

WATER RESOURCES COMMITTEE

Council of the County of Maui

MINUTES

September 18, 2012

Council Chamber, 8th Floor

CONVENE: 9:00 a.m.

PRESENT: VOTING MEMBERS:

Councilmember Michael P. Victorino, Chair

Councilmember Joseph Pontanilla, Vice-Chair (out 9:01 a.m., in 9:02 a.m., out 10:54 a.m.,
in 10:57 a.m.)

Councilmember Gladys C. Baisa

Councilmember Robert Carroll

Councilmember Elle Cochran

Councilmember G. Riki Hokama (in 9:12 a.m., out 9:59 a.m., in 10:25 a.m.)

Councilmember Mike B. White

NON-VOTING MEMBERS:

Councilmember Donald G. Couch, Jr.

STAFF: Kimberley Willenbrink, Legislative Analyst
Yvette Bouthillier, Committee Secretary

Darlene Ane, Executive Assistant to Councilmember Baisa

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

Seated in the audience:

Alan M. Arakawa, Mayor

Herman Andaya, Jr., Chief of Staff, Office of the Mayor

Michael Molina, Executive Assistant, Office of the Mayor

Jock Yamaguchi, Executive Assistant, Office of the Mayor

Rod Antone, Communications Director, Public Information Office, Office of the Mayor

Paul Meyers, Deputy Director, Department of Water Supply

Holly Perdido, Fiscal Officer, Department of Water Supply

Pamela Pogue, Planning Program Manager, Department of Water Supply

OTHERS: Cori Pohle, Valley View Protea Farm
Richard H. Pohle, Ph.D., Upcountry Meter List Association

Carl Freedman, Haiku Design and Analysis (consultant to the Department of Water
Supply)

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Others (15)

PRESS: Akaku: Maui Community Television, Inc.
Nanea Kalani, *The Maui News*

CHAIR VICTORINO: ...*(gavel)*... All right, good morning, everyone, and welcome to the September 18, 2012 Water Resources Committee meeting. I'm the Chair, Michael Victorino. Thank you for being here this morning. I would like to start off by recognizing all of our Members that are present this morning, and our Staff, and also some special guests that are here. Today we have just one item and it's going to be a presentation from the Department of Water Supply on the Upcountry Meter List, and the work that has been done over the last year and a half, and some plans and some ideas that we have to maybe eliminate that in the not too distant future which is great news for the people of Upcountry. So let me start by introducing the Members that are present. I would like to introduce the Vice-Chair of the Committee and the Vice-Chair of the Council, Mr. Joseph Pontanilla.

VICE-CHAIR PONTANILLA: Good morning.

CHAIR VICTORINO: Good morning. Our lovely young lady from Upcountry, Ms. Gladys Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

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

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR VICTORINO: You know what, I'm in a good mood when I can think of these things right off the bat.

COUNCILMEMBER BAISA: I know. You're on a roll.

CHAIR VICTORINO: And the lovely young lady from West Maui who just slipped in, Ms. Elle Cochran.

COUNCILMEMBER COCHRAN: Aloha, good morning.

CHAIR VICTORINO: Good morning. Our Haiku-Paia-Makawao representative, Mr. Mike White.

COUNCILMEMBER WHITE: I don't get any adjectives?

CHAIR VICTORINO: I guess the adjective I came with wasn't appropriate at this time. So outstanding, how's that sound? I'll leave it that. I'm gonna be in trouble. Oh, my God sometimes, oh you see when you start with one you gotta keep going. And then our, one of our, well, the other voting Member who's not present at this time and will be coming in a little bit

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later, Riki Hokama from Lanai. And I have one non-voting Member, everybody's a Member of the Committee, but there are non-voting Members. And we have the gentleman from South Maui, Mr. Don Couch.

COUNCILMEMBER COUCH: Good morning, sir.

CHAIR VICTORINO: Better known as Junior. You know, I was going get that one in.

COUNCILMEMBER COUCH: Yeah, yeah.

CHAIR VICTORINO: From the Staff, we have the Administration. We have Mr. Dave Taylor, the Director of Water Supply.

MR. TAYLOR: Good morning.

CHAIR VICTORINO: And Mr. Ed Kushi, Deputy Corporation Counsel.

MR. KUSHI: Good morning.

CHAIR VICTORINO: And our Staff, Kim Willenbrink, our Legislative Analyst.

MS. WILLENBRINK: Good morning, Chair.

CHAIR VICTORINO: Good morning. And Yvette Bouthillier, Committee Secretary. Also, in the audience today we have the Deputy Director of Water Supply, Mr. Paul Meyers, who just ran out the door when I introduced him. Thank you, Paul. We have the Communications Director for the County Mr. Rob [*sic*] Antone, and looking around the room we got a lot of other guests in the room. Ms. Holly Perdido from the Finance Department. . Finance Division of the Water Department. Good morning, Holly.

MS. PERDIDO: Good morning.

CHAIR VICTORINO: Good to see you. And we have Mr. Carl Freedman, our consultant on the Water Use and Development Plan. I haven't seen you in a long time, Carl. Good morning and welcome.

MR. FREEDMAN: Good morning.

CHAIR VICTORINO: All right, so we have a lot of people here this morning. Right now I have two testifiers and I was going to ask to wait to testify after the presentation was made, but this young lady asked if she could do her testimony first because she has to get off and go to work. So I will, if with no objection, let this young lady speak and then the rest we can have after the presentation is completed. Is there any objections, Members?

COUNCIL MEMBERS: No objections.

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CHAIR VICTORINO: Thank you very much. At this time, I would like to call upon...before I do that, let me make the ground rules that you have three minutes to present your testimony, one minute to conclude. I asking everyone before we get started with testimony to shut off all noise making devices, you know, your phones. Make sure they're on silent or another quiet method of letting you know if somebody is trying to reach you. At this time, I would like to call on the only--well, one of two testifiers that wanna testify before we get started with the presentation. She'll be testifying on this item. Her name is Cori Pohle, and she is from the Valley Isle View Protea Farm. She's the owner of her business. Ms. Cori, would you come up? And if this name sounds familiar, she is the better half of Dr. Richard Pohle.

...BEGIN PUBLIC TESTIMONY...

MS. POHLE: Aloha. Thank you, Mr. Chair. Good morning, Council Members. I'm Cori Pohle, a protea farmer on Crater Road. I'm number 653 on the Water Meter List. I hope Mr. Taylor's presentation will address these questions. What is the status of using the Hamakuapoko Well as backup to Pookela Well? Is the required Environmental Assessment completed? Will it be challenged? What is the reason for not purchasing the Piiholo South Well? Piiholo South and Pookela Wells could satisfy the entire Water Meter List. It has been offered to the County for five years. Will the new owners still sell it or will they take it private? Why is the purchase of Piiholo South not even being discussed in this Committee? Why does it take seven months to issue 22 meter award letters even when 33,000 gallons a day of new water is available? Is there a way to streamline the procedures that the Water Department must follow? You have said that the infrastructure for those on the list will cost \$200 million. Do you have plans to use your authority to relax the Department of Water Supply requirements to lessen this burden on those awarded meters? Fire is an emergency situation not a design point. Will the Council act to lessen the requirements? Why not use the hold harmless letter approach for fire protection? You have authority to waive the strict requirements of Meter List Ordinance in cases of extreme hardship. Why have you not done this? You require a huge upfront payment to reserve a meter once it is awarded. After six years if applicants cannot afford the required infrastructure upgrades, they will lose all that money. What do you believe will change in those six years? Why won't they lose that initial investment? Why do your Meter Award List specify that a six-inch pipe be laid underground when a six-inch size is obsolete and eight-inch pipe is the new standard? Underground pipe costs between \$100 and \$200 a foot, but when the ditch is open the price difference between six inches and eight inches is really negligible. What is the status of the Kula Ridge development? That development is approved but needs water. Are you gonna force them to drill their own well once they are offering \$2 million for water from existing wells that you could purchase? Has the Council set policy as you requested on August 2011? For example, what percent of the cost for new water development be paid by the meter holder versus new applicants? After all, the existing service does benefit from infrastructure paid for by new applicants. Have you, the Mayor or the Council ever really considered the effect of all these requirements on your constituents? Have you considered how an uncertain wait of 15 years for approval changes everything and makes planning impossible? Have you ever considered that you have frozen out the small parcel owners from the use of their properly zoned land and that only the big developers that can afford to drill their own well proceed? Thank you very much.

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CHAIR VICTORINO: Thank you, Ms. Pohle. Questions for clarification to the testifier? Seeing none, thank you, Ms. Pohle for your testimony.

MS. POHLE: Thank you.

CHAIR VICTORINO: Okay, so with no objection at this time, I will hold off on other testimony and I would like to take a--three minutes would be enough to get ready?--a three-minute recess so that we can lower the screen and get ready for Mr. Taylor's outstanding presentation. I'm building this up, David. So you better be really good at this. Okay. So this Committee will stand in recess. . . .(gavel). . .

RECESS: 9:09 a.m.
RECONVENE: 9:12 a.m.

CHAIR VICTORINO: . . .(gavel). . . The meeting of the Water Resources Committee will reconvene. At this time I'd like to take a moment to recognize the attendance of Committee member from Lanai Riki Hokama. Good morning. And then also we have the presence this morning of our Mayor, Mayor Alan Arakawa who's present right behind me, but I guess it's kind of dark so you won't see him, but he's here, I promise. Thank you, Mr. Mayor, for being here. And I'd also like to thank all the rest of the staff that is here this morning, Mike Molina, and others that have come up too, Jock Yamaguchi, who have come up to participate. Mr. Taylor, you have a tremendous audience watching and we're all right now laying awake waiting for your presentation. So with no further ado sir, it's yours. We've worked on it this long; now let's give it a try. Go ahead, Mr. Taylor.

