

BOARD OF WATER SUPPLY
COUNTY OF MAUI

REGULAR MEETING
MINUTES OF JUNE 20, 2013

The regular meeting of the Maui County Board of Water Supply was held at the Department of Planning Conference Room, 250 South High Street, Wailuku, Maui, on Thursday, June 20, 2013.

CALL TO ORDER

The meeting was called to order by Chair William Kamai at 9:03 a.m.

ATTENDANCE

Members present: William Kamai, Chair
Patricia Eason
Donald Gerbig
Cyrus Kodani
Michael Suzuki
Thomas Watanabe

Excused: John Hoxie, Jr.
Robert Joslin
James Rust

Staff present: Dave Taylor, Director
Paul Meyer, Deputy Director
James Giroux, Deputy Corporation Counsel
Gaye Hayashida, Commission Support Clerk

Others: Mary Blaine Johnston, Deputy Corporation Counsel

ANNOUNCEMENTS

None.

APPROVAL OF MINUTES

Minutes of May 16, 2013

Chair Kamai asked for a motion to accept the minutes of May 16, 2013.

Motion: Member Kodani moved to approve the minutes of May 16, 2013

Second: Member Gerbig

Discussion: None.

Vote: Unanimous. Motion carried. The minutes of May 16, 2013 were approved.

TESTIMONY FROM THE PUBLIC

There was no public testimony.

APPEALS

Appeal No. 12-03, an appeal by Iwa Ike LLC, Pine State Limited, Greg Kaufman. The appellants are appealing the decision by the Director of the Department of Water Supply denying their request for a waiver in the Water Availability policy

Deputy Corporation Counsel Mary Blaine Johnston, appearing on behalf of the director, apologized to the Board for submitting the stipulation for continuance so late but she explained that both parties have agreed to reschedule the hearing from today to a new hearing date of November 21, 2013. It is their hope that they can get some sort of resolution between now and then.

At this time Chair Kamai acknowledge receipt of the Stipulation to Continue Hearing Date which he then signed. (Copies will be mailed or delivered to the appellant's attorney, James Geiger, and to Deputy Corporation Counsel Mary Blaine Johnston at their place of business.)

The chair reminded the board members to keep the appeal documents that they have so far received for the November 21, 2013 hearing.

UNFINISHED BUSINESS

None.

OTHER BUSINESS

Discussion and possible action regarding the creation of investigative committees for the Board of Water Supply

Member Gerbig distributed a handout of his suggestions for investigative committees.

1. Development Committee - 3 members
2. Operations Committee - 3 members
3. Water Resources Committee - 3 members
4. Legislative Committee (if needed) - 3 members (one committee member from the previous 3 committees)

Member Eason recommended that the board keep it really simple by having only one investigative committee consisting of 3 members.

Member Suzuki wanted the duties and responsibilities of these committees to be more specific.

Member Kodani liked the idea of investigative committees but cautioned the members about questioning everything the director or the department does. He suggested that these committees should be formed when there is a specific issue at hand.

Chair Kamai liked what Member Gerbig proposed but he stated that the Legislative Committee should be up for discussion and would be based on who is available to provide testimony should the board vote to offer testimony at the council or at the state level. He noted that this is what they have done in the past.

The chair further stated that the whole premise of forming 3 committees with 3 members each would allow all the board members to go on field trips while still complying with OIP requirements. As to the board's duties and responsibilities they should keep in mind the consumers'/public's interests and not get into micro-managing the department.

Director Taylor stated that this board is only advisory but can make decisions on appeals and also make recommendations to the council. He suggested that the committees could become experts in these areas and gave as examples:

1. Rates, Fees and Billing Committee - 3 members could become experts on how the department does rates, fees and billing so when there are appeals the board has built-in expertise.
2. Regulatory Legislative Committee - a committee that would go through all the details of all the department's ordinances, how they are applied and possibly make recommendations to the county council on how to change the rules based on the appeals that come before the board.
3. (General) Infrastructure Committee - general infrastructure priorities are things that the board could make recommendations on.

The members concurred that the director's suggestions made sense and liked what he proposed.

Member Gerbig volunteered to work out the descriptions of these committees and will bring his report to the next meeting.

Mr. Giroux explained that this is a preliminary internal discussion -- an agreement within the board. Once these committees are established there will be an understanding of who will be on the committee and what their general scope will be. And in the future there should be a discussion and an activation phase. What OIP doesn't want is for the board to have ongoing standing committees with no specific scope or structure.

He believes that the board is doing a really good job on preliminary scoping of the committees so they won't be wasting a lot of time in the future. He commended the board for their synergy.

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

At this time the board members did not propose any future agenda items.

