollars, then under Expansion Budget Requests, reflects additional appropriations in Premium Pay to cover unanticipated overtime, sick leave and absences. So there's kind of a conflicting--two conflicting statements there.

CHAIR PONTANILLA: Mr. Baz.

MR. BAZ: From my recollection, it's from different Index Codes, Sub-Accounts of the, this program itself. And so, because we described the changes in detail and the--whether--if we're taking it from one Index Code and putting it into another Index Code even if it's in the same program, my staff described that change, and even though it may not be reflected in the program budget details that you see. So that what you see is the net change, it was only--the net change in Premium Pay across the whole program was a negative \$14,000.

COUNCILMEMBER COCHRAN: Okay. Yeah, I just, it doesn't--yeah, I guess specifically correlate to where it's detailed from, I guess, but anyways, okay. Thank you.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: Not in this area.

CHAIR PONTANILLA: I just got a fast one. You say you have approximately 20 vacancies?

MR. TAYLOR: That's correct.

CHAIR PONTANILLA: On the Position Details that is shown on 450, 451.

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MR. TAYLOR: Oh, no, I'm sorry, Department wide there's approximately 20 vacancies not in the Admin Section which is less than half of the, of the Department.

CHAIR PONTANILLA: Can you get me the vacancies as shown on 450 and 451? Just wanna match it up with Personnel.

MR. TAYLOR: Well, I have--I mean, what I have is I have the printout from Personnel which I think is the same thing you have, and that's where I have the list of vacancies. I think I have the same list you have that I'm working on --

CHAIR PONTANILLA: So the vacancies on the Personnel one is actually what vacancies that you have in your Department in the different programs?

MR. TAYLOR: No, there are, there are, I mean, since you got this, there are a number of things that are, that where Personnel marks them as vacancies or no requests or something, which are actually going through process and getting filled. I'm not exactly sure how to go through all 20 of them. I mean, there's--there are a number of positions that are, that are vacant. Every one of them is in some process of trying to get it filled.

CHAIR PONTANILLA: Yeah, get some vacancies in there with no funding.

MR. TAYLOR: With no funding?

CHAIR PONTANILLA: Yeah.

MR. TAYLOR: The ones that are--that are minus...

CHAIR PONTANILLA: The position titles are there, but no money.

MR. BAZ: I'm sorry, Mr. Chair. Yeah, the, the Department of Personnel Services includes positions that may not have funding or an E/P count, but are not--have not been abolished by the Mayor. So there may be ones in the Department of Water Supply's budget that show up on the vacancy report that are not ones that they necessarily have the ability or desire to fill.

CHAIR PONTANILLA: Okay, so, you're not counting those then? If you are, then you cannot identify the ones that are --

MR. TAYLOR: No, I don't believe so. I believe everything in the Position Details are the positions that, that have a funding. I think the positions in the DPS Report that don't have funding are not reflected on Page 450 and 451.

CHAIR PONTANILLA: Okay, well we'll double check. And then you, you moving one position, Engineering Drafting Aide III and then you're going to redscribe to Civil Engineer VI?

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MR. TAYLOR: I believe that is, I believe you're talking about Position No. WW-0022?

CHAIR PONTANILLA: Yes.

MR. TAYLOR: That was all ready completed and Mr. Pearson, who was sitting next me earlier, that is now his position.

CHAIR PONTANILLA: Where is Mr. Pearson?

MR. TAYLOR: He left because CIP is over, but that, that's that position.

CHAIR PONTANILLA: Oh, thank you.

COUNCILMEMBER VICTORINO: Think we knew he was going talk about that position.

CHAIR PONTANILLA: Yeah, yeah. Okay, we'll double check the vacancies, the true vacancies. Okay, we go to the B Account. Chairman Mateo.

COUNCILMEMBER MATEO: Chairman, I just wanted to follow up with Director Baz in his response to Ms. Cochran regarding Premium Pay and the response regarding it could be shown in, in a separate Index Code, how Premium Pay can be, be listed under another code. If you can just expand on that?

MR. BAZ: Thank you, Mr. Chair and Chair Mateo. The program may be made up of a number of Index Codes, what you, what you see in the, the breakdown of the budget details, the additional information that we provided to the Committee. There is a number of Index Codes that make up one program. And so, in the Water Administration Program, that--there's probably about 20 or 30 Index Codes that make up that one program. And so, when my staff was putting together the description of changes that came from the departments, they included changes down to that Index Code level without showing--so you--if you wanna look like I'll show on Page 2 of the Department Proposed Budget Details, Additional Information, I'm not sure if you have that with you, the Index Code 953083, Department of Water Supply Fiscal Administration, they proposed to decrease the Premium Pay. Last year it was budgeted at \$60,000. This year they requested to make it \$12,384. So that's where you'll see that \$54,000 decrease. And then in another area, the 953109, Department of Water Supply, Engineering Section which is in the same program, has an increased request of Premium Pay from \$48,000 to \$88,584.

COUNCILMEMBER MATEO: Thank you. Thank you, Mr. Chair.

CHAIR PONTANILLA: Done?

COUNCILMEMBER MATEO: I'm done. Thank you.

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CHAIR PONTANILLA: Yeah, Mr. Baz, you know in calculating your Premium Pay, do you make like say, looking at averages for a number of years like two, three years?

MR. BAZ: Mr. Chair, generally we do. Of course, there's, you know, a few hundred different Index Codes that have these related items so we don't look at all of them, but significant ones we do.

CHAIR PONTANILLA: So as far as the overtime pay though, how does that appear?

MR. BAZ: I'm sorry, Mr. Chair, what was your, your question?

CHAIR PONTANILLA: Yeah, overtime pay. Oh, it, it does show the overtime pay.

MR. BAZ: Correct. It'll show the Premium Pay.

CHAIR PONTANILLA: Temporary assignment, standby...

MR. BAZ: Correct. Night differential, emergency call back, night differential, overtime, temporary assignments, others are the categories that make up the general thing of Premium Pay. Generally what we would do is budget that Sub-Object Code 5215 which is Premium Pay, and then it gets divvied up to the different Sub-Object Codes by what they actually are, and...

CHAIR PONTANILLA: So everything except overtime is by contract?

MR. BAZ: Well, Mr. Chair, I mean all of our compensation is by contract whether they, they work additional hours and need to get paid for it and that's what overtime is or if it's, you know, the, the different, other different items...

CHAIR PONTANILLA: Yeah, like the emergency callback, night differential, standby, temporary assignments.

MR. BAZ: Yes. Mr. Chair, since you've been, discussed in other departments, there are certain department like --

CHAIR PONTANILLA: The Fire and Police.

