

WATER RESOURCES COMMITTEE
Council of the County of Maui

MINUTES

February 27, 2013

Council Chamber, 8th Floor

CONVENE: 1:34 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Michael P. Victorino, Chair
Councilmember Mike White, Vice-Chair
Councilmember Gladys C. Baisa (out 3:56 p.m.)
Councilmember Robert Carroll
Councilmember Donald G. Couch, Jr.
Councilmember Stacy Crivello (out 2:06 p.m.; in 2:13 p.m.)
Councilmember Don S. Guzman

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

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: David Taylor, Director, Department of Water Supply
Edward S. Kushi, First Deputy Corporation Counsel, Department of the Corporation
Counsel
James Giroux, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the gallery:

Paul Meyer, Deputy Director, Department of Water Supply
Herbert Chang, Engineering Program Manager, Department of Water Supply
Helene Kau, Assistant Waterworks Fiscal Officer, Department of Water Supply
Pamela Pogue, Planning Program Manager, Water Resources Planning Division,
Department of Water Supply

OTHERS: Lori Teragawachi, Ka Ipu Kukui Fellows
Megan Heartling, Ka Ipu Kukui Fellows
Sarah Ruppenthal, Ka Ipu Kukui Fellows
Audrey Chihara, Ka Ipu Kukui Fellows
Ashley Lindsey, Ka Ipu Kukui Fellows
Malia Cahill, Ka Ipu Kukui Fellows
Alix Buchter, Ka Ipu Kukui Fellows

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

Maxim Tornai, Ka Ipu Kukui Fellows
Michael Quisenberry, Ka Ipu Kukui Fellows
Samuel Young, Ka Ipu Kukui Fellows
Peter Niess, Ka Ipu Kukui Fellows
Hanna Mounce, Ka Ipu Kukui Fellows
V. Pualani Enos, Ka Ipu Kukui Fellows
Pomaikai Kaniaupio-Crozier, Ka Ipu Kukui Fellows
Richard Pohle, Upcountry Meter List Association
Dave DeLeon, REALTORS© Association of Maui, Inc.
Rosemary Robbins, Upcountry Oversight and Advisory Committee
John Duey, President, Hui O Na Wai Eha
Others (4)

PRESS: Akaku: Maui Community Television, Inc.
Melissa Tanji, *The Maui News*

CHAIR VICTORINO: . . .(*gavel*). . . Good afternoon and welcome to the Water Resources Committee meeting for February 27, 2013. It's a little after 1:30, it's 1:34, and I apologize for the little delay in getting started. At this time I'd like to start by introducing the Members that are present this afternoon. First of all, the Vice-Chair of the Committee, Mr. Mike White.

VICE-CHAIR WHITE: Aloha, Chair.

CHAIR VICTORINO: And I'd like to take a moment real quickly to thank Mr. White, this wonderful gavel that he just created as a poi pounder. This was his idea and he actually made this himself. Thank you very much, Mr. White. And I will be asking Chair Baisa with her permission that this stay as our permanent gavel, but we have to lobby her first, I understand it. Sunshine Law, we can't talk about it right now, so moving right along. Okay. Now talking about Ms. Baisa, we'd like to introduce Ms. Gladys Baisa our Chair and our Upcountry representative.

COUNCILMEMBER BAISA: Good afternoon.

CHAIR VICTORINO: I know this is hard because we're so used to morning now to say good afternoon. I notice everybody struggling with that.

COUNCILMEMBER BAISA: Good afternoon, Mr. Victorino. It's a pleasure to be here.

CHAIR VICTORINO: Thank you, Chair. Our East Maui representative, Mr. Robert Carroll.

COUNCILMEMBER CARROLL: Good afternoon, Chair.

CHAIR VICTORINO: Good afternoon. Our South Maui representative, Mr. Don Couch.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

COUNCILMEMBER COUCH: Good afternoon, Chair.

CHAIR VICTORINO: Good afternoon. Our Molokai representative, Ms. Stacy Crivello.

COUNCILMEMBER CRIVELLO: Aloha, Chair.

CHAIR VICTORINO: I'm trying hard now, I'm trying hard, guys. And of course our Kahului representative, the young man, Mr. Don Guzman.

COUNCILMEMBER GUZMAN: Good afternoon, Chair.

CHAIR VICTORINO: And my name is Mike Victorino, who happens to be the Chair, so in case anybody missed that.

UNIDENTIFIED SPEAKER: Who?

CHAIR VICTORINO: Yeah, who, yeah, I heard that. You know we got wise-offs...never mind. Moving right along, from the Administration I'd like to welcome the Director of the Board of...the Director of the Water Supply, Mr. Dave Taylor.

MR. TAYLOR: Good afternoon.

CHAIR VICTORINO: Good afternoon. From Corporation Counsel our First Deputy, Mr. Ed Kushi.

MR. KUSHI: Good afternoon.

CHAIR VICTORINO: And also our invaluable Staff for which we all are so grateful for, our Legislative Analyst, Ms. Kim Willenbrink.

MS. WILLENBRINK: Good afternoon, Chair.

CHAIR VICTORINO: And our Committee Secretary Ms. Yvette Bouthillier.

MS. BOUTHILLIER: Good afternoon.

CHAIR VICTORINO: Good afternoon. First, let me check to make sure that all our district offices are onboard. Let me start with Hana, Dawn Lono, are you there?

MS. LONO: Good afternoon, Chair. This is Dawn Lono in the Hana Office.

CHAIR VICTORINO: Okay. And then from the Lanai Office, Ms. Denise Fernandez. Denise, are you there?

MS. FERNANDEZ: Good afternoon, Chair. This is Denise Fernandez at the Lanai Office.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

CHAIR VICTORINO: Thank you. And of course from Molokai, our Molokai Office, Ms. Ella Alcon. Ella, are you there?

MS. ALCON: Good afternoon, Chair. This is Ella Alcon at Molokai.

CHAIR VICTORINO: Well thank you. And I know all of our district offices are present, and as you remember real quickly that in the last election the Charter amendment was changed that we have at all times...no, during public testimony I should say that we are now connected to all our outlying district offices. So anyone who wants to testify from Lanai, Molokai, or Hana will be able to readily testify by going to their district offices and signing up. Before I get started I have a very special privilege, today I have sitting in the gallery today, I would like to recognize an organization, Ka Ipu Kukui Fellows. This is a year-long program designed to train community-identified future leaders. Decision Maui and Focus Maui Nui as well as the driving force of our Chair Ms. Gladys Baisa, the fellowships program was conceived to promote and develop future leaders throughout the community-based programs designed to address planning for Maui Nui's future. And I want thank Ms. Baisa for her tremendous driving force to create this program.

COUNCILMEMBER BAISA: Thank you very much, Mr. Chair. I had a lot of help.

CHAIR VICTORINO: Yeah. Well we need the driver to get the rest of it moving. At this time I'd like to take a moment to introduce their instructor, Ms. Lori Teragawachi. Ms. Teragawachi.

MS. TERAGAWACHI: Good afternoon, Mr. Chair. I would like this opportunity if I would to have the fellows of this year to introduce themselves personally?

CHAIR VICTORINO: With no objections, Committee members, I would like to allow that.

COUNCILMEMBER BAISA: No objections.

MS. TERAGAWACHI: We'll do it quickly.

CHAIR VICTORINO: Okay, they may. Please.

MS. TERAGAWACHI: Thank you.

MS. HEARTLING: Aloha, my name is Megan Heartling, I'm the Director of Public Relations at the Fairmount Kea Lani Maui.

CHAIR VICTORINO: Welcome.

MS. HEARTLING: Thank you for having me.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

MS. RUPPENTHAL: Good afternoon. Good afternoon. My name is Sarah Ruppenthal and I'm an instructor at UH Maui College. Thank you for having us.

MS. CHIHARA: Hi, my name is Audrey Chihara, I'm an environmental engineer with Brown and Caldwell.

MS. LINDSEY: Hi, I'm Ashley Lindsey, property manager, _____ Corporation.

MS. CAHILL: Aloha, I'm Malia Cahill, Executive Director of Maui Huliau Foundation.

MS. BUCHTER: Aloha, my name is Alix Buchter, I'm the associate publisher for Maui No Ka Oi magazine.

MR. TORNAI: Aloha, my name is Max Tornai, I'm the executive director for Mediation Services of Maui. Mahalo for having us.

MR. QUISENBERRY: Aloha, I'm Mike Quisenberry, president of my own energy consulting business called MLQ Energy, LLC. Thanks for having us.

MR. YOUNG: Aloha, I'm Sam Young, I'm with Xamanek Research as an archaeologist.

MR. NIESS: Peter Daniel Pohaku Niess, I work at Maui Architectural Group. I look forward to watching you guys in action.

MS. MOUNCE: Aloha, Hanna Mounce, coordinator of the Maui Forest Bird Recovery Project.

MS. ENOS: Aloha e kakou. Mahalo for having us. My name Pualani Enos and I'm the executive director for Hui Malama Learning Center.

MR. KANIAUPIO-CROZIER: Aloha mai kakou. My name is Pomaikai Kaniaupio-Crozier, conservation manager for Puu Kukui Watershed and Makai Conservation Lands with Maui Land and Pineapple. Mahalo, Chair, and mahalo to all of you for your hard work and your time.

CHAIR VICTORINO: Thank you. Ms. Baisa, would you like to give a quick overview for the public to understand what this fellowship program does?

COUNCILMEMBER BAISA: Thank you very much, Mr. Chair. I'll be very brief because I know we have a big agenda this afternoon.

CHAIR VICTORINO: Yes.

COUNCILMEMBER BAISA: And we've had the opportunity to spend the day with the fellows today, and I really want to thank the Members and for my staff and all of the staff of the County Clerk's Office as well as Council Services and everybody who has contributed to the program today.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

This program is the sixth class of Ka Ipu Kukui students, so we're very excited because this is six years now that we have been trying to train future leaders for Maui in teaching them how to be balanced, well rounded, and understand the community issues that you really need to understand in order to make good decisions. And it's been really an interesting process to watch it evolve. The members in my opinion get more enthusiastic every year because they're more likely to be recruited by alumni. When they go through the program they get really excited and then inspire others to join, and so and the program evolves as it goes based on their evaluations and input from those who go through it. But I think that we're covering more and more of relevant subjects, and of course the few couple days or so a month that they spend is really not enough. It would be wonderful if the program could be longer and spend more time, but, you know, everybody's working and everybody's involved. But I do think that the consensus of the people that have been through the program is very, very high, they like it, highly recommend it, and I think that it's a wonderful thing for our community to be doing for our future. So they have my strong endorsement, and I know that there are many others who join me. I'd like to thank everybody again who has been instrumental in getting it off the ground, particularly the college that has worked very, very hard, and I want to thank Dr. Lori Teragawachi who has been the driving force between all of the administrative things that have to be taken care of. And I'd like to also thank the Members of the Council and the Mayor for their support of the project. Thank you.

CHAIR VICTORINO: Thank you, Ms. Baisa. And so that the public understands, these future young leaders are an integral part of our community, and they're already contributing members right now. They're not just being students but they're actually contributory citizens for our community, so I want to thank them. And I was very impressed with them, Ms. Baisa, and we have some within our ranks here like Troy Hashimoto, Mr. White's EA who also is a graduate of the program. And others, Mr. Baz, our...

COUNCILMEMBER BAISA: Mr. Baz was one of the members that helped get it going.

CHAIR VICTORINO: Oh, he helped it getting going. Oh, okay. I thought he graduated but maybe I just got the wrong...

COUNCILMEMBER BAISA: Just intimately involved.

CHAIR VICTORINO: Yeah. Okay, all right. Okay, so let's continue on. And I want to thank them and congratulations and good luck. And they're actually here for the governmental section of...Ms. Baisa? What was the term you guys used? I forgot.

COUNCILMEMBER BAISA: I'm sorry, I missed it.

CHAIR VICTORINO: What segment? This is the governmental...

COUNCILMEMBER BAISA: It's called the Governmental Halawai.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

CHAIR VICTORINO: Halawai. Thank you.

COUNCILMEMBER BAISA: And, you know, my Hawaiian is really bad but it's kind of like the session or the segment of the program on governance.

CHAIR VICTORINO: Government. Yes, and next week I think they head to Oahu to see the State government in action, and I can tell you right now you're not going to find a better group than this Council right here. No brag, just fact. Moving right along. We're now going to take public testimony. Before we begin public testimony, I would like to set the parameters giving, for giving oral testimony and discuss the receipt of oral testimony from Hana, Lanai, and Molokai. Testimony will be limited to the item on the agenda today. If you wish to testify, please sign up at the back desk located on the eighth floor lobby or at one of the district offices listed on the agenda. Testimony will be limited to three minutes with one minute to conclude. This term the Council Staff is also setting up the timer a little differently. Now you'll see it...at three minutes the light will turn yellow, and at...upon your request for the additional minute, the light will then turn red on the fourth minute. In this manner, you will know now that your time to stop has come to pass. If you need to continue, I will ask you to stop and allow questions from the Council members if they have any clarification on your testimony. Please, when you come up, please state your name and any organization that you may be representing. We have established connections with our district offices, and to be fair I will rotate throughout each of the sites the persons that may be there to testify. So I would like to call upon our first testifier that's located here on...and before I do that, before I call up our first person, I would like to ask everyone to please turn their cell phones or any other noisemaking device on either silent or turn it off. Decorum will be conducted in this Chamber. Okay. So today just so that everybody knows what we are discussing, we are discussing WR-6, Committee's Priorities and Procedures. The presentation from the County administration [*sic*] agency, Department of Water Supply. Pursuant to Rule 7(B) of the Rules of the Council, the Committee may receive update of the computer-generated presentation entitled Department of Water Supply, Water System Management & Optimization Update, submitted by the Department of Water Supply at the Water Resources Committee, for the 2011-2013, at the meeting of July 3, 2012. The Department may discuss costs associated with developing new potable water sources to service the projected water, future water needs of Maui County. So now we know what we're addressing today. Our first testifier and we're...no stranger to us is from Kula, Dr. Richard Pohle, and he is representing the Upcountry Meter List Association. He's the founder. Dr. Pohle.

