

WATER RESOURCES COMMITTEE
Council of the County of Maui

MINUTES

Council Chamber

October 2, 2013

CONVENE: 9:05 a.m.

PRESENT: VOTING MEMBERS:

Councilmember Michael P. Victorino, Chair
Councilmember Mike White, Vice-Chair
Councilmember Gladys C. Baisa
Councilmember Robert Carroll
Councilmember Donald G. Couch, Jr.
Councilmember Stacy Crivello
Councilmember Don S. Guzman

STAFF: Kim Willenbrink, Legislative Analyst
Pauline Martins, 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)

Morris Haole, Executive Assistant to Councilmember Carroll

ADMIN.: Edward Kushi, Jr., First Deputy Corporation Counsel, Department of the Corporation Counsel

Kyle Ginoza, Director, Department of Environmental Management

David Taylor, Director, Department of Water Supply

Paul Meyer, Deputy Director, Department of Water Supply

Holly Perdido, Waterworks Fiscal Officer, Department of Water Supply

Helene H. Kau, Assistant Waterworks Fiscal Officer, Department of Water Supply

Pamela Pogue, Planning Program Manager, Water Resources and Planning, Department of Water Supply

OTHERS: Roxanna Smith
Mercer "Chubby" Vicens
Plus (2) other people

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PRESS: *Akaku Maui Community Television, Inc.*

CHAIR VICTORINO: ... *(gavel)* ... Good morning, and welcome to the August, I mean, August, October 2, 2013 Water Resources Committee meeting. At this time, I call the meeting to order and I'd like to ask everyone to put their cell phones on silent or other means. The decorum will be kept in the Chamber please. This morning I'd like to introduce the voting Members if I may. I am the Chair Michael Victorino, the Vice-Chair Mike White.

VICE-CHAIR WHITE: Good morning, Chair.

CHAIR VICTORINO: Good morning. Our Council Chair from Upcountry, Gladys Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR VICTORINO: Robert Carroll, our East Maui Representative.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR VICTORINO: Don Couch from South Maui.

COUNCILMEMBER COUCH: Good morning, Chair.

CHAIR VICTORINO: Good morning. Stacy Crivello from Molokai.

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR VICTORINO: Good morning, and our Kahului representative, Don Guzman.

COUNCILMEMBER GUZMAN: Good morning, Chair.

CHAIR VICTORINO: Good morning. Thank you for all of you being here. I don't see any of our non-voting Members here so I won't go...if they do show I will introduce them. From the Administration we have the Director of Water Supply, Mr. Dave Taylor.

MR. TAYLOR: Good morning.

CHAIR VICTORINO: We have from Environmental Management Mr. Kyle Ginoza

MR. GINOZA: Good morning.

CHAIR VICTORINO: You guys can share that mic going back and forth? Okay, alright I'm cool. And also Mike Miyamoto, Deputy, I don't see Mike here. I get him on my list but he's not here.

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Okay. That's okay. If Mike does show up I will introduce him. From our Corporation Council, Ed Kushi.

MR. KUSHI: Good morning.

CHAIR VICTORINO: Good morning, and our valuable Committee Staff, Kim Willenbrink our Legislative Analyst.

MS. WILLENBRINK: Good morning Chair.

CHAIR VICTORINO: And Pauline Martins, our Committee Secretary. Before I start taking public testimony, I will check if our three offices are, or neighbor island offices are available. Our Hana Office, Dawn Lono. Dawn, are you there?

MS. LONO: Good morning Chair. This is Dawn Lono at the Hana Office.

CHAIR VICTORINO: Good morning. From Lanai Office, Denise Fernandez. Denise, are you there?

MS. FERNANDEZ: Good morning Chair. This is Denise Fernandez on Lanai.

CHAIR VICTORINO: Thank you, and of course Molokai Office, Ella Alcon. Ella are you there?

MS. ALCON: Good morning Chair. This is Ella Alcon on Molokai.

CHAIR VICTORINO: Thank you ladies. I will be calling upon you if you have testifiers in a couple of minutes. First of all, today's testimony will be limited to our agenda items and we have two agenda items today. Ladies and gentlemen, the first one is WR-3, Multi-Family Water Service Rates, and WR-5, Installation of a Waterline to the Hana Landfill. So that's the two items that are scheduled to be discussed. So these are the only items that I will allow testimony on. If you are testifying please sign up at the back desk on the eighth floor in the lobby and in our District Offices listed on the agenda. Testimony will be limited to three minutes with one minute to conclude. The yellow light will come on at three minutes and the blinking red light will be at four minutes. If you are not completed I will ask you to complete your testimony. When testifying please state your name and any organization that you represent. We've already established connection with our District Offices and to be fair I will try to rotate each site. Okay, so if with no objections, may I start public testimony?

COUNCIL MEMBERS: No objections.

... BEGIN PUBLIC TESTIMONY ...

CHAIR VICTORINO: Thank you. Are there any testifiers in the Chambers? Seeing none, okay, I will move to the District Offices. Hana Office, do you have anyone wishing to testify?

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MS. LONO: Yes, Chair, I have Roxanna Smith testifying on item number WR-5.

CHAIR VICTORINO: Roxanna Smith is that the name?

MS. LONO: That's correct.

CHAIR VICTORINO: Okay, thank you.

MS. SMITH: Good morning.

CHAIR VICTORINO: Good morning.

MS. SMITH: Good morning, I'm Roxanna Smith, representing Hand Landfill, and I'm just here to ask for the water, running water down there so, you know, for first of all is fire safety, sanitation, and you know, washing our equipment down. Right now we don't have nothing, no water, nothing down there so I appreciate it if we can figure a way of getting water down there at the Hana Landfill.

CHAIR VICTORINO: Thank you Roxanna. Any questions for clarification from the testifier? Seeing none, Roxanne, we'll do our best to get this matter resolved. I know it's been a lot of years that you guys have been waiting for this.

MS. SMITH: Yes, thank you so much.

CHAIR VICTORINO: You're more than welcome. Thank you.

MS. SMITH: Bye bye.

CHAIR VICTORINO: Let me check if there's any testifier at the Lanai Office. Denise, is there any testifiers?

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

CHAIR VICTORINO: Ella, on Molokai, is there anyone there to testify?

MS. ALCON: There is no one here on Molokai waiting to testify.

CHAIR VICTORINO: Thank you, and there is no one here so I'll go back to Hana. Hana do you have anybody else who wishes to testify...Dawn?

MS. LONO: There is no one else waiting in Hana to testify.

CHAIR VICTORINO: Okay. Thank you. Seeing that there is no one here to testify, there is no one at the District Offices to testify; with no objections, I will close public testimony.

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COUNCIL MEMBERS: No objections.

... END OF PUBLIC TESTIMONY ...

CHAIR VICTORINO: Thank you. Thank you, ladies. If I haven't made a mistake I think I turned it off. Okay. Alright, so moving right along let us start and if with the indulgence of the Members, I would like to take this in reverse order if that's allowing, you will allow me to I should say. First of all, I'd like to give WR-5, Installation for Waterline to Hana Landfill, because we have the Environmental Management Director here as well as the Water Director, and Mr. Carroll has a brief history he'd like to educate us on. So, with your indulgence I will open up with Mr. Carroll first, give the two Directors an opportunity to speak, and then you can ask questions if that's okay.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

CHAIR VICTORINO: No objections. Okay.

WR-5 INSTALLATION OF A WATERLINE TO THE HANA LANDFILL

CHAIR VICTORINO: Mr. Carroll, please, it's your show.

