

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

April 15, 2014

Council Chamber

CONVENE: 6:01 p.m.

PRESENT: Councilmember Mike White, Chair
Councilmember Gladys C. Baisa, Member
Councilmember Elle Cochran, Member
Councilmember Donald G. Couch, Jr., Member
Councilmember Stacy Crivello, Member
Councilmember Don S. Guzman, Member
Councilmember Michael P. Victorino, Member

EXCUSED: VOTING MEMBERS:
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Robert Carroll, Member

STAFF: Michele Yoshimura, Legislative Analyst
Chancy Hopper, Legislative Analyst
Jordan Molina, 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
Paul Meyer, Deputy Director, Department of Water Supply
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation
Counsel

OTHERS: Brendan Balthazar
Tom Blackburn-Rodriguez, Consultant, Go Maui, Inc.
Edwin Ferreira
Sherman DePonte

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Robert Stephenson, President, Molokai Chamber of Commerce
(via telephone conference bridge)
Sydney Smith, President, Maui Coffee Association
Bill Greenleaf, Greenleaf Farm
Gerry Ross
Roland Perreira
Richard Pohle
Alex Franco, President, Hawaii Cattlemen's Council
William Jacintho, President, Maui Cattlemen's Association
Joshua Rezentes
Rosemary Robbins
Bryan Sarasin
Bobbie Patnode
Louis Cambra, Jr.
Lucienne de Naie
Annette Niles
Jack Patnode
Steve Bond
Eve Hogan
Jordan Santos
Dr. John Enriques
Koa Chang
Others (10)

PRESS: *Akaku: Maui Community Television, Inc.*

**ITEM NO. 1: PROPOSED FISCAL YEAR 2015 BUDGET FOR THE
 COUNTY OF MAUI (CC 14-31 and 14-82)**

WATER RATES AND FEES

CHAIR WHITE: . . .*(gavel)*. . . This meeting of the Budget and Finance Committee will please come to order. I'd like to welcome our Members starting with Chair Gladys Baisa.

COUNCILMEMBER BAISA: Good evening, Chair. There you are.

CHAIR WHITE: You thought I was behind the screen.

COUNCILMEMBER BAISA: I was thinking you were behind the screen.

CHAIR WHITE: No, I'm not doing my Wizard of Oz impression this evening.

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COUNCILMEMBER BAISA: Okay.

CHAIR WHITE: And I'd like to welcome Member Stacy Crivello.

COUNCILMEMBER CRIVELLO: Good evening, Chair.

CHAIR WHITE: Elle Cochran.

COUNCILMEMBER COCHRAN: Aloha, good evening, Chair.

CHAIR WHITE: Aloha. Don Couch.

COUNCILMEMBER COUCH: Aloha and good evening, Chair.

CHAIR WHITE: And Don Guzman.

COUNCILMEMBER GUZMAN: Good evening, Chair.

CHAIR WHITE: And Mike Victorino.

COUNCILMEMBER VICTORINO: Good evening and aloha, Chair.

CHAIR WHITE: He's playing out in left field with his son.

COUNCILMEMBER VICTORINO: Right field, right field.

CHAIR WHITE: And Members, this evening we have a presentation to start with. And we wanted to provide Mr. Taylor an opportunity to present the various costs that are involved with the budget and the rates and fees and so forth. And we thought we would do that prior to testimony to give the people who are here testifying a better idea of what has gone into the various fee structures because there are different ways to approach the issue. And, hopefully, Mr. Taylor will be able to lay out some of those issues. So, without further ado, we will start with Mr. Taylor's presentation and then take quick recess to reset the room before we start testimony. So, Mr. Taylor, please proceed. And, Staff, yeah, thank you, turn off the lights.

MR. TAYLOR: Thank you, Mr. Chair. And thank you members of the public for being here. My name is Dave Taylor. I'm the Director of Water Supply. We have a short presentation. I'll try to keep it to about ten minutes. Wanted to take a chance to walk you through how we come up with rates and fees, what some of the issues are about, and what's before us as far as decisions. Just for clarity, when we talk about rates that means the monthly bill that you get, when we talk about fees that means the check you write

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when you pick a new meter. The goal of the presentation tonight is to have you understand the handout that most of you should have picked up. There's still some outside. Each one of these rows is a complete option to pay for things. By the time we get through to the end of the presentation, you will understand the choices in front of us as a community. In general, the Department of Water Supply runs a number of water systems throughout Maui County. The Department of Water Supply is self-funded. What that means is we don't get property tax money. We don't get income tax money. We get money from rates and from fees. That's all the money we get. The money we get from rates and fees doesn't go for parks or police cars or anything else. It is self-funded just like the businesses that some of you own and operate. So, all of the money we get comes from these rates and fees. We have a number of systems. We have treatment plants and wells and tanks and pumps and all of this kind of stuff. So, what we do...first thing we did is we looked at all of our systems--our infrastructure systems. And we said, when do these need to be replaced, how much do they cost to replace them, what new services do we need, what new infrastructure do we need to meet the needs of Maui County for the next 20 years? And we put a bunch of things on 20-year charts. We looked at water demand over the next 20 years based on the Maui Island Plan. We looked at the projects we needed to build to increase water supply to meet all of these issues. We compared supply to demand over this timeline of 20 years. Based on that, we identified a whole bunch of projects we need. It's hard to see on here but there's two major colors, yellow and green. Yellow, which is most of our 20-year plan, this is only about half of the 20-year plan, are all the projects we need to do over 20 years to keep existing services for existing customers. The green projects, and each one of these you can't see them, has a title, a name, and a cost. The green projects are what's necessary to build over the same timeline to meet increased demand. So, we've laid all these projects out in a very systematic methodology. Then for simplification we looked at what are the costs over the same time frame--20 years. This yellow are things we have to, the monies we have to pay for to keep existing services, replacing pumps, replacing pipelines so, you have the same service you already have. The green are the costs we need to expand services for growth. You notice that the rough costs of the yellow and the green are about the same. They're each between two hundred and two hundred fifty million dollars over this time frame. And every year we're going to be spending about, you know, between thirty and forty million dollars just on construction. Important to know that unlike companies like Apple Computer we don't make profit. Every year we bring in just enough money to pay our operating costs. So, we don't have hundreds of millions of dollars. We really barely have any money. How we fund these things is we borrow money and then pay it back. This is our last year's budget. We have our Operations. We have electricity and this is construction. You can see construction is a big part of the budget. And debt service, this is basically interest, interest and principal, that we pay on our debt. Last year's budget was about \$86 million. Okay, so, if we're going to build all of these things for the future, this piece of the pie is going to get much, much bigger. And because we have to borrow so much money, this piece of the pie gets bigger along

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with it. It's really construction that drives rates and fees. And borrowing this money and how we pay it back drives rates and fees. Okay, so, if we do the projects on those previous 20-year plans I showed you, our piece of the pie that is this debt, basically like paying off our mortgage, this yellow piece of the pie. This is how that piece will go up from the current just about \$5 million. It will go up towards \$40 million. This is our payments each year. Okay, so, in order to pay that back we need rates and fees to pay that back. So, you can see what we did. We looked at our...how much water we need. We looked at the projects we need to do it. We looked at how much money we need to borrow, and then we calculate what are the rates and fees in order to generate that amount of money. And this is the proposal essentially that you've heard about. Current monthly fees for a five-eighths inch meter, which is what you have at your house, are currently, you know, a little under \$80 a month. And under this long-term proposal these would double by about the year 2030. At the same time, the meter fee on this left hand access, which is currently \$12,000, if we raise that by \$2,000 each year to 20,000, leave it at 20,000 forever, this together, these monthly rates, with these fees, generate enough money to build everything you saw. And you're gonna see a couple of different options of doing this in a little bit. Okay, so, what you can see is the way we do this. We look at supply and demand needs. We look at what we have to build to do it, how much it's going to cost, and then we calculate the rates and fees necessary to accomplish that. The rates and fees are not fines. They're not penalties. They're not random. We don't choose them based on what other counties are charging or what we think people are willing to pay. They are built to accomplish these goals that the community wants. And this is the bottom line of rates and fees. We either want to do these things, which case somehow we have to pay for them, or if we decide we can't pay for them, well then we can't do all of these things. So, now we're gonna get into some options of, in just a couple of minutes, of how we...the different ways to pay for this. Also, I wanted to mention that these green projects for growth, all of these projects that have been identified. We took another step knowing that the public may say well we don't wanna do all this, what can we cut? What are we getting for this money? So, we took...we analyzed all of the projects necessary for growth and we looked at which areas they serve. So, what this chart is calling this approximate meter fees to recover the full cost of increased water demand for growth. These are not proposed rates. We're just showing how much the different areas cost to serve. So, Central and South Maui are all on one system. So, we need to spend a little over a hundred million dollars, but because there's a lot of customers that we'll serve, there's a lot of growth, we'd need to pull in about \$9,000 for every one of these five-eighths inch meters that goes out in order to generate enough money. Upcountry, just under a hundred million dollars of improvements, but there's so few people because Upcountry is spread so far apart and the water is really so far from where the people are that that comes out to \$75,000 per meter. And again, these are not proposed rates or fees. This is just showing how much it cost per service. West Maui, kind of in the middle, we need about \$36 million for improvements. There's a medium number of people so it's about \$17,000. Molokai and Hana, there isn't a lot of