...BEGIN PUBLIC TESTIMONY...

MR. POHLE: Thank you, Mr. Chair and Council. I am Richard Pohle, an Upcountry farmer and founder of UMLA. To get a County, an Upcountry meter, a parcel needs both adequate water and a water delivery infrastructure that meets the fire flow requirements. The Pookela Well provides sufficient water for half of the parcels on the list. Current law will eliminate that half of the list that does not have "water ready" infrastructure. The Council has replaced meter rationing by water availability with meter rationing by water infrastructure capacity. Mr. Chairman, in

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

2012, you encouraged the acquisition of the Piiholo South Well which together with Pookela would satisfy all of the list. The DWS has refused to acquire the well even though it is now offered free (for the price of the hookup to the County water system). Now that Piiholo South has been rejected, I request that you conduct an open hearing with outside expert testimony explaining the reason for that well's rejection. Rationing by water availability is understandable. A gallon used by one person cannot be used by another. A limited water supply requires a limit on meters. However, rationing by infrastructure makes no sense. Fire flow capacity is only needed for building fires not farms or subdivision boundaries. Fire is a one-time, emergency situation. The addition of one more parcel to a particular water zone does not impact fire protection for other parcels unless there are two fires at the same time in that same zone. With or without the added parcel, the neighborhood has the same level of fire protection. By refusing a meter on the grounds of insufficient fire flow capacity, the County passes up the opportunity to obtain a reasonable infrastructure upgrade fee for that parcel that could immediately be used in that zone. That upgrade would immediately benefit the entire neighborhood. For example, fire protection in my neighborhood (map is attached) is restricted by a 570 feet length of 2½ inch line. Improvement to that line section costs only a little but the DWS has made no move to increase fire flow protection for my house. Obviously, actual fire flow protection is no big deal to the Fire Department, but, as they did with the Molokai Veterans' Center (story's attached), they blindly use these rules to prevent new construction. Why should fire flow requirement rules apply when only a borderline is changed? This Council is responsible for much of the \$200 million Upcountry infrastructure problem cited by Director Taylor. In 2008 when the Council changed the rural fire flow requirement from 400 gallons per minute to 1,000 gallons per minute, all six-inch waterlines and 50 [sic] gallon tanks became obsolete. Had you only doubled the fire flow requirement to 800 gallons per minute, six-inch lines would be perfectly sufficient. My calculation and the bill showing the attachments are attached. The insurance companies only care about response times, not fire flow capacity. If you want to encourage Upcountry housing, lower the rural fire flow specification to 800 gallons per minute; otherwise, you'll prevent new development and require the unnecessary replacement of all perfectly good six-inch waterlines. A simple number to this Council is a law in stone to the bureaucracy. The Board of Variances and Appeals cannot consider cost or common sense in their rulings. They must follow the law. If you would change a few rules, you could increase tax revenue and solve much of the infrastructure and affordable housing problems. A person only uses 18 gallons a day. I appeal to your sense of fairness. And I've been asked and this is how I would pay for Piiholo South Well. Thank you.

CHAIR VICTORINO: Thank you, Dr. Pohle. Any questions to clarify testimony given by Dr. Pohle? I have a couple things that I want to clarify with you, Dr. Pohle. First of all, when we changed in 2008 to the 1,000 gm high gm, you know, gallons per minute standard, it was a standard that needed to be changed throughout the County of Maui, and it was particularly done because the national standards required that. And that was related to insurance. I know that because I am in that business. Secondly, fire flow is an issue because if you have a standpipe versus a fire hydrant, you do not get many discounts, in fact sometimes they will surcharge you, insurance companies. That is my business so I understand that part of the dynamics. So you're incorrect in saying that fire flow and insurance has no correlation. It absolutely does, sir, and I can explain

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

that to you more thoroughly in a private meeting with you anytime. Because that is my business to understand that, this is what I do for a living. Not Council work, you know, they don't pay enough. But anyhow just so that you understand that those statements are not correct in what you're saying, and the reason we changed it is because it was the national standard and we had to change it for the County of Maui and the State of Hawaii.

MR. POHLE: The national standard...there is a national standard but it does not apply to Hawaii. Hawaii uses the State standard. It's...I have the booklet.

CHAIR VICTORINO: Yeah and the State standard has been changed.

MR. POHLE: And the State standard says 1,000 gallons.

CHAIR VICTORINO: Yes, exactly.

MR. POHLE: However, the insurance companies don't care. They do care if you have a standpipe 'cause a standpipe is 2½ inches and I agree with that. We have a hydrant outside of ours. It would not be impossible for this Council to relax the rules for Upcountry, especially when you treat Upcountry as a separate entity in the meter list. So I ask you because Upcountry is high, because it costs water to pump uphill, treat them differently.

CHAIR VICTORINO: Okay, thank you, Dr. Pohle. I just wanted that clarification.

MR. POHLE: Thank you.

CHAIR VICTORINO: Thank you very much. Any other questions? Seeing none, thank you, Dr. Pohle. Next testifier is Mr. Dave DeLeon, and...

MS. WILLENBRINK: Chair?

CHAIR VICTORINO: I'm sorry?

MS. WILLENBRINK: Hana.

CHAIR VICTORINO: Oh, yeah. Okay, sorry, Dave. Before I do that, let me check the...I gotta get used to to this, I apologize. For the neighbor island district office, let me start with Hana. Hana, do you have anyone there to testify?

MS. LONO: No, Chair, there's no one waiting to testify in Hana.

CHAIR VICTORINO: Thank you. Lanai, anyone there to testify?

MS. FERNANDEZ: The Lanai Office has no one waiting to testify.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

CHAIR VICTORINO: Thank you. And, Molokai Office, is there anyone there to testify?

MS. ALCON: No one's here waiting to testify.

CHAIR VICTORINO: Thank you. Moving right along, then I will now move to Mr. Dave DeLeon who is with the REALTORS® Association of Maui, and he's representing RAM.

MR. DELEON: Good afternoon and aloha. Thank you for this opportunity to speak in favor of Maui County having the capacity to create and maintain a well functioning public water system. I'm Dave DeLeon, speaking for the REALTORS® Association of Maui. The REALTORS® Association of Maui deeply appreciates the clarity Water Director Dave Taylor has brought to our community's ongoing debate over how much we must invest to be sure that water comes out of our taps when we need it. After analyzing the Director's presentations from 2011 and 2012 on this topic, the RAM board of directors went on record last year in support of his proposed mid-range recommendation. That is annual rate increases over the next 5 years of 6 to 8 percent, plus doubling the water system development fee, better known as the meter fee. The beauty of this proposal is that it divides the burden for these improvements, sharing them equally between the existing community and future residents. The water system development fee is essentially an impact fee on future property development. History has shown that we cannot count on new development alone to cover the cost of creating new source, storage, and distribution systems our community will need in the future. Having a well functioning water system is equally important to both the existing community and future residents. RAM believes that the whole community needs to be "all in" on this critical effort. Our community can either make the necessary investment now, or we can pay later with a poorly functioning water system, water shortages, and the epidemic of broken pipes that Honolulu is now experiencing over the last couple of years. If you do not make the necessary investment now, you only need to look to Honolulu to see what to expect. Another example of Maui County's experience with wastewater. Decades ago our County under-invested in sewer lines and processing facilities and paid for that lack of foresight with a lack of capacity when it was needed in South Maui and in rivulets of sewage running down Honoapiilani Highway in front of Kaanapali in the 1980s. Since then our County has been wise enough to keep ahead of the wastewater maintenance and capacity needs by making significant investments in the system every year. We must do exactly the same thing for the water system. We can do that while also protecting those living on a shoe-string. We can do that without driving our farmers out of business. But we must do it or we will pay dearly in the future for that failure to act now. Mahalo.

CHAIR VICTORINO: Thank you, Mr. DeLeon. Questions for the testifier for clarification? Seeing none, thank you --

MR. DELEON: Thank you.

CHAIR VICTORINO: --Mr. DeLeon, for being here. Again, I will go to the district offices. Hana, is there anyone there to testify?

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

MS. LONO: Chair, there's no one in Hana waiting to testify.

CHAIR VICTORINO: Thank you. Lanai Office, anyone there to testify?

MS. FERNANDEZ: There's no one waiting to testify on Lanai.

CHAIR VICTORINO: And, Molokai, anyone there to testify?

MS. ALCON: No one's here waiting to testify.

CHAIR VICTORINO: Thank you. Then we will go to our...okay. Yikes! My papers went flying. Okay. Our last testifier, excuse me, is Ms. Rosemary Robbins. Our last signed-up testifier. I will repeat, right now if anybody is wanting to testify, please go to the table in the back on the eighth floor at the entrance and please sign up. I'd be more than happy to take your testimony. Ms. Robbins. And she is a representative of the Upcountry Oversight and Advisory Committee. Ms. Robbins.

MS. ROBBINS: This is so exciting to see all of these wonderful, wonderful young fellows, including the lady fellows. Wonderful, wonderful, wonderful. Thank you so much. We take a look at what's happened recently with the Charter amendments. We've got people ready to participate with us on real time coming from Lanai and Molokai and Hana. Wonderful. Wonderful that we're dealing with a commitment to pono that the voting public voted upon. We need to bring two other categories into this, not so wonderful. Dave mentioned a little while ago about...where is he, about CIP stuff that needed to be done. When I was going back through records, I found one from that...by the way, that oversight committee is from the EPA, a required committee culling that group of private citizens got a half million dollar grant. We were not administering that, we were not a 501(c), but we were concerned citizens as are you folks here today. And there was a submission into the Mayor at the time, this is August 12th of '06, and it was talking about CIP expenditures or seeking special funding which we're seeing with the bond stuff that's being rated now. And this particular piece was about the Upcountry Pool women's shower, the heterotrophic plate count, the maximum allowable number on that was 500 and this had 1,200. Scary as all get-out. So it turned out that we knew that we needed to have the CIP stuff done. We sent a recommendation on how to switch that out daily in order to get that down to a reasonable level, but it wasn't going to last in that remediation short level recommendation. Need to bring up that the military dumpsites on Maui have loads of contaminants that I'm not aware that we've been dealing with. Scary. Including over on the H'poko geography which remember that this Council had passed that, that water should not, shall not be used was the verb, for human consumption, and now we're planning on using that. Whoever is doing the testing on that needs to be aware that most of the anti-contaminants are going to be producing some disinfection byproducts which are another generation of yikes. And they don't do anything about addressing nitrates, so we consume nitrates, we're dead in a hurry. But also not just the military stuff but the private sector has been over the years contributing some . . .(clears throat). . . excuse me, contaminants. Whether or not they knew at that, at the time, they still were in water that can permeate the land around the water, so we need to be

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

careful when we're doing our testing that we don't just go after the immediate geography of the wells but that we do take those larger ones into consideration. And last time I was here, Mike, you asked me about particular questions. One was...I asked out in the community was where was the water that you found, Dave? You had mentioned that over at Kalama and up at the Kula Community Association. He gave no identify as to where that would be. And the other one was a question from some of the people who were after meters that didn't get them.

MS. WILLENBRINK: Four minutes.

MS. ROBBINS: Have they been given out yet at all? End of it.

CHAIR VICTORINO: Thank you, Ms. Robbins. And we'll note those questions and we will ask the Director directly on that when he gives his presentation.

MS. ROBBINS: Okay, thank you.

CHAIR VICTORINO: Okay?

MS. ROBBINS: Yeah.

CHAIR VICTORINO: Any questions for clarification for Ms. Robbins? Seeing none, thank you very much.

MS. ROBBINS: You're welcome.

CHAIR VICTORINO: I will again offer one more opportunity to anybody in the gallery that would like to testify, and I see him speeding up here from Iao Valley. I know, John, you wanted to say something. I was just...so you'll go fill out the form afterwards, yeah, please. Okay. And you can introduce yourself and anybody you're representing.

MR. DUEY: Good afternoon, Chair. I will fill out the form.

CHAIR VICTORINO: Thank you.

MR. DUEY: Yes, I did have to say something. My name is John Duey, I'm president of Hui O Na Wai Eha but I'm here on my own behalf today. I'm hoping that some of these impact fees may go towards raw water storage that I've been talking about for six-eight years now. The Wailuku/Iao Stream has been running quite feverishly for the last couple of months, it means we've had a lot of rain. The other thing I want to mention is, keep you folks up-to-date, since August 15th when the court, Supreme Court come down in our favor, nothing has happened from CWRM. They still have not met about returning any flow to Iao or Waikapu. Third thing, these people over here, Ka Ipu Kukui Fellows, my wife is the executive director of Olowalu Cultural Reserve and we've had them up there I think three years in a row now. It's their chance to get their feet and hands muddy in the taro patches. Today they're nice and clean, when they were up at Olowalu

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

they weren't. It's a very good project. As you said not only Troy and there's, we see other people around the community who went through the program. It's a very good program. They get to experience a lot of different issues. So anyway, that's all I have to say, and thanks for recognizing me again. Aloha.