COUNCILMEMBER CARROLL: Thank you Chair. This is something that was brought up several times, many years ago when I was on the Council in the early 2000s, and it's something that the need was great then and it's even greater now. The landfill is not too far from the road. We don't know the exact distance, it's probably around a half a mile or less than half a mile. Right now, there is no water down there and it's a matter of safety and of health. Without water down there, obviously you cannot, it's very difficult to have the proper sanitation for our employees. You cannot have a restroom down there, just the basic cleanliness is a problem. Not having water down there, with any type of fire, for fire safety, is really bad because you have to act quickly and something like that usually requires a large amount of water if you do have a fire problem down there. It's something that we know is necessary. When we went for the budget meeting in Hana, this Council, we had testimony at that time. The only question is, and it was a question the last time, how are we going to get the line down there. Several options were discussed. One was doing in-house, having trenching done down there and the water line installed which of course if we did it in-house would probably be a quarter of the cost of going out to bid or doing it some other way. But whatever we chose, whatever we decide, we need to make every effort to make sure that we can get these in no matter which way we go. I hope the Council this day working with the Administration can come up with a proposal or we can request the information necessary to make the decisions we need to make to get this project implemented. Thank you, Chair.

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CHAIR VICTORINO: Thank you very much for that background, Mr. Carroll. I'll start with you, Mr. Ginoza, if I may, and then I'll move to Mr. Taylor. Mr. Ginoza.

MR. GINOZA: Sure. Hi, I'm Kyle Ginoza. What we have in Hana right now is, we don't have running water but we do provide potable water via water truck, a water truck from Public Works. So Public Works fills up tanks we have at the Hana Landfill for the sanitary needs, for washing hands, and for a restroom there. As well as, it's used for dust control and other operations. And you might recall that in the Fiscal '14 Budget we had asked for a CDBG Grant for a water truck for Hana. So we were awarded a Hana truck for Hana, a water truck for Hana which will be around a 200, sorry, 2,500 gallon water truck. And that will allow us to supply the water by ourselves without highways help, as well as we can use that water truck for dust control and other operational needs. So that will transport water from an area that there is water like the Public Works base yard to the Hana Landfill. So that's kind of the interim solution that we have and we're currently pursuing as far as providing provisions for water at the site. But there is still that concern about having running water there without having to truck it over. The reason why it's kind of stalled is, there is a line, my understanding is there is a line that goes down that serves some residential homes in that area, but the water pressure is quite low and so the Water Department did not want us to connect to that line. So we looked at getting our own line to get there, which would be quite expensive. So right now, we are looking at whether or not we put in something for the Fiscal '15 Budget to design and construct the water line to serve Hana Landfill. So right now, there is provision through a water truck from Public Works, and next year we'll have a DEM water truck that will also be used on site. Thank you.

CHAIR VICTORINO: Okay. Thank you Mr. Ginoza. Mr. Taylor.

MR. TAYLOR: Thank you, Mr. Chair. I have nothing to add to what Mr. Ginoza said.

CHAIR VICTORINO: Okay. Thank you. Questions from the...yes, I'll let Mr. Carroll go if you don't mind, Mr. White, and then after you, Mr. White. Mr. Carroll, first please.

COUNCILMEMBER CARROLL: Thank you, Chair. And thank you for reminding me about that other water line. That was the other portion that was always under discussion, because there is a line that goes down from the other side of that road going along to feed those homes. That line goes up in a tree, it is just, it's almost a joke, it looks like a cartoon, how somebody would draw a water line going through there. The problem is the stream over there and then there's another one that runs sometimes and it's very, very difficult. That line has been broken many times when we have storms. It was hoped that if this line went down to the rubbish pile, to our landfill, excuse me, to the landfill, that that would be the first phase. The next one would be from the landfill, which is a much easier route to, over there, and, run a line to come down and to feed those homes. And then we would disconnect that line, the one up; we would no longer need that. It would just go down to the first house which is on the right side of the river and this would solve the problems of that line that we have over there in the trees and it's just not practical going under the river over there. They tried that one time and it just didn't work. When the water

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came down it just dug everything out again. So this would be, you could consider the first phase of having potable water in the Waikoloa area. Thank you.

CHAIR VICTORINO: Mr. Carroll, was that a question or just more or less an answer to the, to what they're just were talking about? That wasn't a question was it? That was more of a comment.

COUNCILMEMBER CARROLL: I'm sorry?

CHAIR VICTORINO: Was that a comment? I didn't hear a question that's why I'm asking.

COUNCILMEMBER CARROLL: Oh, that was an answer to when he was talking about the water line that comes from the other side feeding the homes.

CHAIR VICTORINO: Oh, okay.

COUNCILMEMBER CARROLL: Yes, and that was, and I'd forgot to mention that, and that was explaining that that would be considered the second phase if we got it to the landfill. That then we could run from that side to feed those homes and get the lines out from all the trees and everything else and have dependable water service for those homes.

CHAIR VICTORINO: Okay, thank you. I just wanted clarification if they needed to respond to that. Mr. White.

VICE-CHAIR WHITE: Thank you, Chair. Question for either one of the Directors. What is the actual distance that the water line would have to be brought in and what is the cost estimate to do so?

MR. TAYLOR: It looks like about 2,000 feet or so from the map I have in front of me. I would guess Hana construction costs are relatively high. Even if it's \$500 a foot, you could be looking at a million dollars.

VICE-CHAIR WHITE: Mr. Ginoza does that square with estimates that you've seen on that type of work? Since you're good at installing pipes too.

MR. GINOZA: Yeah, that's in line with what we were thinking, and we're currently looking at if we can put it in the CIP Budget for Fiscal '15 and you know, just looking at other priorities within the Department. So it is something that we're currently analyzing and revisiting in order to have more accurate numbers for the budget.

VICE-CHAIR WHITE: And would this come out of Solid Waste Fund or General Fund?

MR. GINOZA: I would think that it would come out of Solid Waste Funds because it's serving the landfill, unless Water wants to pay for it.

VICE-CHAIR WHITE: Unless Solid Waste is subsidized by the General Fund.

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MR. GINOZA: Exactly yeah, so I mean we are roughly 25 percent subsidized by the General Fund so it would be part. Well it would really be General Fund subsidy we'd require.

VICE-CHAIR WHITE: Right, okay. Thank you, Chair.

CHAIR VICTORINO: Thank you. I do have a question for you and Mr. Taylor...Mr. Ginoza and Mr. Taylor. If for any reason we could arrange or make it an in-house project, first of all, Mr. Taylor, is that something that your people would be capable of doing?

MR. TAYLOR: We have one construction crew that does in-house projects like this. They currently have a number of things they are working on. They could do this instead of those. But again they're a Countywide crew. This is something probably of this size, I would need to, I hadn't talked to the Division head about it because it's in Hana and the construction crew reports in Kahului. You know with drive time and things like that, it might just be more economically feasible to hire a contractor where the people are there eight hours rather than paying them to commute. You know it's one thing to think about for our staff, they report to their base yards at start time. They have to be at their base yards at end time. Any more than that is overtime. When you hire a contractor, they are at their work site at start time and at their work site at finish time, you know that's part of working for a private contractor. So, that, doing things faraway, when our staff, we have to pay commute time or overtime for commute can get very expensive. So I don't know the answer, if it was in Wailuku and Kahului it would almost certainly be less expensive for us to do it rather than a contractor. Once you get to very distant travel times, you know, the opposite may very well be true.

CHAIR VICTORINO: Mr. Ginoza do you concur with that and also are you guys capable of doing it? Is your, do you have... 'cause like Ms. Baisa said, oh no, Mr. White said you connect pipes all the time. So would your people be able or capable of putting in a line?

MR. GINOZA: So for your first part of the question, absolutely I agree with Dave, with his assessment. For the second part, absolutely not. We don't have staff that does this kind of installation of water line.

CHAIR VICTORINO: Okay, I just wanted to make sure that we've covered all the bases. That you know we don't leave no, what is the old saying?

VICE-CHAIR WHITE: Stone unturned.

CHAIR VICTORINO: No stone unturned, thank you. I get those senior moments; I think I'm getting more and more of them these days. Too many things to think about. Sorry, Ms. Baisa, I didn't, you know, I know. Anyhow, okay, any other questions for the two Directors? Yes, Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you Chair. I just had a few questions, maybe starting off with some simple questions and then leading off into my primary questions

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CHAIR VICTORINO: Can you get to the primary questions? Cause what I want to do is, cause we have the other one I really want to spend some time on

COUNCILMEMBER GUZMAN: Okay.

