

BOARD OF WATER SUPPLY
COUNTY OF MAUI

REGULAR MEETING
MINUTES OF DECEMBER 20, 2012

The regular meeting of the Maui County Board of Water Supply was held at the Department of Planning Conference Room, 250 South High Street, Wailuku, Maui, on Thursday, December 20, 2012.

CALL TO ORDER

The meeting was called to order by Chair Kevin Boteilho at 9:00 a.m.

ATTENDANCE

Members present: Kevin Boteilho, Chair
John Hoxie, Vice Chair
Donald Gerbig
Robert Joslin
Michael Suzuki
James Rust

Excused: Patricia Eason
William Kamai
Cyrus Kodani

Staff present: Dave Taylor, Director
Edward Kushi, First Deputy Corporation Counsel
Gaye Hayashida, Commission Support Clerk

Also present: Kim Willenbrink, Legislative Analyst, Council's Water Resources
Committee
Jim Smith

ANNOUNCEMENTS

None.

APPROVAL OF MINUTES

Minutes of November 15, 2012

Chair Boteilho asked for approval of the minutes.

Motion: Member Rust moved to approve the minutes of November 15,
2012

Second: Member Joslin

Discussion: None.

Vote: Unanimous. Motion carried. The minutes of November 15, 2012 were approved.

TESTIMONY FROM THE PUBLIC

Testimony from Jim Smith

Mr. Smith reminded the board that they are a citizen board whose function is to oversee the executive and to advise the council. He urged the board to ask the council to recommit the water shortage bill back to the Council's Water Resources Committee for further review.

Mr. Smith's handout has been made a part of these minutes.

The Maui County Farm Bureau submitted written testimony which has also been made a part of these minutes.

APPEALS

There were no appeals scheduled.

UNFINISHED BUSINESS

None.

OTHER BUSINESS

Discussion on the Water Meter Issuance Provisions for the Upcountry Water System Bill

Director Taylor informed the Board that this bill passed second reading at the Council's December 7, 2012 meeting, but the Board is free to review it and provide comments to the council and the council can always take it back up again and change it.

Member Hoxie asked how long it will take to get through the Upcountry Water Meter list.

Director Taylor replied that it is difficult to estimate because there have been a large number of applicants since they introduced this concept. Originally, they thought they could get through the existing list in about 2 to 3 years. Since that time hundreds of applications have been submitted. It depends on how many more sign up and what actions the council takes on possible meter costs and assigning financial responsibility for improvements.

Discussion/possible action on the Proposed Bill Entitled “A Bill For An Ordinance Amending Chapter 14.06, Maui County Code, Relating to Control of Water Usage During Water Shortage”

Director Taylor explained that this “housekeeping” bill allows the next agenda item to exist. Though this bill alone doesn’t implement any changes it allows drought rates to exist in the budget.

Ms. Willenbrink stated that this bill was up for first reading at Council’s December 7th meeting however it was referred to the next council.

Member Joslin expressed his concern that there is no breaker in this bill and that larger families would be falling through the net. He felt that there should be something in the bill that allows the director to have discretion in hardship cases.

The director suggested that the Board could make a recommendation like that to the council. He explained that in drafting this bill they did discuss this. They were trying to be very careful into not seeking power for the department or for the director. This ordinance would establish protocols so there wouldn’t be much subjective decision-making. If the council decides to give the department or the director that authority they will use it as morally and ethically as possible.

Discussion/possible action on the Proposed Bill Entitled “A Bill For An Ordinance Amending The Fiscal Year 2013 Budget For the County of Maui As it Pertains to Revenues - Fees, Rates, Assessments And Taxes For The Department Of Water Supply, Water Shortage Rates”

Member Hoxie stated that rates look fine to him and the agricultural rate increases for Stage 1 and 2 are very small.

The Board agreed that their recommendation should include a statement on hardship cases for these drought rates. And after much discussion it was suggested that included in the Board’s recommendation should be language urging the Council to place a provision to address hardship cases.

Motion: Member Hoxie moved to support all 3 ordinances with the Inclusion of a provision to address hardship cases.

Second: Member Gerbig

Discussion: Member Hoxie stated that they will leave the exact language up to Chair Boteilho and Member Joslin.

Chair Boteilho stated that there is a motion and a second to accept the proposed ordinances and to formulate a letter to send to council with the Board’s recommendation and adding this one provision that they will be formulating.

Vote: Unanimous. Motion carried.

Director Taylor suggested creating a committee or appointing someone to go to these meetings and testify on this letter on behalf of the board.

It was suggested that the current BWS Investigative Committee be given the authority to attend these council meetings and give testimony on behalf of the Board. The committee members are Kevin Boteilho, Don Gerbig, Robert Joslin and Bill Kamai.