CHAIR VICTORINO: Thank you, Mr. Duey. You're always welcome. Any questions for the testifier? Seeing none, thank you, Mr. Duey.

MR. DUEY: You're welcome.

CHAIR VICTORINO: Anybody else in the gallery? Okay, seeing no one coming up, I will then now go to the district offices. The Hana Office, anyone there to testify, Dawn?

MS. LONO: No one's waiting to testify.

CHAIR VICTORINO: Thank you. Denise, is there anyone at the Lanai Office wanting to testify?

MS. FERNANDEZ: No one is waiting to testify.

CHAIR VICTORINO: Thank you. And, Ella, is there anyone at the Molokai Office wanting to testify?

MS. ALCON: There's no one here waiting to testify.

CHAIR VICTORINO: And seeing no one rushing to the podium, with your permission, I would like to close public testimony this afternoon.

COUNCIL MEMBERS: No objections.

...END OF PUBLIC TESTIMONY...

CHAIR VICTORINO: Thank you very much. Thank you, testifiers, very much for your manao. At this time I would like to recess the meeting for a few minutes so that we could get the room prepared for the presentation by the Department of Water Supply's Director Mr. Taylor. So with no objections, I'm going to close the...close, woo-hoo, I want to get home, right. I'll recess the meeting for three minutes. Meeting will stand in recess. ...*(gavel)*...

RECESS: 2:06 p.m.
RECONVENE: 2:11 p.m.

**ITEM NO. 6(1): COMMITTEE'S PRIORITIES AND PROCEDURES;
PRESENTATIONS FROM COUNTY ADMINISTRATIVE
AGENCIES (DEPARTMENT OF WATER SUPPLY PRESENTATION)**

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

CHAIR VICTORINO: ...*(gavel)*... I will reconvene the Water Resources Committee meeting of February 27. Mr. Taylor, are you prepared for your presentation?

MR. TAYLOR: Yes, Chair. Thank you.

CHAIR VICTORINO: We'll go ahead and then what we'll do is after the presentation is completed we'll get the Chamber ready and then you can bring up your questions at that point, Members. Go ahead, Mr. Taylor.

MR. TAYLOR: (PowerPoint presentation) All right. Thank you, Chair Victorino. Thanks, Council members and members of the public, who are here. This is an update of a previous management update that we gave you. I'm going to present some new numbers and some old concepts, and get you ready to go into budget in FY '14. Our efforts to date, in 2011, our first year, we focused on our replacement needs analysis. What do we need to do to keep the system operating? Last year's budget which was FY '13, we focused on a replacement CIP plan and a revised rate structure, basically a methodology to keep existing services to existing customers over the long term. Over this last year, calendar year 2012, as we've given presentations to this Committee, we focused on our system analysis and growth needs. What can our system provide, what are the bottlenecks, and how will we meet growth needs? So this next budget which you're going to get in next month, the FY '14 Budget, we need to start making some decisions about long-term rates and fees for expansion, and that's what today is really about. All right, so today we're going to do a very quick review of the actual system and the efforts to date to bring people up to speed who maybe haven't seen the last presentations. We'll spend most of the time on a discussion of future funding options. These will be detailed in...much more detailed than you've seen in the past, and we're going to look at some of the policy issues we've talked about and how these future funding options fit those policy issues. Our system has 38 groundwater sources, 145 storage tanks, 6 surface water treatment plants, 750 miles of pipeline, about 33 million gallons provided daily. Here's a picture of our system, it covers Central Molokai, West, Central Maui, and you can see Upcountry is huge. Even though it doesn't...it only encompasses about 10 percent of the actual use, it's...maybe 20 percent of the actual use, you can see it's huge, and it's these large areas served that make infrastructure so expensive. And also we have a system in Hana. Our budget this year in 2013 is about a little over \$80 million. If you look at how that money is spent, a huge portion is capital improvement, we have debt service, and electricity. Operations is really a pretty small piece of the pie. The Mayor announced last week at the State of the County, a proposed 5 percent rate increase, and there's been some discussion of what that's for. To make it clearer, the Council doesn't really decide what the rates are this year, the Council decided last year on CIP projects which locked us into debt service and electrical expenses, and this year the bill is coming due. I think something that the public and the Council really needs to keep in mind that for infrastructure for both water and wastewater, we're really making decisions now in CIP that lock us in to fee...to revenue in the future. So the best way to think about it is it's like you're buying a house. You may not make even the first payment this year but you're deciding what those payments are going to be in future years. The 5 percent rate increase is needed to pay for things that basically we've already bought. So, you know, I hate to

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

say you've already voted on this 5 percent increase, but in a sense when you decide on our CIP budget, you've really locked us into the revenue needs for the next several years. So it's really CIP which is this huge portion that dictates future revenue. Another way to look at that is a typical project, let's say they cost \$10 million and this could be in our Department or any others. The first year we usually spend about 2 percent of that money for preliminary engineering, what alignments might pipelines have, what technology to use, et cetera. The second year, maybe 8 percent of the money, \$800,000 for professional services. We might have to do detailed design, surveying, soil boring, start writing the Environmental Impact Statement, et cetera. This usually takes a couple of years. Then about the fourth year, that's when we need the big money, 90 percent of the money for actual construction and actual land acquisition which can take a couple of years. It's after that, year six, that's when we have to increase the rates to pay the debt on this 90...on this \$9 million. So when you look at this, we're going to make decisions now to commit to projects, but only some of the cost is going to be in the first few years, the big cost is usually some borrowed money, either GO Bond or SRF Loan. But it's not 'til five, six, even seven that we have to raise the rates to start paying for it. So when we look at infrastructure, and this is primarily probably for us, Wastewater, Public Works, the pain of paying is usually offset by three, four, or five years from the decision to go ahead. And even it's offset a couple of years from the projects being put in the budget, so there's this phase difference, if you want to call it, from the time you vote to approve a project and it's a couple years later we pay for it. So the only way to control rates is to make decisions on Capital Improvement Projects now to control rates in the future, rates and electricity. Another thing I just want to emphasize here, there's been a lot of discussion about our Department's ability to do capital improvement, money allocated to our Department in the past that didn't get spent. What happened? I think when you look in the, several years ago, is this large amount of money was basically put in the budget too early, so of course it lapsed. What we've learned, and we're on schedule to encumber about \$30 million in CIP this year because we're scheduling the money in this order. We're not asking for this huge amount of money in year one or two, we're not ready for it. If we put money in the budget for construction before we're ready for it, of course it's going to lapse. What we've learned over the years is as long as we follow this general plan of how to allocate money, we can encumber that money, and we're on track with that. So that's another example that shows infrastructure, we need to take a very long-term view. We can't look at it year by year. We have to look at five, eight years out and say how do rates and fees and actions, how do they all match up? And that's what we're going to be going through today. I'm going to be sharing with you a lot of what's in, going to be in your FY '14 proposed budget so there's no surprises. You'll get that next month. We're going to be doing projects of the Piholo Treatment Plan controls upgrades. This is a project to replace almost-20-year-old SCADA systems to keep the plant operational. We're going to be asking money for the Upcountry booster pump upgrades. This is something necessary to juggle water from lower elevations to higher elevations. We've had a lot of discussion this year about Upcountry water. You've seen our proposed projected plan to deal with the meter list. It depends on projects like this being able to juggle the water to higher elevations. Also the, another Upcountry booster pump upgrade to do a similar function to, at a higher elevation. Also, source development, West Maui will be asking for money for a well development for new source in West Maui. So all of these projects are in earlier stages, you know, preliminary design or design. We're ready to move forward with construction, and as I

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

mentioned, our four-person capital improvement team is I think doing a fantastic job of keeping these projects moving, and we are scheduled right now to encumber with all of the projects in our budget. Okay, so let's jump right in and talk about growth and the infrastructure needs for growth. The County Charter says that the Department of Water Supply shall implement the County's General Plan and community plans. We do not make independent determinations of growth. Growth is good, growth is bad, how much growth, where, we don't do that. We go right to the General Plan, and this chart is right out of the approved Maui Island Plan, except for these two columns which we calculated from these numbers. So we started with this and said okay, the Council approved the Maui Island Plan, these are the growth rates, how are we going to meet these growth rates at these areas? This was our base. Something interesting to note is if you look at Paia/Haiku and Makawao/Pukalani/Kula, it only has an overall growth of 7 percent in Paia/Haiku, 18 percent in Makawao/Pukalani/Kula. That averages to, what, 12 or 13 percent, something like that. Just the Upcountry list is far more than this, and then if the Hawaiian Homes project Upcountry happens, that's also far more than this. So I'm going to start with a fundamental policy question that I don't know the answer to. Is the expectation that we solve the list or are we supposed to provide enough water for this growth? Because, I bring that up because if the other infrastructure groups, Parks and Police and Fire and everyone else, if they're planning schools, if everyone's planning on this growth and we build water systems that's to support twice this much growth, is everyone else going to be ready? Or should we be only building for this much growth? I think there's two policies, one the Upcountry meter list and the other these projections which are inconsistent, and it leaves us with an unanswered question that we in the Department can't answer. So West Maui has something similar. I think you folks remember the West Maui, if I recall, the Maui Island Plan, over, basically over-allowed lands in the Urban Growth Boundaries by about two times, if I recall. So and I think the Council said look, we don't know exactly which lands will be developed so we'll put it all in the Urban Growth Boundaries. So that's fine. So we're not sure as a Department which of these are going to happen and which aren't. If you look in the West Maui area, you've got things in Olowalu and Kaanapali which would be served by their private systems, things outside of those areas which would be served by our systems. Because we don't know which are going to happen, there's this uncertainty. So I mention this just because there is some uncertainty, we can't do exact analysis of exactly what's needed because there is uncertainty in the Maui Island Plan. So the level of our accuracy and precision can't be more than what's in the Maui Island Plan, so there's still some of these questions that are sort of floating out there. We'll have to work on those as we go along. Okay, so what did we do? We took these growth numbers and we said what are we going to have to do to meet it? And we looked in detail at wells, at tanks, at transmission lines, reservoirs, et cetera, et cetera. And we said what do we need to do to meet this? We had some low estimates and some high estimates depending on what happens. For example, there's really no way for us to know at this point whether certain developments will have private wastewater treatment plants that generate R1 water that use it for irrigation. So are we going to have to supply all that water or not? These questions, obviously we can't know the answers to, so we do not have exact knowledge of what the needs will be. So we looked at low numbers, high numbers, and we came up with about \$200 million that needs to be spent by us in order to support the growth that's shown in the Maui Island Plan. This is what I call a planning level cost estimate. We're going to look back in 30 years and maybe it ends up only being 150,

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

maybe it ends up being 250, but this is about as good as we can get with all the uncertainties that exist in the future. This does not include maintenance of existing infrastructure. So maintenance of existing infrastructure we've showed you previously is going to be between 20 and 30 million dollars a year, so even if there is no growth we will need to do about 20 to 30 million dollars a year to replace aging infrastructure, so this 200 million will be on top of that. So assuming that we need to build most of it upfront because you can't really build over 20 years when development's happening, you have to get ahead on your infrastructure, so basically about an extra 20 a year. So what we did is we basically said that we're going to need to ramp up to be a \$50 million a year infrastructure organization to take care of maintenance and replacement and add growth. Okay. Revenues must equal expenditures. We are a self-funded group and we are expected to generate revenues through rates and fees that balance our expenditures. This was going to be followed by a slide that said "don't shoot the messenger" for what I'm about to tell you next. What you're going to see is a bunch of options that no one's going to like any of them. The bottom line is our expectations and expenditures are much, much higher than our current revenues. And what you're going to see is the actual numbers that show that. So in general there are three ways to deal with growth. The County can build the infrastructure and get revenue from rates and fees, the developers can build infrastructure and run it themselves or dedicate it to the County, or we can do conservation to match growth. For every 1 percent growth we can have the rest of the community conserve by 1 percent. Every option that everyone's talked about fits into one of these categories. Every option that's being done all across the country and the world fits into one of these options. So what you're going to see is some breakdowns of these options. I'm going to focus mostly on this number one because there's six sub-options that we're going to go through. One thing I'd like everyone to keep in mind is that you can choose Option 1, you can choose Option 3. If you don't choose anything, if we don't actually build anything and we don't conserve, you end up with Option 2 by default. If you think about where we are now, the Upcountry meter list, well that's this. You know Everett Dowling came in and built a well because he said look, I want water, I'll do it myself and give it to the County. The "Show Me The Water" Bill is basically saying, look, we can't serve you, you gotta do it yourself. Because we didn't really do Number 1 and we didn't really do Number 3, we ended up with Number 2. The point I want to make is if we're going to choose Number 2, we should choose Number 2. We shouldn't not choose 1 and not choose 3, end up Number 2 by accident, so what we're going to see at the end is we need to choose. We need to choose some combination of these; otherwise, you end up with Number 2 by default, and if we're going to end up with Number 2, we should choose Number 2, not end up there by default. Okay, so the first bunch of options, County Build. Here's the core assumptions: the volume of meter sales is constant each year meaning their rate of growth is constant each year. The rate increase is spread evenly from 2015 on. The capital cost, basically we're borrowing money at 5 percent, general inflation at 2.3 percent. Monthly usage for individual households is 16,000 gallons for a 5/8" meter, and total CIP for replacement and growth, 50 million a year. These are the assumptions used in every, in all 6 of the options you're about to see. What's important is even though they're planning-level estimates, although these numbers aren't good enough to float bonds on, they're not exact numbers, we don't know exactly what construction costs are going to be in ten years, they're equivalent to each other. Meaning that if one of them is 10 percent too high, they're all 10 percent too high. If one of them is 20 percent too low, they're all 20 percent too