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growth, there also isn't a lot of expenditure so we didn't do a lot of detail on what those cost. Now, other meters bigger than five-eighths have similar and proportional costs. They're not all shown here. When you average it all out this comes down to about \$250 million of expenditure to meet increased water needs with an average cost for five-eighths inch meters across the whole County of \$21,000. So, this basically says that if we build all these things for increased water demand and for every five-eighths inch meter we need to somehow bring in \$21,000, either through a rate, through a fee, through taxes, somehow. This is how much money to balance it. So, there's a bunch of different ways to do this. Now, as we gonna get into the different options in just a second, what you're gonna see is some different numbers. You'll see us use 200 million and 26,000. What that represents is a different analysis with some assumptions of lower construction costs and higher interest rates. I wanna emphasize that these are planning level estimates. Because it's such a long-term program, we cannot absolutely estimate what construction of a pipeline is going to cost in the year 2028. We cannot identify exactly what oil prices are gonna be in 2022. So, there is some margin of error to these numbers. These are made to weigh them against each other, not to plan your 2022, you know, home budget. What's important to recognize is that if we cut Central or South, we cut this expenditure, but it's really these people that are subsidizing the higher costs. As the average is 21,000, I know this is a difficult issue to swallow with all the time we've been talking about Upcountry, but it's the Upcountry improvements that drive the average to 21,000. If you cut anything else you lose more customers and the fees go up even faster because it's Central and West Maui that help bring that down and it's Upcountry that brings it up. So, the big question is if we're gonna do Upcountry and we're gonna solve this meter list once and for all, we're gonna have to pay a lot more money and somehow we're gonna have to raise that. Also, I wanna emphasize that nothing in this presentation is going to stop the meter issuance that's happening right now. That's based on the H-Poko Wells, which are currently operational. We are going ahead with several hundred meters. This is about what happens after that. Okay, so, our rate and fee projections are based on the following assumptions. And I won't read them all. It's based on interest and inflation and month usage. We just wanted to make reasonable assumptions for the future. Okay, so, and these are the different options that are on the table you have. So, assume that we just get rid of this month...this meter fee. So, you come in, you want a meter, and you just get it. And we spread everything only to the monthly rates for everybody Countywide. So, there'd be no meter fee to make this \$200 million. Every year, we would expect a 17.5 percent rate increase compounded annually. So, the average bill in 2015 would be about a \$138, by 2020 that would be 309, and would keep going up 17.5 percent a year. So, if we don't bring in any money from who's hooking up then everybody pays. So, this is a everybody shares the burden type of approach and this is what it would cost. Okay, I think that's first row. So, the second one, now this is just for reference only, this is not realistic. Assume that everybody who is gonna want a meter in the next 20 years gave us the money today. We would need to charge them this amount, about \$16,000. And we pool that money, spend it over the next 20 years building these

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projects, we would have no interest, we wouldn't have to borrow it. So, we could keep rate increases to between 3 and 14 percent. The reason there is a float here, I'll talk about it in the next or I'll just talk about it. Just assume that nobody comes in and wants a meter. We don't bring in any money that year. So, for that year we still have this debt to pay so we may have a higher rate that single year. But in generally this 3 percent would cover existing system operation with this \$16,000 per meter covering the expansion costs. But again, this is no interest. It's really just a made up one. So, the meter fee is 16,000. That's shown for reference so you can see with interest, the real cost becomes 26,000. This...that option before was just to show that because we borrow money and pay it back, this is how much more we have to pay because we're borrowing money. So, this is something we would do if we are going to put all the improvements onto to the people who are pulling those meters. Meters would be about \$26,000 when you come in to get your five-eighths inch meter, but your annual rate is only gonna go up at about 3 percent a year, and it will go up at this rate. So, obviously the people that like the first option are the people that want meters in the future. The people that like this option are the people that are saying, look I already have a meter, I paid for my own meter, you know, I want to keep my rates low. So, these are the two bookends. I mean, everything is between these two extremes. So, to show you something in the middle, rates use...the meter fee used to be \$6,000. So, let's just say we went back to that so then the annual rate increase, again, to make the same exact amount of money over the long-term, about 14 percent a year. And here's would be the cost for an average bill in these years. Again, these are on the table that you've...we've handed out. Another approach, let's say we left the fee at about \$12,000. Then we could expect rates to go up at around 8 percent or a little more every year, with these would be the average bills. So, you can as we move money from either fees or monthly rates, you know, they balance each other out. Something close to what we're recommending this year, a balanced approach which has meter fees at \$12,000, with a \$2,000 a year increase. Now, this option that's actually costed out has those meters eventually being 24,000, a little different then what we're...of what we're recommending, keeping annual rate increases to about 6 percent. Yeah, and these are all on the table that you have. So, I also want to point out that the ordinance, there's an existing ordinance that says everyone on the Upcountry priority list who signed up before this date, which is basically everyone up to number 250, they are locked in at meters at \$3,350 for a five-eighths inch meter up to three lots. So, no matter what happens in this budget ordinance, if you're in this first 250, this will not affect you. By law, you are locked in at this rate. So, this is really for people Upcountry number 251 and on, and for everywhere else it would lock in immediately. Okay, so, you can see this is what we handed out. These are the different options. So, you can see each one of these rows is a different balance of fees versus rates that all do the same thing. They generate enough revenue to implement that plan that I showed earlier. Okay, what we're recommending is something very close to this option 1(f). We're recommending raising the rates from \$12,000, about \$2,000 annually, but just to \$20,000. And so, rates will go up roughly, you know, 6 to 8 percent a year. That's a balance. The reason we're recommending this

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is that we think it's most consistent with what's happened here over the long-term. Now, we know that nobody wants to pay greater fees and nobody wants to pay more rates. And we all pay water rates, we all pay taxes, nobody wants to pay more. We looked back at how these things were paid for. Most people are living in houses or condos or something that were built by developers. And what a lot of people don't realize is when these developers build subdivisions they build a lot of offsite infrastructure, they give it to the County, and in your mortgage you're paying for that infrastructure. So, mostly most people on Maui have paid the real cost for their water infrastructure improvements. A lot of people don't know that 'cause it was hidden in the mortgage. Also, moving to the future anyone in the development is still going to be doing this because these larger developers are still building infrastructure, giving it to the County, and putting those costs in the meters. So, if we don't raise these rates, essentially what we're saying is people buying new homes in subdivisions are paying their share, but people who are subdividing their own existing land are really not. We recognize that a lot of people have been waiting a long time on the Upcountry meter list because of Show Me the Water. We know that and this is not an easy decision for anyone to make. But the reason we're recommending this is we feel it's most fair and that this mostly puts the onus on who's...the people paying are the ones getting the benefit. This is, again, a graphical representation of what we're representing. This would also have the ratepayers subsidizing new meter usage by about 30 percent. So, this purple line, the fees will generate about 70 percent of the money for growth, the rates, throw in the other 30. If you pick another option, you're wanna lower the rates, essentially it lowers this pink line, increases the blue line, or vice versa. These are the different options before us. And to wrap up, at the end of the day revenues have to equal expenditures. You can see that what drives the cost is future Upcountry meter issuance and the infrastructure necessary for that. The big question if we're, we do this or we don't do this? If as a community we do this, we need to generate some revenue that we've never seen before. Once that decision is made there has to be some allocation of costs. You see the different options. If none of the allocations of costs are acceptable there's really no way to pay for this. So, I hope that gives enough background with the table you have in front of you to help you with your testimony to understand what's before us, the choices we have, and, you know, what we need to do next. Thank you, Mr. Chair.

CHAIR WHITE: Thank you, Director Taylor. We will take a two-minute recess to reset the room. . . .(gavel). . .

RECESS: 6:22 p.m.
RECONVENE: 6:26 p.m.