CHAIR VICTORINO: And I kind of know where we're going. We're not taking any action today, and we know what, I kind of like I know what now and at least Mr. Carroll's clear on what needs to be done, so go ahead.

COUNCILMEMBER GUZMAN: Okay, thank you, I'll just go ahead and start with the primary questions. I guess number one would be the need assessment and number two would be economic feasibility. In regards to the need assessment, you mentioned earlier that the water trucks that are currently functioning supply a health need as well as dust control. What is the actual employment, or the number of employees that the health portion of it would be serving, and how many gallons do you, I guess this would be to Dave Taylor, how many gallons of that portion would go to that health component of my question, and in terms of the dust control, how many gallons goes to the dust control? And then I have a follow-up question after that.

MR. GINOZA: So we... may I?

CHAIR VICTORINO: Yeah, go ahead, Mr. Ginoza, please.

MR. GINOZA: We have three employees employed at the Hana Landfill.

COUNCILMEMBER GUZMAN: So three. Okay.

MR. GINOZA: And I don't know the breakdown of what the restroom requires versus the dust control, but we don't have very much dust control needs because it's quite rainy over there. But it's kind of a backup for when it's not a wet environment or wet day. So I don't know the breakdown, but it supplies both. I would think that, I mean it lasts quite long, because there's not that dust control need very much and because only three employees the toilet isn't used as, you know more the hand washing. But right now it's adequate to meet their needs.

COUNCILMEMBER GUZMAN: Mr. Taylor, would you happen to have an estimate on what is needed for the, or what is used for the dust control? How many gallons?

MR. TAYLOR: I would have no idea what they use for dust control cause I don't; I'm not familiar at all with the landfill operation.

COUNCILMEMBER GUZMAN: And so the third one would be basically the fire water reserve, you wouldn't know how much that would be, since you don't know the dust control, you don't know what's reserved for the fire?

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MR. TAYLOR: Industrial sort of sites, firefighting water is really a, it's about what sort of, what they're doing, what is the likelihood of fire, how big could the fire be, it's really specific to what they're doing and what might burn and how much water is needed. So again, that would be something that actually the Fire Department makes those determinations at this point about what our need for fire fighting because they're the experts about how much water did they need to fight certain fires based on what's happening at the site. We don't do that.

COUNCILMEMBER GUZMAN: Okay. So currently, correct me if I'm wrong, you stated that there is a water truck that holds about 200 gallons that is supplied to the landfill site, correct?

MR. GINOZA: I believe it's a 500-gallon tank

COUNCILMEMBER GUZMAN: Five hundred gallons, okay.

MR. GINOZA: And we're buying a 2,500-gallon water truck.

COUNCILMEMBER GUZMAN: Twenty-five hundred-gallon water truck, okay. And then that water truck will be delivering the water on a, what type of basis? A weekly basis? A daily basis? What?

MR. GINOZA: I would say at most weekly basis. I mean it's not that often that they would need to fill it up.

COUNCILMEMBER GUZMAN: And do you happen to know what the cost would be for this temporary I guess solution per year?

MR. GINOZA: As far, we would use our own staff to basically go back and forth, and so the cost of the water truck is \$275,000.

COUNCILMEMBER GUZMAN: Right, for the cost of the truck. But what about for the transport of the water and the end amount that we would be paying as a County to continue to do this temporary type of solution?

MR. GINOZA: It would really only be the gas because the labor is, we'd have our landfill staff do it, and right now Public Works does it for us, and so I don't know what the gas breakdown for an annual, on an annual basis, but it would be that short distance between the Public Works base yard and the landfill.

COUNCILMEMBER GUZMAN: So does the truck stay, would the truck stay there once it's delivered? Try to explain the operations portion of it. Because if you're filling up the 2,500 gallons within the truck, does that, do you unload that, those gallons? Is there a storage area there?

MR. GINOZA: There are tanks at the landfill. Because basically there's, you know if we just, there would be no pressure so there would have to be some elevation and so that we can have pressure

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in the line. And so, when the truck is not filling the tank for the landfill needs for sanitation then it would be used for dust control so it would spray from the water truck to control dust.

COUNCILMEMBER GUZMAN: And currently we don't know what is on reserve for dust control, so we don't really have a breakdown in terms of...

MR. GINOZA: I'm sure the landfill knows, but I don't know offhand how much is used for dust control versus sanitation purposes.

COUNCILMEMBER GUZMAN: Okay. Chair, the only the reason why I'm asking this line of questioning is I'm trying to determine whether the one million dollars apparently that Mr. White has gotten to estimate the, I guess the 2000 line, feet of line that needs to be installed, the one million versus us continuing to do this type of temporary water truck supply and try to balance which is more economically feasible. That's my line of questioning.

CHAIR VICTORINO: Well it is more economic seeing it doing that way than the million dollars. I could've told you that answer right off the bat. It didn't take a mathematical genius to figure that one out. However...

COUNCILMEMBER GUZMAN: Yeah, but I needed to hear it from the administrators.

MR. GINOZA: Well it's kind of, not an either or as well. So we would need the water truck for the purposes of operation of the landfill

CHAIR VICTORINO: Yeah.

MR. GINOZA: And so it's not like where the sole purpose of the water truck is just transport and that we're comparing 275,000 versus a million or so. It's, we need the water truck at the landfill. And so it serves a dual purpose now.

COUNCILMEMBER GUZMAN: Dual purpose. Okay, thank you Chair.

CHAIR VICTORINO: Okay. Thank you. Any other questions for the Department? If not, with no objections, I will defer this item and hopefully get some resolution to it soon. And another suggestion I was thinking of and I think they mentioned that when I was there at the landfill. If a tank was built there, a storage tank for which they had potable water available might not have, and that's another option that I think needs to be explored. You know, maybe a 10,000 gallon tank, you know, something that's there on property for potable purposes and God forgive if you need to fight fire and initially you've got something to start off with.

MR. GINOZA: My understanding is we have a storage tank but it wouldn't be, it's not served by Dave's water, I mean, you know, not by a line. We have to fill it.

CHAIR VICTORINO: Okay.

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COUNCILMEMBER CARROLL: Chair.

CHAIR VICTORINO: Yes, Mr. Carroll.

COUNCILMEMBER CARROLL: Chair I'd like to request if the Chair could request to the Department when we do meet again if they could come back with an estimate for running a line down there that would satisfy our fire flow requirements which a water tank probably would not, but and along with other information for the water tank and everything else. But especially I think one thing we're overlooking is the requirements for having a fire down there. That landfill is over 50 feet deep in places and without a line down there to be able to address an emergency like that, I don't think any tank or water tanker is going to be able to supply that. So if they could work on that information and perhaps come back at the next meeting with a, the water tank, but especially how much it would be approximately for a line and how big the line would have to be to satisfy Fire Department's fire flow requirements.

CHAIR VICTORINO: And what we can also do is add the, ask the Fire Department to come in and comment on that so that we have their take on this.

COUNCILMEMBER CARROLL: I'd appreciate that. Thank you.

CHAIR VICTORINO: Yeah. So we'll do that, yeah. So I'll request that from you and also request that from Fire. That they come in and give us a breakdown if how many gallons you would need if there was a landfill, and the problem with landfills, they could develop in many areas and many ways. It's not just a certain type of fire, yeah. So. Any other questions? Yes, Mr. White.

VICE-CHAIR WHITE: Just one last question. I think it would be helpful if the Department could give us a history of fires at the landfill site.

CHAIR VICTORINO: I don't think there's been any, yeah? Not that I recall, not in Hana.

MR. GINOZA: I don't recall any.

CHAIR VICTORINO: Yeah, I don't recall anything in Hana.

MR. GINOZA: I can research though.

CHAIR VICTORINO: But I mean, there may be, but I have, that was Fire Department should really have that kind of information. If I would have, anybody would have that would be the Fire Department.

MR. GINOZA: We would have that as well.

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CHAIR VICTORINO: Yeah, so go ahead. Yeah, add that to the list. Anything else you guys want to add to the list while we're going through the list? It's Christmas, go ahead. Oh, nobody else, where all the wishes?

VICE-CHAIR WHITE: Are you saying that you're Santa Claus today?