MR. TAYLOR: Thanks, Member Victorino, and I appreciate everyone coming. I'm sure there's some very interesting information we're gonna get through today. I think the testifier laid out a number of questions which should have wet everyone's appetite for what a lot of the issues are. And I can tell you that most of the questions and issues raised, we're gonna jump right into pretty quickly. Today's presentation regarding the Upcountry water system, we're gonna go through a quick history of the Upcountry meter situation, how we got here. We are going to go into a detailed Upcountry system operational description. We're gonna walk through exactly how the system works. Then we're gonna describe a plan to resolve the Meter List over the next two to three years and take a look at that plan in comparison to the major policy issues that we've discussed in this Committee over the past year. Yes, we are going to present today a plan to resolve the Meter List over the next two to three years. If I jump into it right now, no one's going to understand it. So we need to start with some of this history and this detailed description. The whole point of today's presentation is to get the Council members ready to talk about the major policy issues and how this plan relates to them. So most of the very technical information we're going over you'll understand it enough to get to that point. You don't need to reproduce the technical aspect that we took care of. So jumping right in, some history. There's been limitations on water since at least 1997, findings of insufficient water supply, things that the previous Board did to show that--to rule that the water supply was insufficient. Since 1994, we've had this waiting list. The waiting list ordinance says that you have ask...when water is

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available that we ask whoever's number one, then number two, then number three and so on. There's a number of rules that govern this Meter List and those are by ordinance. Everyone has to be on the list and as of June 30, 2012, there is 1,474 applications on the priority list. That's how we got here. Physically, this is the location of all the 1,474 applications. As you can see they're spread evenly throughout all of Upcountry, Haiku, Makawao, Pukalani, Lower and Upper Kula. This is a little hard to see in two colors, but you can also see in blue, our existing meters in the area, in red are the applications. There's about 10,000 meters in the Upcountry region. There's about 1,500 applicants, a lot for multiple meters, equaling about 2,500 meters. So the Meter List itself is about 25 percent...represents about a 25 percent increase in the existing customers. You can see here, the Upcountry system, this is a, these are the actual piping system that you can see from a high elevation. It's enormous. Even though there's not a lot of customers, Upcountry only accounts for 22 percent of County water. It ranges over a huge area which makes infrastructure especially piping one of the biggest problems, because it's not a densely populated area which means there's not a lot of critical mass for a lot of people to share in improvements. You've seen this previously. I think it's a little glare on the left you can't see. This is number of people, 0, 50, 100, 150 whose offsite improvements would cost different ranges. So about half the people on the list would need significant improvements much more than \$10,000 which is another difficulty, because the list itself, because you have to ask when water is available, number one, then number two, then number three. If two people or three people live on the same street and could share improvements but they're separated on the list, one is number five, one is number 600, one is number 1,200, they can't share in these improvements. So the list itself is in the way of solving the problem. We've talked before about source versus reliable capacity. We had a big presentation on this. Source is the word most people talk about, that's how much water is in the ground, but we need to get water to people and that means wells, tanks, piping. Whatever the bottleneck is that's what limiting us. So as we've explained before, we've done some pretty detailed, reliable capacity studies and we're gonna share some of the results of that today. Okay, now getting into some of the technical, some of the technical stuff. We're gonna have to get all on the same place with some terms so we're gonna have a few slides just so we're all talking about the same thing. When we talk about water supply and demand, we talk about groundwater. These are wells. Groundwater put out flow--groundwater puts out flow at a very constant rate. You put a well in a deep aquifer and you can count on that water day in and day out, day after day after day constant rate over time. Surface water which is diversions from streams primarily goes up and down with the rainfall. When it's raining a lot, there's lots of water and then during the dry seasons there's not much water. It goes up and down through the year. Demand which is how much water you need, how much water any of our customers need, also goes up and down with the rain. But when it's raining a lot, they only need domestic water so the usage goes way down. Then in the droughts usage and demand goes way up. It's exactly opposite of surface water supply. So in general, when we have a surface water supply and demand problem, we have water when it's raining and then when it's not we don't, and when it's raining we have it, when it's not we don't. The opposite is demand. People want water when it's not raining. So you have these peaks and valleys and when the peak of demand overtakes the valley of supply, this little hatched area, whoever is on this system doesn't have enough water. And people at high elevations during this time, they will open their taps and nothing will come out. So in general, what are we trying to do? We're trying to keep supply above demand. I think in the past, a lot of people have looked at the Upcountry

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water system like it's a static situation. How much water do we have? How much do we need? What you see from this is it's constantly changing. Every day is different than the day before, different than the day after. How much water we have and need on this day is fundamentally different than on this day, it's fundamentally different on this day. So this is not a simple take two numbers and compare them. It's a dynamic analysis of basically risk analysis over time. How often do these events happen, how deep are they, and how long do they last? We're gonna get back into that in just a little bit. One of the last big sort of engineering points, point of diminishing returns. In any system that humans build as costs increase or as reliability increases as you're trying to get it to work more and more often, so you want it reliable so it doesn't fail, costs increase on this curve. And there comes a point where you just can't make it any more reliable and you have a point of diminishing returns which is without getting into the math, the point is which as you throw more money at it, it just doesn't get any better. It barely makes any increase in reliability. So both groundwater and surface water have some sort of point of diminishing returns. When you hear engineers say, that's going to be really expensive, what they really mean is hey, you're getting past the point of diminishing returns and we're gonna start throwing a lot of money at it and we're not gonna get much more results. When we look at surface water and groundwater, surface water is inherently less reliable than groundwater. Groundwater, we know the aquifer's always there. Yes, we might have mechanical failures, but with surface water not only can we have mechanical failures with the treatment plants, but the water may not be there. So for any given amount of money a surface water system is inherently less reliable than a groundwater system. And if we keep chasing groundwater reliability standards for surface water, we'll never get there. People who live based on surface water have to accept that the reliability will never be as high as it can be with groundwater. It's the same thing as if you live in a community that only uses wind power; it will never be as reliable as a community that uses diesel generators. That's just how it is. Okay, so let's get into Maui and some of, some of our real issues. So obviously we all know where this is, the side of Haleakala with the different sources. The Kamole Treatment Plant which is a surface water plant is at elevation 1,100 feet. Let's say we have a customer at 2,100 feet, we need to pump water if we're gonna use it from Kamole Treatment Plant to the customer and pump up 1,000 feet. If we have a well, regardless of where that well is, that well can be right next to this customer, that well can be down in Paia, all the water, all the groundwater in Maui sits just at mean sea level. That's where it is. Any well is going to pump water from sea level to the customer even if it's a well in Paia that's only 400 feet deep it's gonna go up 400 feet and then through a series of booster pumping stations get up to 2,100 feet. Pumping costs are driven by elevation regardless of well location. It's driven by elevation. It costs about a \$1.50 in power cost to pump 1,000 gallons of water up 1,000 feet. Whether you buy it from Maui Electric, use it to pay off your windmill or your photovoltaic panels it doesn't matter. That's how much the energy costs right now. So to pump water up 2,000 feet costs about \$3. Now as you folks know, we charge less than \$3 per 1,000 gallons for the first two tiers of water use. So just from electricity, if we're pumping a lot of water it's becoming very difficult economically. So what we want to do in any solution is minimize pumping water from sea level as much as possible. Pumping groundwater from sea level equals higher water bills. So we wanna minimize that in any solution. Our actual sources on Maui, for Upcountry, we have the Olinda treatment plant which is tied to the Kahakapao reservoirs and this is where the Waikamoi Flume will feed this plant. That plant can produce between 0 and 2 million gallons a day depending on if there's any water there, and that's about

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elevation 4,100 feet. The Piiholo treatment plant is at about 2,800 feet and can do between 0 and 5 million gallons a day depending on if there's water there. Piiholo has a 50-million gallon reservoir; Olinda has about 130 million gallons of reservoir. The Kamole treatment plant can do between 0 and 6 million gallons a day at elevation 1,100 feet and there is no reservoir. The Kamole treatment plant located around here near Haliimaile serves--get served from the Wailoa ditch. The Wailoa ditch goes all the way back almost to Hana. Over the past ten years it's only been dry about 30 days. It's incredibly reliable and Kamole is essentially the workhorse of Upcountry. That is our most reliable, most used source. Then we have three wells: Haiku, Kaupakalua, and Pookela. The Kaupakalua well is also known as the Dowling well. It's a, let's say a developer-built well that was given to the County. So these wells only do half a million, point nine, and one point three million gallons. So you can see most of the water Upcountry comes from surface water and most of it is, goes through these ups and downs. We don't have nearly enough groundwater to deal with demand when these plants are dry. Current average demand is a little over 7 million gallons a day. So you can see if none of the surface plants had water, we don't come close with all the wells to taking care of demand so that's something to think about, and all of these wells as I mentioned before basically pump from sea level to wherever the elevation is. So we wanna make maximum use of the high level water, then the medium level water and use the low level water as we need to to control rates. Okay, so I mentioned to you before this is really how we need to look at things, this dynamic response of supply and demand through time. So we took this real situation we just looked at, we took this theory of how we wanted to look at it...let me just show you really quick how we crunched the numbers. We took data from the last ten years, ditch flows, pump flows, treatment plant output, supply, demand, and we looked at all these numbers and operational sequences over the past decade, everything versus everything. There's Olinda reservoir volumes, pump volumes, here's how often Pookela pump ran. Pookela pumps run about only 18 percent of the total time. We threw all this data into big spreadsheets, crunched through them and came up with these supply-demand curves which go back ten years and show what happens. Now what you can see from this without even looking at the numbers, you can see the seasons. You can see the drought in the fall--I'm sorry wait, opposite--the drought in the fall when there's high demand up here and then during the winter when it's raining and nobody wants water, drought, rain, drought, rain. You can see it's sort of like clockwork every season, up and down, up and down over ten years. There's a few spikes here and there, but it's pretty, it's pretty reliable over the past ten years within these normal ranges. Then we started running simulations based on this saying what if, what if? What if we add people to the Meter List, what if we do certain improvements, what does it look like? So we get different curves. I'm gonna fake some animation here. Here's what actually happened versus a couple simulations. So you can see how we did our analysis, really just a dynamic simulation, basically some static simulations that give the same sense of what if, what if different things happen? Okay, so that's how we crunched the numbers. Now I'm gonna go back to the real system and we'll start taking a look at it. As I mentioned before, Kamole plant is the workhorse, 0 to 6 MGD, super reliable. But when the Wailoa ditch goes dry, when we can't generate any flow out of this, we all of a sudden lose 5 or 6 million gallons a day. And we do not have enough well capacity to make up for it. Even if we built or bought another 1 or 2 million gallon a day wells, it doesn't make up for this. So when we start graphing this and we start looking at the supplies and demands going up and down, and we talk about what we don't want to happen are these events, right, a deep supply valley followed by a high demand. In