Chair Boteilho suggested that Member Gerbig speak as the Board's representative.

Motion: Member Joslin moved to expand the Investigative Committee's duties to include these ordinances.

Second: Member Hoxie.

Discussion: None.

Vote: Unanimous.

Ms. Willenbrink added that the Council Chair will refer this matter to the committee and noted that the committee meetings will start the last week in January.

Receipt of Board Member request for agenda items to be placed on future agendas.

There were no requests for future agenda items.

COMMUNICATIONS

At this time Member Hoxie asked for an update on the appeals.

Staff informed the Board that no appeals have been scheduled yet. And they are waiting for the Department's attorney to give possible dates to set up pre-hearing meetings between the attorneys for each side.

DIRECTOR'S REPORT

Update on the Islandwide Water Use and Development Plan

The director announced that the kick-off public meetings will be in January to inform the public of the newly revised Islandwide Water Use and Development Plan. The dates and locations have been set. There will be one meeting in each district of Maui Island; one for Upcountry, Central, South, Hana and Lahaina, and there may be more public meetings to follow.

These community meetings are meant to get input and comments on the technical work that the Department is providing. These kick-off meetings are an introduction to the process and to find out what the public sentiment is.

Once the department completes the plan it goes to the Board for their comments and recommendations to the director. After the director has reviewed the Board's recommendations he has 60 days to send the plan, revised or not, on to the council. Everything will go to the council - the Board's recommendations, the director's recommendations, etc.

Staff will send the dates, times and locations of these public meetings to the board members.

It was explained that these are not official Board of Water Supply meetings but rather public meetings which members may attend as individuals and not as Board of Water Supply members.

Mr. Kushi cautioned the board members by saying that no more than two members should attend any particular meeting because of possible Sunshine Law issues.

DIVISION REPORT

November Division Reports

Director Taylor stated that about 2 weeks ago they were very concerned that Upcountry was having a major drought. It was the worse that senior management and long time employees had seen in the last decade or two. So they had a big meeting on what to do and then 2 days later it started raining. As of December 19th the Kahakapao reservoirs are 3/4 full so hopefully we are through the drought.

He pointed out that their analysis that was part of the department's presentation to the Board a few meetings ago exactly predicted what would happen when Wailoa Ditch goes dry. The availability of water doesn't "ramp gently down" instead it is a sudden major decrease. Then Kamole Treatment Plant would have to shut down causing a massive shortage of water.

This never quite happened though it was very close, it makes him confident that the analysis done by the engineering and operations team is exactly correct or close enough to be correct.

BUDGET PRESENTATION

Fiscal Year 2014 Budget

Ms. Helene Kau, Assistant Fiscal Officer, gave a brief overview of the Department's draft FY2014 proposed budget. A copy of the handout has been made a part of these minutes.

The director explained that there is still roughly 2 months make modifications to this draft. What is submitted to the council is ultimately the mayor's decision.

Ms. Kau noted that the department is looking at 7.4% increase in the operational budget resulting in a 3% rate increase. The department is planning for a 16.4% increase in the equipment.

Motion: Member Hoxie moved to support the budget as presented.

Second: Member Gerbig

Discussion: None.

Vote: Unanimous.

ADJOURNMENT

There being no further business the meeting was adjourned at 10:55 a.m.

Prepared by:

Gaye Hayashida
Commission Support Clerk

Approved by:

Dave Taylor
Director

Public Testimony - Jim
Smith

Jim Smith's Public Testimony
Handout

Minutes, Regular BWS Meeting

September 15, 1992

Communication 91-29 (from 8/20/91 BWS meeting). Request by William S. Ellis, Jr. on behalf of Mr. and Mrs. Robert P. Shaw that the Board reconsider the action taken at its October 22, 1991 meeting by deleting the stipulation made regarding the sale of the property to third parties, and the proposed Modification of Subdivision Requirements Agreement be modified, Kula Orchards Subdivision, TMK 2-3-22:64, SD 89-35.

Mr. Ellis requested that this matter be referred to the Rules Committee.

Motion. Mr. Cabral moved that this matter be deferred to the Rules Committee. Seconded by Ms. Piltz.

Vote. Passed, 5 ayes and 0 noes.

DISCUSSION OF THE KULA RULE AND THE SCHEDULING OF A PUBLIC HEARING PER CHAIRMAN LARRY JEFTS.

Chairman Jefts explained to members that a decision has to be made by the Board on whether they will be renewing the Kula Rule in its present form, modifying the Rule, or letting the Rule lapse. If the Board chooses to renew or modify the Rule, public hearings will need to be scheduled and a time table set up to provide adequate time to allow for approval by the Mayor and a 45-day period for Council to take action. In order to accomplish this before the Rule's expiration on March 21, 1993, a decision is required by late October or early November.