COMMUNICATIONS

COM 13-01, Letter from Anne K. Masuda regarding Water System Development Fees (Water Meter Fees)

Chair Kamai acknowledged receipt of a copy of a letter from Anne K. Masuda that was sent to the mayor, the council members, Director Taylor, the Board of Water Supply and members of the Water Resources Committee regarding the water meter fees remaining at \$6,030.

Director Taylor explained that this letter is in regards to the fiscal year 2014 budget that will take effect on July 1st when the source development (water meter) fees will double. The increase is based on the department's CIP projections and how much revenue was needed. This matter was previously discussed with the board and with the county council.

Though no one wants to raise rates, revenue has to equal expenditure. So the council by majority vote decided that this is the fiscal policy they wanted to pursue. The board is free to make recommendations but this issue has already been resolved by the council and the mayor.

Deputy Director Meyer pointed out that Council Member Victorino proposed that certain people on the Upcountry Meter List be grandfathered at the older meter fee of \$6,030 but the council voted 6-2 against this proposal. The majority of the council members were supportive of raising the fees to fund necessary improvements.

DIRECTOR'S REPORT

Director Taylor stated that at the recent American Water Works Association (AWWA) conference which he attended, all the water utilities nationwide are facing the same issues we are -- increasing population, increasing system failures and decreasing available water. Everyone is raising their rates, forcing conservation, struggling with their capital improvements and struggling with who should pay. There is no new great hope that we aren't already aware of and haven't already discussed.

The Hamakuapoko wells' environmental assessment challenge period has ended without any challenge. At this point the department staff is working on the operational requirements -- replace pumps and some minor systems. Barring any unforeseen circumstances those wells should be operational in the fall and once the department

gets DOH approval they will begin issuing meters on the Upcountry system. The director anticipates they will be issuing hundreds of meters over the next year or so.

There were no major operational issues to report.

Staff is still struggling with the new billing system -- trying to meet the increased demand without any additional staffing.

Chapter 14 of the Maui County Codes has specific requirements for agricultural water rates qualification. This year the department is scrutinizing these applications in more detail and probably will be rejecting more than it has in the past because of the very clear requirements set by the council in the code.

Applicants that do not meet these very clear requirements are being rejected by letter and informed of the appeal process before the Board of Water Supply. So the board maybe getting a few appeals on agricultural water rates in the future.

Deputy Director Meyer explained that due to the new billing system conversion the ag water rate renewals did not get as much scrutiny and follow up over the last year. The renewals were just extended across the board. Under the prior administration there was a little bit of a lax attitude towards enforcement of the annual income requirement which is a \$1,000 per year.

Given the volume of water and the number of people on ag water rates that don't comply with the ordinance, the department wants to see copies of a detailed farm plan, farm report (Schedule F) and IRS tax return, a G.E. Tax license, G-45 and state tax return as required by Chapter 14.10 of the Maui County Codes.

The director pointed out that these ag rates are huge subsidies -- \$.025 per dollar on the cost. Should this continue for "weekend" farmers? Or only for farmers trying to make a living? This is something that the board can recommend to the council which would be very, very important to the community.

Director Taylor directed staff to electronically transmit a link to Chapter 14 of the Maui County Codes to the board members.

The department is in its final stage of its 2-year effort to evaluate each water system -- projecting the needs, the different sources, focusing on what needs to be done to meet demand, which infrastructure items will be pursued and which will not based on the "low-hanging fruit", "best bang for the buck" approach. At this time the department is not ready to commit to any project but by the end of the year they will have a good idea which ones to pursue.

Director Taylor stated that there is 2 ways to go about water conservation. One is what he calls "the water police" -- make ordinances on when to water in what areas and have the water police issue citations for violators. The other way to encourage conservation is to change the rate structures so that the price of water gets more and more expensive

as usage increases, making the consumer want to save rather than the county telling them what to do.

He believes the best thing to do is modify the rates and not be the water police. The reason being is that we are too wide-spread and it's just too hard to catch people. There is no practical way to have enough staff to drive around and see who's watering when they're not supposed to. Also, a citation would be a criminal offense and would have to go the prosecutor's office to be prosecuted as a crime and the prosecutors have limited resources to pursue this.

The best way is to use the rates and educate the consumer on their responsibility to conserve and if they don't they will have to pay the higher rate. This way you have 35,000 customers trying to conserve rather than staff knocking on doors and forcing them to conserve.

The director pointed out that the department's Water Resources and Planning Division goes to most large community functions having to do with the environment such as the county fair, the Contractors Association Expo, and Green Earth Day. They are constantly doing education, updating their website, and teaching people about drought resistant plants.

DIVISION REPORT

March Division Reports

There was no further discussion on this matter.

ADJOURNMENT

There being no further business the meeting was adjourned at 10:04 a.m.

Prepared by:

Gaye Hayashida
Commission Support Clerk

Approved by:

Dave Taylor
Director