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

low. This was done so you can compare them to each other, not necessarily compare them to an actual dollar value for say a bond float. Though I do think, I've seen enough of these numbers to think that they're probably going to end up being pretty close, and I think we're going to look back in 20 years and see that these numbers were within 20 percent one way or another. Which is about all you can do at this time, you know, so far before. Okay, so Option 1a, assume that we just drop, we don't have meter fees at all anymore. Right. Right now we charge meter fees for hookup fees and then monthly rates. So let's just look at one end, let's say we completely got rid of the current meter fee which is \$6,030 for a 5/8" meter, and we just said we're going to raise this \$200 million through rates only. The annual rate increase compounded annually would be 17½ percent, so here's the average bill in 2015, it goes up to this much in 2020. This is probably unrealistic, I don't think anyone's seriously thinking about dropping the meter fee, but it shows a couple things. First of all, it shows what happens if we build it and no one wants a meter. There's always a possibility that we start getting ahead on infrastructure. There's some economic downturn where building stops, nobody wants a meter, but we've already committed and we built these projects and we owe the debt service. It shows that there is a limit to the risk at 17½ percent rate increases. We may have to for a couple of years raise rates basically to pay for empty pipes if you want to look at it that way. It's unlikely there'd be a complete shutdown, so this is sort of a high-end number of the most rates could go up even if the worst happens. Who would like this? Well anyone who wants a meter would like this option. People in the building trades who want to see growth, people who are advocates for affordable housing. People who advocate for those things would say spread the fees to everyone, don't let people who want meters get, have to pay for the whole thing. So this is exactly opposite of growth pays for growth. Some people would like it, some people wouldn't, those would be the costs. Option 1b takes the other end. Let's say the meter fee has to pay the whole 200 million, growth pays for growth. And just assume we get really, really lucky and we can borrow all the money with no interest. So the meter fees, the 5/8" meter would be about \$16,000. That would generate enough money in order to pay back this \$200 million. It would basically create a pot to pay back the 200 million. Larger meters, 3/4, 1 inch, et cetera, would also increase at the same ratio. So this is the full cost recovery of growth pays for growth to build the infrastructure. Annual rate increases would be about 3 percent for operations and replacement, and they could go as high as 14 percent if we get no meter fees. This is the option where, this is basically what I talked about in the first slide where what if no one wants a meter, what if the economy drops, nobody can afford to build a house, we have to pay for empty pipes, empty tanks. Because there's no interest, it's a little less than the 17 percent. So this shows sort of the risk. Realistically, that's unlikely to happen, so you'd probably be looking at somewhere in between. Who would like this? Well this is a growth pays for growth. The people who want meters aren't going to like this. The people who don't need meters are going to like this because it keeps their rates down. Like I said, this is unrealistic because we're not going to be able to borrow this much money at no interest. The realistic scenario for growth pays for growth is this one. This is total meter fees paying this 200 million with that interest. You can see looking at that one before, 16,000 if there's no interest, 26,000 with interest. This shows the cost of borrowing money. Just like you buy a car for cash, it's \$20,000, you make payments over 5 years, you know, ends up being, you know, \$26,000. So that number of 16 to 26 shows the cost of interest. So again, because growth pays for growth, it keeps annual rates for ratepayers low, but it could go as high as 17 percent if

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

we build it and there are no, there's no takers on the meters, so there's a range. I also want to note that the \$200 million does not include local pipeline improvement costs. One of the testifiers talked about inadequacy of fire flow lines. These numbers are just for core infrastructure, storage, main transmission, wells, that kind of thing. It's not little lines in the streets which would still be the responsibility of individual users. Also, there's County ordinance that says if you do line improvements and you dedicated them to the County, you get 50 percent of that back over 5 years or if it's a family subdivision, 75 percent over 2 years. There is no revenue source for that, so if there's a lot of takers on that, it's going to drive either this a little higher or it's going to drive rates a little higher. Because we have no way to estimate how many takers there will be. That could be tens of millions of dollars that isn't taken into account, so that's something as far as control of rates and fees, the Council may want to take a look at that. It's sort of an unfunded liability, if you will. It's just hanging out there that we have no idea if there'll be takers, and we really have no way to budget for it, because we have no idea who's going to want that and who isn't. So next is something maybe in between. Current meter fee at 6,030. What if we leave the current meter fee where it is, we still have to come up with this 200 million. So that would mean an annual rate increase of 14 percent. Pretty close to the 17½ because the 6,000 versus the 26,000 real cost is really just a small percentage, so obviously the rate is going to be getting really close to the 17½ percent. So if we leave meter fees where they are and we do all this, we're going to have to raise rates about 14 percent a year to compensate. Who's going to like this? Well people on the meter list are going to like this, leaves their rates the same. People, again, advocates for affordable housing, et cetera. People who have a meter, don't want a new meter, don't care about new meters aren't going to like this because they're going to be paying for that. What if we go a little further and say what if we doubled the rates to \$12,060? Double the current rate, so this drops the rate increase. See if it was...at current meter fees, 14 percent rate increase, so if we double it right away, it drops that annual rate increase to 8½ percent. Again, it's bookended by this 17½ percent if there's no takers. So you can see, as we keep raising the meter fees to get more of the cost, we can lower the annual rate increase. What if we double the rate right away...double the meter fee, I'm sorry, right away and then we increase it \$2,000 for the next 5 years or so? This brings in more and more money from the actual meter fees, and it controls the rate increase. Who's going to like this? This is sort of a balanced approach, it has everyone sharing a little bit. Again, people who are getting new meters aren't going to like that the cost is going up, although it's still far below the real cost, but people who are paying rates are basically having to subsidize that. So there's going to be some people who like it, some don't. Again, just another way to balance rates and fees. Okay, so those are...and obviously we could pick anything in between any of these. I want to note that Maui County Code 14.13 in existing Code says that anybody who signed up on the Upcountry meter list before October 31, 2001, up to 3 lots, is locked in at the meter fee at that time at \$3,350. Roughly the first 250 people currently on the list fit into this category, because I'm sure that after watching this presentation, these people are going to call and say hey, you know, I was promised. The current law says that...so unless the Council changes this law, we're just counting on these first 250 folks, when they're offered meters, it will be at 3,350. Whoever's 251, they have no such ordinance like this, and whatever the meter fee is at that time they have to pay. So I just want to be really clear that it is our intention that unless this law changes, these people are still covered under this ordinance. Okay, and so this is really just all

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

the options of Number 1. They're all just in a table here but we went through them individually, so I won't go through them again, we just went through them. So the 17½ percent is rates with no fees. We can take the opposite end which is \$26,000 with the lowest fees. Everything else is somewhere in between. So you can see you can really pick your own anywhere in between and kind of eyeball where that cost would be. Let's say the County just can't afford \$50 million a year in CIP, nobody wants to raise rates and fees that high. Well what are the other options? I mentioned developer build. So developers can build systems and operate them or build and dedicate to the County. Right now, the A&B new industrial subdivision behind Costco, they built their own water system. They operate their own water system. They didn't even give it to the County. So developers can build infrastructure, they can even run water systems, or developers can build systems and give them to the County like Dowling did Upcountry. It doesn't cost the County any upfront money. So the County could say, look, we're going to make "Show Me the Water" Ordinance even stronger. Rather than just covering subdivisions we can extend it to actual meters. Right now there's no limit about how big a meter you can have, "Show Me the Water" Bill only affects the actual active subdivision. So let's say we said we don't have any money so we're going to make developers build things and give them to us, and how we're going to control that is we're going to strengthen "Show Me the Water". Let's say we say we're only going to allow 3-lot subdivisions and meters up to 1,000 gallons a day. So you could say, look, we're going to keep the water for little mom and pop and anything bigger than that is going to hui and build and give to us. That's another option if the County just doesn't want to raise rates or doesn't want to fund, so it's just something to keep in the back of your mind. What's interesting about this is this is really very similar, although it doesn't look like it, to this option of full cost recovery, because even though we're not financing it, if you think about it, if a developer builds 1,000 homes and he sells those homes, the person buying that home, part of their mortgage, part of their \$400,000 purchase price is for the water system that was built. So this really puts the full burden of water system construction probably on the person getting that house. So it's something that you may like, you may not, et cetera. It's something that we'll probably pursue somewhat. Even if we go ahead and build a lot of things, if developers are ahead of us and they don't want to wait for us, they may decide they want to build infrastructure, give it to the County, rather than waiting for us. But again, it really comes down to how much we're going to spend, how quickly, and are we going to get ahead of this and finance it ourselves or ask the developers to do so. But it's something we need decide rather than just sort of see what happens. The third option, let's say that's not going to happen, let's say we don't have the money, so we say, look, for every 1 percent growth we're going to conserve 1 percent. Here's the current rate structure right now, and over in this example is a, something we are not, we're not advocating for this, we just made up a rate structure just to show as an example. So instead of the tiers being 0 to 5,000, 5 to 15, what if you really tightened up the tiers, 0 to 2,000, 2 to 5, and you jacked the rates? This is basically telling people water service is a premium, and it's going to force people to conserve. It's going to have people running around replacing their grass, you know, AstroTurf and xeriscape, and, you know, not shaving in the shower, or whatever. A lot of municipalities, especially in the Midwest are doing exactly this. They are in places where there are no water source options. There is no water within 1,000 miles of their city and they have no choice but to deal with growth than basically to push these aggressive rate structures and say water service is a premium. So it is just another

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

option. I want to show you all the options. So as a whole what you just saw is all the options. We can build upfront which means we're going to have to front 50 million a year every year, raise rates and/or fees. That's option one. We can say we can't do that, developers are going to build and dedicate to the County or run themselves. It doesn't cost us anything. Again, we're going to have to save our water probably through a stronger "Show Me the Water" Ordinance, and allow the developers to take the lead. We'll probably lose some control 'cause we may not get exactly what we want, but that's the price you pay for not fronting the money. Or three, conservation to match growth. In reality, we've done a little bit of all three over the past decade, right. We've built some things, developers have built some things, and we've pushed some conservation. So the question is what do we want to do for the future? And a lot of it comes down to how much of this do you want to pay for? Okay, now this next slide I was going to insert, don't shoot the messenger part on this. Again, revenues have to equal expenditures, and I wrote this just for *The Maui News* so that my quote in tomorrow's paper can be, Taylor reiterated a number of times that whatever choice is made, revenues must equal expenditures. So at most I hope to have read that just like that.

CHAIR VICTORINO: Chair...the Chair would not recognize those last comments. Please move on.

MR. TAYLOR: Okay. Okay. We will be recommending in the Fiscal Year '14 Budget that you get next month, moving forward with Option 1f We will be proposing in our 2014 Budget a doubling of the meter fees for every class. We are also sharing our intention that they be raised \$2,000 a year in future years. This will keep the annual rate increases to about 6 percent. The Mayor reported last week that we were asking for a 5 percent rate increase. We're not going to ask for rate increases for money we don't need, so this year it comes out that we need 5 percent. If we move forward with this as we ramp up our CIP, that will get a little bit higher. If some of these other things happen like having to repay infrastructure that's put in for this 50 percent and 75 percent payback then that could raise that. If we build these systems and there isn't a demand for meters, it could be a little higher. You are going to see this in the proposed budget. We realize this is going to be a difficult discussion and decision in the budget, it's why the Mayor wanted to announce this a month before you get the rest of the budget, to let the Council and the public understand this, discuss it, and not get it with the rest of the, you know, the rest of the volume of information you get with the budget. Why are we choosing this? This is sort of an unofficial poll, the Department of Water Supply Director's unscientific observations of the comments I've received over the past year while we've been talking about rates. So meter costs \$26,000 with low rate increases, it's current \$6,000 with higher rate increases and percentage of people. Most of the people I hear from who don't want a new meter think that the meter fees should be closer to full cost recovery, but I haven't really talked to anyone who didn't say something like look, this is still a community and we should help them. So no one, I haven't talked to anyone who's advocating absolutely full cost. Everyone's saying look, we'll chip in a little with our rates to help these folks. At the same time, almost everyone I've talked to who wants a meter is saying look, I understand it's going to cost more than \$6,000, I'm willing to pay more, but I've waited so long, it's so expensive, housing's so expensive, I shouldn't have to pay the whole 26. There's a lot of people in these groups, there's less in this group, and some people just think, you know, whatever. So this is my guess is that if everybody on the island watched