CHAIR WHITE: . . .(gavel). . . The Budget and Finance Committee will reconvene so that we can begin public testimony. And I'd like to thank everyone for coming out tonight and we look forward to hearing your thoughts and concerns, and, you know, these water

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issues are always very challenging for the Council and obviously have been challenging for quite a number of years. Just a...one of the things that jumped out at me through the presentation was that with the amounts that was shown for the various districts, I just took West Maui with the amount of 36 million, we're installing 2,100 meters. And in Central, with the \$108 million, we're providing 12,000 meters. And Upcountry, we're...and you mentioned that this was in...after we get through the water meter waiting list that we're only adding another 1,200 meters. So, I think everyone would likely agree that the Upcountry system is going to remain well behind the rest if we don't do something a little bit more dramatic. Anyway, with that I would like to call on our first testifier, Brendan Balthazar, and he will be followed by Tom Blackburn-Rodriguez.

.BEGIN PUBLIC TESTIMONY..

MR. BALTHAZAR: Good evening. Brendan Balthazar, Diamond B Ranch, these street lights again, son of a gun, I tell you. Okay. First, what I want to do is I really wanted to thank Mike, the Chair. I normally no write nothing, but I figured I get one plane to catch so I was going have somebody else read 'em so that's why I wrote it. But it's good because at least I have 'em. First, I wanted to thank Mike for listening to us and having this night meeting and all of you guys here because if it wasn't for this, look how much people that work during the day. We all farmers, we ranchers, we gotta work. I gotta unsaddle my horse and come down here the last time. So, I really wanna thank all you guys for that. You know, when somebody does something to you that you don't like, just because they do something bad, you kinda say that's one bad guy. But, you know, just 'cause I no agree with Dave on a lot of stuff, I like 'em. You know, he's kind of one warm, fuzzy guy. I like 'em. He's, you know, he's one nice guy. I do like 'em. The problem with Dave that I find, and I need you guys help for fix, is Dave remind me of the front horse on one wagon. We put blinders on 'em and he seems to...'cause we talked about reservoirs, we talked about all this stuff with me and Mike, and he just focused on pumping. But, anyway, maybe you guys can help take these blinders off. You know, we talked about this group I just hope that uses common sense. In the past, I've testified before and I found that as a rule, I hope you guys all get back, get elected, another 30 years 'cause you guys use a lot of common sense. You know, you guys gotta deal with lot of department heads and lot of people. They get all this paper on the wall, master's degrees, scientists, all this stuff. But all that paper without common sense is as good as the paper I get in my bathroom and you guys know what that is for. You know, I read the water report and the people in the Water Department for Dave did one hell of one job compiling all this information. That I gotta say. You know, they spent a hell of a lot of time so he can make his presentations. But, you know, I wanted to tell you, Dave, right up front. I have no quorums with the rate you have on the water 'cause, I think, it's cheap. I think the rates on the meters every month is fair. So, I'm not here to grumble about that. I'm here to point out what is unfair. I'd like to offer some solutions. Water, unfortunately, is the, supposed to be the most damn important department in this County.

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Water supposed to be the most important. I didn't know you guys gotta subsidize whatever cost you have and that's why you trying to balance the budget. I'm here to help you balance 'em. This Council should float bonds and give it to them. And remember the Upcountry system is the problem, why? 'Cause nobody fix those pipes. On my ranch, when I get one broken pipe I replace 'em, but before they wouldn't do it 'cause they never have the money to do it. You guys, look, you guys float bonds for parks. We cannot drink one parks. If you don't build one park, we still going live. If you have water...water should be elevated within this government to be the most important thing.

MS. YOSHIMURA: Three minutes.

MR. BALTHAZAR: Again, I...we need to have the money through the bonds. A big part of the General Fund should go to that and be earmarked. I gotta go to the next because she going kick my ass out. Next is the fees for water development. I think everybody in this County should pay one fee, and this is another thing, Dave, you should add another \$10 to every meter. You almost get 40,000 meters, that's 4.8 million at the end of the year. Everybody in Lahaina, Kihei, and wherever you find 'em, they wanna open that pipe, and they want water to come out, and you responsible. They should pay for that water development, not only the people who asking for water meters. Lastly, the water meter list. This is my pet peeve. That water meter list should be, supposed to be divided in two, A, the family subdivisions, you going divide 'em for your family. My mom told me this, there go I but for the grace God. Put yourself in that family's shoes that he making 40,000 a year --

MS. YOSHIMURA: Four minutes.

MR. BALTHAZAR: --and all of a sudden now he's gotta go and pay not only the \$14,000 fee, but he's gotta pay for bring that pipe to his place at another 300,000, which this is ridiculous. You know I mean, you cannot have that. That is very unfair. The family subdivisions, if you giving 'em to your kids, should be like the taxes where you dedicate, rollback. If they sell 'em before the ten years, make 'em pay all the fees, all fees for the pipes, and everything. But this is some avenues that I think you guys really should look at for having Dave get little bit more money, fix the frickin system, so that that way nobody that asking for one meter is the guy responsible. Lastly, I wanna say, I wanna thank all of you guys for listening to me because you guys always do. My question is did you hear what I said? That's my question, and all I ask is common sense. Try use some common sense. Thanks.

CHAIR WHITE: Thank you, Mr. Balthazar. Before you leave...

MR. BALTHAZAR: I thought you guys kicking me out.

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COUNCILMEMBER VICTORINO: No, no, no.

CHAIR WHITE: Mr. Victorino followed by Mr. Couch.

COUNCILMEMBER VICTORINO: Brendan, couple of things. First of all, thank you for the comments since when, you know, something lacking in this world sometimes. Do you have your testimony? Can we have that testimony?

MR. BALTHAZAR: No problem, right here.

COUNCILMEMBER VICTORINO: Yeah, we going make copies 'cause, you know, you had a lot of good information.

MR. BALTHAZAR: You know what, you can read 'em from there. Look, I no need glasses.

COUNCILMEMBER VICTORINO: Hey, kupuna fonts. Yeah, kupuna fonts. Anyhow, Chair, Brendan, thank you. That's what I really wanted, Mr. Chair, is that testimony 'cause has a lot of information that I think we could utilize. Thank you, Trendan [sic].

MR. BALTHAZAR: Thanks, Mike.

CHAIR WHITE: Wait, just a minute.

COUNCILMEMBER COUCH: Not yet.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, thank you. I just wanted to double check, you had said you think we should float bonds --

MR. BALTHAZAR: Exactly.

COUNCILMEMBER COUCH: --which is what I think, and maybe I misunderstood Mr. Taylor, but he said part of this is...actually all of the CIP is floating the bonds. And it's --

MR. BALTHAZAR: No, no.

COUNCILMEMBER COUCH: --to pay for the interest.

MR. BALTHAZAR: No, these bonds is not. What I'm talking about is the same way you float bonds for parks, for police stations, for fire stations, the Water Department gotta find their own money. This group should find that money and give it to him and say, hey look

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our ailing system is this, go fix it. No put the burden on the guy who asking for the meter. Now, the developers going pass this cost on to the buyer. The family subdivision going give 'em to his kid. And all I'm saying you gotta protect yourself too, and say if you sell that son of a gun, same way you dedicate land for ten years, then you pay back everything. Pay even for the infrastructure. The sad thing is when the family subdivision, they ask for the one meter for cut 'em for their two kids, now all of a sudden they get one \$300,000 bill to bring the pipe to them. That's the kick in the tail. That shouldn't be that way, should be just like down here when you ask for one meter, there's your meter. End of story. You know, give him the money so he can go fix the system and not have everybody have to pay. And I, and again, I've said everybody in this County is responsible for water development and reservoirs and everything. Look, you know, one of the things in there that I never get chance to read and now that you had ask me the question, you know, Dave stated at one meeting Makawao when I was sitting by him, he said when toothpaste is on sale, you buy one whole bunch. Well, God had water on sale this past month, how much was saved? How much was saved? And that's the fault, see. Start funding the things, you know, so we can save the water.

COUNCILMEMBER COUCH: Okay, thank you.

MR. BALTHAZAR: Pau?

COUNCILMEMBER COUCH: Thank you, Chair.

CHAIR WHITE: Thank you. Thank you, Mr. Balthazar. We appreciate your always entertaining testimony. And Mr. Blackburn-Rodriguez has the honor of trying to keep up with Mr. Balthazar, and he will be followed by Edwin Ferreira.