MR. BAZ: --Fire, Police, Solid Waste that has a seven-day-a-week operation or six-day-a-week operation. There are certain areas which I'm not sure about the Water Administration Program but I'm assuming the Water Operations Program might have that kind of mandatory, you know, we gotta--you know, because we're a 24-7 operation in some areas, we gotta pay that night differential and all those and generally it's by contract.

CHAIR PONTANILLA: Okay, thank you. Okay, Members we go to the B Account. Mr. Mateo?

COUNCILMEMBER MATEO: No.

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CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Can I ask a question about the overtime?

CHAIR PONTANILLA: Sure, go ahead.

COUNCILMEMBER WHITE: Following up on the other comments, does it make sense then that the overtime is a lower amount also because when you capitalize things, time that was spent on CIP that some of that is overtime and is therefore transferred?

MR. TAYLOR: I suppose that could be in the expended, but it isn't in the budgeted.

COUNCILMEMBER WHITE: No, I understand that. But that would, that would account for some of the, some of the changes in the numbers I would think.

MR. TAYLOR: I believe that if an engineer and inspector works overtime on a CIP project, that Premium Pay would be capitalized I believe, and I'm looking at my fiscal people and yes, they're shaking their head up and down. So I think the answer is yes.

COUNCILMEMBER WHITE: Okay. And what was the, the reason for the increase from 48 to 88 thousand in the, in the Engineering Section Premium Pay for this year?

MR. TAYLOR: I'm not sure what number--Budget Director is showing me what the number you're looking at. Oh, oh, this is, this is the Admin Program which is Fiscal, Engineering and Planning. The big increase in overtime is for the Fiscal Division. They are changing operating systems from the old billing system to the new billing system. So basically they're going to have to get while they're processing all the bills, they're gonna have to get the new billing system, get trained on it, get up to speed, run both, check it and then transfer. So that transition time is basically double work. So that's the reason this year.

COUNCILMEMBER WHITE: Okay, thank you. And I have no questions on B Accounts.

CHAIR PONTANILLA: Okay, thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: So, so that one--that under your Operation, that Professional Services, that was what you were talking about? I'm looking at the--Sandy, Page 1 of the Department Proposed Budget, you know, the one--you get plenty papers so we go back and forth, so that's the challenge we face and I apologize.

MR. BAZ: You're talking about the Professional Services, 6132 --

COUNCILMEMBER VICTORINO: Yeah, 6132, yeah.

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MR. BAZ: --under--that's under the Department of Water Supply, Director's Office.

COUNCILMEMBER VICTORINO: Yeah.

MR. BAZ: There's an increase, it looks like in the Fiscal Year '12 budget as far as to what actuals were. I'd have to go back and do some research to find out if that was any change from the actual budgeted amount for Fiscal Year '11.

COUNCILMEMBER VICTORINO: Yeah, 'cause the year '11 was just \$12,000.

MR. BAZ: That's what they expended, correct.

COUNCILMEMBER VICTORINO: Yeah.

MR. BAZ: But what they have budgeted I'm not sure. I'd have to go back and pull the Fiscal Year...

COUNCILMEMBER VICTORINO: And I think last year you told us that we were going to change in this present fiscal year which didn't happen because Oahu didn't change. But this coming Fiscal Year for '12-'13, for '13, they are going to change to the monthly billing system.

MR. TAYLOR: We're scheduled to change to monthly billing in July.

COUNCILMEMBER VICTORINO: July, right. But remember last year, you guys said we were gonna do it and I guess it never happened.

MR. TAYLOR: That was the prediction last year and I guess the...

COUNCILMEMBER VICTORINO: Okay, but this year you're not predicting, you're guaranteeing it?

MR. TAYLOR: I'm--because we are riding along with what the Honolulu Board of Water Supply dictates, it's not really for me to guarantee or not. Right now it is scheduled for July, and that's the schedule we got from them. So hopefully that will --

COUNCILMEMBER VICTORINO: Well, I understand that --

MR. TAYLOR: --go through.

COUNCILMEMBER VICTORINO: --and that's not--that's, you know, because again, last year we were told they were gonna change and it never happened. So that's why I think we put a lot of that money in there --

MR. TAYLOR: Right.

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COUNCILMEMBER VICTORINO: --because of that changeover, and so now I don't wanna be putting a lot of money for a changeover that doesn't occur again. But if you're relatively certain, then fine.

MR. TAYLOR: They seem to be certain that --

COUNCILMEMBER VICTORINO: They'll be able to do...

MR. TAYLOR: -- July is looking--right, they've gotten most of the bugs out and it's right now--July's not very far away, that date hasn't moved much in the last update, so it's looking like it should be this summer.

COUNCILMEMBER VICTORINO: Okay. Okay, Mr. Chair, thank you.

CHAIR PONTANILLA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: No.

CHAIR PONTANILLA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. So some of the boost in the budget here as in postage, professional services, computer services, is that all due to this moving over to this monthly billing system?

MR. TAYLOR: Many of those have always been in there. Postage is one thing that is going up. Postage is basically doubling because we're gonna send twice as many bills next year as we did last year. Professional services is also going up based on, you know, some of those costs as well. I mean there's twice as many bills and things, and because we pay money to the Honolulu Board of Water Supply to do processing, they are going to be processing twice as many bills as, as they used to for us.

COUNCILMEMBER COCHRAN: And are we gonna get more water fees to offset the costs of the more billing at all?

MR. TAYLOR: It's wrapped into the costs. I mean, basically that--our, our revenue projections take that into account.

COUNCILMEMBER COCHRAN: The professional services, I know during our CIP discussion you mentioned that design should be called professional services. So is this--did those design numbers correlate to these professional services that I see here in the Budget Details?

MR. TAYLOR: Some of them can because this is the Administration budget which covers our Fiscal Division, our Engineering Division, and our Planning Division. The professional services in the Engineering Division could have very similar end products as the professional services in CIP.

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Let's say for example, our own staff is going to do some repairs, but they need a quick survey done. Our Engineering group might hire a surveyor to do that survey. So it's still surveying work, but it would really be to support operations not to support a CIP project.

COUNCILMEMBER COCHRAN: Okay.

MR. TAYLOR: But you're still gonna have a survey crew out there that has to be paid and it's still professional services, but it's smaller things that aren't necessarily part of a CIP project.

COUNCILMEMBER COCHRAN: Okay. Yeah, I'm noticing in professional services under that particular Engineering Section, this past year over \$400,000 has been expended. This upcoming budget you're only looking at \$50,000. So that's quite a decrease and...

MR. TAYLOR: It's difficult to, to look at that without looking at the projects. For example, the more in-house design we do, we might have to put more money in that engineering professional services, because we, we're hiring the consultants with that money and we're coordinating their work. If we're farming everything out to consultants, that same work's being done, but it's really being shown in the CIP budget. So when you have the engineering groups--and it's not just in our Department, Public Works will have the same thing--is we can either do it ourselves if we have time or we farm it out. The same work is being done, and so it's really the same money whether it's in the CIP for professional services there or professional services here that we're, we're putting out in smaller chunks. But it's still cash, and it's still really for the same basic services.