CHAIR VICTORINO: Well I'm going to give you everything you want, if I can afford it.

COUNCILMEMBER BAISA: He wore red.

CHAIR VICTORINO: Red, can we have a red...oh never mind, that's enough. That's enough. So with no objections, I will defer this matter

MS. WILLENBRINK: Chair.

CHAIR VICTORINO: And as soon as we can get those relative answers, and if anybody thinks of anything else that we need to ask the Department, please forward it to me so I can forward it to the Department. Yes Ms. Willenbrink?

MS. WILLENBRINK: Just to be clear, is this going to be in the form of a correspondence?

CHAIR VICTORINO: Yes.

MS. WILLENBRINK: Thank you.

COUNCIL MEMBERS VOICED NO OBJECTIONS. (MV, MW, GB, RC, DC, SC, DG)

ACTION: DEFER.

CHAIR VICTORINO: Alrighty. Thank you Mr. Ginoza. Thank you very much for being here. And no Mr. Taylor cannot leave. You, I can dismiss you. Or you have something else you wanted?

MR. GINOZA: Oh no, I was asked to be for the first one as well.

CHAIR VICTORINO: Oh yeah? Okay. Oh yeah that's right, yeah, that does involve you, excuse me. Excuse me.

WR-3 MULTI-FAMILY WATER SERVICE RATES

CHAIR VICTORINO: Okay. So now we will move on to WR-13. We are in receipt of a Miscellaneous Communication, from the County Clerk, referring to a matter relating to Multi-Family Water Service Rates. The Committee will consider options related to the water service rates for multi-

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family dwellings and utilization of one County water meter. The Committee may also consider filing of the Miscellaneous Communication as presented. Now, the Committee received this letter on May 29, 2013, from the County Clerk's Office, referring the matter relating to Multi-Family Water Service Rates. Condominium and other multi-family dwellings are generally serviced by one County water meter. The result is that condominium water usage may reach a higher water rate tier within days. Now, I would like to open up the discussion and first of all, I would like to let you all know that you are in receipt in your book from Mr. Couch and also Ms. Perdido is producing me some bills for homeowners, straight homeowners, not multi-family. So we, no no, she's producing that for us right now and will be bringing that to us very shortly so that we can give an honest assessment of what we are dealing with in this area. First of all I will start by saying this, if you are a multi-water user, your rate can go no higher than tier three. Okay, you all have the tiers by the way; I put that in front of every one of you yeah. So if you look under the water service rates for general water consumers, homeowner single-family dwellings and accessories with 5/8 water meters has four tiers, okay. All others have only three tiers, okay. So I've had a lot of people calling me and saying we're ending up in the 35,001 gallons or more at the \$5.65 rate, which I've looked at all the bills that have come in and none of the bills exceed number two, the water service charges to all other general water consumers, which is \$4.95. So in other words, if you are a homeowner and use 50,000 gallons a month, you would pay \$5.65 per gallon. If you are a general rate user, and use more than 15,001 gallons, the highest you could go would be \$4.95, so let's make that perfectly clear so that the audience understands this, okay. At this time, I'll call upon Mr. Ginoza, no I'll call upon you, Mr. Taylor, do you have copies of some bills that we passed out?

MR. TAYLOR: I do.

CHAIR VICTORINO: Yeah, okay, you do. Okay, so then let's start with the one Mr. Couch presented to us and Mr. Couch, can I tell them where this one is from? No? I think I won't tell them where it's from. It's just a condominium, and this condominium has 64 units in its facility. Mr. Taylor, you have that one in front of you?

MR. TAYLOR: I have item 042, it says WR, it says Councilmember Couch on the bottom right.

CHAIR VICTORINO: Yeah, that's the one, you got it, you win the chain, you win the prize.

MR. TAYLOR: Nine thousand two hundred and thirty-two dollars and thirty-eight cents.

CHAIR VICTORINO: That is correct. You can cover your section under Water, and then we'll go to Mr. Ginoza and he can cover his section under Environmental Management.

MR. TAYLOR: I think if the members look on the back at the top, it says General Use Water Charges 12/25 to 02/13, and you'll see as Chair Victorino explained there are three tiers. It says that there was 8,500 gallons in the first tier at \$1.75 as per the rate structure. In the second tier there was 17,000 gallons at \$3.20 and the third tier there was 815,500 gallons

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CHAIR VICTORINO: Before you go any further let me stop you. You know, Mr. Couch; this one is not applicable because this now, this is still the old two monthly billing. This is the bimonthly billing; this is not the monthly billing. I just noticed that now.

MR. TAYLOR: Mr. Chair, the only difference between the monthly and the bimonthly is everything was cut exactly in half. The build is exactly the same.

CHAIR VICTORINO: Yeah, but I think a lot of people are complaining because of the monthly bills' billing, their rates have gone up, or their bills have gone up. So that's why I'm trying to keep with what we're currently doing but that's okay, that's okay, we can use it cause we can divide this all in half.

MR. TAYLOR: That's correct.

CHAIR VICTORINO: Okay, go ahead.

MR. TAYLOR: So, the third tier, you know, so you can see under the first tier, about \$15. Under the second tier, \$54, and the third tier just under \$4,000 with a \$93 Water Service Charge. So, I think the issue that you're talking about is whether or not to continue charging multi-family this way under the general classification, or charge them the same way you would single families which would have a fourth tier for higher water usage which this does not have. But it would take longer to get in to the higher tiers. I see some people with calculators. Maybe they're calculating what this would've been under the 5/8 structure, I can't do that in my head. But whatever that is, I can say that it could be higher, it could be lower, it's not necessarily going to be the same for all users. But that is the trade-off is single-family users have the fourth tier. All others don't have the fourth tier but if they're higher users they jump in to higher tiers sooner but they never get to a fourth tier so that is the trade-off. I can also tell you historically, this has been the basic structure. We added the fourth tier for the FY '13 budget, but the basic structure of 5/8, Ag, and everyone else, those three categories, has been around for as long as anyone can remember, probably at least 20 years or so. So, there hasn't been, this is a good discussion, this discussion hasn't really happened in a long time. We're not advocating that what we're doing is the best way to do it or that should or shouldn't be changed. It's a philosophical decision. There are all sorts of places that do it all sorts of different ways. What everyone needs to remember is unlike how you folks do property tax balancing during budget, where you project it on that wall, each evaluation is solid and you just change the rate and it doesn't affect any other numbers, water rates are not that way. We look for the total revenue we need, and then all the numbers through the rate structure have to be balanced to meet that. Changing any one number changes all the rest of the numbers, they're not independent variables. So it's just important to note that it's not like how you do property tax, it's not like how you set penalties for violations of things which are independent variables. This all has to be balanced. So anything you change changes everything else. If you make a change to a category that lowers the revenue, well then you've got to raise something else to make up for that. If you make a change that raises the revenue, well then you need to lower some things to bring that back in to balance. So this is a very

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complex rate structure build because it all has to be balanced together. They're not independent variables. So with that, you know we're open to any discussion or questions.

CHAIR VICTORINO: Okay, I will open, I think I got the picture, and if you look in your binder at the very end I also inserted--no emergencies, okay, thank you--a number of other water bills from, and I have the names of the condos but again I won't put it in, but they show their water bill for, and this has gone for the monthly, and one bill is from 08/15 to 09/16, actually they're all the same. I'm sorry I take that back, but one shows 33 units, the next one shows 36, 39 units, and...

COUNCILMEMBER COUCH: Mr. Chair

CHAIR VICTORINO: Yeah.

COUNCILMEMBER COUCH: If you don't mind, what this is, is a unit that has three meters, one irrigation meter and two...

CHAIR VICTORINO: I understand that. That's why I'm trying to explain that, Mr. Couch.

COUNCILMEMBER COUCH: Okay.