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reality, the real situation Upcountry that we're--that's limiting meters is when Wailoa ditch goes dry. All of a sudden we're out 5 or 6 million gallons a day, there's no way to make up for it and we're in this event. Okay, so it's looking at these real numbers through the years that started pointing us to how do we resolve this problem, how do we fix this? What we wanna do with demand which goes up and down is we wanna give more meters which is gonna take this red, squiggly demand line and move it upwards. I don't have the animation of that, but you can imagine that. So as this red squiggly line of demand moves upwards, this event where we don't have enough water is gonna get deeper, it's gonna get longer and get deeper and it may happen more often. It may happen over here too. It's not gonna happen all the time, but the frequency that it occurs, the duration it lasts and the depth of it will get more. So the problem is how do we separate the supply and demand curves? Once we started looking at this with our numbers, we were able to start deciphering how to go about doing this. Okay, first we can start getting rid of valleys with storage improvements. Waikamoi Flume, Waikamoi Flume went out to bid a couple weeks ago, we'll be coming in for a budget amendments for the funding authorization soon. What Waikamoi Flume really does graphically is it fills in these valleys so when it stops raining we still collect water. How deep it will be, we're not really sure, we don't know, but it will fill in these valleys, that's what it does. H'poko wells, we're at the EA stage. We plan on publishing the Draft Environmental Assessment within the next month or two. Once that project is finished, it takes the whole yellow curve, the supply curves and bumps it up. Okay, so that's gonna help separate the valleys and curves. We have a project we're working on that you funded; I believe you funded the initial investigation portion of it to take the Olinda treatment plant and start moving that off of chloramines onto chlorine. Once we can do that...right now because they run on different chlorination systems, we can't mix the water. Once we can mix the water essentially we can take some of these peaks and dump them in the valleys by using the water whenever we need it. That will help fill in valleys. So those are three projects that are ongoing that will help us. We can also pump more water from Kamole when we have it to save some of the Piiholo water for when we need it. That will basically raise the yellow line most of the time, but it won't do anything for this event because again, this event is driven when Kamole is dry. We can also look at demand. The Council passed a new rate structure that just went into use on July 1st which has a conservation rate base. That is supposed to limit these peaks a little bit which will help. We can also limit the peaks with further regulation we'll get back to. So you can see, once we understand the problem and once we've quantified the problem there's some targeted solutions that we're looking at to keep the valleys and the peaks from hitting. We're about to jump into what, what those are. One thing I wanna mention, there's a lot of talk about wells, and wells, and wells. You can see that the problem we're having is short duration, high amplitude, low frequency events. Even if we had a well, the well would sit unused like Pookela does day in and day out until this event happens. So these ups and downs with the wild swings don't really scream for a well. They really scream for a different solution of balancing water. We'll get into that a little bit later again. Okay, so let's now get into the plan. Now that we understand what the problem is, let's look at how we can address it. First, continue Hamakuapoko wells, Waikamoi Flume improvements, and the Olinda disinfection, Olinda disinfection projects to minimize these valleys. I already talked about those. You can see why we need those projects to support. We need support for those projects to make sure they happen. Second, future budgets to include additional funding for Kamole treatment plant pumping to support more meters. Basically, whenever we have water at Kamaole we want to pump more of

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it up the hill to save water for when we need it. That will raise this yellow line everywhere except this, everywhere except this event. This will cost between half a million and a million dollars per year for this extra pumping. Now we're not gonna know when we need it, we don't know what it's going to rain. We would basically pump whenever we can to keep it full. So even if there...if it turns out on hindsight we didn't need it, we would have pumped it anyway. So that's why there's an extra half million, million dollars, is what it's going to take depending on how much it rains, et cetera to do that. These, number one and two, will raise the yellow line above the red line enough for about 2 million gallons more of meter issuance maybe a little bit less. But it doesn't do anything for this event. Again, this event is driven by surface water drought if you want to call it, being so severe that we just can't make up for it. So this is where we need to move to a demand--emergency demand side management. We are proposing an ordinance that allows the Department of Water Supply Director with authorization from the Mayor to immediately and temporarily increase the upper tiers to limit these peaks. What that would look like is--this is a draft, we plan on sending down a budget ordinance with this in it in the next couple weeks. Here's the normal rates, 5/8 general agriculture here's the normal rates. So we're talking about calling something say a level one and level two drought, we're not even exactly sure of the nomenclature where the upper tiers of each class we have some emergency authorization to bump these up not to collect more money but to send a strong message saying we really, really need people to conserve. We do not have enough water to make it. This is something that's actually in place all across the country. If you look in Texas and Missouri and these kind of places right now who are almost all on surface water from the Mississippi River, the Colorado River, they've always had these in place. And as they have less and less water available, because of surface water limits, they go to these higher levels of drought. This is not just for Upcountry. During our analysis it became apparent that this is something the County should have had Countywide from day one. This is something we could need tomorrow if due to an act of nature or even act of intentional sabotage in any of our areas, we don't have enough production. Right now if half the wells in Central Maui for some reason either break by random chance or are the victims of sabotage and we only have 50 percent capacity for the next few months, we have no way to deal with that. So this ordinance, although we need it to deal with the Upcountry system, we actually need it to deal just with emergency management of things that may happen. And again, what you'll see all across the southwest, I think about half the counties in the United States of America are currently under severe drought and you will see these types of rates in place all over the country right now, something we're sort of behind on. And again, you'll get that, you'll get that budget ordinance in the next couple weeks. Okay, next, once those things are done we would like to modify the Upcountry Meter Issuance Ordinance to establish a last day to sign up. Basically we're saying that there's 1,474 people on the list right now. If we offer a meter to number one, and number one says I can't afford my site improvements, they turn us down, and they come in the next day and sign up again. The list doesn't necessarily get any shorter and it will never go away and the list itself keeps, number 1, number 100, number 750 from partnering on the improvements. So the list itself is in the way of solving this problem. So we have another draft ordinance that we'll be sending down also in the next couple weeks about how to do this. And also, we need to make some housekeeping changes to the drought ordinance just to make it consistent with the budget ordinance. So we intend on sending down three ordinances in the next couple of weeks that would accomplish these things. Assuming all of this passes, what do we do? As I mentioned before, we'd have about 2 million gallons of water that

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we feel would be reliable. We would start offering water meters as per the list. Now the list totals about 3½ million gallons of desire. That if everybody gets all the water they're asking for it's about 3½ million. We do not have that much. Based on previous, previous offers, we know that about half the people accept and the other half don't due to the improvements costs. So if 50 percent accept...so assuming that 50 percent accept the meters, that totals about 1.75 million gallons a day. So we go through number 1, number 2, number 3, make these offers. Some people say, yes, some people say, no. Over about the two to three years it's gonna take to process through all of these, the list will be gone. But afterwards, we've still got these 50 percent of the other people that don't have meters, but there's no more list. So afterwards, others can partner with their neighbors. Come in any time in the future regardless of their previous place on the list until there's no more water. Now there's some big assumptions here. There's some assumptions that not too many more people would sign up on the list. It may turn out that after this meeting 1,000 more people sign up. We have no way to know. It may turn out that the first 50 percent on the list all have a rich uncle and they all accept and do their improvements. So we may only get through that far. We'll have about 2 million gallons. Again, based on what we've seen before we think that if no more people sign up and if we get the same rate of acceptance, we think there's a very good chance we could get through the entire list, still have water left over and let in round two, these people who want to share improvements come in. But this offer...this idea of offering the meters is contingent upon all of these things happening. So I think you see the point of putting on this presentation. If we had just sent these bills down individually, no one would have understood what it is we were trying to do. By attacking this with these little pieces and parts, we can make it, we can make the solution more than the sum of its parts. So some features of this draft plan, it requires minimal capital because we're using the infrastructure we have. It has high bang for the buck and it manages cost and risk. The plan will limit control and manage short duration events and allow meter issuance. It would say, we're not gonna use the short duration, deep drought events to limit meters; we're all going to share in that risk. Now future projects can add more storage and more groundwater to further minimize the short duration events. Now these would be obviously at substantially higher cost. They would take new infrastructure. Probably the next thing we would do is a 25 or 50 million gallon reservoir at Kamole plant to deal with that hatched area so that we can get through that. Now after that, after all this is done, the next drop of water going to Upcountry will have to be pumped from sea level through infrastructure we do not currently own. This proposed plan maximizes the use of high level water and existing infrastructure. Any additional efforts would be in addition to this plan not instead. What I mean by that is this plan optimizes our current water and our current infrastructure. We're essentially finding a way to change our operations and squeeze out another 2 million gallons. That's it. This will never happen again. But because this is based on pumping water from Kamole at 1,100 feet, it's still half the electrical cost of running any well. So even if someone gave us a well for free, someone gave it to us, we would still leave it sitting, run our operation in the methodology we just went through, and if that wasn't enough then we would turn on the well. So this, this should make clear I think for the first time, that wells because they're so expensive to operate sit around until we really, really, really need them which is why Pookela only ran 18 percent of the time since it was built. It sits till we need it. We try to make maximum use of the higher level water. Some additional factors to consider. This plan requires the H'poko wells and the Waikamoi Flume replacement to bump up this yellow curve. This plan will only work if the ag line does not increase water usage. The

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ag line is intended to go from the Kahakapau reservoir, around the Olinda treatment plant directly to farmers. And again, I mentioned earlier, that's where the Waikamoi Flume serves. If they use the same amount of water, just pay less for it because it's not running through the treatment plant then our numbers are valid. Now if all of a sudden the intention is that they're gonna use more water than they are now then that has to be taken into account because right now we're optimizing the list not increasing ag water. That's what this plan and that's what the numbers is based on. So some people may ask, well, why weren't you guys doing this a long time ago? This is only possible now that the Kamole treatment plant has a 3 million gallon treated water storage which was only finished a couple of years ago, and it's only possible now that Kamole has these new high lift pumps that really are almost finished now. This will allow us, the storage actually allows for water quality. Before this was done, the Kamole plant could not generate enough water that met Safe Drinking Water Act requirements so that volume--the volume was there but the quality wasn't. And then we need these pumps to actually pump this water up the hill. So this is really a...this analysis would have been different just a few years ago, and it also shows that the people in the Department, although maybe no one ever looked at it so holistically, they knew these things had to be done. These projects were started and even completed, you know, years ago. So there was an understanding of what the bottlenecks were and there was an effort over the years to do these. I think we're at the point now we can start wrapping it all together and understand the whole process. Some other additional factors. If we go ahead with this plan the system will operate with less buffer, right, these cross-over points. We're running a little closer to the edge of what we can do. Operations and maintenance expenditures will be more critical. Storage of major spare equipment will be mandatory. Right now, when something goes down, well, we're okay, we just run something else, but if we're running a little closer to the edge, we will probably have to store major pumps, starters, motors, we're talking about hundreds of thousands of dollars, maybe a few million dollars of equipment we will have to store here. Right now you probably read recently that the Kaupakalua well is down. That's gonna be don't be down for a while because we're doing emergency, emergency procurement of a new motor. That could take a couple months. What we're gonna have to do if we run closer to the edge is we're gonna need to buy that stuff now and we're gonna have to store it here so we can get it replaced in a week or two. This is the same thing as, you know, when toothpaste is on sale, you know, you buy a bunch of it and you keep it in your house. You don't wait till you're out to go to the store, but it also means that you gotta ramp up your budget right a way to fund these things. Also with staff, electronics, electronic technicians, trucks, these other things, as we run closer to the edge where everything needs to be running more of the time, we're gonna need the support to do that and I know in budget, it's always about flat budget, flat budget, flat budget, there is no way we can do this with flat operational budgets. It's gonna take half a million to a million dollars more electricity plus we're gonna have to spend to get some of this equipment. Now, this is much, much, much less expensive as compared to developing new sites. Obviously 'cause if you developed a new site, you still gotta buy this equipment, and you have to develop a new site. So this is gonna be as inexpensive as it gets even though there are still significant costs. So as a whole, continue with the projects we're doing to increase supply, future budgets include additional funds for additional pumping to again, increase, bump up this yellow line. It handles everything except the worst drought events. Implementing a drought rate structure is how we'll deal with these through emergency demand side management. Modify the Upcountry Meter Issuance Rule to establish this last day and at that point we can start getting