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

CHAIR PONTANILLA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: No, sir. My questions are related to the Goals.

CHAIR PONTANILLA: Okay. Go to the Equipment side, Page 6-453, kinda explain the request in regards to--well, the Department's request on the Water Administration Program. Mr. Mateo, you got any questions?

COUNCILMEMBER MATEO: Maybe, maybe Mr. Baz can tell us if that item regarding the SUV is that an error in the adding onto the list?

MR. BAZ: Mr. Chair, thank you. This is a 4x4 SUV that the Water Department uses to go out into the boonies to go and check water meters and things like that. So it's not something that necessarily they could use a fleet-type vehicle for.

COUNCILMEMBER MATEO: So this would be a new special vehicle?

MR. BAZ: So this would be okay. Yeah, yeah.

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COUNCILMEMBER MATEO: Okay. And the specialty is four-wheel drive?

MR. BAZ: Yes.

COUNCILMEMBER MATEO: Thank you.

CHAIR PONTANILLA: Okay. Mr. White?

COUNCILMEMBER WHITE: That was my question.

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: Are we doing a lot of expansion in your Department or just-- 'cause I see a, you know, a lot of new desk top computers? Well is that just because your Department is falling into that category of the computers are, are failing?

MR. TAYLOR: They are--these are just old computers, and I can tell you the one on my office barely opens my e-mail anymore.

COUNCILMEMBER VICTORINO: Okay. I just, you know, all of a sudden you see a large number. Okay, thank you.

MR. BAZ: And just, just to clarify, the Department of Water Supply does fund their own computers versus how the rest of the County Special Funds--the General Fund funded computer equipment is put into MIS's budget.

COUNCILMEMBER VICTORINO: No, and I again, just a question because last year that was a hot topic and you know, how many we were replacing at one time. So --

MR. BAZ: Thank you.

COUNCILMEMBER VICTORINO: --thank you.

CHAIR PONTANILLA: Mr. Couch? Ms. Cochran?

COUNCILMEMBER COCHRAN: So is the money here all from Water Fund?

MR. TAYLOR: Yes, it is.

COUNCILMEMBER COCHRAN: For just computers. Oh, all of it, all your equipment?

MR. TAYLOR: That's correct. We're a 100 percent self-funded.

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COUNCILMEMBER COCHRAN: All right.

MR. TAYLOR: We get no General Fund money.

COUNCILMEMBER COCHRAN: Thank you, Dave Taylor.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Just a quick question regarding your meter reading equipment. How often do you replace--is there a replacement program or, or certification program where, you know, for the meter reading equipment? I know, you know, when they come obsolete they need to be replaced, but how often do you replace it? Is there a program?

MR. TAYLOR: I'm not familiar with the details of--I know the meters are upgraded with--I'm not even sure what the, what the term is, is radio transmitter so you can drive by and get readings. And as equipment is--as technology is upgraded through the meters, the meter reading equipment has to be upgraded as well. But I'm not familiar with exactly what the timelines are. If you need more information, I can call down staff who knows at this time. They're in the audience.

CHAIR PONTANILLA: Yeah, maybe. And the other thing I'd like to know is that if this pieces of equipment need recalibration?

MR. TAYLOR: Holly Perdido, our Fiscal Officer, who oversees amongst other things the meter readers will be more than happy to answer that question.

MS. PERDIDO: Good afternoon, Chair. The meter reading equipment that we currently use, we have some handhelds that we use in certain areas and we use laptops. We are gonna have to upgrade these items to use to read the transponders that that we have out in the system. We just had a big transponder replacement program I'd say four or five years ago and that equipment is what we use. But some of that equipment is now, like the handhelds cannot be used in the future. They do not support them. We have to get new equipment to read meters.

CHAIR PONTANILLA: Okay, fine. How many we're looking at?

MS. PERDIDO: Right now, I think like Hana has one. Molokai has one. We have one in the baseyard. The meter readers have five. I think we have like eight handhelds, but we, with the--going into monthly readings we're gonna be using the laptops a lot more. So I think we're adding another laptop, and these are heavy-duty laptops that go out every day in the vehicles to read meters, and then the handhelds, of course, we need them for the different areas.

CHAIR PONTANILLA: Okay, good. Thank you. Thank you, that's all for you. Okay, we go to Goals and Objectives. Mr. Mateo.

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COUNCILMEMBER MATEO: Chairman, Goal 1 and Goal 2, both relative to CIPs. The 100 percent estimates, that's kinda lofty considering the number of CIPs and the scope of the projects. You know, I'm like one Doubting Thomas, okay. I going put my hands out and tell me, prove it, you know, because you look at your last printout for Fiscal Year '11, in what can be accomplished and there wasn't much. And you're coming to us and you asking us for a hell of a lot of money to do all these things. You know, so I'm, I'm seriously in doubt that it can be done, and I don't wanna see another large Carryover again, because you guys made overtures that these things can be done and they weren't. So my, my concern is your 100 percent projections, I don't think it's realistic and I wish it was reflective of something that is really more realistic. So I just wanted to share that comment with the Department. Thank you. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Yeah, maybe, Mr. Baz or Mr. Taylor, if you can explain the objective for that Goal No. 2 is implement infrastructure improvement plans and the successful measurements, percentage of CIP construction projects on schedule, you must get a ton of projects, right?

MR. TAYLOR: Thank you, Mr. Chair. Again, I'm gonna point back to what we talked about in Water Resources Committee. In Water Resources Committee, we've shown you a number of, of scheduling constructs that we built that didn't exist before. Even the FY '12 money was basically an FY '12 CIP Budget that was built by the previous Administration. We didn't really have it scheduled last year when we, when we came here and defended it. The schedule we put together, you saw the first draft in Mr. Victorino's Committee in August. We just finished it about the month before. So the FY '13 Budget represents the first CIP request from our Department based on our new 20-year phased approach to CIP projection, and you've seen it. I know you can't read it, but they all look like these, these sheets like this that you've seen and which have it all phased. I can't be sure that the FY '12 money will meet this phasing because FY '12 money was put into the budget before this plan was completed. The FY '13 money was put into the budget after we completed this plan. So we feel very confident that the FY '13 CIP appropriations, we've only asked for money that we're confident it fits on this schedule. So I think when we look back and let me say there is nothing that I will be able to say today that will erase the reputation of this Department as far as its ability to do CIP. There's nothing I can say. You're not gonna know for two years. There is no way you'll know for two years other than to work with us as we, as we move forward and we'll show you these updates. I'm confident because we're using the identical methodology that we used previously in Wastewater. I, I don't see any reason why we're not gonna get the identical results. And I would rather set this goal at 100 percent, have everybody in the Department committed to it, and if we don't make it, we'll know why and we'll correct it for the following year rather than set a 50 percent goal and have everybody start off feeling like, oh, you know, we can let it slide, it's only 50 percent. So I would rather fail at a 100 percent than say it's 50 percent and, and pat ourselves on the back because it's 60. So we are committed to getting ahead--catching up and getting ahead and setting this aggressive goal. I would rather, you know, set it high and fail than set it low and succeed at a lower value.