CHAIR VICTORINO: And the last one is an irrigation meter entirely. And if you look at the last one for the irrigation meter, that one has no sewer charge, okay. The other two, the other two meters that serve the 33 and the 39 also includes sewer, okay, and you have two bills. And I think this is what's been really confusing for many, many people is the fact that you get one bill and it's \$200 and they call it the water bill. But really water is not the culprit; it is really Environmental Management, no offense to you, Mr. Ginoza. . . *laughter*. . . No, no make you look like the bad guy. But if you look at all the bills, you will always see that the sewer rate is always higher, sometimes exponentially higher than the water. So, anyhow, so the public doesn't have this. I just wanted to make them understand what we're reading off of so that they're clear, and we will be passing out homeowners, single-family dwelling homeowners bills to all of you so that you'll have that as a comparison, okay. One moment, she said, one moment. Okay, one moment, so that will be coming to you very shortly. In the meantime, Mr. Ginoza, I will give you an opportunity, not to make you look like the bad guy, I understand. What your rates and how it's determined on multi-unit users, please.

MR. GINOZA: Sure. Actually, the multi-family rate structure mirrors the residential rate structure for Wastewater where there's a base charge, and it's the same base charge, and a per thousand gallons of water usage charge. So there's a use charge as well as a base charge. The only difference between multi-family and single-family is single-family is capped at 9,000 gallons of usage, and with multi-family it's 6,000 gallons of usage. But the rate structure mirrors each other.

CHAIR VICTORINO: Okay. Thank you for that explanation. Okay, just so that, we haven't gotten that other part ready, I'll open questions for both Departments as far as the rate structures, how

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they're determined, and we can do some simple math here and when you do the simple math I don't think multi-family users are being discriminated on. Yes, Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair, and the simple math, it looks that way but if you do the complex math, which for instance in the one that I handed out, it says 841,000 gallons a month, I mean for two months.

CHAIR VICTORINO: For two months, let's get that right. And that's a 400 per month, 400

COUNCILMEMBER COUCH: Four hundred thousand gallons per month. If you do a number of gallons per two months per unit.

CHAIR VICTORINO: Let me correct you, let me stop you right here just so that you get it right. It's 841 gallons, right?

COUNCILMEMBER COUCH: Eight hundred forty-one thousand gallons.

CHAIR VICTORINO: Yeah, for 51 days, 2 days, 2 months right?

COUNCILMEMBER COUCH: More or less, yeah.

CHAIR VICTORINO: Okay, go ahead.

COUNCILMEMBER COUCH: Okay. If you divide that by the number of units, which is 64, it means that each unit on average is using 13,140 gallons per 51 days. If you then do the math on the tiers, they would only be charged at the second tier, a total of 832.5 gallons, thousand gallons, at \$3.20 which means their total amount instead of being \$3,914.40 and \$54.40 would be \$2,662.40, so that's the difference. If they were in a single-family home, they would be only charged in the tier two, at the tier two rate as opposed to because they're in a multi-family and there's one meter servicing 64 people they're charged in the tier three rate. That's, I believe is what the concern is. Now, again as you said, or I guess it was Mr. Taylor said, it's a policy decision and I understand that, but that's part of the concern. The other concern is when they go in to potential conservation, and we can talk about that during conservation time, but if you put that down per person, it's 257 gallons a day that they use and the average household apparently is around 500,000... 500 gallons a day on average. I think that was mentioned on the floor here. So these folks are conserving water, or not using as much as a single-family home, we'll see when we get the information here. But yet being charged at the tier three rates, that's the concern, the people have. But if you do the math and divide the total sewer and water bill out, it's similar to a single-family home bill.

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

COUNCILMEMBER COUCH: That's what we're looking at.

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CHAIR VICTORINO: Okay, and you said was 6,000 what? If you went with that tier rate instead of 4,077...

COUNCILMEMBER COUCH: It would be \$2,662.40

CHAIR VICTORINO: Two thousand six hundred?

COUNCILMEMBER COUCH: Yeah.

CHAIR VICTORINO: Okay, so that's about \$1,500 less.

COUNCILMEMBER COUCH: Yup.

CHAIR VICTORINO: Okay, so let me throw something else in just for help you out, Mr. Taylor. Mr. Taylor, for the one water meter, what do you charge per month for the service fee? And it's there right in front of you so that's the trick question.

MR. TAYLOR: I'm sure it's on the paper on the paper I'm looking at.

CHAIR VICTORINO: It's, I'll tell you the answer, \$93.50 for two months.

MR. TAYLOR: Thank you.

CHAIR VICTORINO: We're working off of yours, Mr. Couch, okay? If I was to do the same thing with an average water meter and I was to say okay condominiums, I'll grant you the same tier. But each condominium will now pay five, fifteen-dollar service charge for like we have every homeowner that does \$15 per month. I do the math, Mr. Couch; they will pay additional \$1,920. So who's the winner in this deal? Now you can do the math, you've got it all in front of you, 'cause I want the public to clearly understand that we're not gouging anybody. And in fact, the matter is, that condominiums in totality save money because we do not charge them like we charge single-family dwellings. Each single-family dwelling pays a monthly fee of \$15 right in front of you. Turn around in the back page, Mr. Guzman; it's easier to read the bills in the back. It has all the breakdown. I mean I saw you staring at me like where did I get all this from, I'm not that smart. I got it right off the bill, okay. And they have a couple of bills to compare, homeowners, single-family homeowners, single-family dwellings, versus condominiums. And I hope the people out there in the condominiums are listening to this, 'cause I really want them to see that there is very much equality overall. You can look at this one bill, and I won't even mention the name of the person but this person average per month, her family, and I said her, I shouldn't say that, but okay I said that much, they use 8,000 gallons a month which is incredibly small. That is incredibly small, and her monthly bill is \$90 a month. Obviously by using such little bit, little amounts of water, which is very, very great, is awesome. But let's go to another one that I have and it is, the last four digits of the account number is 7166, okay. And this person averages 11,000 gallons a month. This person has no sewer connection, it is just strictly water, and they pay \$44.10 a month, okay. And then if you go to one more, and that's 7796, this person

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uses 25,000 gallons a month, 20 or 25 it kind of fluctuates, they pay alone on the water side, the water alone is \$114 and the sewer was \$124. If you take the next one, which is 3914, that's the account number, now this person is pretty lavish. They use about 70,000 gallons a month on the last couple months anyhow, and their water bill was nearly \$348.60 and this also because of where they reside, has no sewer, in other words it's strictly a water bill, okay. I just wanted these comparisons so that we can look at the whole picture, single-family dwellings with and without sewer charges, 'cause there's still a large area of Maui County that has no sewer. I think that all of Upcountry is pretty much no sewer, it's either septic tanks and some are still, and it's supposed to be changed by now, but supposedly I think still have cesspools but we won't say that word. But they don't have no sewer, so they have no sewer fee, okay. So you have all this in front of you now, and you can make your comparisons accordingly. But remember, if you're going to compare apples, let's compare them to apples, not peaches to apples, and I really want that clear. Cause I'm not trying to make anybody look good or bad, I want the whole picture, because I've done some studies and I realized from the very beginning there was no tremendous difference. Not if, like I told you, Mr. Couch, if I just divided units and said okay, you become a single family dwelling, right, one unit. So you have 64, but again I also added just like a single-family dwelling and Mr. Taylor brought that up that if I take from Peter, I gotta pay back Paul. So I would add the \$15 charge I charge every water meter user out there who has a single-family dwelling. So when you do all this math, there is no tremendous difference. Now that I've said all of this, Mr. Taylor, I turn it to you.