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through the list. We don't really need Council approval to start issuing the meters 'cause we've found the water. The reason we're not going to act without some Council input is we don't think it's appropriate at all to lock the Council into these future budget numbers without getting your signoff because if we do this, we'll have no choice but to commit to this and commit to the future funds. This is sort of a hole in the system in that it allows us to make some actions without getting the funding approval upfront and again, we're not going to do that because we think it would be disrespectful to this body. So essentially you're gonna get three ordinances, a drought rate structure and a Meter Issuance Modification Ordinance plus a new drought bill. Passing the Meter Issuance Ordinance with this recommendation will essentially be our trigger that we know the Council is okay with this whole plan. If you don't pass this, we'll know you're not okay with it. I know everybody wants to talk about money. So you've seen before, we've looked at Debt Service under different, Countywide Debt Service under different scenarios: if we do 10 million in CIP, 20 million in CIP or 30 million in CIP. Some of the projects I've talked about, Waikamoi Flume, it's out to bid right now, call that roughly \$10 million. The Kamole clear well I think was around \$7½ million. The Kamole high lift pumps about 2 ½ million. We're gonna need to do the Olinda disinfection. That might be around 5 million. So a lot of these things, some have already happened, some need to happen and that's going to increase our Debt Service at this higher range. We're going to have to pay that back either with rates or fees. Here's projections of rates that you've all seen before, again, at the 10 million, 20 million and 30 million in capital ranges. So you can see at around 60 bucks a month, how it goes up over the next 20 years. If we are going to do these projects, somehow we need the revenue. You've seen this before. I'll go through it again really quickly. There are basically four ways to get this revenue. The minimum rate increase that it's gonna take just to operate and keep existing users with existing service is about 5 or 6 percent. That's just replacing infrastructure, paying for operations. Under a growth pays for growth philosophy, meters would have--5/8-inch meters which is the normal single-family meters would need to be about 20 to 30 thousand to create a pot that would pay for the infrastructure including Debt Service, or we could take the other approach and say let's leave meters where they are at \$6,030 and we'll just raise rates to compensate. So then all of a sudden rate increases would be 10 to 12 percent every year compounded annually to pay for that. So that's just a different philosophy that generates the same overall revenue stream over the next 10 or 20 years. We could split it in half and say maybe meter fees should be 10 to 15 thousand for new service and rates will be somewhere in between 8 to 10 percent, spread the costs, or we could leave rates and meter fees where they are and get this money from General Fund. Basically think about, you know, 10 to 20 million a year from General Fund. Each four of these just represents a different philosophy in how to pay. I mentioned a number of projects. Okay, if you just add up Waikamoi Flume at \$10 million, the high lift pumps and the clear well which total \$10 million then the disinfection another 5 million, that's \$25 million just for those projects. Assuming that we give, we offer about 1,200 meters that's gonna bring in about \$6 to \$8 million not even the principal much less the interest. So right now current County policy which is set in the Council budget is essentially number two, because we don't bring in anywhere near enough money through meter fees to pay for the Capital Improvements necessary to support those fees. And essentially we're, we're right now raising rates to make up the difference. That can continue or that can change. Another thing that's important to look at with money is a couple of ordinances which the Council has passed over the past number of years which say that if somebody does offsite improvements and

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dedicates them to the County, the Council gives or the Council...the County has to pay back 50 percent of their expenditure over five years for a regular subdivision, 75 percent of that expenditure over two years if it's a family subdivision. Now ideally, all that money would come from here, but you can see we don't generate anywhere near enough money from meter fees to pay for that. So if we're gonna give, if we're gonna offer 1,200 meters we may have to pay a substantial amount of that money back. Could be tens of millions of dollars which will add to rates, but right now this is, I would say, the County philosophy because the rates are \$6,000 and I haven't seen a lot of movement to try to increase those. Kauai right now is looking at an \$18,000 meter fee to basically--and theirs right now is only about 4,500 I think. So they're in the same boat, in fact everybody's in the same boat. We all know we can do all this. We have to decide how to pay for it. So you can see there are some substantial expenditures necessary, no matter what we do, we need to decide how to pay for it. We've seen these priority policy issues before. So now let's look at these policy issues as they relate to this plan. Maximum annual debt allocation. You can see we're gonna need to be on this 30 million a year CIP range to do these kind of things Countywide. Rate meter fee increases, we just talked about how those, how those sort of vary with each other. Should meter fees vary by location? Right now they don't. Upcountry service costs about 16 percent more than average meaning we charge everybody the same, but Upcountry it costs 16 percent more to serve Upcountry people which means as we add more folks in our lower than cost group we're gonna have to raise rates to compensate unless there is a movement to change that. So far Council has not wanted to do this. So if we leave this where it is, that's not gonna happen. Should current customer subsidize new users and how much? This is really the big question of the previous slide. One way or another, we're gonna need to bring in more revenue to implement this plan and similar plans Countywide for growth for more water. We have to figure out how to pay for that. The big issue of our other priority policy issues is drought tolerance versus new users. What we've shown earlier in sort of the engineering portion of this is that by optimization, juggling water a little differently, some little improvements here and there, we can support another 2 million gallons of water in the Upcountry region. Here's the big policy question for the Council. Do you want use that to give new meters or do you want to save it for drought tolerance? You can't do both. You could split it 50/50, 70/30, et cetera. What our analysis shows is that implementing this plan and offering these meters won't make the drought any better and it won't make the drought any worse. So if you're an existing customer Upcountry and you say, hey, the last ten years, you know, I don't like that I didn't have quite as much water as I wanted all the time. Why is the County giving more meters? Well, if we do this, we'd basically be giving away meters equal to this found water I'll call it and the overall risk of drought does not increase or decrease. But again, we could do the same plan and not give any meters and just hold that water in reserve for drought reserve. This is a huge policy question that again, the Council is going to need to discuss. What we've tried to do in this presentation, all the earlier engineering gobbledygook was really just so the Council can understand how implementing this plan would affect these policy issues and then talk about these policy issues that if this is what you want then you like the plan and if you don't like the plan it means you like some different policy issues. And in this debate we will have to split some hairs about what are the County Council's answers to these priority policy issues. Some final thoughts, everything you saw today is consistent with the Draft Upcountry Water Use Development Plan. That's still on the website, you can go ahead and read it. Some of the things that that talked about were drought pricing, conservation-based pricing, establishing criteria for

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reliability standards, system optimization. The Draft Plan says for the Water Department to do all that. Two weeks ago in this Committee when the Commission on Water Resource Management folks were here and we talked about the Water Use Development Plan, we told you that we were not throwing away any of the work that was done and this is what we mean, all of the work that Carl Freedman did though it might not end up in the Water Use Development Plan, it all got wrapped into this analysis you saw today. We're saving the Water Use Development Plan for future issues about future sources and the competition between ag, between us, between other users, that's what it's for. We don't need the Water Use Development Plan to get into CIP planning. So we're taking all the great work that was done that is really about infrastructure planning and we're wrapping it into these analyses which can happen much faster. We don't need to wait. There are similar analyses going on in the other areas. West Maui and Central Maui are just a couple of months behind. We're gonna be following the same basic procedures and the, even the...how we show it to you will look almost identical. Obviously the solutions will be a little bit different because the situations are different. So the proposed plan maximizes the use of high level water and existing infrastructure. Any additional efforts would be in addition to this plan not instead of this plan. So in summary, we looked at a quick history of the Upcountry meter situation. We went in a very detailed description of how the system operates to see what exactly are the problems? Then we took those problems, came up with a plan to resolve it over the next few years and we compared that to these policy issues. What has to happen next is we need feedback at this point from Council on these policy issues. Do you like this plan? If you like this plan, and like the policies it represents, we'll know, we'll move forward. If you don't like the policies it represents, we'll know that too because you'll have to tell us. We'll use that to fine tune and come up with a different plan. We're at the point now we've done enough foundational work that we can iterate pretty quickly with the Council based on how you want to resolve these policy issues, we can come back relatively quickly with updated plans to meet your policy objectives. But at this point, I think today is really a major shift. I think over the years the Department has not had enough information to tell you the real options open to you. That changes today. I think we've done enough work. We're ready to have these policy discussions and we're ready to start making some decisions and we look forward to, to doing so. As far as thank yous I want everyone in the audience and in the community know how hard the Staff has worked on these things. You can see there was an enormous amount of work through our operational groups, our engineering and planning groups, our fiscal groups, everybody worked on this. And I especially want to thank the public and the Council for giving us this year and a half to do this detailed work to get to this point where we can talk about this intelligently. I think we're at the stage where we can really start making decisions. I appreciate Chair Victorino's allowance for us to use so much time in this Committee to bring everybody up to speed. So I'm sure there'll be lots of discussion and questions and we look forward to moving forward with the Council on these issues. Thank you.

CHAIR VICTORINO: Thank you, Mr. Taylor. This was very, very enlightening. So without objections, I will...

...(applause)...