MR. BLACKBURN-RODRIGUEZ: Thank you, Mr. Chairman. Could I request a two-minute recess? Thank you, Mr. Chairman and Members of the Budget and Finance Committee. My name is Tom Blackburn-Rodriguez and I'm testifying tonight on behalf of the organization, Go Maui. Thank you for your rapid response to the community concerns regarding water meter fees and for scheduling an evening meeting to hear those requests, which what we can see from the attendance was a very wise decision. And we thank you for that. Go Maui is a recently formed nonprofit organization that has the mission of providing leadership in the public discussion about the need for growth and economic development on Maui. The group is focusing its efforts on housing, jobs, water, agriculture, economic opportunity, and infrastructure. In that respect, Go Maui would like to offer the following comments regarding the water meter fee proposed by the Water Department in the 2014-2015 County Budget. First, we express our appreciation to the Committee and to Director Dave Taylor for bringing the issue of water source development funding to the center of budget discussions. Go Maui is not convinced that the traditional way of generating funds to assist with source development through water

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meter fees is a sustainable option given the growing size of our water system and the demands being placed upon it as was pointed out by Mr. Taylor. Perhaps we should consider issuing General Obligation bonds, paid for with property taxes, as a funding source as we do for sewer, wastewater, parks, municipal buildings, and other significant Capital Improvement Projects. Do we expect our residents to not only pay increased water meter fees but then on top of that to pay additional costs for water development to bring the water to the meter? An additional cost that can turn into hundreds of thousands of dollars. If water is a public trust from which everyone benefits as we've already heard from the previous testifier, everyone benefits in one way or another then perhaps it is time to examine another means of funding that upholds that principal. We urge the Committee to examine the issues of fairness in the proposed fee schedule, the need for more timely information to the community, and the impact the proposed fees may have on affordable housing and on small scale housing developments on family land. These issues might be addressed in a more thorough manner if the fees are delayed and additional community hearings are held. We also ask that you examine the detail of the Water Department's budget --

MS. YOSHIMURA: Three minutes.

MR. BLACKBURN-RODRIGUEZ: --to determine if funds may already be available allowing the proposed fees to possibly be delayed for a year or phased in more slowly. Finally, if the fees are adopted as proposed, we suggest the Department provide the Committee with a timeline matrix of what will be done with the money raised and when any work funded will be completed. This can then be reported to the Council and be referred to the Budget and Finance Committee every six months to review and monitor. Again, thank you for this hearing. Thank you for your hard work and thank you for the opportunity to testify. Mahalo.

CHAIR WHITE: Please stay right where you are until we find out what...Mr. Couch, question?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And, thank you, Mr. Blackburn-Rodriguez for being here. You're the second person who has come up and said, please float bonds. And unless I misunderstood what Mr. Taylor said, he said they are going to float bonds and that that's what the rates are is to pay for the interest on those bonds. So, I don't understand, unless I got it wrong, but I, you know, I've talked to Mr. Taylor for a quite a long time and I'm pretty sure that's what he means. So I don't know whether it's a bond from the water development, you know, I mean, the bond is a bond. We float the bonds and we get the money and say this is restricted to water development, whether we do it from General Obligation bonds or the water...State Water Revolving Fund and they also go through General Obligation bonds through the Water Department as well.

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MR. BLACKBURN-RODRIGUEZ: Thank you very much that's an excellent question and a good point of discussion because Mr. Taylor did point out the money that is borrowed and then has to be paid back. But Mr. Taylor lays out a system in which the options are already predetermined based on the information that is presented. As you know, and as we all know, as we look at the information coming in the outcomes can change. My basic suggestion and to look at the larger picture is that we, as Mr. Balthazar said, we take the blinders off and we look at the larger system of funding the Water Department and source development. And that's really the thrust of my testimony. Let's take it outside that box and begin to examine other options because what we have now is not sustainable.

COUNCILMEMBER COUCH: Thank you, Mr. Chair.

CHAIR WHITE: I think, you're both passing in the night. The bottom line is that if it's a water bond, the water users pay it back. If it is a GO bond then it's paid back by our property taxes. But most of those...well not all of us are water users like Kaanapali is separate. So, Kaanapali, Kapalua, and parts of Molokai are not part of the water system. So, they would not be paying back if it was just limited to the water system. It would be paying it back if it was part of the general bond covered by the property taxes. The item that I think you bring up combined with something Mr. Balthazar said I think is really critical and that is that we have a lot of small parcels Upcountry where we can provide some of the most affordable housing because it's family lands. And if you put, you know, your comment about borrowing and affordable housing together with Mr. Balthazar's comment about the family subdivisions getting, you know, differently, you know, handled a little bit differently than it is possible right now. I think that's a significant step forward to solving both the Upcountry water meter challenge and affordable housing. And we have an Affordable Housing Fund that we use for lots of purposes, and this year we've got a significant amount of money going into one project on one parcel Upcountry. So, we may want to take a look at whether or not affordable housing funds can be used to provide access to water to provide affordable housing.

MR. BLACKBURN-RODRIGUEZ: Mr. Chairman, I think you're absolutely correct. I was involved in the campaign that led to the passage of that Charter amendment. And I do know that the discussion and the debate on the Council floor, what have you, was to look at the widest possible use of that fund, and many people are concerned that such a large portion of this year's funding will go into only one project.

CHAIR WHITE: Oh, we'll they're not alone. So, anyway, I really, I appreciate your comments. And we're certainly looking for solutions. And I'm sorry, I didn't look this way, if you have...

COUNCILMEMBER VICTORINO: Yeah, you don't normally but that's okay.

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CHAIR WHITE: Oh, oh, come on.

COUNCILMEMBER VICTORINO: That's okay.

CHAIR WHITE: You know, that's why you're not a referee anymore. Bum calls.

COUNCILMEMBER VICTORINO: That's right, you would have been out of the game already.
Oh, sorry. Okay.

CHAIR WHITE: Yeah, both sides can complain about that. Any further questions for Mr. Blackburn-Rodriguez? Okay, thank you very much for your testimony.

MR. BLACKBURN-RODRIGUEZ: Thank you, Mr. Chairman. Thank you, Members of the Committee. Aloha.

CHAIR WHITE: And Edwin Ferreira will be followed by Sherman DePonte.

COUNCILMEMBER VICTORINO: Chair, before Mr. Ferreira start, is it possible to get his testimony 'cause, Mr. Blackburn-Rodriguez' testimony?

CHAIR WHITE: I'm sure...

COUNCILMEMBER VICTORINO: Are you able to get that to us?

COUNCILMEMBER CRIVELLO: It's passed out.

CHAIR WHITE: Oh, it's passed out.

COUNCILMEMBER VICTORINO: Okay, we did? Okay.

CHAIR WHITE: Thank you. Please proceed.

MR. FERREIRA: Council Chair, Council members, good evening. My name is Edwin Ferreira. I'm representing myself and my grandchildren. I'll be talking about, a little bit about the rate increases, the meter, and water retention. My wife and I own six acres of ag land and at present we raise some cattle on that land. One day, I hope to turn the land over as a family subdivision to some of my grandchildren. However, the proposed increases and the, of the water rates, maybe not so much the rates in itself, but the cost of the meters. It will surely prevent my family members, my grandchildren, from ever enjoying their own piece of property because as Brendan mentioned you five-eighths meter will cost by the time they're old enough 20,000 or more. That's the cheap part. The expensive part is to tie it in to the rest of the system. Now, we all know that. So, I feel really bad about that

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situation regarding my grandchildren. Majority of the County feeder lines, the main lines, are substandard to begin with. They ran a six-inch main down my street and tied it into an inch-and-a-half. So, that was great. Anyway, 25 years ago, six inches would do. Now, they want eight inches. And so already I would have to do the changing of all of the lines and I cannot afford that. So, basically, my grandchildren cannot afford to live on the acreage that I have, which is really sad. Now, it's true that as both of the gentlemen mentioned the ag subdivision, family subdivision, it's a lot different than the standard. The contractor, the subdivider, he can pick up 20 to 40 meters or whatever, and the cost of the pipes and everything is assumed by the buyer. Whereas, I, in a family subdivision, have to pay for everything. You asked to try to come up with some helpful solutions. My solution would probably be something to the effect that keep the meters back where it was, way back then, at three thousand some odd dollars, and have a fee. Right now, whether you use water or not you're gonna pay for your water meter.

MS. YOSHIMURA: Three minutes.

MR. FERREIRA: But have an extra fee of maybe ten bucks. Everybody pays \$10, that money comes in. Thirty-five thousand meters, ten bucks, that's 350,000 in one month, in one year, 4,200,000. Set that aside, the Water Department, for upgrading the infrastructure. And that's my suggestion. And a very fast one, living Upcountry is a very terrific luxury that you enjoy except when the drought time comes rolling around, and you end up with unwanted stress, especially when you receive a nice little letter in the mail from the Water Department telling you that they're going to shut off your meter and lock it if you don't cut back on your water. I have tried unsuccessfully to try to convince my cattle not to drink a lot of water during that time. And that never works, you know that.

MS. YOSHIMURA: Four minutes.