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CHAIR PONTANILLA: Pretty bold, but I think you get the right idea, set it high. If you can't meet it, there must be a problem where you need to take corrective action, and hopefully with the corrective action then that percentage can be raised from whatever it is, to closer to a 100 percent. So I understand what you're talking. Mr. White?

COUNCILMEMBER WHITE: Thank you. I appreciate those comments because it--you know, we do see a large amount of lapsed funds coming, coming back from this Department. I think the numbers that we saw were for 2011, and it's not under, under your watch, but I think there was about 18 million, a little over 18 million appropriated and, and a little over 14 million was lapsed subsequently. So, you know, it's, it's--your job is to provide water not to carry over savings. So I appreciate your comments and, and Godspeed. Thank you, Chair.

MR. TAYLOR: And thank you. I just wanna say, the number one criteria for what got put in the FY '13 CIP Budget, my dry erase board, some of you were in my office I think when this was there had, was full of potential CIP projects. The number one criteria is what are we all but certain we can encumber in the timeframe? I mean, that--and anything that didn't make it got bumped to FY '14. So we, we hear exactly what you're all saying. We recognize that we have to change the reputation of our Department to earn the trust of this community and this Council. We are committed to doing that and again, if it takes a couple of years to get that back then, you know, we'll be here doing that.

CHAIR PONTANILLA: That's only fair. Mr. Victorino?

COUNCILMEMBER VICTORINO: Only time will tell. And thank you very much for at least aiming high because it's better than just trying to survive. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Mr. Couch? Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, thank you. And thanks for those comments, Mr. Taylor. Looking at Goal 1, No. 2, minimize loss of treated water, number of miles for pipes surveyed for leak detection and you're shooting for a hundred miles. What is our total miles?

MR. TAYLOR: Between 700 and 800.

COUNCILMEMBER COCHRAN: And these 100 miles is it just gonna be spread out Countywide or is it in particular in certain districts only?

MR. TAYLOR: It's not by district. We're trying to focus by priority. What we're really--if you think about what's most likely leaking, it's--or that we--what's most likely leaking and what we really wanna find, large lines, we wanna find those leaks. Things that are most likely leaking are of certain materials of a certain age, old lines, corrosive areas. It's easier to do a lot of linear footage if it's off the road where we can access it. So it's being prioritized in a way to maximize, again, I always use this term, low-hanging fruit, but do as much as we can as fast as we can, and then the smaller areas that take longer, you know, we'll go back to those. But we're really trying

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to get a lot done so that we can identify--we talked earlier about a CIP project to, to start fixing leaks. So let's just--we wanna try to identify as many large ones as we can, the bad places and get other crews or CIP on fixing them. So we wanna try to get results as quickly as possible.

COUNCILMEMBER COCHRAN: Thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. I'd like to go in a little bit different direction. Because we are looking at Administration and one of the biggest responsibilities of Administration and it's listed here is human resources. I'm kinda dismayed in looking at the Goals that there's nothing in here to talk about improvement of performance in terms of the employees, nothing to do with evaluation. And you'll remember on our April 12th meeting with the Personnel people, I had asked about grievances and my question was where do they come from and how many? And the answer we got from Mr. Hiromoto said that the only grievances that he keeps track of are the ones that arise to having to be handled at their level, but many or much of it is handled in the department. So I really don't have the answer that I wanted and I wanted that information.

CHAIR PONTANILLA: Thank you. That's a good question, you know. Mr. Baz...

COUNCILMEMBER BAISA: You know, no matter how good your operation is and how much money we give you, it's the staff that makes it happen and I think it's part of the issue. It was identified as an issue a long time ago, and I'd like to know what's being done to improve the morale in the Department?

CHAIR PONTANILLA: Yeah, I think for both of you, you know, if you guys could answer that question, but I think as we move into the Performance-Based Budget, you know, things like safety, morale and all of those--the human side, you know, we haven't addressed many of 'em except for some department that had, but in this case here, none for this one particular program. So Mr. Baz, if you can kinda explain?

MR. BAZ: Thank you, Mr. Chair. Yeah, you know, one of the most difficult things when you're looking at performance budgeting, you know, performance management is quality-based measures. Things that measure the so what, you know, the impact of what we're doing not just in yeah, the number of miles inspected or whatever, but--so if you inspect a hundred miles of road, of waterlines what does that do? You know, if that's gonna reduce the number of gallons then that's a wonderful thing, but how do you predict that or how do you measure that? And so, you know, same thing with the, the idea of, of human resource management. And this is something, you know, we'll definitely wanna work with Department of Personnel Services. As we mentioned, there--we are looking at the changing the, the employee performance evaluations, things that haven't been changed in like 20 or 30 years, and starting to, to look at that. And we hope to implement that this upcoming year, and as we implement the right tools, then we can start to measure those kind of things. I know the Department of Management's looking at some

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Countywide type of measurements related to specifically, you know, that kind of thing, you know, performance evaluations and the like. So as we develop this Performance-Based Budget and Performance Management System, you will see more and more performance measures that relate to those quality type of measures. And I do understand the, the Members concern and, and all I can tell you is we're working on it. You know, we're, we're, starting, you know, doing this big--we did a big change here with this, this year's proposed budget and we hope to continue to develop it. You know, enhance the--what we've proposed and continue to look at these kind of measures that really make sense to you as a, as our, our board, you know, as our policymaking body to look and evaluate if we're doing successful or not.

CHAIR PONTANILLA: Thank you. Ms. Baisa.

COUNCILMEMBER BAISA: Well, you know, it appears to me that you have taken on an extremely ambitious amount of work, and I support that 100 percent and I'm really happy to see the technological side of all this and the information side really getting a boost. I feel really comfortable that you have a handle on what to do, how to do it. But it all comes down to having the staff to do it; otherwise, this is why we come back here and we say, well we didn't do it. You know, unless you nurture your employees, train them and mentor them, they will continue to not perform at the highest level, and you're gonna have a hard time dragging them along and that's why I have a big problem with this. I ran an organization almost the same size as your Water Department in terms of employees, and I ran it with a handful of people, and what it took was that incentive, that morale, that team spirit, and we need to work on it and I do not see that in these goals. I'd like to see more about training, better evaluation, and more mentoring so that we have a more motivated staff and then we can lick the world and I wish you all the best. And Chair, I would like to have those numbers. I know that they cannot come from Personnel, but I'd like them from the Department.