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CHAIR VICTORINO: Gee, Mr. Taylor, I never got that much and, and applause before. Anyhow we'll take a brief recess and reconvene in a few minutes. This Committee stands in recess.
...*(gavel)*...

RECESS: 9:59 a.m.
RECONVENE: 10:02 a.m.

CHAIR VICTORINO: ...*(gavel)*... This Water Resources Committee meeting for September 18th will reconvene. Mr. Taylor, I've got to say that was an excellent presentation. I mean at least we see a light at the end of the tunnel which for the longest time in the 11 years I've been around this water business with the Water Board and now on the Council, I thought I'd never see that light. So I'm very thankful and thank you for sitting down with me many times working on this and all your efforts and your entire team I thank, and let's give them a big hand all our team members that are here today. Thank you very much.

...*(applause)*...

CHAIR VICTORINO: We have one testifier. I wanna let that person testify and then we will allow the Mayor with your permission to say a few words and. . .and then we can move onto questions and answers. So the only testifier left unless somebody else runs in and signs up is Mr. ... Dr. Richard Pohle from the Upcountry Meter List Association, UMLA. He's the founder. He would like to give public testimony. Dr. Pohle?

MR. POHLE: Thank you very much. It is hard to express my appreciation of that fine briefing. Finally we are being presented with an opportunity to work holistically with the policy setting by the Council and some real intelligent Administration talent by the Mayor and his Water Director and I thank you for that. I have a few comments that are unprepared for. There is a feeling that everyone on the Meter List wants water. That's not true. The Meter List is basically a hollow list. It's a free list. You sign up and you know that you have entered at a particular time. People that actually want water I would estimate is 10 percent and I know this from the apathy of when I tried to organize the Meter List I had very little support. They really don't want water. They...10 percent want water now. I think you will be pleasantly surprised that if the policy is set that meters will be awarded on demand, you will find that if people knew that, they would not really all rush for meters. And it would be nice to have the policy set so that people can get funding because they know that meters will not be used as a barrier that their property values become worth a lot more. Now I think we've seen Mr. Taylor knows the system. If you, the Council, just define the priorities as he's asked, he could run through a...with his spreadsheets he could run through and give you a rate structure to do exactly what you wanted, given those policy priorities. He knows the system, you know what the public wants. That's why I've always said, you need to set policy and the Mayor has agreed with me. The reason I have been advocating for Piiholo South Well purchase is because that was the only new water that I could find. The Waikamoi Flume did not qualify as new water. Okay. So that's why I've been so adamant. But with this policy, if you change the policy then you don't need to necessarily to purchase that well. And I really liked his approach where he said that he has the authority or the Mayor has the authority in drought conditions to change the rate structure. Conservation is best

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preserved by, is best achieved by increasing the price when you need to. So he's touched on that. Now regarding the Meter List, I have the letters and did a little analysis on it. And there were six people that would find out that they would be disconnected if they didn't accept the water, but mainly there is required 18...18,000 feet of six-inch pipe and 3,500 feet of eight-inch pipe in these requirements. No one should be digging a ditch and filling it with a six-inch pipe. That pipe is already obsolete. It's not required in the farm...in the agricultural thing, but you know, if you're gonna dig a ditch, it really might...you might as well put it an 8-inch pipe because not only do you have to satisfy the requirements for Rural, when you build a house they will look at this ISO document and determine what your house needs for fire flow. And if you have a six-inch pipe, the people on the...in the Department will limit the size of your house. So if you're gonna put a pipe in, put in eight-inches. And I think I've exceeded my time but I really once again would approve...appreciate and I think I bump you up to a one. Thank you very much.

CHAIR VICTORINO: Thank you, Dr. Pohle. Questions for the testifier for clarification purposes? Seeing none, thank you, Dr. Pohle. Dr. Pohle was the last person signed to testify. I will give everybody one more chance if there's anybody in the audience who would like to testify, please come forward. And seeing no rush to the podium, with no objections, I will close public testimony for this morning.

COUNCIL MEMBERS: No objections.

CHAIR VICTORINO: Thank you. Thank you.

...END OF PUBLIC TESTIMONY...

ITEM NO. 14: UPCOUNTRY WATER METER ISSUANCE (CC 12-97)

CHAIR VICTORINO: Okay, so let's, so let's get started. First of all, again, Mr. Taylor we've thanked three times, so I don't think I have to do that again. What I'd like to do is this morning allow the Mayor to say a few words, and I wanna thank the Mayor for his allowance of Mr. Taylor and the Department to work on this plan over the last year and half plus. You know, as I mentioned to the Mayor earlier, I think when it comes to water issues he and I think very much alike. We wanna make sure people Upcountry have water, simple and no, no other statement needed. So at this time, Mayor Arakawa, I will welcome your opening comments please.

MAYOR ARAKAWA: Thank you, Chair and Council Members. Good morning.

CHAIR VICTORINO: Good morning.

MAYOR ARAKAWA: I really want to take this opportunity to thank all of you for being so patient. You know this issue has not been something that's really simple that you could just dive into and say instantly I've got a solution that's palatable to everybody because there were a lot of things that needed to be researched. And I do wanna take this opportunity to publicly thank everyone in the Water Department for putting together such a diligent effort to be able to come up with this

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report and these conclusions, because you'll notice many of these conclusions are not necessarily what the policy has been before, so to change the positions, the...because of the study it took a lot of intestinal fortitude by the Department members and the conviction that the studies were actually correct in what they're coming up with. It's a different way of looking at things. It's not the status quo, and quite frankly I believe that it's much more correct than it's ever been before. It also begs that we, as policymakers, as the decision makers who are going to be moving the County forward have to take some real tough stands and make some real hard decisions. You're looking at what we really have as source. You're looking at changing the policy that's been existing for a long time. This Water Meter List in my opinion has to be dissolved in order for us to move forward. It puts too many restrictions on how people can get water even when they're on the list. So it's creating more of a hazard than it is a solution at this point. We also have to recognize the realities. You know, this study is showing us very conclusively there is a finite limit to how much water we have in the Upcountry area, and that there is going to be an additional cost when we start developing low level water and having to move it Upcountry. So as we're making policy decisions as to how we're going to be able to develop a lot of the things that people want to develop, there has to be the cost put into that factor, a very realistic cost. And we can give you the realistic cost, the pumping cost of water up to the higher levels, the cost of distributing it, the cost of what it's going to be taking to be able to put in systems. What you as policymakers are going to have to make some of those real tough decisions that basically you're gonna say, if people are going to be continually increasing the demand in the Upcountry area, we're no longer going to be able to provide low cost water. There's going to be some tough decisions as to what those water rates have to be. That's just the, that's just the real world. There's no getting around those. So I'm going to ask all of you, you know, please think this thing through carefully and look at what's being presented. We're trying to be as factual as we possibly can giving you the data you need to be able to make good, tough decisions. And I'm very confident that each and every one of you knows how you need to be able to progress through the system to be able to take care of the public, now and long term. This is a solution that we've been waiting for for a long time to get rid of that Water Meter List. People have been waiting for decades, decades. And there are many people that have suffered severe financial losses because of this Water Meter List. Let's get rid of it once and for all. During drought situations, we need the ability to have a hammer to stop people from abusing water use. And the rate structure that's being opposed allows us in those short periods of time to be able to use, to create that hammer, and I ask you to please look at that structure very carefully because it's something that will allow us to be able to if not to stop people from using water then the additional cost to bring water from a distance it's going to be able to cover some of those costs. You know, the people that are abusing the system and forcing the need to pump more water should be the ones to pay for it. So there is a balancing of what your action does and the reaction that it creates. And I think that this is a very realistic approach to being able to solve some of those solutions and hopefully, you know, we never have to use these solutions, but at the same time, we need to have them available if the situation occurs. We're trying to be real about what's happening and what's being proposed to you right now is as real as we can get. It's taken us this time to get to this point, but this is what you've been asking for. There is a solution to the Upcountry water meter situation. You have it before you right now and I trust that you will go through this, you'll make very intelligent decisions and hopefully we can end this troubling system that we've had to this point. So Committee Chair Victorino, thank you very much for

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your patience in working through this because I know that not only in this Committee but also in the Water Commission you have to participate and you have to be very patient in what's being put forth. So it's been a long arduous task to get to this point, and you've had a lot of patience to be able to work through this, because a lot of this information has been very difficult to obtain and it's taken a very different mindset to be able to get to this point. We're very confident that we could do this. We're showing you what can be done if we take things logically and we work through it methodically. And again, we thank the Water Department for all of their efforts. So good luck. And hopefully coming out of this very shortly, you'll be able to review the proposal that we put down to change the system, because it is the system that needs to be changed, and this is not only Upcountry, this is for Maui County and in the different areas as well. So thank you very much and if you have any questions all you need to do is let me know and I'll come back down and I'll answer any questions you may have. Ed knows my cell phone number. I'll have it...I have it on all the time. Dave knows how to get a hold of me. I can be down here within a minute or two after you call. So thank you very much, and Mike, Mr. Chairman, if you don't have any need for me here right now then I'm going to go back to my office. Thank you.

CHAIR VICTORINO: Thank you, Mr. Mayor. And you know, I've got to say this, you know you have been a Mayor that's been very accessible to all of the Committees and to this Council and I wanna recognize that fact. You know, we...you know, we all have our differences but when it comes to working together you have reached out and your departments have been very gracious in working with us. So I wanna thank you and allowing--for allowing your, your staff and yourself to be available for whatever the Committee is, but especially Water. Mr. Taylor has worked awful hard with his Department and it's because you've allowed that too, because you know, a lot of times it takes extra effort and you've okayed that extra effort. So I wanna recognize you, Mr. Mayor, and before he leaves let's give the Mayor a big hand for his efforts in bringing this to fruition. Thank you, Mayor.

...(applause)...

MAYOR ARAKAWA: Thank you very much.

CHAIR VICTORINO: Okay so, what I will do now, Mr. Taylor...you know what, why don't we take our mid-morning break and then that way we can come back and really have a good hour, hour and a half of focus. We wanna try to be done by 11:30. So why don't I say can we be back by 10:25? That clock is correct. We have corrected the clock, okay. So 10:25 so that's about seven, eight minutes. That should be enough to take care, take care of your personal needs, be back and then we can get into some discussion. My plan today is not to take any action. It's really for informational purposes and then we'll move all the other issues up for...move it forward at a later date. So with no objections, I'm gonna take a quick recess. Be back at 10:25, gang, so we can get started. This Committee is in recess. ...(*gavel*)...