MR. FERREIRA: What the only thing I've got left to say is I would strongly suggest that, and I know, Mr. Taylor, as my nephew Brendan said has blinders on, but reservoirs are the answer. You build it right, it'll never fail you. Check HC&S, they've got reservoirs throughout the cane fields. You got more acreage of cane than you have of houses. But they're able to irrigate all of that land because of the amount of reservoirs they have. Reservoirs don't break, dams break. So, as a retired safety specialist, I say it's, a reservoir is safe and it is the way to go. Mahalo, thank you.

CHAIR WHITE: Thank you, Mr. Ferreira.

MR. FERREIRA: Thank you.

CHAIR WHITE: Questions for the testifier? Mr. Couch.

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COUNCILMEMBER COUCH: Real quick one. Just you said a \$10 fee to every bill. Is that monthly fee?

MR. FERREIRA: A monthly fee. It can be \$2. It can be --

COUNCILMEMBER COUCH: Okay.

MR. FERREIRA: --\$10 whatever it is, just add it, but everybody pay it.

COUNCILMEMBER COUCH: Okay.

MR. FERREIRA: That way you won't have to start mailing them with the fee of the meter being up 14 to 20,000. This money or revenue generated goes into either the General Fund or specifically funding for the Water Department.

COUNCILMEMBER COUCH: And not that you could see it on the plan there, but I've seen the plan, there are some reservoirs in the plan in that green section there. There are plans for reservoirs.

MR. FERREIRA: Reservoirs?

COUNCILMEMBER COUCH: They're expensive.

MR. FERREIRA: I've built a reservoir. You get it next to a river and you bring it in with a pipe, fill up your reservoir, it drains right back into the same river or stream, and goes down to whoever needs it. It's...well you get the right people to build it it's not that expensive. All right. Thank you.

CHAIR WHITE: Any other questions for Mr. Ferreira? Mr. Ferreira, the fee that you mentioned is one of the options because the three elements are the meter fee, which is currently at \$12,000. The water rates, which are probably not the place to do it, but the other one is the monthly meter fee. So, that could simply be adjusted as you suggested. And your \$10, your \$10 idea would probably significantly reduce the 12,000. I don't...we asked for some other options and it takes a little time to work out other options. But, we will take a look at that and see what it would take in a monthly meter fee to offset that \$6,000 additional or to get it back down to 6,000 or something else. But, you know, the other thing that you mentioned is the real crux of the issues. The meter is just a small part, especially if the water that you need to hook up to is down the street from your property. And so I think one of the things we are gonna need to consider is that when you look at Upcountry because it's not a full, you know, a full-fledged system that maybe the amount of money we that we need to put aside is for infrastructure itself to get more service closer to the various, the main pockets. And I know they've got them all lined up and we

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will probably need to ask for their kokua to give us some sense of where we can put some money to get the most bang for the buck. But, again, it's, the meter is the manini part of the project, so.

COUNCILMEMBER VICTORINO: Chair?

MR. FERREIRA: Exactly.

CHAIR WHITE: You hit it right on the head. Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you, Chair. And you're still not looking this way, but I will keep calling on you, you'll get me. Thank you.

CHAIR WHITE: I happened to be looking at the testifier.

COUNCILMEMBER VICTORINO: I know, I know. Mr. Ferreira, thank you. You know, you're, you said charge everybody \$10, right? And you using the word everybody.

MR. FERREIRA: Everybody.

COUNCILMEMBER VICTORINO: Everybody?

MR. FERREIRA: Everybody that has a meter.

COUNCILMEMBER VICTORINO: And, I mean, everybody who has a meter, whether it's private or public, should be paying into this because they draw from our system.

MR. FERREIRA: Exactly.

COUNCILMEMBER VICTORINO: They draw from our aquifer. They draw from our waters. And I think that's the answer I would like to hear is that we go out, even into this private systems, excuse me, and they, if they get five meters, they pay \$50 a month to us because they draw the same water from our aquifers and our streams.

MR. FERREIRA: Exactly.

COUNCILMEMBER VICTORINO: So, that is really that where everybody and I wanted to ask you if you believe that everybody should be inclusive of everybody?

MR. FERREIRA: Exactly.

COUNCILMEMBER VICTORINO: Thank you very much. Thank you, Chair.

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MR. FERREIRA: Just one last thing because the fact is eventually after you sell all these water meters and the housing starts to drop, and no more meters go out, where's your revenue coming from? This way they'll have that revenue and it'll help with the repairs, with the infrastructure, and maybe one day down the road, I might not live to see it, but you may reach a point where you don't have to charge the \$10. You can drop it down to eight, maybe to 12.

CHAIR WHITE: And we all believe in Santa Claus, too.

MR. FERREIRA: Yes, exactly.

CHAIR WHITE: Okay, thank you very much, Mr. Ferreira.

MR. FERREIRA: You're very welcome. Thank you.

CHAIR WHITE: And our next testifier is Sherman DePonte and then we will check in with our District Offices.

MR. DEPONTE: Hi, I'm Sherman Dudley DePonte. First off, it is, again, I don't hear so well so you guys can speak loud, scream, my dad did, no problem. In any case, I'm with Akamai Land Surveying so I deal with a lot of subdivisions. I watch a lot of people's dreams Upcountry, our locals, go down in flames because they don't have the water. And we cannot have...we don't have the water, and it's come down to fire protection whatever it is that they put together to stop us. And we're the roots here. We're the guys that was here from way back Upcountry, Upcountry, Maui. What I wanted to say is what you saw was a beautiful presentation. And yep, we paid for it, our water fees. What is not mentioned in that presentation, and I do a lot of subdivisions again and I wanna just inform you that each subdivision there's improvements that we have to do. Where's that improvements in there? Usually it's 50 percent for the developer now and it's 75 percent for the family subdivisions. That if you do an improvement on the County line, which you have to before you get the water meter. You're not just gonna get that water meter if you pay your 25,000 or 12,000, or 50, if they wanna tell you that. If they're doing that, that would be nice, but it's not. For me, it's 3,500, three meters, and I have to put in \$3.8 million of infrastructure. I have to put a tank in on a property that Haleakala Ranch was willing to give us, the County, an extra piece of land. When they put the, the lot was in the wrong place, they moved it to the right place, but when they asked, when they said, do you need little bit more land because you're gonna have to build a bigger tank? What the County, our Corporate Council said, and the Water Department said, no, we don't need it. And we do need it because if I'm gonna go up there and I have to do this improvements, guess what? That's gonna be added on to my fee again, me. I have to go purchase that land from Haleakala Ranch and then put the water tank, which is astronomical. You talking \$280,000 just for the tank alone to County standards. Now,

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you can put in a tank, a private tank, for hundred something thousand, but the County standards will be 200, 280,000. What happen is that's one example. There's examples of when this, when we had this coming up in 2000 we had set rules that we were talking with Mike Victorino on this thing. Oh, let's work with the rules. Everybody gotta follow the same rules and standards, national standards. Okay, the County put in the line in Keokea all the way up to Ching's Store --

MS. YOSHIMURA: Three minutes.

MR. DEPONTE: --eight-inch waterline. Two months later I had one of my cousins come in, I wanna do a subdivision, and they told her she could not do it because she needed 12 inches on that line. Two months later, and we have letters, I have backing on that and we can, and stuff. I say right now, you as the Council, need to check the checks and balances of this Department. That Water Department needs work on 'em. And this morning I made a statement. I will stand behind that statement and I'll follow up with any information any one of you want on it. Thank you.

CHAIR WHITE: Thank you very much, Mr. DePonte. Members, questions for the testifier? Thank you very much.

MR. DEPONTE: You're welcome.

CHAIR WHITE: And we'll first go to our Hana Office and check with Dawn. Do you have any testifiers this evening?

MS. LONO: Good evening, Chair. This is Dawn Lono at the Hana Office and there is no one waiting to testify.

CHAIR WHITE: Thank you very much. And we'll next go to Lanai and check with Denise. Any testifiers?

MS. FERNANDEZ: Good evening, Chair. This is Denise Fernandez on Lanai and there is no one waiting to testify.

CHAIR WHITE: Thank you. And we'll go to Molokai and check with Ella.

MS. ALCON: My first testifier is Rob Stephenson.

MR. STEPHENSON: Aloha, Chair --

CHAIR WHITE: Aloha.