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

this presentation and everybody voted, we think this is going to be the distribution of how people vote. We think the balance point is somewhere in here. At the same time, we don't think it's fair to just jump in and triple or quadruple fees overnight, so we're saying, look, a doubling still is far, far, far less than the actual cost of service. It gives other people lots of time to plan. It has everyone sharing a little bit. It has people paying more. It also has residents helping out. It focuses...and by moving...by raising it every year, it's sending a message saying the person getting the value for this is really the one building the house, and they should take the biggest load, but at the same time, we're going to help get them there. Also, by taking a staggered approach, it recognizes that because these are planning level cost estimates, we don't want to overcharge people. The \$12,000, there is no way that, that is going to cover costs. There is no chance that we charge 12,000 for meters, look back at it in 10 years and say oh wow, we overcharged these people. There's no way that's going to happen. So it's very safe because it's much, much, much less than actual cost, and as we fine tune numbers based on decisions that are made, maybe we find out the actual cost isn't 26,000, it's, you know, 21,000. And maybe we find a new balance point. It gives us a few years to see what happens with growth to make those decisions. So basically what we're saying is we realize there's going to be a big debate about this, you're going to get a lot of testimony about this. Probably the people in this group are going to say this and the people in that group are going to say that. We're going to debate it, we're going to debate it. We tried to say look, at the end of the debate it's going to end up around here, so let's move here and start moving towards that and basically start with a compromise point. Because we believe this is where we're going to end up. We'd rather end up there quickly rather than take years to decide this. We want to get moving, people have waited long enough. Okay, so finally I want to look at this in the policy issues that we've talked about. Rates, fees, and debt, these are big questions. Maximum annual debt allocation for DWS. There would have to be basically a commitment of this body that Department of Water Supply is going to be supported with \$50 million a year of CIP. We're going to have to ramp up to that. If that means a few more staff or vehicles or equipment, whatever that is, we are going to have to become that group. And the bond float, revenue bonds, whatever it takes, we're going to have to do 50 million a year, you know, for a decade. The annual rate and fee increases would have to be as described. We are not advocating varying meter fees by location. We're saying this is something that should be spread evenly. How much new and current customer...or how much current customers should subsidize new users? That's defined in the options. Subsidizing rates for competing user groups, right now agricultural users pay about 25 percent of their actual cost. We are not proposing changing that at all. The County and the Department has always subsidized agriculture, the community has supported that. We are basically keeping rates such that, that doesn't change. Desired growth rates for various areas. We're following the Maui Island Plan, but as I said, there's some questions we have about what are the, what are really the intentions between the growth rates and things like the meter list? I'm going to get back to prioritize water infrastructure. Drought tolerance versus new users and reliable capacity aren't really addressed here but they're still policy issues that have to be talked about. The one I want to talk about is prioritize water infrastructure in a given area versus others. Let's say for example that the Council looks at this and the Council says we can't afford these rates and fees, we can't afford 50 million a year. Let's say we can only afford half of that. So now a decision comes in, well where should we put that money? Should we put it Upcountry and say the down country

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

developers should take the lead because there are some big developments so there's someone to take that lead. Or should we say the opposite? Should we say the lower cost per capita, the way get the, help the most people per dollar is down country, and maybe, you know, we aren't going to put in this, into Upcountry. If we don't have enough money to do everything, we need to decide what to do; otherwise, we may find that we spent all the money and then we can't do what was really important to us. I am especially concerned about this, because if there is not going to be a commitment over the long term for the rates and fees and debt service to support the everything plan, our whole CIP budget may be wrong. It may be misdirected. So in order to have that be right, we're going to need to take a longer term view. One of the difficulties in our system, having the Council be in charge of the Water Department is we do year-by-year budgets. On the other three counties who have boards, they do five-year budgets, so they're able to commit five years out to rates and fees and debt and things like that. We can overcome that but it means we're going to have to take a hard look at this, and rather than just looking at the Department of Water Supply budget, what are the rates this year, what's the CIP this year, we're seriously going to have to look ahead like we did here five and ten years and essentially commit to the future Councils of what we're doing and what we're not. Otherwise we may be doing the wrong things and we may run out of money and then nothing works because nothing was finished. That is my biggest concern that we waste money on design, we start pieces of projects that never come together because we run out of money halfway through. We need to make some decisions about the financial elements. So today we looked at a quick review of the system, we had discussion of future funding options and the policy issues. We realize these are probably some of the hardest decisions that have been raised in the past few years. Water is something critical to everyone, we've heard that again and again. We've done our analysis, we've come up with these numbers, we're ready to move forward, but we need the cooperation of the public and the Council to really come up with a long-term strategy and not just go ahead year by year. Again, the Mayor wanted to pass on that the reason we're coming here a month before budget to share this with you so there's no surprises in budget, to give you an extra month to talk about this before the chaos of the budget season starts. Obviously there will be lots and lots of testimony on this. I suppose my plea to everyone is don't just pick...to the public and the Council, don't just pick well I don't like this plan because, well what do you like? If you don't like us paying for it, do you want to have conservation? Should we strengthen the "Show Me the Water"? We had those three options plus all the sub-options. If everybody can come to the table with what they want, not what they don't like about any particular plan, we believe we can move this forward. But we are committed in the Department, the Administration to move this forward, we know the Council is, and we think the FY '14 Budget can really be the time that we get over this hump and then we spend the next ten years implementing whatever it is we decide. With that, I appreciate everyone's attention, and, you know, obviously we're ready for lots of questions. Thank you very much.

CHAIR VICTORINO: Thank you, Mr. Taylor. This meeting will stand in recess. In fact we'll take our mid-afternoon recess. And if everybody would return at 3:00 p.m., that way we can get, we can resume. This meeting now stands in recess. . . .(*gavel*) . . .

RECESS: 2:53 p.m.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

RECONVENE: 3:05 p.m.

CHAIR VICTORINO: . . .(*gavel*). . . The meeting of the Water Resources Committee of February 27, 2013 will reconvene. First of all, Mr. Taylor, thank you for very much for that extensive presentation. I think that helps a lot of us here in this Chamber and out there in the world at large in the County to see some of the dynamics we face. I think this is a question we're getting, we're asked all the time is what, where, how, when, and I think you've given us at least a good road map to look at. Now, the other part of this issue is the fact that these rate increases, I'm not going to get into specific rate issues because that is a budgetary issue. This is, again, as Mr. Taylor and I have allowed this, and we've done this now I think this is the third year that we've worked together to make sure that this presentation gives you an idea to kind of subjectively put the information out there for you, the Council members, but more importantly, I hate to mention, this is really for the public's preview. That's so the public understands where we're going and what we're doing. Now, whether we agree with the rate increases or not is not the issue today. What I'd like to see, keep the questioning on is the plan itself, and try to keep it as general as possible. Because, again, we can't get into this project going cost this and that project's going to cost that. I think that will all come up in the budgetary process. In fact, most of the major projects like Waikamoi and some of these other ones are already undergoing, and that's the 5 percent that you're talking about, Mr. Taylor. Am I correct in saying that?

MR. TAYLOR: That's correct.

CHAIR VICTORINO: So we're looking at other things that are going to continue this trend of getting water where it's needed. The only thing I'll add to this, Mr. Taylor, and I still would like to see us move is finding sources, and I think sources are very important. And I've not backed away from this, and we've had discussions on that. And I think that's something that this County cannot lose sight of is developing sources or buying sources, because once we have the sources, other things can come a lot quicker, but the rest has to be there. So with that being said so that we set the parameters, I'd really like to stay on the plan itself, not get into so much the budgetary part, because that we'll wait for Mr. White and his Committee and we'll all have a great time with that. And we'll have all nine of us here, tonight we only have seven, so I want to be fair to everybody, okay. So I'll start from Ms. Baisa and just work our way down, give everyone a chance to ask a couple questions and then we move on, so that we can, you know, come to some conclusion today. And I want to, again, thank Mr. Taylor and all of your Department people, your engineers, your project managers, everyone, because they've done a yeoman's job over the last three or four years getting this together so that we have some real at least a map to look at and to understand. So, Ms. Baisa, I will start with you.

COUNCILMEMBER BAISA: Thank you very much, Chair. And thank you, Mr. Taylor, for an excellent presentation as usual. It's interesting that the more we talk about this, the more there is to talk about and think about, but I can see that we're, we've gotten to the point now where the rubber's hitting the road and we need to make some decisions with budget coming closely. On this idea of how we handle finding more revenues . . .(*clears throat*). . . to do what we need to do. I'm sorry, but the frog is taking over again. We talk about meter fees and you presented a

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

schedule of possible answers in terms of meter fees. Was the idea of geographic differences discussed at all?

MR. TAYLOR: Yes. We discussed the idea of it being different. Let me just say, let me back up. You saw a \$26,000 meter fee for full cost recovery, plus or minus. Let me say it was much higher Upcountry, it was much lower down country. So Central, South, and West had a much lower fee, probably in the neighborhood of, I don't remember exactly, maybe \$16,000, something like that, Upcountry over \$30,000. So what you see here is a Countywide meter fee because it continues really what I think is this Council's policy of keeping rates and fees the same throughout the County. When we look at property taxes, you know, versus cost for Police and Fire, and Parks and everything else, I think we all know that Molokai, Lanai, Hana, Upcountry are more expensive but we, the other rates that the Council sets seem to be the same. So we didn't feel that the Council wanted us to propose that which is why we didn't. If that is something the Council wants to do, if the Council says water is different than everything else and it should be, let me say this, budget's going to printing probably this week. There is no way...what I propose here is what you're going to get in the budget. If we hear today, if we hear from you today that you want something different, although we can't have it in the proposed budget, we can work on it off to the side and have it ready for insertion into the budget. We can't do an infinite number of options, but again, one of the reasons we wanted to come early, so you're not stuck with our proposal or nothing. If there's something else you'd rather have, let us know, we can work on it off to the side and have it ready for insertion in budget. So if that's something the Council wants to pursue and you like that better, then we can certainly have that together in time for insertion during the budget process.

COUNCILMEMBER BAISA: Okay, thank you very much. Chair, I'm just going to do one and will wait for another turn.

CHAIR VICTORINO: Okay, thank you. Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. Just to clarify, would you be asking \$50 million in this, the budget?

MR. TAYLOR: No, we will not. The \$50 million is what we're going to have to build up to over the next few years to meet replacement, maintenance, and expansion needs. I showed an earlier slide showing how you have to in the first few years do preliminary engineering, --

COUNCILMEMBER GUZMAN: Right.

MR. TAYLOR: --engineering, and then construction. We're not ready for 50. If you gave us \$50 million this year we don't have enough to spend it on, but if we know that there's going to be \$50 million coming starting say in three years, we can do a lot more design now and ramp up to be ready for that. So there's about a three-year ramp-up period to get ready for the big construction money. So that's why looking ahead is vital to us, because a set of blueprints really has a shelf life of maybe two years, after two years whatever you designed you have to go back,

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

things have changed in the roads, permits have expired. So we want to design things that are going to go right to construction pretty quickly. So we try to anticipate how much will we have for construction in three years and design just enough. So that's why this long-term outlook of saying look, if we're going to do roughly 50 million a year for 10 years, we'll build up to that and we'll keep a consistent level of design so we're ready to do that year after year after year.

COUNCILMEMBER GUZMAN: Just a quick follow-up, Chair.

CHAIR VICTORINO: Sure, go ahead.

COUNCILMEMBER GUZMAN: Mr. Taylor, when was the last time that we did a rate change in terms of the...or increasing our rates in the County?

MR. TAYLOR: The rates change, the rates, the monthly rates you're charge were changed last year.

COUNCILMEMBER GUZMAN: From what to what?

MR. TAYLOR: That's your monthly bill. I don't remember all the numbers. I think it was roughly a 5 percent rate increase, something like that. The last time the meter fees were changed, we think we're...we were talking to staff about it, we think it's about 2001, somewhere in...my staff's shaking their head up and down. So that \$6,030 for a 5/8" inch meter fee, that has been constant for more than 10 years, but rates have gone up probably every year.

COUNCILMEMBER GUZMAN: Right. So you mentioned that, I believe you...Kauai in your presentation, you mentioned they had a five-year plan in terms of a rate increase, is that correct?

MR. TAYLOR: On Kauai and Oahu and Honolulu both have boards of water supply, and I know for a fact that the Honolulu Board of Water Supply passed a 5-year, I think it's 9 percent a year but I may be wrong on that number. But I think it's 9 percent a year for 5 years, so they committed to that. I believe Kauai did the same thing. I think they also committed to do a 5-year, you know, 8 or 9 percent rate increase, something like that. And Kauai is currently discussing, Kauai's meter fee is currently I think \$4,600, if I recall, and they've done a similar study to ours, come up with their full cost recovery is about \$18,000. And they are currently pursuing that with their board. There have been a number of public meetings on Kauai to pursue a meter fee being \$18,000. So it's interesting you bring that up because the Kauai topography and infrastructure needs are similar to ours, wells, tanks, pipelines, et cetera. So our numbers are right in line with theirs because the cost per capita is roughly the same as theirs. So they're also in this just under 10 percent rate increase with a roughly \$20,000 meter fee which shows that we're in the ballpark to do about the same thing they have to. So that's probably our best comparison from a infrastructure needs standpoint.

COUNCILMEMBER GUZMAN: Is Kauai's board an independent board or...

CHAIR VICTORINO: Mr., you know, Guzman --

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

COUNCILMEMBER GUZMAN: Oh, I'm sorry.

CHAIR VICTORINO: --you know...and I gotta give you one on one on this --

COUNCILMEMBER GUZMAN: Okay.

CHAIR VICTORINO: --you know and that, and I will, you know, because I think, you know, being one of the new Members I need to help you update you and some, how these things work. But I would rather give everybody a chance to stay on the subject matter, and I will give you a quick overview on how this water board thing works versus them and us.