RECESS: 10:17 a.m.
RECONVENE: 10:25 a.m.

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CHAIR VICTORINO: . . .(gavel). . . The meeting of the Water Resources Committee for September 18, 2012 will reconvene. Again, ladies and gentlemen, we can get started with some questions and answers. We're gonna try to be done by 11:30 'cause I know a number of members have to leave. So I'm gonna start, with your permission Committee, I'm gonna start with Upcountry and the Haiku-Makawao representative give them the first shot because they're the most impacted by this and then from there. I'll limit it to two questions so that we can have everybody have a chance but Ms. Baisa you'll be the lead singer today. So Ms. Baisa, please take it away.

COUNCILMEMBER BAISA: Thank you, very much. I would have practiced my singing if I knew that, but anyway thank you very much for the opportunity. As you know, this is probably the premier issue of the area I represent, has been for more years than I care to think about. Ever since this Meter List was established it's been a problem. And I wanna thank you very, very much, Chair, for what you've done in order to bring us to today. This is truly a historic moment. And you know, when you and I came to the Council six years ago and you took the Water Committee, I remember one of my first meetings I asked Mr. Kushi about the Water Meter List and how we could get rid of it because I had heard so much about what a problem it was, and I got educated really early that the Meter List was there and it was a fact of life and that we would have to somehow figure out how to deal with it, and I never thought it would take six years, but it has. But I'm totally relieved about what I've heard today. You know, for several months now I have been in communication with Mr. Taylor who has been absolutely wonderful about sharing information with me and kind of, you know, telling me what he's trying to do and you know I wanna thank the Mayor first of all for hiring Mr. Taylor. I think that he's brought a guy who really has the knowledge and the dedication and the commitment to take us through our water issues. And Mr. Taylor, I wanna thank you for all the work in your Department that you folks have done in this area. It's been difficult to sit back and watch. And of course, everywhere I go I'm accosted by people who wanna know when they're gonna get their meter and why can't we solve this problem and all this stuff. But I've had faith ever since you came that somehow we would reach today and it's here and I wanna, you know, I just wanna express my thanks. You know, when we were looking at issues like the Piiholo well, I was criticized and why don't, why don't we buy it, why don't we buy it, and I knew that there were good reasons why we shouldn't buy it and I knew that you gonna come up with an alternative and I again, that's been taken off. We also have supported the money for the Flume, for the repair of the Flume. We also supported the opening of the H'poko wells and these now become integral parts of trying to solve this problem so I'm very happy that those issues, that those decisions were made and that I was able to be a part of it. What I am very excited about is you mentioned that several ordinances will be coming down for this body to deal with, and those are not going to be simple decisions and of course, there will be many more questions, but you know, I really can't question the ordinances until we see them. And we have many more issues to think about because even though we make meters available, the concern about how we pay for them is what this body is gonna have to deal with. It isn't about do we have the water, it's how we're gonna pay for the things that we have to do to really follow through and solve this problem. And so, rather than having a lot of questions for you, I really don't at this point. I plan to wait until those ordinances are transferred to Council and we have the meetings on them and at that point, of course, we're gonna get into details about who and how much and how we're gonna take care of it. But we have a plan and I

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think it's a very reasonable plan. I'm very excited to be a part of being here at this moment in time when we finally can take care of a problem that's lingered forever, and I wanna express again my thanks to you and to everybody that's been involved in bringing us to today. So Chair, that's where I'm at this moment. Thank you.

CHAIR VICTORINO: Thank you, Ms. Baisa. And again, I can concur. I mean, you and I have hung around with this problem for six years, and then my five years prior to that with the Water Board--

COUNCILMEMBER BAISA: That's correct.

CHAIR VICTORINO: --you know, 11 years as I said of my life has been looking for the one answer, how can we provide water for the Upcountry users? And whether it was a Meter List or anybody, that was the big question. I think we've got some answers now. Again, I agree with you once those ordinances come down, once we get to see the reality and what the real costs are gonna be and then we're gonna have to make those hard decisions, and hopefully, after the election we'll all be here to do that.

COUNCILMEMBER BAISA: Yes, we hope so.

CHAIR VICTORINO: We hope so. Thank you. Okay, I'll go now to Mr. White from the Makawao-Paia-Haiku area 'cause you're the man that's most affected beyond Ms. Baisa.

COUNCILMEMBER WHITE: Thank you, Chair. And I don't want to add too much to what Ms. Baisa already said about Mr. Taylor because his head is already swelling--

CHAIR VICTORINO: Yeah, it's kinda, kinda swollen but I've been pushing it back from here.

COUNCILMEMBER WHITE: --but I think we all are very, very happy to see this come to fruition and I think beyond just having this product, just the scope of the, of the work that was done and the clarity with which the Department is presenting it, I think it brings it, brings it to light in a way that's gonna be easier for everyone else to understand, including ourselves. Are we asking questions of Mr. Taylor at this point or...

CHAIR VICTORINO: Yeah, I would be asking questions of Mr. Taylor 'cause we're not going to ask questions of the Department. I mean, he would be...the Department today.

COUNCILMEMBER WHITE: Yeah, and the question that I have--there are no page numbers on the presentation, but if you go...it's seven pages from the back, the funding option pages, the one that shows the different percentage rate increases and the different 5/8 inch meter fees and comments, and the one prior to that that shows funding options. The question I have is it looks to me--I just wanna clear this up--it looks to me that the one showing the rates and the 5/8 inch meter fee that those rate increases are a short-term reliability increase not necessarily tied to the long-term rate increases shown on the previous sheet that seemed to be more focused on CIP spending. Can you, can you explain to us the correlation between the 5/8 or the five-inch, I'm

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sorry, the 5 percent increase, the 12 percent and the seemingly lower percentage increases on the previous sheet?

MR. TAYLOR: Yes, I think I can explain that. There's a little bit of...a number of things shown on these graphs. Basically just to put it in ballpark numbers we need to spend about \$20 million a year in Capital Improvements just to keep the system operating, to replace things as they need to be replaced. In order to pay for operational costs, plus that part of CIP, the rates will have to go up about 5 or 6 percent every year for the next 20 years or so. That's what it takes just to do status quo. Now if on top of that we are also going to do system expansion for new users, let's call that an extra 10 million or more a year, so then the question is how do we pay for the extra 10 million? We can either pay for it by raising rates even more or by raising meter fees. So there's a little, a little of both in some of the graphics, but I think that's an explanation of what you're looking at.

COUNCILMEMBER WHITE: Okay, the question in my mind though is your CIP graph, I don't think the rate increases are 10 to 12 percent or the 8 to 10 percent range because they'll be much higher at the end of 18 years or whatever this graph covers.

MR. TAYLOR: There might have been some extra, some extra dollars added between...these weren't generated at the same time. They're not, they're not actually part--

COUNCILMEMBER WHITE: So they're not tied to each other.

MR. TAYLOR: --they're not a 100 percent consistent.

COUNCILMEMBER WHITE: They're not tied to each other.

MR. TAYLOR: They're not tied to each other, no, that's correct.

COUNCILMEMBER WHITE: Because when I look at the projected growth in the monthly water charges over that term, it doesn't...it seems acceptable or seems, you know, quite reasonable. So I just wanna make sure that this 10 to 12 percent if we go that route that that's a short-term amount. It's not really tied to CIP; it's tied to other factors.

MR. TAYLOR: It's tied to growth, and the fact is if we continue to fund things Countywide through rates and not through meter fees, now that depends...you saw an Upcountry plan today, what if this isn't enough water and you want another 2 million gallons Upcountry? What if Central needs another 10 million gallons? Depending on what else is needed, these numbers float a little bit because they're not tied down to any clear goals yet. So that's why they're wide ranges, they're not 100 percent consistent. They're supposed to get us into the ballpark to understand what ranges we're talking in, because there's still a lot of unanswered questions into how much growth is there going to be, what is the Department's role going to be in funding that or not and how that's going to be divided between rates and/or fees. So there are so many variables in the air that it's just impossible to really nail numbers down to really any precise projections.

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COUNCILMEMBER WHITE: Okay. I'll reserve my other questions, let others move ahead. Thank you, Chair.

CHAIR VICTORINO: All right, thank you. And now I'll move to East Maui, and then I'll move to the Vice-Chair. So East Maui, Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. Since we're into discussion over here looking at the possible funding options that have been outlined. The first option over there, as far as I'm concerned can't even be on the table, because it would so adversely affect new home prices that it would be really, really difficult. The second and third options, the second option, it would maximize water conservation, because the rates would be spread out and obviously they would be higher rates and as we all know, higher rates always work to toward conservation of water. The second one over there is still conservation would occur and it might seem fair but still yet I'm concerned about the impact on our economy and new home development. I think those are the things that we need to consider as we consider these rates, what the impacts are going to be on the industries that we have out there, and especially we're talking about affordable housing and other housing, what impact is this going to have? You're number two option would have the least impact on new housing obviously because \$6,300 would be the price for a meter, that would be the price put on a lot and a new home. I think those are the two things that need to be foremost in our thoughts as we proceed over here, not just the viability of the system and how to make sure that it's viable in the future, but of the impacts immediate and in the future that it's going to have on our housing and possibly other, farming and other things that would be impacted by these upfront meter costs. Thank you.

CHAIR VICTORINO: Mr. Carroll, thank you. And again, everything's on the table and I think that's something we've gotta understand and this is where we're gonna make the decisions. We're gonna have to sit down and discuss it, gonna have to take and, and as we get closer and these various policies and ordinance come down from Mr. Taylor or come up from Mr. Taylor, we're gonna have to have more firm numbers. Right now these are general numbers. So let me assure you nothing is in stone right now. This is very fluid at this point. I think I just want the public and you to understand and all of us understand that what we're trying to do now is just to give us that light at the end of the tunnel and the direction where we're gonna turn. So nothing's this is the way we're gonna do it. I just want you to know that, Mr. Carroll. Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. I realize that from your opening statements and I realize this. The reason for what I have said is that I think we need to be considering this between now and when these figures come down.

CHAIR VICTORINO: Yes, yes, excellent.

COUNCILMEMBER CARROLL: The impact that it will have. Thank you.

CHAIR VICTORINO: Absolutely. Thank you, Mr. Carroll. Absolutely, you're absolutely correct and we will. I guarantee you we will all be looking at it very carefully. Mr. Pontanilla, the Vice-Chair, sorry.