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MR. STEPHENSON: --and Committee members. My name is Rob Stephenson. I'll be testifying on behalf of two organizations this evening. One, the, first, the Molokai Chamber of Commerce and the other one is Architectural Drafting Service. And I guess I'll begin with the Architectural Drafting Service. We have a number of clients who are, have pending water meter applications. And the \$12,000 fee that went up this year from the \$6,000 fee is a significant burden on those folks. And we would like to testify in support of the measure that was introduced by Councilmember Victorino and Councilmember Crivello to provide an exemption for rural communities for the water development fee. And in the presentation that Mr. Taylor made, we see that there's not a lot of water development activity that's going to be happening here on Molokai. So, the burden wouldn't have to be borne by the people on Molokai. And a lot of people in the future to develop their properties this . . . *(clears throat)* . . . excuse me, this increase in the water development fee for the meters is quite possibly going to keep people from developing their property, people with legacy properties, family properties, that want to just build a home for their families. It's going to be out of reach for a lot of people. And the second thing I'd like to testify on behalf of the Molokai Chamber of Commerce, this, the increase in the water development fees is significantly affecting the business aspect of it. We have our construction people here on island, the construction professionals, design professionals who are going to be losing business if this water development fees get to the point where people can't afford to develop their properties. And this could have a significant effect on our economy, on our families. And so, the Molokai Chamber stands in full support of the measure that was introduced by Councilmember Victorino and Councilmember Crivello for the exemption for rural communities. And as all the testifiers before have indicated, you know, there's some great solutions out there. And I'm sure that you, as the Council, and in conjunction with the Water Department can come up with a solution that's workable for everyone and equitable for everyone. And we stand here to support you in whatever we can do here on Molokai. And please feel free to call on us as a resource. Thank you.

CHAIR WHITE: Thank you, Mr. Stephenson. Members, any questions for the testifier?
Mr. Couch.

COUNCILMEMBER COUCH: Thank you. Thank you, Mr. Stephenson. Just a question for everybody that's in Molokai, were you able to see the presentation by the Director?

MR. STEPHENSON: Yes, sir, I was.

COUNCILMEMBER COUCH: Okay, thank you.

CHAIR WHITE: Any other questions? Seeing none, thank you very much, Mr. Stephenson.
And --

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MR. STEPHENSON: Thank you.

CHAIR WHITE: --ladies in the District Offices, we will, if you have additional testifiers, please e-mail the Staff; otherwise, we will continue to go through the testifiers here in the Chambers. Thank you. And our next testifier here in the Chamber is Sydney Smith followed by Bill Greenleaf.

MS. SMITH: Good evening

CHAIR WHITE: Good evening.

MS. SMITH: My name is Sydney Smith. I'm the President of the Maui Coffee Association, a committee member with the Ag Working Group, and I own Maliko Estate Coffee Farm. This is a quote from the Maui Island Plan. Some of you may have seen this before, this is what it looks like. Chapter 7, Land Use: Water. "A reliable and inexpensive source of water is particularly important to keep agricultural lands in production. Without it, farmers cannot predictably plant and harvest, and the land may be good for other uses. Other land uses also compete for available source, including urban, cultural, and conservation uses; and new source development has not kept pace with this demand." But how could it? The Water Department gets no money from the General Fund. Their income only comes from water bills and meter fees. No wonder we're talking about such astronomical water fees and meter fees--\$6,000, \$12,000. We even saw \$75,000 up there and, I know they're talking about capping it at \$20,000, but I feel it is prejudicial against the Upcountry farmer to put that rate out there. And say oh you people all have to pay for this extra money that it costs for these, you know, lazy farmers up there that are water hogs. So, the Water Department is an essential service though. It's essential like the Police and the Fire Department. We don't make the Fire Department make their money from user fees. I call on you to put the Water Department back in with all the other departments getting their expenses paid for by the General Fund. Water bills and meter fee costs can go back into the General Fund. But this explains a lot, explains to me where there were no real solution in Dave Taylor's long awaited Water Department management update of March 19th. That source development called for in the Maui Island Plan is nowhere to be found. We all searched for the list of reservoirs to be dug and wells to be drilled, and I realized the copies that we got all that part was real blurry, and you couldn't read it. I don't know if that was on purpose or not, but it kinda felt like it was. But I'm sure you all looked for it, too. But without funding, of course, we couldn't fill the mandate of the Maui Island Plan. Dave Taylor's hands are tied and we want you to help untie them. Give him access to the same resources we have if we want a new park or a new swimming pool. Those things get paid for from the General Fund all the time and they are not essential. By water all things find life. It's on my water bill every month. It used to be on the envelope, but they don't put it on there anymore. I don't know if that's some kind of message. But my interpretation of that very true

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statement is that water is our highest priority and providing clean water to our citizens is the most important part of the public trust.

MS. YOSHIMURA: Three minutes.

MS. SMITH: We, the citizens of Maui County, expect from you, our elected officials, you know, currently Maui farmers pay twice what other farmers pay for water on Hawaii island. But I wouldn't have a problem with a 5 percent or even a 10 percent water rate increase if we have water when we need it at the end of a dry summer. But will the increase requested improve our aging water system? Will it pay for new source development? I doubt it. We have lost all faith in the Water Department's ability to maintain what we have and plan for the future. I realize budget is behind us in changing the Water Department's funding sources, a major change, but it has to be possible to fix this. Without this, the only solution to our continuing water shortages is praying for rain.

CHAIR WHITE: Thank you, Ms. Smith. Questions for the testifier? Mr. Couch.

COUNCILMEMBER COUCH: Thank you. And thank you, Ms. Smith, for being here. I understand and I've read your comments. Some of the questions you asked in the...right at the end. Yes, the increase requested will improve our aging water system and it will pay for new source development as you saw today. And secondly, you have...as the other testifiers have a pretty good idea about the General Fund. Unfortunately, we have to change the Charter and it has to be a Charter amendment, because the Charter says that the revenues of the Department of Water Supply shall be kept in a separate fund and shall be such as to make the Department of Water Supply self-supporting, so.

MS. SMITH: Well let's do a Charter amendment then.

COUNCILMEMBER COUCH: Well, we'll work on that.

MS. SMITH: What do I need to do to get that started?

COUNCILMEMBER COUCH: Have a chat with, I don't know which lawyers that would be. Probably Mr. Taylor and Corp. Counsel, and see what...

MS. SMITH: Sure, I'm up for that.

COUNCILMEMBER GUZMAN: Chair?

CHAIR WHITE: Yes.

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COUNCILMEMBER GUZMAN: Part of the Charter is provided that the Council may issue General Obligation bonds on behalf of the Department.

COUNCILMEMBER COUCH: For the Water Department.

COUNCILMEMBER VICTORINO: We all become lawyers tonight.

CHAIR WHITE: Okay, any further questions for the testifier? Seeing none, thank you very much, Ms. Smith.

MS. SMITH: Thank you.

CHAIR WHITE: And Bill Greenleaf will be followed by Gerry Ross.

MR. GREENLEAF: Good evening, Chair --

CHAIR WHITE: Good evening.

MR. GREENLEAF: --Council members. My name is Bill Greenleaf. My wife and I run Greenleaf Farm. I'm President and I'll also be representing the Farmer's Union. I'm the President of the Farmer's Union. This problem is really snowballing. You know, I had some concerns coming in and I appreciate Mr. Couch explaining to us how this needs to work, and it does need to work. This problem has been...it's probably going to be the most difficult problem that...I've been down here a lot of times, I think it's the most difficult problem I've ever seen the Council have to face. And it's pretty clear that, to me, and the reason it's clear to me that what is on the table is not going to do the job is there's been people waiting for water meters for over 30 years and they're grandfathered in it at that around \$3,000 rate. And we heard it clearly expressed tonight that they're going to have to hook up to an eight-inch meter, eight-inch waterline. And in some cases to hook up to that line that means their entire street is going to need to be improved. And if their neighbors are not needing a water meter at this time then that landowner is going to have to bear those costs. And I've got figures of two to three hundred dollars a linear foot. So, just a quarter of an acre would be two hundred fifty to three hundred fifty thousand dollars. And this is going to be a conversation that comes up every time somebody's been waiting for years and years, receives that golden ticket of the water meter, except that it's not a golden ticket anymore. So, I don't know how you're going to solve that. I, too, am with the people that have said that this needs to be General Fund along with sewers, fire departments, police stations. In fact, Sydney Smith's quote by water all things find life was even on Mr. Taylor's presentation. And I do think he's in the box. He can't get out of the box because of the way it's structured. And, I think this is a long-term problem that needs a present solution. I have two other points that are I think really important. One of them is, has to do with farmers. Currently, when we are in

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drought, and that's so sad, 'cause we're in drought every single year. And as Brendan said, God's been giving us free rain. We do need more reservoirs, but most importantly, we don't need farmers being told they're going to have their water meter locked up if they don't cut back on their water because it turns out as the cattlemen expressed, the, yeah, I've asked detailed questions. Cattle drink about ten gallons of water a day, and if you cut 'em back on that they'll die. It's just there's no in between area. And for farmers that's --

MS. YOSHIMURA: Three minutes.