COUNCILMEMBER GUZMAN: Sure.

CHAIR VICTORINO: Right after this. So let the other Members, if you don't mind, please.

COUNCILMEMBER GUZMAN: Okay.

CHAIR VICTORINO: And I apologize for stopping you, but I want, you know, to let Mr. White and the rest go, please.

COUNCILMEMBER GUZMAN: Okay.

CHAIR VICTORINO: Thank you, Mr. Guzman. Mr. White.

VICE-CHAIR WHITE: I was happy to let him keep going. Will you be bringing to budget the examples that I believe you provided us last year of the rate structure on the other islands? As you say, the infrastructure and per capita items are comparable on Kauai. I'm not sure how comparable they are on the Big Island, but I would be interested in seeing what their rate structure is and where the increases they have already put in place will put them. And maybe you have that off the top of your head.

MR. TAYLOR: I've seen it, too. I know someone on staff puts it together every year, I'm sure we can put that together.

VICE-CHAIR WHITE: Okay.

CHAIR VICTORINO: And I will assure you, Mr. White, that that will be part of it. I'll make sure our Staff gets that for your staff and to make sure, because every year we've had it available --

VICE-CHAIR WHITE: Yeah, that was my recollection so.

CHAIR VICTORINO: --during budge time. Yeah.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

VICE-CHAIR WHITE: Thank you, Chair. My other point I wanted to make was that the meter fee that you're listing, in many cases Upcountry is just a portion of the actual cost for the people that are on the list, because if they live a distance away from the pipeline, they're going to have the, they're going to have to foot the cost of the infrastructure themselves.

MR. TAYLOR: That is absolutely correct, and it's a point I tried to make with that \$200 million, 'cause the meter fees, somehow these rates and fees equal this \$200 million. That does not include line replacements, and that's why I wanted to make a, during the presentation, a special note of this ordinance that says we'll pay back 50 or 75 percent of the line improvements dedicated to us. Because if there is, let's say we offer a lot of meters and there's a lot of takers, and a lot of people do very, very expensive improvements. We have to pay a lot of that back, and we don't...ideally, you'd have enough money in from the meter fees in the Water Source Development Fund to pay that back, but these costs do not take that into account. And I also want to mention, I should have mentioned this during the presentation, we have basically two pots of money, the restricted funds and the unrestricted funds. These meter fees go, are what's called restricted funds. We can only use the meter fees for source, storage, and transmission for new, basically for growth. We can't use the meter fees to pay our electric bill. We can use our monthly fees to subsidize the growth fees. So when people are paying these meter fees, we are not allowed to use that to pay for trucks or for electricity and things, so people can be assured that this isn't some, you know, just general revenue grabbing thing. The restricted funds can only be used for those purposes.

VICE-CHAIR WHITE: Thank you. And I hope that you'll be able to get through this rapidly so that we can start allowing people to hui if they're on the same road so that, you know, we're making the best of whatever expansion costs there are. So thank you, Chair.

CHAIR VICTORINO: Thank you. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Taylor, you know, the Chair brought up a good point about his thoughts on source development. Are any of these...\$200 million, does that include any kind of source development whether it's storage or...I know you said that's what the meter fees are going for, but do you have anything planned right now or is this just a pot of money that you can start doing? If we were to give you the \$50 million a year, what would you do with that?

MR. TAYLOR: First of all, the \$200 million, I'd say the lion's share of that came from our analysis of what it would cost to do additional source development.

COUNCILMEMBER COUCH: Okay.

MR. TAYLOR: The lion's share is for source development which would essentially be wells and lines to bring source to where it's needed, plus tanks and things. So I'd say most of that is source development, and that's where the lion's share of the money is. So we are in early stages on a number of source development options. Some like the West Maui well I showed a photo of that

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

we'll be asking for money in the FY '14 Budget, we're in a later stage no. There's other projects we're an early stages on. As I showed with the project development cycle, we're in that early preliminary engineering. We're looking at alignments, what's it going to take. We're starting some hydro-geologic studies that are precursors to deciding which areas to go towards and which we may not go towards, so we can do cost benefit analysis, et cetera, et cetera. So we're...as I mentioned, even if you gave us...we're not asking for \$50 million this year because we --

COUNCILMEMBER COUCH: Right.

MR. TAYLOR: --we're not ready to spend it. This is more of a projection of what we'll ramp up to over a few years as some of these seeds come to fruition.

COUNCILMEMBER COUCH: Okay. As a couple of our testifiers mentioned regarding source, I know one mentioned storage, more storage tanks for raw water, and another mentioned that the Piiholo South Well. Can you comment on both of those comments?

MR. TAYLOR: Let me just start with general and if you want more you can ask more. We looked at a number of options, took some averages, and put them together to come up with a general number. Whether it ends up with a small reservoir and a well or a larger reservoir and not a well, those decisions could be made a little bit later. In general, wells at midlevel elevation are probably our better option than either large reservoirs or deep, deep wells. This comes up a lot, so let me first mention the big, big reservoirs. Just say as one of the testifiers talked about, Iao Stream. Let's say Iao Stream has an abundance of water for three months and not an abundance of water for nine months. A standard well that could generate 1 million gallons a day, you would need a reservoir that is 270 million gallons, 270 days to fill up during the wet time to get it through those 9 months. The Waikamoi and Kahakapao Reservoirs together are only 130 million gallons. You are talking about something three times that size that's equivalent to one 1 million gallon well. So you're talking about an enormous reservoir to catch a short-term wet weather flow to carry it through nine months. Reservoirs are going to be very, very, very expensive, because they're going to have to be huge if you've only got a few months of water and you want to save it for the rest of the year. Probably these midlevel wells are our best option. The other thing to think about about deep, deep wells, these wells that people are talking about that are half a mile deep. There is capacity and there's reliability. Without getting into a big sort of engineering lecture on it, you know, I had a Subaru for ten years and except for ten days that it was in the shop, it always was available to me. So out of 3,650 days it was available 3,640 days. If I had a Ferrari, if somebody gave me a Ferrari, that Ferrari's going to be in the shop for at least 100 days during that time. So when it's working it's fine but it's not going to be working so much of the time I'm also going to have to end up buying another Subaru that's going to sit there for when I need it. These deep, deep, deep wells are really pushing the limits of technology. Having a shallower well that's maybe only 1,000 feet deep with a couple of midlevel booster pump stations to get it to 3,000 feet is fundamentally more reliable than one straight shaft that's 3,000 feet deep, because it's really pushing technology. So it'll work but our staff has real concerns about owning wells that are 3,000 feet deep, and the pumps that go along with them, the costs. These, even the pumps that are in there, the local drill rigs can't lift 'em

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

out, you have to basically bring a crane. So they're specially made, et cetera, et cetera. I won't get into all the engineering. So there is some concern that our staff has that I share about getting something that is so temperamental, it's not working when we need it, versus having some simpler devices that we can fix, that are quick to fix that are more reliable. So that difference of capacity and reliability is more difficult than first glance of just having a piece of equipment that, you know, has a certain capacity. So this long-term reliability ends up being more important in our business than just saying here's something that has capacity. Like I said, you buy a Ferrari, it's probably in the shop more than you're driving it, so it's not a good commuting car.

COUNCILMEMBER COUCH: And I'm assuming you're talking about at least Piiholo South and possibly Pookela? Is that . . .(inaudible) . . .

MR. TAYLOR: Any deep, deep wells that are pushing that really, really deep depth have that same concern, let me just say that.

COUNCILMEMBER COUCH: Well there's three of us...

CHAIR VICTORINO: Mister...I'm going to ask you allow the others to ask questions.

COUNCILMEMBER COUCH: Sure.

CHAIR VICTORINO: I mean, see, some of you guys take one question and go...

COUNCILMEMBER COUCH: Well I'm trying to get an, I haven't quite got an answer yet from the question.

CHAIR VICTORINO: Well this could take forever at the rate we're going here.

COUNCILMEMBER COUCH: Okay.

CHAIR VICTORINO: So let me ask the others have an opportunity. Thank you, Mr. Couch. Ms. Crivello.

COUNCILMEMBER CRIVELLO: Thank you, Chair. Thank you, Councilmember Couch. And I'm interested to hear about source development. Let me ask you this in my own naïve-ness as one of the new Members. When I look at your pie chart of your 23, no 2013 Budget, so I can have an understanding, 39.3 percent CIP, are those monies expended?

MR. TAYLOR: No, those were monies budgeted.

COUNCILMEMBER CRIVELLO: Yeah, for 2013...

MR. TAYLOR: For the 2013...the 2013 CIP year is actually 18 months, it ends next...or it ends this, it ends on December 31st of this year.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

COUNCILMEMBER CRIVELLO: Right. So what percentage is actually expended? You mentioned when you were doing your presentation, Council members, you gave me this money, you made that decision. So am I to understand that you didn't ask for...

MR. TAYLOR: Oh, we asked for it.

COUNCILMEMBER CRIVELLO: Okay.

MR. TAYLOR: It was our proposed budget and the Council graciously approved that. We are spending it. We have, we're basically halfway through the CIP fiscal year, if you want to call it that. I think we've encumbered...I came with that information and it's in this e-mail, I think it's \$8 million. Yeah, \$8 million so far, and we are on schedule to encumber all of it unless bids come in low where we won't need it all, so all of the projects are on schedule for encumbrance.

COUNCILMEMBER CRIVELLO: Okay, thank you. So, Mr. Chair, may I follow through with another question?

CHAIR VICTORINO: Yes, you wanna follow up, go ahead.

COUNCILMEMBER CRIVELLO: Yeah. Source development, on Molokai two years ago CWRM had requested for the County of Maui to look for another source because of the salinity in our water source. To date I think our community is still waiting to find out what the plans are as far as meeting that requirement or request from CWRM. But that being asked and obviously we don't have all the development that you would look at the growth for the Maui Island Plan as of this date, and I think going further depending how much more afterward, done with our community plan. But if I would want a meter and we're going to have to pick up that cost likewise even if there is...we don't know what source of development is coming up. At least I don't. And some of the constituents have asked me about getting that kind of information, and obviously we don't have the demand for the further infrastructure that would be needed as opposed to our island of Maui. So how do we...we still get penalized for that. I call it penalty because it's quite a large amount for new meters. I mean right now the 6,000 is quite a bit for young couples who want to build fee simple.

MR. TAYLOR: Thank you. And I think it's difficult for everybody who's trying to start out to afford what they're trying to afford. For Molokai like with everywhere else, I mentioned in the presentation that we had a baseline of roughly 20 to 30 million dollars a year that's necessary to keep existing customers with existing services, that includes Molokai. That includes things like a backup well for reliability, et cetera. So that number includes Molokai. As you note, there probably isn't going to be a whole lot of development on Molokai, so our current system with minor upgrades for reliability should be adequate to take care of it. There was a question earlier from Chairwoman Baisa about different meter fees for different areas. Just so you know, our costs on Molokai are about twice, it costs about twice to supply 1,000 gallons of water on Molokai as it does on Maui, but we charge exactly the same. So not only are we not penalizing

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

anyone on Molokai, we actually are at the same rate giving them something that costs far more than it costs to serve. So Molokai and Hana are supported by rates everywhere else, so it's actually the opposite of a penalty. We're really charging much, much less than the cost to serve. So because of that, including Molokai in the rates and fees we think is fair, because again, we're charging everyone the same and they're actually getting something that costs a lot more than what they're paying for. So that's why we look at things Countywide and we don't divide them by areas, because otherwise some areas like Molokai, if really Molokai had to pay for its own water system with just Molokai revenues, the rates would be much, much, much higher.

CHAIR VICTORINO: Okay?

COUNCILMEMBER CRIVELLO: Can I say something else?

CHAIR VICTORINO: You can say something else, but I mean...

COUNCILMEMBER CRIVELLO: Okay, missed it.

CHAIR VICTORINO: Okay, Mr. Carroll. I think we following the same line, so no worry, I think what he going say...yeah. Okay, go ahead, Mr. Carroll.

COUNCILMEMBER CARROLL: Thank you, Chair. Very nice presentation. I see where to, Central and South Maui we have that mix of groundwater and surface water, Upcountry also a mix of groundwater and surface water, and West Maui mixture of surface water and groundwater. And we have six surface water treating facilities; however, and I have brought this up many times and I'm sure you know what I'm going to say. We have...I brought it up in this Chamber that we can see which way the wind is blowing from the court decisions. We know from public pressure and from the courts and by law that surface water is on its last legs. It's going to be, someday we are going to have complete restoration or pretty near it. Now this presentation with budget and everything, it does not address replacing surface water. You addressed new sources, that's nice, but you're looking new sources and addressing the problem with the continued use of surface water. What I've asked for repeatedly is a plan to where the Water Department addresses and admits to the need to have additional resources for the replacement of the surface water. This is looking for addition but it's also including the use of surface water. Now you might say well the additions are going to make that happen someday, but it's not recognized in here. You're not recognizing and I don't see any place where it's recognized in any of the plans to where we're are going to try to wean ourselves out. There's no plan. There's nothing written down, well part of it is we are going to address these different areas and we are going to try to target these different areas individually to reduce our dependence on surface water. Now you don't have to give me a reply, but I would like to see in the future that it is addressed directly, and when you come before us, you address the problems of replacing our stream or our surface water as it pertains to the entire Maui County. And like I say, we can always say well, we're drilling more wells, but you're not really addressing replacing the surface water, you're addressing meeting our current needs and future needs. I'd like to see it addressed specifically, we're not going to...we're going to Upcountry, have enough wells, and we will not need the surface water, and

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

that facility over there to treat that surface water, and we looking for a target date of 2020, well whatever. But I'd like to see each area that's using surface water looked at carefully, and some kind of a plan and some kind of a consideration to try to reach these goals. Thank you.