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VICE-CHAIR PONTANILLA: Thank you, Chairman, and thank you, David, for this presentation. You know, I can support the...I'm glad you made the draft Upcountry Action Plan, I think it gives us a clear understanding as far as what direction the Department wanna take. As far as the rate structure, you know, I can support something like this but it need to be discussed. One of the questions in my mind in regards to this rate structure is that, you know, I'm looking at the 5/8 inch meter area and how many or what is the average usage and my question, and you can, you know, answer it if you want or not or put it in writing, the average usage by majority of the residential users in this County? I'm assuming that the proposed rate structure is for total of Maui County.

MR. TAYLOR: Thank you, Member Pontanilla. First, let me assure you that when we come down and talk about the individual ordinances including the budget ordinance to establish emergency drought rate ordinances, it will be more precise than what you have in front of you. What you have in front of you is a draft conceptual plan. We're already working on the final plan. The point of showing these to you today was just so that when we send the final ordinances down; you'll understand where it fits into the big picture. We didn't intend to have a detailed discussion today about the pluses and minuses of different language in those ordinances and we'll have those discussions.

VICE-CHAIR PONTANILLA: No, I understand.

MR. TAYLOR: We just didn't feel like in Budget and Finance Committee we're gonna be able to explain what we explained this morning about why we need this. So to answer your question, average usage for a 5/8 inch meter is about 16,000 gallons a month I believe. I think that's about correct.

VICE-CHAIR PONTANILLA: Okay, that would be how many gallons per day about?

MR. TAYLOR: I can't do math in my head, I don't know how much.

VICE-CHAIR PONTANILLA: Okay, that's okay.

CHAIR VICTORINO: About 800 gallons a day if I'm not...16,000 divided by 30 days if you average it out--

VICE-CHAIR PONTANILLA: I can do the math.

MR. TAYLOR: Carl's in the audience...(inaudible)...he can do math in his head.

CHAIR VICTORINO: Yeah, 550 gallons a day more or less.

VICE-CHAIR PONTANILLA: And the other question and last question I'm gonna ask you 'cause I think and I know we're gonna be meeting on this later on is the, you know, I look at the water system as one system, meaning Central Maui connected to Upcountry so that, you know, when

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you have these peaks and valleys that somehow you know, if you do this integration if we can support it, you know, support the valleys I guess by integrating both Central as well as Upcountry. Comment?

MR. TAYLOR: As far as that, something like that may happen. I think it would be contingent upon the East Maui source development. If you can imagine a string of wells out towards East Maui that would connect to the Central system around the H'poko wells near Paia, at that point you're only a stone throw from the Kamole treatment plant. You could physically connect these, use the East Maui water as buffer for wherever we need it. When we have extra water Upcountry, you could bring it down country, generate some power and then shut off the wells down here because the Iao aquifer works on a 12-month moving average. So you could shut them off and basically extend that. It, it can work. Whether or not it's worth doing is gonna take some more number crunching, but you're talking about things that aren't really far apart. Once the East Maui string is finished, everything converges near Paia. So nothing...so between Haliimaile where the Kamole plant is and Paia where that East Maui water would flow to the Central system, you're not talking about an enormous distance. Would it be worth it or not? I'm not really ready to say. It may, it may not be, but it could certainly be done.

VICE-CHAIR PONTANILLA: That's fair. Thank you. Thank you, Chair.

CHAIR VICTORINO: Alrighty, Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And you know, Ms. Baisa and Mr. White, you know, we're at the area that's mostly affected with what we're talking about here, said their part and you know, again, this is a discussion mode. But you know, that emergency drought rate ordinance, whatever that will be coming to us to further, you know, discuss details on it, I'm assuming that's going to affect Countywide including West Maui?

MR. TAYLOR: Yes, the intention of that ordinance, and we're working out language, is that it could be anywhere, but it wouldn't be everywhere at the same time. For example, if on Molokai there was some huge outage it would only affect there. Hana, Central, it could actually be even smaller areas maybe just Haiku and not Upper Kula. So because it could be just a part of the system that we have a problem with, we're trying to write in such a way that it allows that flexibility to say this area, these customers in this area, we cannot meet their demands due to some short-term event that was not foreseeable.

COUNCILMEMBER COCHRAN: Right.

MR. TAYLOR: So we'd like to keep that as wide as possible and yes, we need it to be Countywide or pieces of the County as need be.

COUNCILMEMBER COCHRAN: Right. Okay, I'm looking forward to that further discussion. But Director, were you watching when CWRM's director was here the other day or you were here? It was quite interesting the comment he made in regards to globally how this island or this County can be kind of the forefront in perhaps food security issues to, you know, address

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globally. So I'd like to make sure that we're not gonna hinder ourselves in the bigger foreseeable future because of a drought statewide. You mentioned 50 percent states are in drought situation. You know, that's affecting food supply, so...and other countries are buying up tracts of land in Africa because of their food supply issues. We still have that potential here to be the source for others to feed, you know. So I'd like to make sure that we're not going to hinder that type of economy, you know, and to provide for ourselves and others in the future too with the water rate structure and things that we're gonna be deciding on. So I think it's important to keep that in mind, at least I will at this point and carry that through our discussions. So thank you. Thank you, Chair.

CHAIR VICTORINO: Thank you, Ms. Cochran and I think everybody has...you know, that's one thing about this Council we have nine people, have nine different ways of looking at things on the same problem. So you bring whatever you want to the table and everybody else will and I think we'll come at the end and then we'll make a decision and that's what we're here for. And so I thank you for your statements and everybody's up to this point. Mr. Hokama, you're next.

COUNCILMEMBER HOKAMA: Thank you, Chairman. I guess I'll prefer to wait for the financials once it gets to Budget Committee and Mr. Pontanilla jurisdiction. But maybe I can ask the Director some other, other areas such as have you folks thought about increasing categories or breaking down general into subcomponents, whether it be Residential, Business-Commercial and view different rate structures for different type of uses.

MR. TAYLOR: We've discussed that. Right now, the Department's in the midst of shifting over computer systems, because the City and County of Honolulu, Board of Water Supply does our billing for us. They're shifting computer systems, so are we. Most of the Staff who, in fact all of the Staff who deals with the issue you're talking about for the last year at least have just been using every waking moment to just deal with that. So as far as might we do that, can we do that, we just haven't really any in-depth discussions about what it would take because our priority has been this shift over in billing systems. So we just haven't gotten into the depth of what it would take to do that, would it be practical, could we sort through at dealing with these different users and what would our process be to assess what are they really doing at these sites? We certainly discussed it. Right now we're...nothing's been written down and we're not ready to, to really give any input on whether not it might be good or bad or otherwise.

COUNCILMEMBER HOKAMA: I mean if it's a issue of hardware, additional software for your computer needs we can handle that through budget considerations.

MR. TAYLOR: I think it's more of an issue of how do we deal with somebody who has a meter who we don't really know what they're doing. We're gonna have to send somebody out there to sort of assess what are you doing on the site? And you know, it's a house with part a home business and they say hardware out of their garage and you know, who knows what they're doing. So we try to deal with our 35,000 customers namelessly, if you want to, electronically due to their usage and the size of their meter and not with their individual habits, because at that point we have to start putting a lot more man hours rather than hardware, software. So I think that's really the difficulty with what you're suggesting is all of a sudden we're gonna have to start adding

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man hours to assess what's happening at these sites rather than just simply, you know, meter size and usage which is a largely automated function.

COUNCILMEMBER HOKAMA: Well, if the Administration moves forward on the Council's request regarding upgrading our real property tax systems then half of your battle is already solved. Okay. So it's just an opportunity. I don't see this as setting us back. But it's not gonna be a problem. The B&Bs, the short-term rentals are gonna be licensed accordingly. So it's not a problem to know that they're a business. Okay. And maybe we should view those type of properties with different rates including water when you operate a business. You know, if they want to keep their property in a level that promotes additional or future clientele to use that business. So I'm willing to look at different rates within that area. But one thing I had hoped you would have shared with the Committee, Director, is how you folks would like to approach making sure that the agricultural component and you heard, you know, every Member I think has a sense of how we'd like to maintain viability in the agriculture component. How more, what I can say, you know, if you would come up with something that says, to keep Maui County's agriculture viable particularly Maui island Upcountry with its unique crops whether it be Kula onions, carnations, protea, we should consider maybe "x" amount that needs to be ensured regarding allocation of whatever we have if we wish to keep Maui green in a certain component as part of our overall marketing for our visitor industry or whether it be just for local businesses to have that additional marketing advantage. Are you folks, have something prepared to say at another meeting or is that something that's not part of the current process?

MR. TAYLOR: I can, I can address that right now.

COUNCILMEMBER HOKAMA: Thank you.

MR. TAYLOR: I think it's ...it goes deeply to these policy issues. Cutting through all the numbers, I think if you all just look at it this way, let's say we found 2 million gallons of water for Upcountry, that's essentially what we've done. We found through optimization, efficiencies, some new infrastructure about 2 million gallons a day. We can use that 2 million gallons for a number of things or divide it among those things. We can use it to keep aside for drought relief. We can issue it all for new meters. We can keep it for agriculture. We can put it back in the streams. We can use it for business. We can divide it 25, 20 percent between all those. We can leave one out and divide it, you know, 50/50 between two of them. This is really the core policy question for you. What we've shown and what we've heard over the years is that the Meter List, the Meter List, the Meter List is what everybody wants solved. So essentially, we're looking at allocating all of this found water if you want to call it that towards the Meter List. If the Council feels that that's not the best use of this water that it should be used for one of those other purposes then that will be your policy and you won't like this plan. You will like a different plan. That's why we're here. So what we presented is what we believe is your policy priority is the List. If that is not the case, then we just need to know. And again, if the Council tells us look, let's just, let's just allocate half of it to the list and save half for agriculture, we'll modify our plan and we'll do that. So this is a core prioritization issue which is really a policy issue and we're ready to work with you and implement whatever you like.

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COUNCILMEMBER HOKAMA: Okay, thank you. I appreciate that comment, Director. I think that was very accurate. So can this Committee assume that you do have some of those historical statistical data regarding pumpage requirements for Upcountry ag and whatnot available for us to kinda take into account prior to us formulating adjustments to your proposal?

MR. TAYLOR: Yes we do.

COUNCILMEMBER HOKAMA: That would be appreciated. I mean, coming to the list since in my Committee I just received this nice, fat document called Kula Ridge. How is this project which has been approved by the State Land Use Commission that is not part of this one thousand so many requests, is that correct?

MR. TAYLOR: Yes, they are.