Mr. Rapacz of Corporation Counsel asked Board members that in discussing this matter, to try as much as possible to keep the discussion general. He reminded members that in every Board meeting, Kula Rule issues come up. If the discussion is kept general, hopefully the Board will not be locked into a position on any future issue that may come before it. If the Board does choose to take a position on the Rule at this time, it should keep in mind that individuals may act based on that position. If the Board should change its mind at a later date, there may be some liability involved.

Chairman Jefts also stated that members need to understand that any rule in effect at the present time is the Board's rule regardless of who initiated the rule. The Board is responsible for all the rules of the Department whether that particular rule was made during a Board member's term of service or not. If the Board should decide to let the Rule lapse, no public hearing will need to be held. Without the Rule, determinations regarding approval of water service or building permits will be made the same way they are decided for the rest of Maui County - a case by

Public Testimony
Maui Farm Bureau Written Testimony



Maui County Farm Bureau

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PUBLIC TESTIMONY

December 20, 2012

Testimony

Re: A Bill For An Ordinance Amending Chapter 14.06, Maui County Code, Relating to Control Of Water Usage During Water Shortage

Re: A Bill For An Ordinance Amending The Fiscal Year 2013 Budget For The County Of Maui As It Pertains To Revenues – Fees, Rates, Assessments and Taxes For the Department Of Water Supply, Water Shortage Rates

Chair Boteilho and Members of the Board,

Maui County Farm Bureau, on behalf of our commercial farmers and ranchers expresses the following concerns regarding the impacts of the proposed water shortage rates on the viability of our industry. We understand that discussion of the rate schedule will be placed on a future Council Budget and Finance committee agenda. However, we feel it is important to articulate our concerns for your consideration.

Agriculture on Maui and across the state is a focal point among industry, state, and county government. During our HFBF Convention and again at WOW Farms on the Big Island, the Governor passionately spoke about now being the time to enhance agriculture. He challenged the Legislature, saying "You either go or you don't. You either have legislators that are bold or you don't." Viable farms and ranches contribute not just to the well being of a community but provide a stable economic base.

We support the efforts of the department to change water usage patterns and conservation of this resource. However, please recognize that agriculture has sought means to conserve, maximizing use of drip irrigation and voluntarily reduce plantings during the summer. The latter decision is based on the risk of not taking a crop to harvest. However, unplanned reductions in water use will result in loss. Many vegetable crops will not yield without adequate water and livestock cannot be told not to drink water. In our current regulatory climate, some of the water use is needed to meet food safety and other regulatory requirements. This water cannot be reduced.

Our understanding is that the water shortage rates will be assessed when the 15,001 gallons threshold is reached. Most of our agricultural producers easily reach this threshold as they are commercial producers with significant acreage. It has been stated that the water shortage declaration should be for a very short time, but the profit margins in agriculture are very slim. This will be coupled with a reduction in revenue. When you total all of the expenses, will our farmers and ranchers be able to

Public Testimony
Maui Farm Bureau Written Testimony



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remain in business. **We are not requesting that agriculture be exempt from water use restrictions, we ask for consideration of an exemption from the proposed water shortage rates and penalty.**

As highlighted during our prior testimonies to the Council, parallel actions need to occur as these water restriction policies are implemented.

Examples of measures that can be taken include:

- 1) Provide water rate structures that recognize agriculture's needs during droughts
- 2) Strong support of drought mitigation and other irrigation infrastructure initiatives during the 2013 legislature
- 3) Activation of the Hamakuapoko wells
- 4) Promotion of increased storm water capture capacity
- 5) Reevaluate original storage proposals associated with the upcountry dual line
- 6) Pragmatic recognition of agriculture's needs in the Maui Water Use Development Plan

We recognize the various water needs of the community and we need to work together to find a resolution to this issue but it should not be at the detriment of existing users. We are willing to work with the board and the County of Maui to develop policies and actions that will expand agriculture as a key contributor to the economy.

FISCAL YEAR 2014 BUDGET PRESENTATION

County of Maui
 Department of Water Supply
 Operations Budget
 Revenue/Expense Breakdown
 FY2014

12/12/2012

REVENUES

Charges for current services

Current charges	revenue needed	\$53,369,632	
Revenue est	52,000,000		
3% Rate Increase	1,369,632		

Others

		\$694,378	
Interest Income	300,000		
Misc.	22,753		
Other income	21,625		
Jobbing	150,000		
Private Fire Protection	200,000		

Interfund Transfers

Sewer	603,245	\$858,245	\$54,922,255
Fire	255,000		

Carryover Revenue Fund/Reimb Ob Fund

10,002,400	\$10,002,400		
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WSDF CIP	4,400,000	\$22,030,000	
GENERAL FUND TRANSFER			
SDWLF CIP	6,930,000		
New Bond Issue CIP	10,700,000		