CHAIR VICTORINO: Thank you for those comments, I do appreciate it. And before I recognize Ms. Baisa, I would like to also add that, you know, Mr. Taylor, yeah, I appreciate everything you do and I've supported it, much of the plans you've put forward. Mr. Taylor brings...I mean Mr. Carroll brings up an interesting dynamic, and I think we've spoken on this on a number of occasions that, you know, the change is coming and we gotta get ready for that. And surface water has a finite challenge, and every year you get droughts pretty much Upcountry because of the lack of a) storage capacity, and b) lack of rain in those areas. And you have said this many times and I'm going to use your exact quote, there is no low-hanging fruit anymore, everything's going to cost us more. So the reality is there and the public has to understand it is there. Now Ms. Baisa brought up an interesting dilemma about trying to, you know, actually pay for what you use or the cost that cost to do it, you know, to bring the water to your home. Whether it's Upcountry, Molokai, Hana, you know, I've never been in favor of that, but then I have the pressures from town people saying we're paying more to help them. And but my answer has been we've always been one County and one County we are, and we've got to share in the cost. Because if we don't, then all of a sudden we become segmented, that's not good either, and I don't want that. But the philosophical changes may be in the wind also in that area. And I'm going to put it this way, Mr. Taylor, and to the Administration, I've said this and I'll say it again and again and again, that until we get Upcountry to at least a 60/40 ratio, 60 percent ground, 40 surface, they'll always have a problem. And we know that one of the wells we're looking at, we're trying to put online is Hamakuapoko, but you've addressed that problem to me and maybe I think at this point I'd like you to tell the Committee where we're at with that. Because I think that's very important because that's part of the whole system for Upcountry and we cannot ignore that. So, Mr. Taylor, please.

MR. TAYLOR: Okay. The Hamakuapoko Well status is such that we have two parallel paths. One is getting it working physically and replacing some equipment that's in there, the pumps that are in there, getting the water out, getting it tested, and getting it approved by Department of Health. That's on schedule to occur by summertime, so, so far that looks like it's okay. The other parallel path action is the Environmental Assessment. The draft Environmental Assessment was published, we received comments just last week. The comment period is over. At this point now we take the comments into consideration, we make whatever modifications we choose or don't choose to, to the draft Environmental Assessment, and then we publish the final Environmental Assessment. At that point there is a 30-day challenge period wherein someone who disagrees with our findings can basically take a court action. So that process will start, and those, that starts upon publication in the Office of Environmental Quality Control bulletin, so there's only certain days that can start. So we have to finish the comments which will be done probably, you know, in the next month or so, and then make the next printing of the OEQC bulletin. The 30-day comment...the 30-day challenge period will commence, and we will either be challenged in a court action or not. So we'll see what happens.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

CHAIR VICTORINO: Okay. I just wanted the Committee and the public to have an update on that, on the Hamakuapoko, 'cause that is very important in this scheme of our plan to eliminate the Upcountry water meter list. Ms. Baisa.

COUNCILMEMBER BAISA: Thank you very much, Mr. Chair. As you know, I have the luck of representing Upcountry where water is the number one subject, and I think you have a lot of fans who are gathered around the TV at this moment watching and listening to what we're saying. And I received a couple of questions that I'd like to ask on their behalf. Number one, if 1,500 to 3,000 meters are issued for the Upcountry meter list, have the energy costs of pumping all the needed water up to those new customers been included in your calculations?

MR. TAYLOR: We know what the, we have an idea of what those costs are, and as a matter of fact, when you see the FY '14 Proposed Budget we increased electricity for exactly that purpose.

COUNCILMEMBER BAISA: So you're ready for those new meters. And one more quick one...

MR. TAYLOR: If I may answer that question?

COUNCILMEMBER BAISA: Yeah.

MR. TAYLOR: There won't be 1,400 meters overnight, so even as the meters go out, the houses aren't there yet, so we realize that they're going to...the actual use of that water is going to phase in over the next couple of years. So we made the determination of likelihood of how much more could we see. So there's essentially a small increase in the FY '14 Budget. If meters and meters and lots go out and you start having houses built in the next calendar year, then the FY '15 and '16 Budget, the portion of electricity is going to go up substantially to support that.

COUNCILMEMBER BAISA: I guess those of us that have been around construction know how that works, and how subdivisions come in slowly, slowly, slowly. We have some old ones that still not finished, takes a while. Anyway, the second question was if new development on Maui were to take place at lower elevations as opposed to the Upcountry District, how much could be saved in annual rate increases?

MR. TAYLOR: That's far too wide a question to give numbers to, I mean, but in general, I mean in general.

COUNCILMEMBER BAISA: I know you're up to it. You can always...

MR. TAYLOR: In general, it's less expensive to build the infrastructure when people live dense at low elevation, and it gets more expensive the higher you get and the more spread out they are. So to give one number, I can't, but again, I noted that the meter fees if we just did Upcountry would have been over 30,000. If we just did down country, it would have been in the range of let's say 15 or 16 thousand. I don't remember the exact numbers. So that shows that the cost to develop infrastructure is let's say about half down country than it is Upcountry. That's a very rough

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

number, it's going to depend on the details, but it is substantially more expensive to build infrastructure for higher elevations, and then there's higher operating costs.

COUNCILMEMBER BAISA: Thank you very much. And I support you, Chair, in your idea, and the reason I asked the question about the geographic difference was because it's a policy issue that we've been asked to address. But my personal feeling is, yes, we're all one County and we all share. I help you with something, you help me with something. You build a fire station in your neighborhood, I don't get anything out of it but I'll help you pay, and then I build one in mine and you help me pay, and that's the way it goes. So I'd like to see us share the cost across the board, but I want people to understand that there is a difference and that we are receiving benefits. Thank you.

CHAIR VICTORINO: Thank you. Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. Just a quick comment. I do appreciate the analysis that went through Mr. Taylor's presentation, and it looks as though they did a lot of work on it. So I do commend his staff as well as himself. I just wanted to have just a quick update on the meter list, where does it stand at this point?

MR. TAYLOR: Thank you. And I want to reiterate, all I did was draw on a dry erase board and give assignments. The staff has done an enormous amount of work over the last year and a half that led to this. So the amount of work they've done and the commitment they've had to put this together is just, you know, outstanding, and so I appreciate you recognizing them because they really did a lot of work. As far as the Upcountry meter list, we...it...we proposed a couple of bills that are...one got passed, ending the, establishing a final date for the meter list of the end of last year. Then there are the other bills with water shortage, water shortage rates will be dealt with in the budget, and then there's all of these costs that we're talking about now. As we get to the other side of some of these things, the H'poko Well is a key part of the plan. We have to see whether or not that gets, that goes forward or not, and also some of these rates and fees. So as we get, basically as we get to the, towards the end of budget, I think I'll be able to answer that question a lot better because the Council will have answered their share of these questions. We'll know where we are with the Environmental Assessment, we should have results back from the H'poko Well from DOH, and we should have a much better idea of where we are about that time.

COUNCILMEMBER GUZMAN: Thank you.

CHAIR VICTORINO: Thank you, Mr. Guzman. Mr. White.

VICE-CHAIR WHITE: Thank you, Mr. Chair. I'm pleased with the presentation and look forward to moving forward. I think your staff has done an outstanding job, and you've laid out a number of options that we can choose from and a number of options that we can communicate to our constituents. And I think that's the, an important starting point to get us teed up for budget. So thank you for putting this on today, Chair, appreciate it.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

CHAIR VICTORINO: You're welcome, Mr. White. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Yeah, and Mr. Taylor, just there are three of us here that are new to this Committee even though I watched a lot of your stuff before, so I'm not versed in, well versed in which wells are how deep or whatever so that's why I asked those questions. You know we get comments from the public saying we're okay to increase your rates, our rates as long as we can see some results, and historically the Department--and I'm talking way back when--you had a lot of money go in and you really can't see the results. And I know that even if we do \$200 million of CIP, you're not going to...unless somebody goes up and looks at the Waikamoi Flume, they're not going to see what's going on. And a well, all you see is a little thing, you have to know what you're looking for to know what a well looks like. How can we answer that concern of our constituents when we say look, we're going to have to raise your rates 6 percent, 8 percent a year, and they're saying well I don't see anything for my...my rates just go up and nothing happens.

MR. TAYLOR: Are you asking me for PR advice? All I can say is my industry struggles with this, and the only industry that struggles worse than water is wastewater where I came from. What are you getting? You're not getting sewage spills to the ocean. You're not getting turning on the tap and having nothing come out. It's the same as your hygienist, what are you getting for flossing, you're not getting gum disease. I mean I don't...preventative maintenance, you're not getting your car breaking down. You're not getting...when you clean your gutters, what are you getting, you're not getting water coming under the roof and dry rotting your roof. It's very hard to tell people what they're getting for preventative maintenance, because they're getting not noticing that nothing bad happened, and especially with organizations like ours that dig up the road, back up traffic, spend a lot of money, and it doesn't seem any different to anyone. What they're getting is continued service, and it's very hard to sell lack of failure as success.

CHAIR VICTORINO: Good point.

COUNCILMEMBER COUCH: Thank you, Mr. Taylor. And you're right, it is a hard thing, although I must say that when you tear up the roads, we do see a result 'cause it's pretty...

CHAIR VICTORINO: The bumps, yeah.

COUNCILMEMBER COUCH: And they're pretty bumpy.

CHAIR VICTORINO: Speed bumps, we call 'em.

COUNCILMEMBER COUCH: Yeah.

CHAIR VICTORINO: Free speed bumps.

COUNCILMEMBER COUCH: Free speed bumps.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

CHAIR VICTORINO: Before I recognize...

MR. TAYLOR: It's our part of traffic control. Thank you.

CHAIR VICTORINO: Ms. Crivello, let me say one of my standard responses to people that ask me about water and water, I says do you watch the news at night? Yeah. What do you see Oahu have almost every day? Right? Major water breaks. Last year the last time...well no, the year before, I haven't gotten last year's report yet, you know, but the year before they had 432 breaks, major breaks. And that is, if I'm not mistaken, Mr. Taylor, the way they explain a major break, anything 2 inches and lower they don't even count. If you have a 2 inch line that breaks, they don't even consider that a major break. So if you're talking 400-plus, you're talking every day a major break, and if you watch the news you see those big gushers and those big sinkholes. So do we want to wait until we get to that point? You know and that's my explanation to the public, you know, do you want us to wait? You're right, we don't ever see it until we don't have water. We don't ever question the Water Department unless the water tastes bad, looks bad, we don't question it. Isn't that correct? I'm guilty of that, I do that all the time; however, just like the electricity, if all of a sudden you got no lights, whoa, we get upset, right? So again, they do so much that not seen, and that all costs money, ladies and gentlemen. So it is where Maui has been very fortunate, and mister...and I want to give this quick synopsis. For five years in the '90s, we had no rate increase, for five years, which really for those guys out there in the audience from the Water Department that were there when we were on the Water Board, that really put us back. 'Cause five years, the Board of Water Supply was then semi-autonomous like the other ones on the other counties, decided there was no need for water rate increases, okay. So that put us back and now we've played catch-up all these years, isn't that correct, Mr. Taylor?

MR. TAYLOR: That is correct.

CHAIR VICTORINO: Okay, that was one. Number two, we changed in 2002 to the Water Board being advisory, not semi-autonomous like the other groups are. And I was on the Board of Water Supply when that change came over, and back then I thought it was a bad idea. But through the years I've seen...I've changed a different tune on that, because I see where the benefit of him coming here and telling us that and not having a third party involved as far as this is concerned. Now we still have adjudication and other things that the Water Board does, but when it comes to rates, budgets and all that, the Water Board...the Department comes to us, not to the Water Board for that. Now I agree, you can go five years, but if they were doing such a good job, look at Oahu. If they were doing such a good job as a semi-autonomous board, why are they so far behind? I'll rest my case at this point. I learn, attorneys, right, you rest when you're ahead. Ms. Crivello. I'm sorry, I went off on a tangent and I shouldn't, I apologize.

COUNCILMEMBER CRIVELLO: No apologies necessary, Chair. Thank you, Chair. Just as a follow up, I, too, would like to recognize your staff, and have to put a thumbs up for your hardworking water people on my island. So I see them in action daily. I guess for me it's, I can understand our high rates, we pay the highest electrical costs, and many of us are hoping someday that the

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

renewable energy sources will really bring down the rates of the use for us to pump and what have you to get our water source. It is my hope that I can have some information, more detailed as far as what sort of studies or investigations that the Department has done in regards to looking for source or corrective measures, or whatever source that CWRM is asking in regards to the salinity level of the existing well that we have, which I'm sure you're familiar with. But that's just kind of what I'd like to have for my information for my constituents.

CHAIR VICTORINO: Thank you, Ms. Crivello. Mr. Carroll.

COUNCILMEMBER CARROLL: Thank you, Chair. I already expressed my main concerns first, and I look forward to working with the Department to address those. The other things that I have, my other Members have already brought up, so I will pass. Thank you.