CHAIR PONTANILLA: Thank you. Thank you for bringing up that. And you know, as we had reviewed with certain departments, I think it was the Police Department where a lot of emphasis was put on training, employee type stuff.

MR. TAYLOR: Mr. Chair, could I answer about some details about the Department?

CHAIR PONTANILLA: Yeah, go ahead.

MR. TAYLOR: Member Baisa, I mean, we--I spent most of my last 20 years in a County Civil Service position and I, I just can't agree with anymore, I mean, I lived that. There were a couple operational audits of the Department over the past decade or so. And I think it was the one that was done in conjunction by the EPA in conjunction with the Upcountry itching issue a few years ago and they did part of an operational audit. I remember, you know, I was managing Wastewater at the time so I read it to see if anything was applicable, and there was something really interesting, it's exactly right on point to what you were saying. Now in our industry, we've interviewed a lot of people. I've interviewed a lot of people and a lot from the nuclear power industry. 'Cause although water, wastewater and nuclear power don't seem to make

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sense, they're all about moving water around. A lot of people move from the nuclear industry into water, wastewater. When these guys interview from the nuclear power industry, they have very strict guidelines and I don't remember the numbers, it's something like they work six weeks, have one week of retraining, one week of vacation, something like that. So the numbers come out where they spent I think something like 75 percent of their time doing production work, you know, 12 percent of their time or something doing retraining and then the other time on vacation. You know, it's all, it's all regulated by the, the Department of Energy or whoever regulates that. One thing that the EPA audit recognized in our Department is that if we are using overtime to cover regular shifts, if we're that staffed where we are using overtime to cover regular shift work, how is there any time to train? And that struck me running Wastewater 'cause I read that and said, wow, we're exactly the same. We are pulling overtime just to cover standard shifts. I know this issue about E/Ps is always, you know, at top. How many employees do we have, et cetera, et cetera? But if you're gonna have a training program to say, 10 percent of everyone's time is in training, but you're using 10 percent of the time just to cover shifts because you don't have enough people, I mean, there's nowhere to get training time. So I know we're in a struggle, you know, with, with budget and the public is always looking at number of positions, but one metric I always look at is how much of the overtime is being used to cover standard shifts? And if that's what it's being used for, training's going to suffer. So, this is a difficult issue to bring up, but I think the, the answer lies in a metric that is measuring do we have enough staff to cover shifts plus 10 percent? And if we don't, there's not gonna be training. There's not gonna be adequate training and I think that's just a reality of math and it's not a policy position. I mean, that's just math. So I just wanted to mention that because it's something I've read very specifically in an audit, and I've, I've seen it in the operational groups and it is a struggle. We'd like to train more. We're like to do more operational efficiency studies, but we're struggling because we're using overtime to cover regular, straight shifts.

COUNCILMEMBER BAISA: When we had Mr. Hiromoto here, he mentioned two things that were very important to me. One was that we were redoing our evaluation form which I think sucks frankly because I've reviewed several of them; and secondly, we wanted to get into a better training program for people that are promoted so that they have management skills. And I think those are critical in your Department, because I'm familiar with it and I know some of the issues, and I think it would make a big difference in your performance if the time and money was spent and that's all I wanna say.

CHAIR PONTANILLA: Thank you. Any more questions on the Goals, Objectives? Okay, we go to the next one which is Water Department, Water Department Wide Expenses, Page 6-456. Mr. Taylor.

MR. TAYLOR: Thank you, Mr. Chair. Most of these costs are set by the Department of Finance and told to us how much we have to pay, and that's what they are. They cover these costs that we spend into the General Fund, our share of the Debt Service, et cetera. Very little of this do we have any, any say. It's not really our budget, it's really Department of Finance telling us what our share is.

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CHAIR PONTANILLA: So they say, pay, pay us this and you pay 'em, right?

MR. TAYLOR: Just--and to follow up on, on Member Cochran's earlier question. We're completely self-funded so we pay our share of employee retirement, we pay into the General Fund for a share of your salaries, we pay for the Mayor's salary, for DPS support, for Corp. Counsel support. So we pay into the General Fund for all these things that support us, so County self-insurance, et cetera, et cetera, et cetera. So these costs are costs the County charges us for things that, you know, the other Departments are just in the General Fund.

CHAIR PONTANILLA: Okay, thank you. Members, any questions to this? Member Mateo.

COUNCILMEMBER MATEO: No.

CHAIR PONTANILLA: Mr. White.

COUNCILMEMBER WHITE: Just if I could, a follow up on Ms. Baisa's comments. Regarding performance and, and the, the feeling of our work force, you know, one of my concerns that I brought up before is, is the Workers Comp and I don't know what the breakdown in Workers' Comp expenses in the Water Department. And by the way, Chair, we asked the--we asked for the details of the wage component, but all we got was a breakdown that had the, the details of the--you're holding it up--anyway, we just got the breakdown of the, the details within Work Comp cost items, but not wages. So I would still like to receive that. When we talk about performance budgeting, Mr. Baz, are we moving in the direction of placing the actual costs? I mean, we're, we're charging them the actual cost of the Mayor's salary and everything else, all the overhead for the County, but we don't have in each department a line item that addresses Work Comp because it's in, it's in the Employment Cost Section of, you know, Benefits in Finance. Are we gonna get to a point where we have those costs placed within the departments that are experiencing the cost themselves? Because otherwise we're not really putting it on their desk to deal with. And I think the degree to which we don't, we don't ask the managers to account for all the costs that they are creating or responsible for is the degree to which we're not really looking to them to create an environment in which Workers' Comp might be lower, because they feel better about the, about the people they work with and the people they work for. And I bring this up because I looked up the--and we have a very--you know, we have a, we have different exposures obviously, we're a hotel, we're not--we don't have Fire, Fire or Police and exposure of that nature, but we do have people that cook with, you know, with hot stuff and, and work with knives and lawnmowers and a bunch of equipment, and our cost per employee is like \$65 per employee, per year. And when I look at the numbers for the County with, and that includes wages by the way, when I look at the numbers for the County, it's \$1,200 without including the wages and that's \$1,200 per employee. So at what point are we gonna be asking people to be accountable for the result of maybe people not feeling that great about who they're working for and, and deciding to take advantage of the system?

CHAIR PONTANILLA: Very good point. Mr. Baz.