TOTAL REVENUES \$86,954,655

EXPENSES

Operating Appropriations	47,263,128	\$52,924,655	
OPEB	1,300,000		
Debt Service	4,361,527		

CAPITAL REPLACEMENT PROGRAM

Transfer to Capital Replacement Fund	\$12,000,000		
WSDF CIP	\$4,400,000		
GENERAL FUND FOR SOURCE			
SDWLF CIP	\$6,930,000		
New Bond Issue CIP	\$10,700,000	\$34,030,000	

TOTAL EXPENSES/APPROPRIATIONS \$86,954,655

FISCAL YEAR 2014 BUDGET PRESENTATION
WATER SUPPLY
OVERVIEW OF DIVISION BUDGETS

DIVISION BUDGETS	FY2013 BUDGET	FY2014 REQUEST	CHANGE AMOUNT	% CHANGE
Water Fund				
Administration	1,202,757	1,422,154	219,397	18.2%
Department Wide Expenses	11,455,625	11,513,158	57,533	0.5%
Fiscal/Customer Service	2,505,048	2,671,758	166,710	6.7%
Engineering	1,770,695	1,795,702	25,007	1.4%
Water Resources & Planning	2,686,021	2,787,970	101,949	3.8%
Water Treatment Plant Operations	6,039,291	7,721,060	1,681,769	27.8%
Field Operations	7,086,360	7,191,315	104,955	1.5%
Plant Operations	16,551,422	17,821,538	1,270,116	7.7%
Total	49,297,219	52,924,655	3,627,436	7.4%

EQUIPMENT: (Included in summary above)

Administration	18,800	18,800	0	n/a
Fiscal/Customer Service	56,800	43,725	(13,075)	-23.0%
Engineering	36,800	52,800	16,000	43.5%
Water Resources & Planning	16,000	38,000	22,000	137.5%
Water Treatment Plant Operations	0	101,200	101,200	n/a
Field Operations	365,630	296,000	(69,630)	-19.0%
Plant Operations	356,500	439,088	82,588	23.2%
Total Equipment	850,530	989,613	139,083	16.4%

FISCAL YEAR 2014 BUDGET PRESENTATION

DEPARTMENT OF WATER SUPPLY - 2014 CIP

Code	CATEGORY/PROJECT	2014	
		x \$1,000	Funding Source
COUNTYWIDE			
<i>F</i>	<i>Facilities</i>	3,500	CRF
<i>CO</i>	<i>Conservation</i>		
	Countywide Conservation Program-DSM	1,000	CRF
	Countywide Source (Development/Acquisition)	4,000	WSDF
	Countywide Source (Pump & Motor)	1,000	CRF
Wailuku-Kahului Community Plan Area			
S	SOURCE		
<i>WC</i>	<i>Well Construction</i>		
<i>C</i>	Wailuku Well #2 - Exploratory	500	SRF
T	TRANSMISSION		
<i>D</i>	Water Tank #30 - Booster Pump Upgrade (Wailuku Hts)	100	CRF
Kihei-Makena Community Plan Area			
Paia-Haiku Community Plan Area			
Makawao-Pukalani-Kula Community Plan Area			
T	TREATMENT		
<i>C</i>	<i>Capacity Upgrades</i>		
<i>C</i>	Piiholo WTP Controls - Upgrade	1,300	BOND
<i>D</i>	Kamole Intake Final Design	400	WSDF
<i>D</i>	Olinda WTF-Organic Carbon Reduction	500	SRF
S	STORAGE		
<i>T</i>	<i>Tanks</i>		
<i>D</i>	Omaopio Tank Refurbishment	200	BOND
<i>C</i>	Kula 200 Tank Replacement	1,200	SRF
T	TRANSMISSION		
<i>C</i>	Phase 6 Booster Pump Upgrades	4,000	SRF
<i>C</i>	Phase 10 Booster Pump Upgrades	6,000	CRF
<i>C</i>	Waikamoi Flume Contingency	730	SRF
Hana Community Plan Area			
West Maui Community Plan Area			
S	SOURCE		
<i>W</i>	<i>Wells</i>		
<i>C</i>	West Maui Well #1 - Development	9,000	BOND
T	TRANSMISSION		
<i>D</i>	Lahainaluna Road Booster Pump Upgrades	200	BOND
Molokai Community Plan Area			
S	SOURCE		
<i>W</i>	<i>Wells</i>		
<i>D</i>	Kualapuu Well #2 - Exploratory (Back-up)	300	CRF
<i>D</i>	Kualapuu Well #1 - MCC & Gener. Const.	100	CRF
		34,030	
Funding Source Totals (x\$1,000)		12,000	CRF
		6,930	SRF
		10,700	BOND
		4,400	WSDF