MR. GREENLEAF: --the time of the year we need the most water. And farmers are good stewards of water. If we over water we're gonna kill our plants. And if our plants go into drought without water and we have to cut back, they're going to be stunted and bitter. I highly request that farmers are not included in the cutbacks, they're exempted from that. And the final thing I'd like to address is conservation. Until this problem is solved, and it's not going to be solved immediately if we had all the money in the world, we're gonna continue to face droughts and we've not addressed conservation. And water rate increases will not stop hotels and large places that where they need a lot of water from using water. And that means that everybody is going to be in drought, everybody is going to be facing cutbacks. There are other places like Tucson and Phoenix and Santa Fe, they deal with much less water than we have and they have conservation approaches, and I'd like to see that put on the table as well. So, thank you very much.

CHAIR WHITE: Thank you. Members, questions for the testifier? Seeing none, thank you for your testimony this evening.

MR. GREENLEAF. Thank you.

CHAIR WHITE: And Gerry Ross will be followed Roland Perreira.

MR. ROSS: Aloha, Councilors. My name is Gerry Ross, and with my wife Janet, we farm 14 acres of organic vegetables, fruit, and award winning coffee in Kula. I'd really like to thank you for holding an evening meeting. It's said that farmers don't run out of time, but we do run out of daylight. So, it's pretty hard to make it down here to testify during the day. So, thank you very much. We're at the bottom of Naalae Road, which is more like upper Kihei if such a place existed. It's hot and dry. We do everything we can to stretch our water usage. We have drip irrigation. We keep things covered with mulch. We have shade trees and more. This winter has been a blessing for us as we have not had to irrigate since about January 5th. The downside of that is that's a couple thousand dollars that the Water Department does not have in their income stream. Last year was the opposite, it seemed we never turned off the spigot. We did not have a wet winter at all. Our water bills in the dead of summer about five hundred bucks a month. So, the

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proposed 5 percent increase in water rates for ag users translates to about \$25 a month, which we can certainly handle as long as, as my father-in-law used to say as long as there's still water coming out of the pipe. Of course, if there are 5 percent increases year after year after year, it's going to be a slow and painful death for agriculture. Agriculture deserves a break. The models that the Department of Water Supply views to establish drought rates and assessments for ag users were based upon municipalities, such as Lincoln, Nebraska; Marin County, California; and San Diego, California. I called up people in the respective water departments at each of these places and asked them, I said, well do you have ag users and how do you structure the rates for them? They do not have an agricultural user category. We need to base our rate structure on areas that have a comparable diversity of users that we see in Maui County. So, what are we doing to guarantee that the water still comes out of the pipe that feeds my farm, that feeds people in Maui County 52 weeks a year? It's my understanding that the Department of Water Supply has come to rely on increased water rates and downloading the cost of infrastructure to new meter users, essentially a cost recovery scenario. The Department of Water Supply is the only department of the County that operates this way. Although you could certainly make the case that they might be the most important. No water, no life, period. We need to build some resilience into our water systems so that we can avoid being only three days from failure as we were last fall. We're not moving forward and taking the critical steps we need in terms of reservoir or source development because the Department of Water Supply doesn't have the funds for this. There's at least two ways, I think, to change this and I'm not an accountant, I work with dirt, not money. First, we could start by making funds for infrastructure and Capital Improvement Projects for water available from the General Fund, rather than on a cost recovery basis. The cost recovery approach is making it very difficult, if not impossible, for family --

MS. YOSHIMURA: Three minutes.

MR. ROSS: --subdivisions that try to keep family close and on family land, and this is not a reliable stream for funding the upgrades we need. Secondly, we could raise significant money in the somewhat painless fashion through a one or two dollar, or a couple of people said \$10 a month monthly tax on each of the 35,000 meter renters in Maui. If our farm is to continue to meet the demand for quality, affordable, local produce, we need to have a consistent supply of affordable water. Thank you.

CHAIR WHITE: Thank you, Mr. Ross. Questions for the testifier, Members? Seeing none, thank you for coming tonight. And Roland Perreira will be followed by Richard Pohle.

MR. PERREIRA: Aloha. First, I'd like to thank you all for having this meeting this evening. My name is Roland Perreira, farmer, rancher, up in Makawao, Maui. I'm just starting off, and every little bill...and I'm not organic so I pay for my fertilizer also. So, every little bill will push us backwards. You know, I can understand that we do need to have

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some structure. You know, the past 10-20 years, what have they done? Not much. But this is going to be like the gas bill. I mean, we on Maui have the highest taxed gas, right? Because we have the most beautiful roads on Maui, especially Upcountry, you know, you ever drove on Makawao Avenue lately? It's winner. And that might be the same thing. I think you guys really need to sit down, take a good long look at this bill, and, you know, we need to find money, I know, to do improvements. If the improvements is coming, I can understand paying a little more. But like the gas bill, how's our roads? Does that answer anything? Again, thank you. Please take a long look at this and repair what needs to be repaired before hitting us with a big bill.

CHAIR WHITE: Thank you, Mr. Perreira. Any questions for the testifier?

MR. PERREIRA: Thank you.

CHAIR WHITE: Seeing none, thank you for coming this evening. And Mr. Pohle is followed by Alex Franco.

MR. POHLE: Mr. Chairman, I am Richard Pohle, a protea farmer on Rural Zoned Crater Road. I would like to paraphrase the minutes of the WRC meeting of November 13, 2013. There was a drought on the land, the eastern rivers were dry, and the reservoirs were full of mud, David Taylor, the Director, cried out for rain. He knew that the Upper Kula system would soon pump air and their pipes become contaminated. There would be no water for the people above Makawao. David remembered his sins that he let the 1.7 mega gallon per day, Piiholo South Well, go private when it was offered free for the price of the hook up infrastructure, about \$2 million, that he will neither drill more wells, nor tell the Council what he requires. In his heart, Director Taylor said, long ago I asked them to pass the drought relief bill for freedom to set fees to reduce consumption, but they are long in words and short in action. Farmers always complain. Every year, they plead their bankruptcy and ask for exemption. They plead for self-sustainability, but if mainland food stops so does the fuel for our water pumps. If there is neither rain nor wells what can I do? I am not Moses. Every day is precious. I need to take action 60 days before a drought, not 90 days after, yet they paralyze the Council with fear, and I am helpless to act. So, I will be even more cautious with meters less the people blame me for their thirst. For these are Council policies and Council rates, not mine. But then the rains came, and the rivers flowed, and the reservoirs filled, and the earth was lush and green, and all was forgotten for a while. Mr. Chairman, do what is needed to give Maui County flexibility, for Molokai hardship, and to act quickly in droughts. Your proposed water system development fees and rates are just and required, but can't you accept a note or let us finance the fee with our mortgage, like the condos do? And that Councilman Couch would be your note, not a County note, but a note that you would...must require full payment within 30 days of a letter arriving at an unknown time and with unknown conditions, must we otherwise forfeit our place in the...or a fee and be

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forever denied a meter. For your water system needs can't you issue fee based bonds or appropriate a revolving fund? Many on the meter list don't want to build now. They just don't want to be left out. That's why the last two months of 2012 saw 400 new applicants rushing to the list before it was closed. Treat Upcountry different from Central Maui. Upcountry water is plentiful, but expensive during drought.

MS. YOSHIMURA: Three minutes.

MR. POHLE: Down country water is cheap, but scarce during drought. Charge users what it cost to deliver their water then you won't have to subsidize Upcountry and you will have conservation. People use little water and will happily pay for their water for their new homes and some of these will be affordable. Farmers use a lot of water and need subsidy. Let the new Upcountry homeowners subsidize the Upcountry farmers but do it fairly. Remove the fire flow requirements for fire protection. Replace it with a reasonable fire flow development fee. Grandfather in the six inch rural pipes already in the ground. As a physicist, I know that can deliver a thousand gallons per minute. Otherwise, I will build a private system with a 120,000 gallon swimming pool, and a pump station, and fill it with County water for my meter because I can't afford the \$3.8 million that you tell me I am required to place.

MS. YOSHIMURA: Four minutes.

MR. POHLE: Tell me now if I cannot do this, tell me now before I forfeit my \$80,000 subdivision fee for five parcels. Thank you very much.

CHAIR WHITE: Thank you, Mr. Pohle. Any questions for the testifier? Seeing none, thank you. And Mr. Franco will be followed by William Jacintho.