CHAIR VICTORINO: Thank you. And I'll go back to Ms. Baisa.

COUNCILMEMBER BAISA: Mr. Chair, I will give my time to Mr. Guzman.

CHAIR VICTORINO: Mr. Guzman. That means three questions, not four. No, no, no, go ahead. I'm sorry. I'm being mean, I'm sorry. Go ahead.

COUNCILMEMBER GUZMAN: No, no, I really do appreciate you, Chair, for explaining the autonomy in terms of the various different boards across our Hawaii, the different counties in which they use. But I guess one of my questions would be, I guess, to you would be, if we had an autonomous board, wouldn't it, that take away some of the political, I guess, conflicts that we as Council members may have in terms of dealing with our constituents? And it would be more of an independent board to make those right decisions in increasing the rates without having the entire, half the population jumping on one of us Council members? I mean I just pose that back to you.

CHAIR VICTORINO: And, Mr. Guzman, that's an excellent question. And the question...

COUNCILMEMBER COUCH: He must have been too young to vote at the time.

CHAIR VICTORINO: Wait, Mr. Couch. Just be quiet over there. Excuse me, some people interrupt me. Sorry. But to really answer that question, the voters of Maui County in 2002 decided that's the way they wanted it. It was a Charter change. So wasn't something we decided, it wasn't something the Council decided, the Mayor decided, it was really the people of Maui County. And I respect them enough to say they made the right choice. Now although I may agree or disagree with those statements you just made, taking politics out, I can tell you on other boards, I going be honest, there's politics. There's politics in everything we do in this world, let's be honest. There's politics in your house, your children play politics on you, and they going play one against the other. Let's be honest. I raised my children and I've raised my grandchildren so I know what this is all about. However, you are correct in the sense that when you don't have elected officials and appointed officials, you would think that would take the politics out of it.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

However, on the other side of the coin, we're accountable, so if we don't do a good job, we're gone. Right? The public can say good bye, you're not doing the job we want. So there is the good and bad of this whole equation. I don't know the right answer, but the answer on Maui is we have a Board of Water Supply that is advisory in nature and that was changed by the Charter, and we are charged with the responsibility of setting the rates, following up with the Department, maintenance, all the...whatever needs to be done, this Committee and this Council along with Mr. White's Budget and Finance Council [*sic*] is the one that is in charge of that or not in charge, is responsible for that part of the fiscal. The policies and all that comes from the Administration and the board...and the Department of Water Supply. So I can't explain it any other way except you're treading on thin ice and I don't want to go there. Okay. But thank you. That was a good question because I think the public has to hear it, because they decided in 2002. Now there may be a lot of us that weren't around in 2002, and if they want to change, well then go get a Charter amendment and change it back. That would be their choice. Mr. White...oh, no, wait. You have any other questions? I gave you three, so that was only one.

COUNCILMEMBER GUZMAN: Nothing further, your honor.

CHAIR VICTORINO: Hey wait, wait, wait. Hey whoa, whoa, whoa. Thank you. You're a good man, I like this guy. This meeting has deteriorated very rapidly. Mr. White, go ahead.

VICE-CHAIR WHITE: No further questions, Chair. But I can recognize a kiss-up when I see one.

CHAIR VICTORINO: Yeah, and I appreciate it, I don't get many of 'em. Thank you. Mr. Couch. And you don't have to 'cause you won't. Go ahead.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Taylor, we had another testifier talk about...and I know Mr. Victorino kind of answered the question, but, you know, we made a change in 2008 to the size of the pipe or the gallons per minute for the Fire Code. Is that something that was recommended by you or the Fire Department...you, your Department or the Fire Department?

MR. TAYLOR: I don't know the answer to that, I would have to, we'd have to do some research and get back unless our, our Chief Engineer is here. Herb --

CHAIR VICTORINO: Mr. Herb Chang.

MR. TAYLOR: --if you know the answer, feel free to come down and you can...

CHAIR VICTORINO: Herb, I know you know the answer so. Fire Department, yeah. It was the Fire Department, and I was here. I was . . .(*inaudible*). . .

MR. TAYLOR: Staff says the Fire Department.

CHAIR VICTORINO: Fire Department.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

COUNCILMEMBER COUCH: Okay.

CHAIR VICTORINO: Thank you, Herb, because I was going to answer the question but I'm glad that I had an official answer. From the Fire Department, yes.

COUNCILMEMBER COUCH: Okay. And I'm just wondering if there is a potential of...in that Code, not necessarily our Code but the standard Fire Code and I guess this is probably something to ask the Fire Department.

CHAIR VICTORINO: Yeah, and I would rather you go there than asking them.

COUNCILMEMBER COUCH: Okay, we'll do that. Then if . . .(*inaudible*) . . .

CHAIR VICTORINO: And if, you know, we could when they come to testify or when they come with their budget then that may be the time to ask them that question.

COUNCILMEMBER COUCH: Chair, I mean possibly to give, 'cause that may cause, you know, a little bit more people to be able to get their...

CHAIR VICTORINO: But I reiterated what I said from the insurance side.

COUNCILMEMBER COUCH: Understood.

CHAIR VICTORINO: And even Mr. Foley came and, you know, there are some companies that might give you the allowances, but then what they do is they surcharge you for that. Just like now, if you don't have adequate fire protection, they surcharge you, you know, so in other words, if your rate was \$1,000 a year, it might be 1,500. Every company is different in how they --

COUNCILMEMBER COUCH: Yeah.

CHAIR VICTORINO: --approach this. But when it comes to fire protection I do admit the one statement was made by Mr. Taylor that is very true, it's so much easier, fire protection, police protection when you have density and you have the amount of protection from within. But if you look Upcountry, I mean no offense, and you look some of the outlying districts, there'll be homes really far from any infrastructure. And I mean I drive up the hill all the time and I see these beautiful homes set back in the hillsides of Makawao and Olinda and all that, and you gotta expect that the Fire Department, even response time and even water pressure is going to be real difficult in these areas.

COUNCILMEMBER COUCH: And Mr. Chair, that's another policy issue, philosophy of the Council or the County in general. So look, if you're going to live in rural areas, you're going to have rural services, end of story. I mean that's one philosophy.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

CHAIR VICTORINO: Yeah, we're crossing lines we don't want to go.

COUNCILMEMBER COUCH: But...

CHAIR VICTORINO: Yeah, I apologize. Go ahead, mister...just stay on the subject matter. I apologize.

COUNCILMEMBER COUCH: Thank you. Mr. Taylor, your presentation was fantastic, I really appreciate it. I, too, like the, closer to the Option F. I think that in general because we have the affordable housing on one side and a few other things, but in general the new users should at least pay for their increase and then everybody else can pay for the maintenance which is kind of what Option F is. So I know you were looking for some direction, I know at least from this Chair and couple others said it looked like that Option F was a good option. So I don't anticipate you having to come back and re-scramble and do other spreadsheets.

MR. TAYLOR: Well, again, just, we...the rates is what takes a long time, but future fees, really you can almost change on the floor, because that's really going to affect future rates, not this year's rates. So if you decide, for example, that you want full cost recovery and you just want to change that number from, you know, 12,000 to 20,000 or something, it's not going to change any of the other parts of our budget.

COUNCILMEMBER COUCH: Right.

MR. TAYLOR: So that is something that is up to you. If it's things that changes rates this year, that becomes more complex where we need more time to do that, so it's the future things. Also, what relates, there was a discussion a little earlier about this board and Council thing which I'm not going to weigh in on, there's pluses and minuses, but the one strength of how it is now that helps us in this issue that I just want to focus on again that I talked about in the presentation. This body passed the Maui Island Plan. This body decided where growth should be and how much. So the fact that this body now has to decide how to provide water infrastructure for that is really a responsibility you have legally, because, you know, you're in charge of policy for the Department of Water Supply. But you also need to do whatever, you need to take whatever actions it takes to make sure that the Maui Island Plan is implementable, and that's essentially what we tried to do. We take the Maui Island Plan and the work you folks did on the General Plan really seriously, that, that is your guidance to us of what you want from us. We're essentially the plumbers of the plan you made. So we put a lot of work in to make sure that the work you folks did in the Maui Island Plan isn't just some document that sits on the shelf, we really, really used that to say this is what Council needs from us, how do we provide that. Now we need some feedback back about with the questions I laid out, because ultimately, Maui Island Plan implementation is going to come down to some of these tough choices. And we want to be part of those solutions, part of implementation, but we are going to need some strong direction from the Council about how to answer some of these questions so we can do our part.

COUNCILMEMBER COUCH: Thank you, Mr. Chair.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

CHAIR VICTORINO: All right, thank you. Ms. Crivello.

COUNCILMEMBER CRIVELLO: Thank you, Chair. I don't think I have any more comments. Thank you, Councilmember Couch. I like living in a rural area.

CHAIR VICTORINO: Well and again, that's a philosophical challenge that we're going to have to discuss as years come on. Mr. Carroll has said many years in defending Hana and that rates shouldn't be different for Hana than it is for Central Maui, and I know you've said that many, many times and I respect that. I understand those dynamics, but we are coming to a point where some changes may be warranted, I don't know, you know. But we gotta keep working together, and that's...I'm leading you right into this, Mr. Carroll. Go right ahead.

COUNCILMEMBER CARROLL: Thank you, Chair. Water rates, having different water rates for Maui, and we've discussed that many times, but the government of Maui County which is us, we try to have equity for our citizens, too. As soon as you go over there and you have different rates for different places, you have what you call unintended consequences. And one of the main unintended consequences is your industry, your businesses which can literally destroy a community. Until something comes up that you can show that those unintended consequences would not be detrimental, and I have no way that I can see how you can do this, I think we need to keep the rates steady right across the board. Thank you.

CHAIR VICTORINO: And I agree with you, and I stand fast on that idea, the unintended consequences. Because when you start with water rates then you go to parks fees and then you go to others, and I do admit one thing, I think all of us know that if you go to Hana and buy gas over there or you go to Lanai and Molokai and buy gas there, whoa, it's a lot more than what Central Maui is. So we do know there are different rates for different communities right here in Maui right now, in Maui County. However, I...and the bottom line, ladies and gentlemen, I think we are one community and we gotta continue to work that way. Mr. Taylor, I'll close by saying thank you very, very much again. You know as I said your staff especially, I appreciate, and them, Herb and Helene and the rest, you know, even Paul Meyer is sitting out there diligently listening to this, making notes so that they can go back and send me e-mails telling me what I said wrong. But that's okay, I can handle that. But to the public in general and to our farmers and ranchers, you know, I want them to understand that we'll do everything possible to ensure their viability, too. And I think that is something that's not been mentioned today, but we do not want to lose sight of that. And I do not, I do not want to raise rates just for the sake of raising rates, but we have to understand it is costing us a lot more. And I just read in the NACo news that another unintended consequence that's going to be rising water rates is EPA and the Clean Water Act updates, and they're going to increase costs. So there's increased costs everywhere we go for everything we do, ladies and gentlemen, and it's not something that we here in the Council feel wow, this is great, we're going to raise rates. I want the public to know that each one of you here do their homework, do their due diligence and really, if we had our way, would not raise any rates, but that's not the real world we live in. And so we're going to have to do what we have...can, to do it right. You want water, you want clean water, you want

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

quality water like Ms. Robbins has mentioned many times. I don't care where you live on this island, when you turn on the tap, you want quality water, so we've got to work hard to provide it and it does cost a few dollars. And so I gotta...I want people to understand that I will always be a watchdog for water rates and I think everyone in this room will be the same way; however, if it needs to be done, I want justification from you, Mr. Taylor and the Department, and so long as justification is made and results are accomplished, I believe I could support it, I think everyone else in this room could. Ladies and gentlemen, I'm going to call this meeting...adjourn this meeting. Again...

MS. BOUTHILLIER: Defer the item.

CHAIR VICTORINO: Oh, wait, wait. Hang on. I got it. With no objections I'd like to defer this matter.

COUNCIL MEMBERS: No objections.

ACTION: DEFER pending further discussion.

CHAIR VICTORINO: Thank you. I forgot, sorry. I was so excited, you know. Today was an exciting meeting, you know, because we had the fellows here earlier and I had lunch with them. And it was really nice to speak with them. I think all of us who attended, in fact everyone in this room attended was really impressed with these young leaders. And, you know, the future, I think is in good hands. You know I'm getting more confident every day. Except...nah, never mind. And so and again, Mr. White, I want to thank you for this fabulous...and Ms. Baisa has agreed, this can be the official gavel for this County, for this Council. So we'll do a little more work on it, maybe have your name engraved on it or something.

VICE-CHAIR WHITE: No, no.


CHAIR VICTORINO: We want this for prosperity now, you know. But, ladies and gentlemen, I wanna thank all of you. With no other questions or discussion, the meeting of the Water Resources Committee, February 27, 2013 is adjourned. . . .(*gavel*). . .

ADJOURN: 4:07 p.m.

WATER RESOURCES COMMITTEE MINUTES
Council of the County of Maui

February 27, 2013

APPROVED:



MICHAEL P. VICTORINO, Chair
Water Resources Committee

wr:min:130227:ds

Transcribed by: Daniel Schoenbeck

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

February 27, 2013

CERTIFICATE

I, Daniel Schoenbeck, 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 11th day of March, 2013, in Kula, Hawaii

A handwritten signature in cursive script, reading "Daniel Schoenbeck", is written over a horizontal line.

Daniel Schoenbeck