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MR. BAZ: Thank you, Mr. Chair. You know, I'd like to maybe further this discussion...I'm not sure what Committee maybe Policy or something with the Corporation Counsel. Should the movement of Risk Management go from Department of Finance to the Department of Corporation Counsel, I think that's a natural movement that you're looking at. Part of the reason why the County just pays for the whole thing is because it's, it's, was seen in the past as a fiscal operation--this is what our cost is, this is what we pay--versus a management issue. And there have been efforts, I know, on discussing, you know, ways to reduce Workman's Compensation claims, and you know, make sure that the safety is--I mean, that's part of the reason why we have safety officers in Risk Management is to go around and make sure that we're reducing our exposure, to try to reduce the amount of, of all kinds of costs related to, you know, liabilities whether they be Workman's Comp or liability, you know, accidents, whatever. So as far as the, the expression of how much it costs, the department directors can figure it out pretty quickly with the, the load of benefits that was presented and Council got a copy of it. The departments should have gotten copies of it as well. I think it was sent to all the department directors. Whether they calculate that out as the total cost or not is a different issue, and how we split it up--one of the factors that is--we wanna make sure that we pay our bills and if a department director, if it's a program-based budget and those items are presented in the program's budget, you know, for employee health costs and Workman's Comp and all of those, and it's budgeted in there and there's over expenditures in that program, it would prevent us from paying certain bills and a lot of those bills come in, you know, towards the later end of the, the pay cycle. So what we have a challenge with and, and part of the reason why it's in Department of Finance is to make sure that there's control over that budget. So we make sure that all of those, these items that we're required to pay by law get paid instead of it being within the program-based budget. So it's, it's a, I guess like I said, it's something we wanna talk more about, figure out how to reflect it in the actual operating cost of a, of a program, but as far as budgeting it in that certain program, I'm not sure if we wanna do that or not because of the restrictions to the, the funds that only...

COUNCILMEMBER WHITE: But doesn't the Water Department get charged with all of their employee benefit load anyway?

MR. BAZ: They do. They're a special fund and so they do. And it gets paid, it gets interfund transfer to the, I guess a interfund reimbursement to the Department of Finance and then Department of Finance pays it all.

COUNCILMEMBER WHITE: And what line is that, is that transfer shown on--is that shown on Page 6-456?

MR. BAZ: Correct. All of those items on Page 6-456 are transferred to the Department of Finance.

COUNCILMEMBER WHITE: Okay, so the interfund cost reclassification line is a reflection of the benefit load or includes the benefit load? Is that all benefit load or is that additional items in there?

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MR. BAZ: Hold on.

COUNCILMEMBER WHITE: So I guess my, my challenge is the benefit load is, is a pretty high number and you know, we're not making, we're not making department managers responsible for their Work Comp costs, we're not making them, you know, we're not keeping them aware of what their benefit load is. And when we looked at Fire the other day, we had four individuals they wanted to add and, and it was a \$298,000 cost. Well that was without the benefit load. With, with the benefit load it goes up to \$558,000 a year which is a huge cost over time. So, I'm just a little concerned because you guys are getting the--you guys are getting charged, but other departments aren't. You're not finding out what your Work Comp costs are unless you get the information and do all the calculations. You only see the--I'm assuming you only see the, the result of the additional wages that have to be paid.

MR. TAYLOR: Well, I, I just do want to mention that in the special funds and really the only place I've worked Water and Wastewater, we're very aware of our, of our overhead charges because it's, it's in our B Account. And so we're very clear about, you know, do we hire more people or add Premium Pay to cover those hours?

COUNCILMEMBER WHITE: Right.

MR. TAYLOR: We're very, very clear about how to do that mathematical analysis because both are in our Operations Budget. So I can tell you that Water and my old group, Wastewater, we were very, very aware of exactly what you're talking about and taking those costs into account.

COUNCILMEMBER WHITE: Yeah. Well, that's, that's exactly the kind of thinking I would like to see in other departments, because with a 70--what is it, the low is 72 and the high is 88.6, it's a whole lot less expensive to bring somebody in on overtime from time to time than to replace or to add a position. So I'd like to think that we're creating that understanding in all departments not just the special funded ones. So anyway, I, I've beaten that horse enough.

CHAIR PONTANILLA: Good point though.

COUNCILMEMBER WHITE: Thank you, Chair.

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: I think you know, Mr. White brings up some good points and Sandy, I wanted to ask you when you're about, do you--when you're talking about, you know, in the private sector and the public sector, I just want to understand in the private--in the public sector Workers' Comp cost is inclusive of what? When you say it costs us Workers' Comp, what is the--what, what is inclusive of the cost? 'Cause I understand the private sector, very seldom do they self-insure, they're all, they all get insurance. And I believe we're pretty much self-insured up to a certain level. But I'm just trying to, I'm just trying to get that clarified, because sometimes you're maybe talking apples and oranges and I wanna make sure that we're

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all talking the same thing. So if you can and if you gotta go figure it out and come back later then, hey, I don't have a problem waiting for an answer.

MR. BAZ: Mr. Chair --

CHAIR PONTANILLA: Mr. Baz.

MR. BAZ: --I will wanna verify it, but I believe that the money that we pay out of the self-insurance fund and Workman's Comp are, are actual payments. They're the actual payments. They're not premiums that we pay to cover.

COUNCILMEMBER VICTORINO: And that, and you know that's maybe where the apples and oranges come out.

MR. BAZ: Right.

COUNCILMEMBER VICTORINO: You know, and that's maybe where we gotta really look at what we--when we discuss this matter, because I have this understanding and maybe I'm wrong in my understanding but they are two real different. Not too many companies out there, unless you're big corporations that can be self-insured and they do that. We are self-insured. So I thought when we talk Workers' Comp, we're talking total payments and everything. A lot of times when you're talking, you know, insurance--private companies, they have insurance and they have what they call, what they actually pay, what they have actually in reserve, there's a whole bunch of factors that go into that to determine your cost factor.

MR. BAZ: Correct.

COUNCILMEMBER VICTORINO: And so this is why maybe right now we're talking maybe a little different and then and I just want the clarification, that's all. I just want clarification.

MR. BAZ: Yeah, we do pay some insurance premiums. We have umbrella coverage, excess liability coverage, and different things like that, and that's something, you know, being self-insured for Workman's Compensation I had to go through that, that evaluation of see if we should or not. But it's something that I think does, Mr. Chair, bear a lot further discussion.

CHAIR PONTANILLA: Yeah, and I'm just going to cut it here. And basically to me, the real question is that if you have discipline in your organization, and I think there's maybe four, five departments that play a big part in this safety issue. Then I think what Mr. White was coming across with is that we should put some responsibility on managers that manage people so that, you know, things like safety which includes Workman Comp, lost time, vehicle accidents, you know, all of those things that are covered and the cost to, to pay for these things. And, it should be a part of the measurement for the departments so that, you know, it does--and it does roll up as a County. But for each individual department then at least you have some sense of knowing what type of training is required, you know, how, how you discipline your employee so that he

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becomes safety conscious. You know, all of this--those things, and I think, Mr. White, is that what you was trying to come across with?