COUNCILMEMBER HOKAMA: It is in?

MR. TAYLOR: The Kula Ridge project is on the list, I don't know, but I think they're around 1,000, somewhere around there. I don't remember the exact number, but they are on the list.

COUNCILMEMBER HOKAMA: Okay, okay. So how does a project...it goes on the list when they apply even if it's not an approved project. Is that correct

MR. TAYLOR: Can...(inaudible)...

COUNCILMEMBER HOKAMA: Can you get on the list if you're not one approved project or something.

MR. TAYLOR: I think Mr. Kushi's best to address who can sign up on the list.

MR. KUSHI: The answer's yes as long as you own a property.

COUNCILMEMBER HOKAMA: Okay, okay.

MR. KUSHI: Now whether or not you develop that's another issue.

COUNCILMEMBER HOKAMA: Okay, okay. Kula Ridge has a ten-year clock set by the Commission to fulfill infrastructure requirements. So at least the Commission understood the importance of a timeliness. And then one quick one, has the loop system where whereby we try to connect, interconnect everything, so that, you know, we serve everything through a loop program. Is that part of the consideration or that was considered but didn't make financial or operational sense, Director?

MR. TAYLOR: That would be something that regardless of whether anyone else gets an extra meter would be part of our Capital Improvement Program based on, you know, prioritization and

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funding. So that isn't part of this, though that...improvements to the system itself are an independent issue about--of what we talked about today.

COUNCILMEMBER HOKAMA: Okay, I just bring it up 'cause I thought that would have been part of the optimization component whereby we try and integrate and loop everything together if it made sense.

MR. TAYLOR: The first phase of the optimization component was really optimization for reliable capacity, for the volume and the water quality not for operational use. So as we move forward with this internally, we may decide to add loops and add a tank here or there, those kinds of things, we're not, we're not at that level of detail of the analysis yet. But that's something, again we would do independently as we move forward.

COUNCILMEMBER HOKAMA: And real fast yes or no on the last question. I'm sorry, Chairman, real fast. Is this, you know, on your chart you show a second meter and upgrades, is that part of the one thousand so many on the list?

MR. TAYLOR: Yes.

COUNCILMEMBER HOKAMA: So they already...some people already have meters, they want just another meter.

MR. TAYLOR: That's correct.

COUNCILMEMBER HOKAMA: Okay, thank you, Chairman.

CHAIR VICTORINO: Thank you, and again, you know, I remind the Members, today, you know, ask questions, but again there's still a lot of things that have to be worked out, a lot of things that are gonna be brought down by the Department and so you know, sometimes I know Mr. Taylor's a little reluctant or he may not even really have the answer at this point in time, because you know you haven't gotten to that finite detail that you might be looking for. So please be patient. Again, this was the overview, this was the beginning, and this will continue with our assistance and this is why Mr. Taylor will be bringing this down to us in the future for us, the policymakers, to make decisions on. So it's not like he's gonna make the decision nor the Administration. We're gonna have the final say in many of these areas so we all have to keep an open mind to all of the suggestions that are brought forward. And like Mr. Hokama and Ms. Cochran and everybody else who's here today brought up ideas. Hey, they've all gotta be incorporated and then we make a decision on it. Last one, Mr. Couch?

COUNCILMEMBER COUCH: Thank you, sir.

CHAIR VICTORINO: And welcome to our meeting 'cause you haven't come for a long time. I missed you. Thank you, sir.

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COUNCILMEMBER COUCH: Thank you. Mr. Taylor, you sort of answered the question, but I just wanna double check. You talked about assuming no ag increase in all this and as Ms. Cochran and Mr. Hokama mentioned that ag is important and I think it's gonna need to increase. So is there a way you can come up with some words when you come up with the actual numbers to include some of the increase in ag, 'cause I'm assuming that there's gonna be an increase in ag because of our push towards sustainability, et cetera?

MR. TAYLOR: Let me be clear. During my presentation, I mentioned that this plan assumes that the usage that when the Upcountry agricultural line is installed that the usage of the agricultural consumers who are currently our customers. So right now, right now those customers are doing agriculture with potable water that comes from the Olinda treatment plant. We're using high quality water for low quality purposes. The purpose of the ag line is to go right from the source, around the treatment plant and back to those same customers. So instead of coming off of the portable water line he'll come up on the ag line. So just imagine, same customers, same usage what will happen is we won't be wasting money treating their water to drinking water quality. If that's what happens, now some of those people are already doing agriculture off our line, we're not subtracting them. So if, if the agricultural line doesn't increase their usage then these numbers work. If the point of the agricultural line is or now those users or more users wanna use this cheap water then that water is being diverted. The agricultural line is not making any more water. It would take away from this water. So it goes back to the question before is...that Member Hokama asked, we have this 2 million gallons or so found, do you want to allocate it for domestic housing needs? Do you want to allocate it for increased agricultural needs? It's a choice.

COUNCILMEMBER COUCH: And you're gonna have those numbers available for us when, when it comes?

MR. TAYLOR: I'm not sure what numbers I would have. It's...there's the people on the list, how many people are out there that would like to expand their farming. I have no idea. I have no way to know that.

COUNCILMEMBER COUCH: All right. The other question I have was you talked about on one of the slides about ration, rationing the allocation after the list is gone. What, what is that? You kind of skipped over that part.

MR. TAYLOR: Basically, I did kinda skip over it. The water availability ordinance, "Show Me the Water", essentially rations allocation. What I talked about is once we go through the first round, we go through one, then two, then three, then four and we get, assuming we get through the whole list. Now there's no more list. So somebody runs in and says, well I wanna do a--let's say we have a couple 100,000 gallons left and they come in and say, well okay, I'm first, I wanna do a 300-unit subdivision and we have enough water, unless there's an ordinance that says we can't give it to the guy, we've got to give all the rest of the water to this guy. So this is gonna be the last of the relatively inexpensive water. So as we get closer to that point, call it a couple of years from now, you may want to set up an ordinance that defines once the list is gone how much water any one user can have. The water availability ordinance or "Show Me the

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Water” now limits the subdivision process. It does not limit water usage or water size for a particular parcel. Somebody can come in with one lot, build a huge high rise and use 50 million gallons, you know, 50 thousand gallons a day. It doesn’t limit that. What I’m saying is water is going to always be scarce Upcountry. I mean, we have to own that fact. There’s never going to be water flowing everywhere. So if we have this extra after the first round, you may want to make sure that we ration it for moms and pops rather than for large subdivisions. Again, that will be your policy choice.

COUNCILMEMBER COUCH: Thank you, Mr. Chair.

CHAIR VICTORINO: Thank you. And again, the “Show Me the Water” bill has been preempted by the Upcountry Water Meter List all this time. It is not excluded, it’s preempted. So let’s say this was to occur and we were to get through the Water Meter List and then get to this end then the “Show Me the Water” bill would kick in with all the applicable rules and regs and all the different exemptions and all that that we have. So I don’t see that happening the way you’ve just described it. However, we’ll take a look at it. But before I put the cart before the horse, I gotta get this part done. So I think we need to get this completed, Mr. Taylor, and then look onto the other parts. But “Show Me the Water” is applicable to Upcountry, but has been superseded by the Water Meter List. That’s why a lot of times we say, in and we exclude the Upcountry because of the Water Meter List. But once the Water Meter List is taken care of and it’s no longer existent, “Show Me the Water” kicks right back in. It is part of the Code for the Maui, for Maui County. So again, just so we’re all clear on that and we don’t get the two issues mixed up. Mr. Taylor, I want to thank you very much again. Today has been a very enlightening session. I think the public now especially the Upcountry area, Ms. Baisa and Mr. White, I think, I think are excited to hear what’s going on and again, the term, “the light at the end of the tunnel” is even getting brighter as we talk today. So it was a dim light, now it got kinda brighter. So I’m excited about that. What I would ask if any Member has specific questions, suggestions or ideas for Mr. Taylor if you’d forward it to me so that I can make sure it’s on the next agenda when Mr. Taylor starts bringing up these issues and I can forward it to him so he knows what you’re thinking, what you’d like to see. Mr. Carroll, whatever, whomever has ideas, please let’s forward it to the Committee and I can forward it to him so that when we have the next meeting on this subject matter we have a cohesive, you know, questions and answer period. And maybe even when he’s ready to bring it up, he’ll give us some ideas. Have a pre meeting to give us where we’re at and like what he’s done in the past and that’s something I’m very thankful, Mr. Taylor, you’ve always been very open to share with this Committee and the public what’s going on, and I think that’s very important because I think an educated public, an educated Council can make good decisions. I think when we don’t have the right information, it makes it difficult. So again, Mr. Taylor and to your entire Department, to the Mayor, I say thank you, thank you, thank you and I can’t say anything more than that and I look forward to the day in the very near future that you’ll be sending down to Mr. Pontanilla’s Budget Committee your ideas on the drought, what I call drought rates for lack of a better term and for the other ordinances that hopefully will be coming down soon so this Council can start working on it. We don’t wanna wait. You know, it’s kinda like we’re hot to trot right now. We can taste it. So go ahead and feed us some more so we can get going. With no other objections and no other comments, I would like to call the meeting of September 8 [*sic*], 2012 Water Resource Committee --

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MS. WILLENBRINK: Defer the item.

CHAIR VICTORINO: Deferred?

MS. WILLENBRINK: Item.

CHAIR VICTORINO: Oh, defer the item. Oh, excuse me. With no objections--thank you for reminding me. I was just gonna adjourn, you know, keep it going. With no objections, I would like to defer this matter.

COUNCIL MEMBERS: No objections.

CHAIR VICTORINO: Thank you very much. Now may I adjourn?

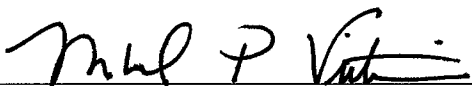
MS. WILLENBRINK: Yes.

CHAIR VICTORINO: Oh, thank you. I have to clear it with the Staff. With no other objections, the meeting of September 18, 2012 is now adjourned. . . .(gavel). . .

ACTION: DEFER pending further discussion.

ADJOURN: 11:07 a.m.

APPROVED:



MICHAEL P. VICTORINO, Chair
Water Resources Committee

wr:min:120918:ctc

Transcribed by: Carolyn Takayama-Corden

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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 October, 2012, in Makawao, Hawaii

A handwritten signature in cursive script that reads "Carolyn Takayama-Corden". The signature is written in black ink and is positioned above a horizontal line.

Carolyn Takayama-Corden