MR. TAYLOR: Thank you Mr. Chair. There's something I want to bring up to the body is how we go about establishing water rates. The American Water Works Association publishes this 300 and some page document, *Principles of Water Rates, Fees, and Charges*, which includes methodology for establishing water rates. It includes the mathematical, legal issues, it includes things like equity fairness, there's even a whole chapter on drought pricing, but that's for another day. We, every several years, we hire a consultant, I think right before the FY '13 Budget, we had Ms. Hajnosz from Brown and Caldwell, who was our, who has under a couple of different companies done most or all of our rate studies over the years, came and gave the Council a presentation. So every several years we do a thorough water rate study analysis which takes the data from our users, crunches it through this methodology, and this is something that she and her staff and some other consulting firms, this is all they do. Most utilities don't do this themselves, even City and County of Honolulu hires basically the same group we do. So they are experts in this, and they take all of these things in to account. These studies cost about \$100,000. We don't do them every year. So it takes all of these issues in to account, and tries to come up with a fair, balanced, equitable methodology that follows these AWWA industry standard principles to set a rate structure with different tiers that meet these goals--in our case we wanted to push towards conservation rate pricing--that meets these industry standard, industry accepted principles. And that presentation, she did put on that presentation for the Council just before the FY '13 budget. In between the years that we do these formal rate studies, our staff uses the same basic ratios and if we have to bump things up 5 percent for general revenue, maybe we'll bump up the higher tiers 7 percent and the lower tiers you know 2 percent. We try to limit Ag, those kinds of things but we basically use the same assumptions that were done in the formal rate study and just carry them through by making small incremental proportional changes until the next time we do a

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major rate study. So I think it's important that the Members and the public know that we don't just make this stuff up. This is done by very formal, very rigorous process by analyzing all the usage data, and it also takes in to account something that, you know it was generally called elasticity of demand, as we raise prices people use less. So that has to be taken in to account. So all of these things, it's a very complex methodology that is standard across our industry, it is used by really all major water utilities, and it all but guarantees that the rate structures we have meet these ideas of being fair to the customer, being fair to the different classes, establishing enough money to operate, et cetera, et cetera. So, I just want everyone to know how rigorous this is. It is not a random sort of numbers that have been put together; it is a very rigorous mathematical methodology that meets industry standards.

CHAIR VICTORINO: Thank you, Mr. Taylor. Mr. Ginoza, I'll give you an opportunity to give us an overview on how you set your rates and maybe you're not as rigorous as Mr. Taylor and the Department of Water, but would you do that please.

MR. GINOZA: We actually follow a similar methodology where every six years or so we do a very rigorous rate study and updated every year, I mean just bounce off the rate study every year based on data. And with wastewater charges, there's a Federal regulation, code of Federal regulations I think section 35 that says that each user class shall pay the appropriate percentage of the sewer usage. So we look at residential versus multi-family, versus hotel, commercial, restaurant, et cetera, in developing these rate classes and then making sure that those different classes pay the appropriate share of the sewer charge. So it is something that mirrors the Department of Water Supply methodology as far as a rigorous rate study every so many years, and we look at it every year to make sure that it's in line with the rate study. Thank you.

CHAIR VICTORINO: Okay. Thank you. Questions for the two Directors as far as their methodologies of determining rates, and I think that's very helpful for us to understand that, you know, for the general public it's not a helter skelter, you pick it off the wall and say oh, this sounds good. You guys have done a lot of study on it, and I can say from my years with the Board of Water Supply, the five years I was there, the one thing that has taken me, and I've said this many times and I'll say it again, there was a five-year period for the Department of Water, they did not raise the rates for five years, and we've been playing catch-up since then. And so that makes, it's very difficult for them to even equalize what they need versus what the demand is. Also, Mr. Taylor, am I correct in saying that you've mentioned on a number occasions that conservation because of rates going up, conservation has started to kick in in many areas?

MR. TAYLOR: We hope so. It's still very; it's still difficult to tell because you really need to look at a couple of years. If the rainfall was identical every year, you could probably see that in one-year by comparing November to November. But if you know last September's rainfall is fundamentally different than this September's rainfall then the usage in September/October could be very different, you know even though people are conserving more or less. So, I think what we're doing will work. It may take a few years to look at the data and balance it out to really see that, 'cause it's really going to be balanced over several years, not in any one month or anything.

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CHAIR VICTORINO: Thank you, and also just to do some more math and so that I did on your side now, Mr. Ginoza, taking again your presentation, Mr. Couch, because I wanted to use that as a baseline, and each month your condominium, these condominiums will pay \$40.27 for sewer charge per month. Based on the bill, based on the division of 64 units based on two months. I have here for, and this is the lady that uses only 8,000 gallons a month, her sewer bill was \$54.90. I mean this lady has conserved as much as I think anyone can and still her sewer bill was \$54.90 per month. So, when I do all the math, I see a lot of equality versus any, you know I've heard the word discriminated, I don't believe that. I think everyone has been treated pretty fairly when you look at the total bill and what it amounts to, okay. So, any other questions for the Department heads so that you know, we've done actual comparison versus multi-family, versus a single-family dwelling and I think, if I'm correct in saying this statement, I think the single-family dwelling owners pay more. Okay Mr. Couch.

COUNCILMEMBER COUCH: I disagree 100 percent.

CHAIR VICTORINO: Yeah go ahead prove me wrong, sir.

COUNCILMEMBER COUCH: Yeah okay. Take the testimony that was given, there's 33 units at 165 gallons a day and, I'm sorry, yeah 33 units at 165,000 gallons a month, one month.

CHAIR VICTORINO: So you're looking at the other one right?

COUNCILMEMBER COUCH: The testimony bill, yeah.

CHAIR VICTORINO: Yeah, you're not looking at yours, the one you submitted.

COUNCILMEMBER COUCH: Correct, the testimony one.

CHAIR VICTORINO: Okay, so I took all my figures off of that.

COUNCILMEMBER COUCH: Understood.

CHAIR VICTORINO: Alright.

COUNCILMEMBER COUCH: And then 186, there are 39 units that are at 186,000 gallons, that's a total of 351,000 gallons per month. You divide that by 72 which is 39 plus 33 and you get 4,875 gallons per month per user. If you multiply that, that's tier one. No user goes over tier one. You multiply that by 180, you get \$631 per month. Now if you add the \$15 that you wanted to add for the sewer, the unit charge

CHAIR VICTORINO: Yeah, per unit.

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COUNCILMEMBER COUCH: That's \$1,080 for a total of \$1,711 per month. These guys are paying \$5,000 almost \$5,000 per month. That's a huge disparity and that's without any of the sewer charges.

CHAIR VICTORINO: Okay so \$1,035 right?

COUNCILMEMBER COUCH: One thousand eighty per month is the \$15 charge.

CHAIR VICTORINO: For the service fee, the 15 right?

COUNCILMEMBER COUCH: Correct, and \$631 a month if you were to charge it all at tier one, which they all, an average of 4,875 gallons a month. That's a huge conservation number. That's 67 gallons a day per unit. I, you know, that obviously sounds like there's some empty units.

CHAIR VICTORINO: Where did you get, I see 165,000 gallons. Where did you get that figure from?

COUNCILMEMBER COUCH: Hundred eighty-six on one of the bills and 165 on the other. These are two meters.

CHAIR VICTORINO: Hundred sixty-five thousand.

COUNCILMEMBER COUCH: And 186 on the other

CHAIR VICTORINO: Hundred eighty-six thousand, okay, so that's the two bills okay.

COUNCILMEMBER COUCH: Yeah.

CHAIR VICTORINO: So that's how much?

COUNCILMEMBER COUCH: Three hundred and fifty-one thousand gallons

CHAIR VICTORINO: Okay, divided by...thirty days.

COUNCILMEMBER COUCH: 33 days on this one.

CHAIR VICTORINO: Yeah well 33 whatever

COUNCILMEMBER COUCH: Yeah.

CHAIR VICTORINO: Okay, divide that.

COUNCILMEMBER COUCH: Which is \$48.75

CHAIR VICTORINO: Really?

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COUNCILMEMBER COUCH: Yes.

CHAIR VICTORINO: One hundred...186,000, right?

COUNCILMEMBER COUCH: Right, well 351

CHAIR VICTORINO: Plus, wait and plus what was the other one, was 165,000 gallons per month, right?

COUNCILMEMBER COUCH: Yup

CHAIR VICTORINO: Okay, hang on. Equals 351,000 gallons

COUNCILMEMBER COUCH: Then divide by 72.

CHAIR VICTORINO: Sixty-nine.

COUNCILMEMBER COUCH: Seventy-two units

CHAIR VICTORINO: You've got 33

COUNCILMEMBER COUCH: And 39

CHAIR VICTORINO: Thirty-nine. Divided by 72. That's 4,875 gallons.

COUNCILMEMBER COUCH: Per month.