COUNCILMEMBER WHITE: Yeah, let me, let me--I appreciate Mr. Victorino bringing up the question. What I was comparing is not our premiums. Our premiums are much higher than our costs, because we, we basically end up paying for everybody else's loses not our own. But I believe our premium, I mean, our costs are low because people--you know, we don't have big staffing so if, if you get hurt, you feel like you gotta come back to work and if you care about the company, you're gonna do that unless you just simply can't. So I was comparing cost with cost and it doesn't matter whether you're self-insured or, or, or you buy insurance. I'm just, just comparing the cost. My point is that I believe our cost would become lower if the department managers were charged with that responsibility, because a lot of times the, the problem is created if somebody gets hurt and they don't hear from you. Then they think well, shit, if you don't give a damn about me, I don't give a damn about you, and they stay home. And so, it's, you know, it's just, it's just part of good management to get on the phone and say, hey, how you're doing? And so, it's, you know, it's maybe changing the, the paradigm a little bit. I worked at a place where we had tons of employees and no matter what, you know, what the eventuality was, we had more than enough to cover. We had tons of sick leave and tons of Work Comp, and in that cases where our staffing is a little bit slimmer, there's, there's a whole different dynamic that happens. And so, anyway, I appreciate it.

CHAIR PONTANILLA: Okay, we'll take it another time with Mr. Baz. Mr. Couch?

COUNCILMEMBER COUCH: No, I've got nothing to say.

CHAIR PONTANILLA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. So in your opening comments, Mr. Taylor, about this Wide Expenses and you mentioned, you know, the Debt Service and what have you and Workman's Comp, this whole thing's, you know, this big talk right now. But I'm looking at this page and it's pretty amazing the actuals from 2010 and '11 to proposed in 2013 is almost like half the amount. From 24 million, 22 million, proposed total amount to pay in is only 11 million. So I'm just curious how this has dropped so drastically in just a few years.

MR. TAYLOR: Yes, and thank you. I feel like I did my job preparing because you're asking exactly--all day you're asking exactly the questions I'd asked some of the staff who put the budget together and the answer is almost always the same. It's accounting stuff. These huge--well, these huge drops basically are depreciation which for whatever the accounting procedures, it's, it's not actual money which is why this thing is non budgeted expenditure, meaning it's depreciation, so it was never actually cash that was in the treasury. It's, I guess the accounting people know that it's depreciation. I just call it accounting gobbledygook, but it isn't really money, it's depreciation.

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COUNCILMEMBER COCHRAN: And I'm looking in the budget details and with all this Workman's Comp discussion, safety programs, there's line items for claims, settlements, and judgments, just sorta correlating those numbers into this Wide Expense. That, does that fall into this 11 million that we're looking at? And Mr. Baz, I'm looking like at 6260, 6273, 6313, that's under the Administration, Director's Office, I guess in particular. So, I was just trying to correlate these numbers into the topic we're on right now.

MR. BAZ: Right. No, Mr. Chair. Ms. Cochran, the non budgeted expenditures are things that are not budgeted for. So they're not part of their actual cash outlay. They are like Mr. Taylor described, things--depreciation is the majority of that and so it's not something we budget for depreciation 'cause it's not something we're paying for. But it's something that because the, the Water Department is more like a normal business where they actually calculate depreciation as far as their assets go, we do have to show that and so that's what shows as a non budgeted expenditure. So in the coffer, it will show up as, as a, an expenditure, but as in the budget, in what we're presenting, it doesn't show up because it's not something we do until after the fact.

COUNCILMEMBER COCHRAN: Okay, kinda getting it, but thank you, Chair.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: Just one last question and we'll put Work Comp to bed. In the private sector, we're required to file a form every year and with the Department of Labor and post it on a workplace to show all the Work Comp incidents and things and how many days they were off and whatever. If we do something like that for the County 'cause we know often government exempts itself so I don't know if we do or we don't. But if we do, I'd like to have a copy. Thank you.

CHAIR PONTANILLA: Sure. Thank you. We'll ask for one, if we got. Okay, Members, Chair is gonna ask for our late afternoon break. We got one more area which is wastewater or Water Operations Program, and because the agenda say we go up to 4 o'clock because we have a meeting at Pukalani, Chair's intent is to quit at 4 o'clock and then we'll go as far as we can on the Water Operations Program and then maybe reconvene tomorrow morning? Tomorrow morning 9 o'clock over here. We got till 10 o'clock to, to hold our meeting so, you know, get ample time tomorrow. So we'll come back at...

MR. TAYLOR: Mr. Chair, if I may?

CHAIR PONTANILLA: Sure.

MR. TAYLOR: The, the original Council calendar showed that the AWWA Conference was today and tomorrow. We, we were--a bunch of us were scheduled to go today. We, we canceled to be here. We really need to be there tomorrow. So I would humbly request that we try to finish today. You know, we all paid for this all ready, et cetera. So, I, I would just humbly ask to--that we can try to go tomorrow?

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CHAIR PONTANILLA: Oh, yeah, we'll take care of this on our own without you guys so--but anyway, we'll take a short break and maybe come back at 3:35 and then hopefully we can complete in 20 minutes. And then Mr. Taylor, I understand that you need to go so, Chair will probably tell the members one question, one follow up if can, and then hopefully can get out of here by 4 o'clock. So we'll stand in recess till 3:35. . . .(gavel). . .

RECESS: 3:26 p.m.

RECONVENE: 3:35 p.m.

CHAIR PONTANILLA: . . .(gavel). . . The Budget and Finance Committee meeting is now reconvened. Members, please turn to Page 6-457, Water Operations Program. You wanna make a brief comment, Mr. Taylor?

MR. TAYLOR: No, Mr. Chair. It's--I think it speaks for itself. I'll answer any questions.

CHAIR PONTANILLA: Thank you. Mr. White, questions on Salaries and Wages?

COUNCILMEMBER WHITE: No.

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: No, no questions, sir.

CHAIR PONTANILLA: Mr. Couch?

COUNCILMEMBER COUCH: No.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Okay, thank you. Operations--Materials and Operations. Mr. White?

COUNCILMEMBER WHITE: No, I think your, you know, your reduction in utilities is hopeful and I hope you're right, but no questions. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: I echo the same sentiment. Thank you.

CHAIR PONTANILLA: Thank you. Mr. Couch? Ms. Cochran?

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COUNCILMEMBER COCHRAN: No.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Chairman Mateo, we're under Operations. Any questions?

COUNCILMEMBER MATEO: No questions.

CHAIR PONTANILLA: Okay, on Equipment--Machinery, Equipment. Mr. Taylor, if you can provide us with some comments. It's on Page 462.

MR. TAYLOR: Four six two. I think most of the equipment speaks for itself. I will mention specifically the dump truck only because I was watching the meeting with Environmental Management and everyone was talking about why dump trucks cost a \$185,000. So all the dump trucks may look the same, but they're not the same, engines, transmissions, drive systems, et cetera. Our dump trucks have to carry a full load and tow a trailer with a backhoe going uphill in the mud. So four-wheel drive, big engines, very expensive dump trucks. So if you just have a dump truck which is just being loaded and driving around on roads, on flat roads, obviously you don't need the big engine, the four-wheel drive, et cetera. That's why you see the huge range in dump truck costs. So other than that, I think everything else is pretty self-explanatory.

CHAIR PONTANILLA: Thank you.

MR. TAYLOR: But I know you were going to ask that question, so I figured I'd jump right into it.

CHAIR PONTANILLA: Thank you. Mr. Mateo?

COUNCILMEMBER MATEO: Well, you should answer the question to the utility trucks as well then whether these are specialty items order or these are just requests for replacement?

MR. TAYLOR: These are replacements. One of the trucks have 164,000 miles, the other has 163,000 miles, other has 127,000 miles. So they are utility trucks for mechanics, electricians, the heavier trucks that haul things like pipe and mechanical equipment and are obviously necessary. The guys are based at baseyards. A hundred percent of their work is somewhere other than the baseyard. So without the trucks--they're basically rolling workshops as much as anything.

COUNCILMEMBER MATEO: Thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. My interest is in the GPS units. Is this a pilot project or is this additional units for a system that you already have?

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MR. TAYLOR: It's a pilot project. We're looking at putting them in the dump trucks because they're expensive vehicles, if they're stolen we want to know where they are. So we're gonna start and see how that works out, and you know, perhaps expand it.

COUNCILMEMBER WHITE: And for Mr. Baz, is that something that the other departments in the County are gonna be taking a serious look at, because I think, I think we should want to know where all of our vehicles are since we are missing somewhere in the neighborhood of--well, I won't say the number because you guys haven't given us the report yet, but...

MR. BAZ: Mr. Chair, thank you. And Member White, I talked with the Managing Director and he was actually had seen the discussion prior during this budget cycle on GPS units and was, was very happy about the discussion. And it's something that we will look into developing the, the--getting the right equipment and software to track it and all that kind of stuff, but yeah, something they're excited about.

COUNCILMEMBER WHITE: Okay. I bring that up because the--well, I won't say what position, but one of my union members said to me, eh, boss, when you ready I'll take you around and show you where all the County workers sleep in their trucks. So I think we need to know where our trucks are if they're in the wrong spot. So this is something that I think is a great idea and I, and I appreciate you doing it, but it should be more than six units.

MR. TAYLOR: We, we look forward to expanding it fleet wide.

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

CHAIR PONTANILLA: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: No questions.

CHAIR PONTANILLA: Mr. Couch?

COUNCILMEMBER COUCH: No questions.

CHAIR PONTANILLA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, so we have six \$185,000 dump trucks right now?

MR. TAYLOR: I don't know that all six of them are \$185,000, but this one is needed for the, the heavy, the heavy work.

COUNCILMEMBER COCHRAN: These GPS units though are going on particularly dump trucks?

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MR. TAYLOR: Oh, yeah, those are the most expensive trucks. That's why we're planning on putting them on the six dump trucks.

COUNCILMEMBER COCHRAN: Oh, okay. Thank you.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Fast question, Dave. The SCADA equipment will not meet FCC regulations?

MR. TAYLOR: Right. The SCADA systems are the automatic alarm systems, telemetry systems that communicate all the sites back to central computer. Says if something's wrong, if it's an alarm, et cetera. So the FCC published a couple of years ago, that I think the band width is getting full because everyone's cell phones, and, and Internet and all those kinds of stuff. So they basically said SCADA systems and I think they narrowed or changed the band that you're allowed to, you're allowed to transmit at. So all of the radios have to have be changed to comply with FCC regulations about whatever frequencies they're allowed to operate out by a certain year. I think it's next year or something.

CHAIR PONTANILLA: Okay, thank you. Members, any questions on the Goals and Objectives? Mr. Mateo?

COUNCILMEMBER MATEO: No.

CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: No.

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: No, Mr. Couch has the questions.

CHAIR PONTANILLA: Mr. Couch?

COUNCILMEMBER COUCH: He's clairvoyant. No. In, in--Mr. Taylor in Goal No. 1, where it says, number of system outages or water restrictions due to facility shutdown or deficient water quality, and your goal for this year was zero. Did that situation in South Maui and I think it included Wailuku as well where you had to boil the water for a couple of days, did that--is that gonna blow your goal?

MR. TAYLOR: I'm not sure because the success measurement is number of water quality violations. I'm sorry, number of system outages...

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COUNCILMEMBER COUCH: No, Goal 1.

MR. TAYLOR: Goal 1.

COUNCILMEMBER COUCH: Goal 1, No. 1, Page 4-462.

MR. TAYLOR: Minimize adverse impacts. Number of system outages of water restrictions due to facility shutdown or deficient water quality?

COUNCILMEMBER COUCH: Yes.

MR. TAYLOR: I believe that will, that will count as a, as one.

COUNCILMEMBER COUCH: Okay. Just a comment on that to get it on the record is, I got a lot of comments saying people didn't know that they had to turn off their water and then when they finally were able to go to their website, it never came through the, the notification, and then when they finally went to the website they saw it eventually. And then when it got turned off, it was still on the website, there was a press release down below but the big flashing red light saying boil your water was still on there. So just a thought in coordinating that a little bit more.

MR. TAYLOR: And thank you for that. And just to let everyone know we were aware of that. We were aware of that on Monday, we've already worked with the appropriate people that run the website and how these links work to try to make sure that if that happens again, it won't happen again that way.

COUNCILMEMBER COUCH: Thank you.

CHAIR PONTANILLA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: No, thank you.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: No, thanks.

CHAIR PONTANILLA: Thank you. That was quick. Mr. Taylor. You got 15 minutes to spare. Anyway, that's all for the review for Water Operations Program and the Water Department itself. Members, tomorrow, tonight we go to Mayor Hannibal Tavares Center. We do have a meeting at 6:00 p.m. I wanna thank Mr. Taylor for being here. The meeting for--oh, and tomorrow, tomorrow, we do have Department of Public Works, Department of Management here in the Council Chambers. So with that, Members, the Budget and Finance Committee meeting is now adjourned. . . .(gavel). . .

ADJOURN: 3:45 p.m.

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APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

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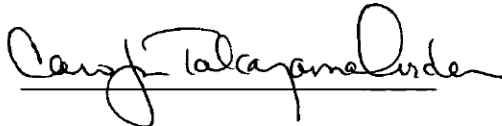
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CERTIFICATE

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

DATED the 9th day of May, 2012, in Makawao, Hawaii

A handwritten signature in cursive script, reading "Carolyn Takayama-Corden", written over a horizontal line.

Carolyn Takayama-Corden