CHAIR VICTORINO: Okay, divided by 30. That equals 162 gallons a day, 162 gallons a day.

COUNCILMEMBER COUCH: This is a 33-day bill

CHAIR VICTORINO: I don't go by days because we don't, because some months it'll be 28, some months will be 24, there's different months and also if I'm not correct, am I correct, Mr. Taylor, and you can explain this, they don't go on every single...like for example if it's the first of the month, this month you can read my meter on 10/1. Next month, are you going to be reading my meter on 11/1?

MR. TAYLOR: Maybe, maybe not. The meter readers are out there every day. Everyone's on a, there's no set schedule because you know sometimes it's going to be 28 days or 32 days et cetera, et cetera.

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COUNCILMEMBER COUCH: Hence it's a per day number so you've got to divide by the number of days in the meter read, 'cause that's how much is used in those days so 351,000 gallons for 33 days divided by 33 and you get the number.

COUNCILMEMBER GUZMAN: Chair.

CHAIR VICTORINO: Yes, go ahead.

COUNCILMEMBER GUZMAN: Yes, excuse me. I think it would be better at least for my understanding and maybe some of the other Members if we could ask the Administration, the Departments to do a matrix comparison so that we can actually see it on paper and explain both sides of the issues, of the, just a plain comparison of single-family versus multi-units and the rates. That would be very helpful if we could see a matrix on it and if the Department is willing to do so, I think it would help this issue. I'm having a hard time following both of you.

CHAIR VICTORINO: Yeah, I noticed that. I noticed that and I think the key here is, and is that possible, Mr. Taylor, 'cause I know that's a lot of extra work for you guys, you know? Because I've come to the conclusion, despite my colleague from South Maui, because you know, I see where they're not that far off. I don't care how you add it up, it's not far off. But if you want to see a matrix, fine. Because now you've got to take all the different variables, and you have all these different numbers, you're talking, these guys have three meters. They also have a separate irrigation meter which a lot of condominiums don't have. So you put that in the equation, he's leaving it out. I'm saying, in most condominiums, that is in, that is part of their usage. Is that correct, Mr. Taylor?

MR. TAYLOR: Let me say that in order, yanking one single condominium or two, and making a matrix on those two may or may not be representative of the class as a whole.

COUNCILMEMBER GUZMAN: Right.

MR. TAYLOR: So you would have to, in order to get the matrix that you're talking about, you would have to get a large enough statistical sampling that is really representative of the whole class. Then you would have to, as I noted before, if you're going to change it, if you're going to look at a scenario of let's for example it sounds like what we're talking about is let's yank multi-family out of general and make it its own class and treat it like single-family. That's not an entire scenario, that scenario would have to be, include language such as if there's more money than before, lower these other things, and if there's less money, raise these other things, and that would have to be a very specific scenario. If that scenario was specific, and you can see that, that all of a sudden becomes two different scenarios, and you could balance it, at you know ten different ways. It could become 20 different scenarios. Each one of those, we would have to redo the entire rate structure analysis, which we can do in this formal way to see how it affects everything. This is what I mentioned earlier, it's because none of these numbers are independent of each other. You've got to do the whole thing. So the answer to your question, can we make a matrix, no we can't. We, or yes we can and I can explain to you how long it's going to take and

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how much it's going to cost, and the bottom line is we'd have to put money, we were not planning in the FY '15 Budget to do a formal rate study. We could, if you have a number of scenarios you want explored, the way we would do it, is we need to know how many there were, what they were, we would put money in the FY '15 budget to hire a consultant to run these full scenarios, put a presentation on to Council about what they would look like. That would be finished, let's say roughly 18 months from now. We could present it just before the FY '16 Budget with a couple of different rate schedules that all had the same bottom line, and you could choose one to insert in the FY '16 Budget. Now the one caveat is if one of the scenarios you pick if the current billing structure, the computer system isn't capable of immediately switching to that, that could be an FY '17 implementation because we just may not, you know, by the time, from the time it passed out of Committee to July 1st when it's implemented, if we can't physically, if it needs too many changes with the actual billing system to do that, that could be a whole nother year. You know, because you know we only budget for the rate studies once a year because the rates, the rates only take effect July 1st, there's this set schedule and if you don't make that schedule you lose a year. So we can do this, the more scenarios you want to look at, the more expensive it's going to be and the longer it's going to take. I would just urge you if you want to look at scenarios, define them all upfront because the worst thing that would happen is we, we wait 18 months, and somebody says, well what about a different scenario, what about if we change this? And now it's another year and a half. So we can do a formal rate study to look into whatever you want to look into, but that's about the timeline, and I've said before about what the cost is, and that's what it's going to take to do a rigorous job to give you real answers. Pulling a couple of condos and trying to make decisions based on what those numbers are is a very bad idea.

COUNCILMEMBER COUCH: Mr. Chair.

CHAIR VICTORINO: Go ahead, Mr. Couch.

COUNCILMEMBER COUCH: Thank you. And all I wanted to do was just show that this isn't a simple, as he said, it isn't simple because we have one example where it's kind of close, the other where it's not. The question I have for the Director is did I hear you say that City and County does a multi-family rate or was that in another conversation I had?

MR. TAYLOR: I believe the City and County does have a multi-family rate.

COUNCILMEMBER COUCH: And it ends up being essentially more than, I mean purposely more than the single-family rate?

MR. TAYLOR: The Maui DWS rate, so assuming you had a 5/8 inch non-commercial meter, and a usage of 16,000 gallons, Hawaii County DWS, your bill would be \$78.78. Honolulu multi-family, it would be \$71.83. Kauai would be \$98.05. And Maui DWS under this general class would be \$62.45. So those are some calculations we did prepare for this meeting.

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COUNCILMEMBER COUCH: Yeah, Mr. Chair it's just a very, very, as he was saying, very complex and it's I guess it's just more of a policy issue and I'm not advocating one way or the other. I'm just putting out the numbers to see how we want to, give the Members an idea of how it works and where do we want to go with this and it's not so much during the regular times, it's if we go in to some water shortage issues. They kind of mesh, you know what I mean?

CHAIR VICTORINO: Well I just wanted to say one more thing, mister, when you guys were doing all of this, I had time to go back and recalculate because I'm like Mr. White, give me a number and I'll go work that number out. The total difference, the total difference that Mr. Couch had said, leaving out the irrigation, for which all single-family dwelling homeowners pay for, it's all one rate, they don't have a meter for irrigation, I added back that in, the 105,000 gallons and the total net cost difference was \$92.20, and you can do the math on that one. I love you, Mr. White, cause you've taught me to break it down to its most simplest denomination, and if you take that one more step and take it into 72 units, they pay \$1.28 per unit...\$1.28 difference per unit. And I know you're not a matrix type, you're a matrix type guy cause you know you're in that area. I do things in a very simplistic way, you know, and I can prove every one of these statements, account statements that I've looked off. So, when you say sizably different, I disagree with you, it's really very small because I have to add irrigation back in because as a homeowner, Mr. White, no, Mr. Guzman you're a homeowner?

MR. GUZMAN: Yes.

CHAIR VICTORINO: Do you get a separate irrigation bill each month? Okay, then I rest my case. You know that's where, you know, if you want to play apples with apples I told you guys, I play apples with apples. I don't play with peaches and then compare them with apples. I don't have time for that. I've learned, Mr. White has taught me get down to the bottom line, thank you Mr. White. But you know what? This is just good conversation for a starting point. I wanted to bring this up because I want the homeowners, because I've had calls from homeowners saying hey I don't want to be penalized. I'm not only getting 'em from condominium owners, I'm getting them from homeowners, 'cause remember Mr. White said, ah, Mr. White, sorry, Mr. Taylor had said, if I take from Peter, then Paul has to pay more, and I think that's the reality. We have a certain amount of money we need to run this operation and we all have to contribute equally. And when I've done all the numbers with everything that's been put in front of me, we're pretty close, we're pretty close. And again, homeowners, they have that \$15 charge per their water meter, whereas condominiums, they vary, if you have a two inch, I think a two inch right now would be \$105 at the present rate, right, Mr. Taylor? I'm reading the present rate so you know, every meter, excuse me, the additional charge for a two-inch meter is yeah 105, yeah I was correct, and so every meter when you have one meter like that, a two- or three-inch meter, you pay one monthly service charge. Whereas an individual homeowner pays, and each homeowner single-family dwelling pays a \$15 charge, you times that, we come up pretty close all around, and that's what I wanted to make sure that the public understood. For the condominium owners, homeowners that we're not far off but if you would like to Mr. Taylor, and we could get very specific, Mr. Couch, you know, we've got to get some examples...

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COUNCILMEMBER COUCH: No, no, no...

CHAIR VICTORINO: You're comfortable with this? Okay, okay. I just want the public to rest assured that we looked at it and that we really considered all factors. Any other questions? Yes, Mr. Guzman.

COUNCILMEMBER GUZMAN: Oh, thank you Chair. I had a question for the, Mr. Taylor. When is the next time period or schedule for a water rate data analysis wherein you hire a third party consultant to do the study? When is that next period going to happen?

MR. TAYLOR: I don't know. We just did it before the FY '13 budget so it's too soon because we're still basically following that format and making minute changes. We'll look at it every year to say are the changes becoming enough that we really need to go back and look at the assumptions again. It really depends, is there a lot of growth, is conservation really changing things, or is it really just the, are the old assumptions still valid and we're just bumping everything proportionally. If that keeps happening we don't really need to do it. But if all of a sudden you feel that the original assumptions and the usage data that went in to the rate study is no longer valid, it's time to do it again. So we make that decision on a year-to-year basis and it's clearly having just done it, it's too soon.

COUNCILMEMBER GUZMAN: Okay. And then one more for Mr. Ginoza. He mentioned that they do their rate study every so many years. When was the last rate study done?

MR. GINOZA: I don't recall offhand. I don't know. I could find out but I thought it was recently as well that we followed water but I'm not sure offhand.

COUNCILMEMBER GUZMAN: Can I request that be added as one of our requests?

CHAIR VICTORINO: No, no I will not, you know, that's not something I will, at this point I'm going to let that slide, that one because he just, you know, and I think that's close enough for me. You know what I mean?

COUNCILMEMBER GUZMAN: Well I didn't get a, a real definite answer when the last rate study was done, ten years ago, five years ago?

CHAIR VICTORINO: It was just done recently.

COUNCILMEMBER GUZMAN: Okay, that's fine. Thank you, Chair.

CHAIR VICTORINO: Mr. White.

VICE-CHAIR WHITE: I'm fine.

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CHAIR VICTORINO: Okay. Anybody else have any other questions? Okay. Anything else you gentlemen want to say? And Mr. Ginoza, just for satisfaction, can you give us a date, can you just give us a date when you had the last rate study.

MR. GINOZA: I don't know offhand, I mean I can find out.

CHAIR VICTORINO: Yeah, what I mean, no, you're gonna, and I'll request that on behalf on Mr. Guzman.

MR. GINOZA: Okay.

CHAIR VICTORINO: Okay. I will request that. The last thing I'll say is this, I'm satisfied also that the top tier rate which was another thing I was getting a lot of calls on, the highest rate, the \$5.65 is not being applied to multi-family. Are we clear with that so that the public and the Council members know that that is not applied to multi-family, it is only single-family dwellings? Yes, Mr. Couch?

COUNCILMEMBER COUCH: Unless they have an irrigation meter that is 5/8, which they, this one in the testimony does, that's why they've got the tier four.

CHAIR VICTORINO: Okay. So they applied for that irrigation one, yeah?

COUNCILMEMBER COUCH: Yeah, the irrigation meter is I guess a 5/8

CHAIR VICTORINO: Four eighty, what is it?

COUNCILMEMBER COUCH: Five-eighths.

CHAIR VICTORINO: Okay.

COUNCILMEMBER COUCH: 'Cause they've got a tier four on their bill.

CHAIR VICTORINO: You're right. You're absolutely right. Okay, yeah, you're right, that's true. I guess because it's a 5/8 that's correct yeah? Is there any reason for that or is that treated, because it's 5/8 it's treated like a single-family dwelling, Mr. Taylor?

MR. TAYLOR: I don't know the specific answer to that specific meter. I don't have any way to access the history of it right now.

CHAIR VICTORINO: Okay.

COUNCILMEMBER COUCH: Mr. Chair, may I ask him a question?

CHAIR VICTORINO: Yeah, go ahead.

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COUNCILMEMBER COUCH: So our 5/8 meters is the only ones you have a tier four rate on?

MR. TAYLOR: Yes.

COUNCILMEMBER COUCH: So then this has a tier four rate so one can assume that it's a 5/8 meter.

CHAIR VICTORINO: Even if it's a single-family, irrigation?

MR. TAYLOR: That may be incorrect. The Deputy Directory is going to come down and correct me. He's waving his head wildly that I'm incorrect.

CHAIR VICTORINO: Go ahead, Mr. Meyer, please. Introduce yourself.

MR. MEYER: Thank you Mr. Chair. The fourth rate tier, if you look at the rate sheet that was approved by the Council, as part of the budgetary process. That fourth rate tier only applies to the first category, which is water service charges for single-family dwellings, and single-family dwellings with accessory dwellings with 5/8 meters. So it should not apply to an irrigation meter or any other meter in a multi-family application.

COUNCILMEMBER COUCH: Yet it does in this condo.

CHAIR VICTORINO: Yeah, it shows.

MR. MEYER: That may be a mistake.

COUNCILMEMBER COUCH: Okay, I'm just pointing that out.

CHAIR VICTORINO: Good one, Mr. Couch, and I think that's important that we get that clarification. 'Cause that sizably changes the bill.

COUNCILMEMBER COUCH: Yeah.

CHAIR VICTORINO: That sizably changes the bill. So would you guys check on that and get back to us on that?

MR. MEYER: Absolutely.

CHAIR VICTORINO: Thank you.

MR. MEYER: Yeah, I would point out that we just converted and adopted a new billing system from the Board of Water Supply in Honolulu, and we are still looking at and finding bugs in that conversion. This may be one of those bugs.

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CHAIR VICTORINO: So Mr. Meyer, if I am correct that's as of July 1, 2013 when we made the change?

MR. MEYER: That's correct.

CHAIR VICTORINO: And this bill was August 15th to September 16th so you may have to go back a couple months to check on these guys.

MR. MEYER: If in fact it's a mistake yes, that would be correct.

CHAIR VICTORINO: Okay. Thank you. Any other questions for the, before you run, Mr. Meyer, maybe somebody has a question for you. Anybody have any other questions for Mr. Meyer since we have him in front of us? None? Okay. Any other questions for anybody else or any other department, or I should say the two Departments? Not any other department.

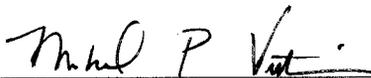
COUNCIL MEMBERS VOICED NO OBJECTIONS. (MV, MW, GB, RC, DC, SC, DG)

ACTION: DEFER.

CHAIR VICTORINO: Okay, so if...what's that? Oh stop it, okay it's 10:30, alright, we did pretty good gang. I want to first of all thank the two Departments very much for being here today and discussing the various methodologies for which you determine rates. I think that's important for the public to hear. I want to thank all my Council members for being here and their questions and what they've brought forward today, and we did by working on this find that there is a possibility of a mistake on an irrigation system. So it's not all bad. It is not all bad. But I want to thank also the Department people that are here, Holly and Helene and Paul for being here as backup resources and also you, Pam. Thank you very much. I know if we needed you guys, you were right there to come in and help us. So with no objections, I will adjourn of the Water Resources Committee, October 2, 2013. . . . *gavel* . . .

ADJOURN: 10:26 a.m.

APPROVED BY:



Michael P. Victorino, Chair
Water Resources Committee

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CERTIFICATE

I, Marie Tesoro, 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 10th of October 2013, in Wailuku, Hawaii

A handwritten signature in cursive script, appearing to read "Marie Tesoro", is written over a horizontal line.

Marie Tesoro