MR. FRANCO: Thank you, Chairman White, Members of the Council. And, again, thank you for having a meeting this evening. My name is Alex Franco. I'm President of the Hawaii Cattlemen's Council and we are a Statewide umbrella organization comprised of four county cattlemen's association and over a 130 members. As the Hawaii consumers engage with agriculture to become more food secure, Maui farmers and ranchers are at an unfair disadvantage with Maui's ag water rates being more than two-and-a-half times higher than major farming areas on other islands. We oppose the present direction taken by the Department of Water Supply by increasing water rates and fees. We've had numerous meetings concerning rates and fees increases but somehow these increases have been the only solution identified. Could consideration be given to utilize proceeds out of the General Fund for needed infrastructure improvements to allow for lowering costs and upgrades to the current system? Could this combination with the users fee of \$10 per meter be spread over all meters to service and implement the infrastructure? This would generate more than over \$4 million, spread over 35,000 meters. Can a priority on

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meters, can a priority on the meter list be given to family subdivisions and TMKs which has never had a meter before? Again, revamping the entire system to try and compensate for what we've been going through for a while now, I think, it's really important. And I'm not sure what a Charter amendment would take but definitely something needs to be done to try and overhaul the system to make it better. Otherwise, we'll kind of be back here again. Thank you.

CHAIR WHITE: Thank you, Mr. Franco. Questions for the testifier? Seeing none, thank you for coming this evening. And Mr. Jacintho will be followed by Joshua Rezentos.

MR. JACINTHO: Good evening, Council members. And thank you for having this meeting in the evening. As you can see, it does make a difference where we can attend. My name is William Jacintho. I am the President of the Maui Cattlemen's Association. The Maui Cattlemen's Association has always been concerned about increases in rates and fees of water. We have attended many community meetings and have testified numerous times about water issues. And we will continue to do so until the goals of the community are met. At these meetings, we have suggested various ideas of water improvement, water conservation, and the infamous water meter list. These in itself is a whole other topic, which needs to be addressed at another meeting, another time. Since this is a Budget and Finance Committee meeting, I'd like to focus on funding. Mr. Taylor has put in a lot of effort in bringing the facts forward to the Water Committee. Within the scope of work ahead, we realize that the current financial system for water is not working nor will it ever work in the favor of citizens of Maui. The current water rates cannot keep up with the cost required for the upkeep or improvements of the water system. As a result, it is necessary for the Council to budget funds into the Water Department maintenance and development plan or whatever plan is required or titled. After all, the County budgets for new police stations, fire departments, park development, and the bus system, just to name a few. So why not budget funding into something that provides life that everyone can benefit from? We need a new way to finance the infrastructure. The old way has proven that it doesn't work and that it's time to look for new ways to solve the financial problem and not keep putting the burden on customers. People have been on the meter list for decades. With the current delivery system we have, it is next to impossible to install new meters. The studies presented have shown that there isn't sufficient water to keep up with the demand. It is unfair to put the burden on just those who need meters since everyone uses water. In addition, the meter list should give first preference to TMKs that have never received a meter in its life. And I rent five or six of 'em in Kula that are in that situation. The second preference should be to family subdivisions instead of large tracts of land being chopped up and turned into multiple house lots and sold to more additional residents to the island. In closing, let's put the money where it's needed before we can move forward. Thank you for the opportunity to testify. The Maui Cattlemen's Association is a nonprofit organization representing small and large livestock producers in Maui County. Thank you.

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CHAIR WHITE: Thank you, Mr. Jacintho. Members, any questions for the testifier?
Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And good evening, Mr. Jacintho, nice to see you here tonight.

MR. JACINTHO: Thank you.

COUNCILMEMBER COCHRAN: And in reference to your comment about renting five lots with TMKs that has never had meters. How...and, you know, we've been talking about how the meter itself is a really small portion of the entire infrastructure of, you know, having --

MR. JACINTHO: Right.

COUNCILMEMBER COCHRAN: --water --

MR. JACINTHO: Correct.

COUNCILMEMBER COCHRAN: --being hooked to the water system. Will these areas have, I don't know, an easy time in hooking into the existing infrastructure?

MR. JACINTHO: Yeah, I'm not sure if it will or not but this is in the Calasa Road area. And that is a small line and they probably will be faced with the rule of, you know, putting in eight inch ductile and whatnot. So, sometimes it's overkill too, you know. If someone needs only a half inch line or a two-inch line they should be allowed to do that. You know, they're providing water for themselves not for the whole road. You can't afford it, you know, small families are not in that situation financially.

COUNCILMEMBER COCHRAN: Okay, thank you.

MR. JACINTHO: This particular situation, you know, these are people my age that inherited property from their parents, and uncles, and stuff. They had a water meter. It's a cousin and another cousin. They had two water meters for maybe eight TMKs. In order to pay for the inheritance taxes they had to sell property. So, of course, people not going to buy it without the water. So, person A sold a part, you know, one TMK for some money to pay what he had to or she. And, you know, the meter went with that. Person B did the same thing. Okay, I gotta sell this portion to keep the rest and the meter went with it. And so, now, they're, you know, scrambling with what to do and continue. The cattle go to...they come all the way back to my house to drink water. And so, you know, they can do that, but it is an inconvenience when I'm trying to rotate paddocks and stuff like that. So, you gotta always keep the home side open, and open this paddock or that paddock

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and, you know, rotate 'em around. So, it is an issue. That's kinda why I bring up the, you know, priorities, I think, the meter list should kinda be looked into. It's a little...may sound a little unfair to those who have, you know, the order, oh, yeah, I'm number two or number three, I can't be moved back down but, I think, we need to be realistic, and some people want 40 meters. You know, that's gonna gobble up everything that ...*(inaudible)*...

CHAIR WHITE: I can't let you just keep talking unless --

MR. JACINTHO: Yeah.

CHAIR WHITE: --one of them asks you a question.

MR. JACINTHO: Okay, sorry about that.

CHAIR WHITE: And I've been advised that some Members need a break. So, if Joshua doesn't mind we'll hold off until after the break.

COUNCILMEMBER COUCH: One question.

CHAIR WHITE: A question for Mr. Jacintho?

COUNCILMEMBER COUCH: Yep.

CHAIR WHITE: Go ahead, Mr. Couch.

COUNCILMEMBER COUCH: Thank you. And, thank you, Mr. Jacintho, for being here and also thank you everybody else who came before him that we didn't ask questions of. You know, you're about the 12th person because there's been 12 people that testified that said to use the General Fund to potentially pay for some of this stuff. And I'm, I guess I'm asking everybody but you're the one up there now. Do you realize that if we use the General Fund then that means we have to raise everybody's property taxes, right?

MR. JACINTHO: I realize that is --

COUNCILMEMBER COUCH: To get from the General...

MR. JACINTHO: --a potential but, you know, within the budget of the money that is in front of you maybe there can be some shifts from here and there and, you know, without raising taxes crazy, you know.

UNIDENTIFIED SPEAKER: ...*(inaudible)*...

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MR. JACINTHO: Yeah.

COUNCILMEMBER COUCH: Okay, all right, thank you.

MR. JACINTHO: Thank you.

CHAIR WHITE: Okay, Members, we will take a break until quarter to 8:00. We're in recess.
...*(gavel)*...

RECESS: 7:33 p.m.
RECONVENE: 7:44 p.m.

CHAIR WHITE: ...*(gavel)*... This meeting of the Budget and Finance Committee meeting will come back to order. Well, the first thing I'd like to say is, I think the testimony thus far has gotten everybody's juices going. And actually during the recess, Corporation Counsel confirmed that we can indeed use General Fund monies. We can't transfer water revenues into the General Fund, but we can use General Fund monies to do projects for water. And I think it would follow that we can also use affordable housing funds to provide access to water for affordable housing. And I don't know how...I don't know what the criteria we would need to come up with for family subdivisions to qualify for affordable housing, but I think that's something that makes a lot of sense. Anyway, with that I want to apologize to Joshua in making you wait this long but everyone behind you is having to wait too, so. Okay, we'll have Joshua followed Rosemary Robbins.

MR. REZENTES: Thank you, Chair. Aloha, everybody. Aloha, Council. My name is Josh Rezendes and I am a Kula resident. I echo the concerns that the others before me have spoken about. I have not been on the water meter list as long as everyone else, but nonetheless I'm on the list. I understand that the Department of Water Supply is proposing new hikes for water along with water meters. Today's price of water meters is already unaffordable. I could probably pay for one, but if it continue to go up every year there would be no way for me to pay for it, on top of that there would be no way for me to pay the infrastructure costs if I had to. So, I have a couple of suggestions. I know that sometimes people don't like change and have the this is the way we have always done it attitude. But if it's reasonable and it makes sense we should do it. First, I understand that the Department of Water Supply is autonomous and generates revenue on its own through water bills and water meters. I think we need to seek new sources of revenue the same way we allocate money for new roads, purchase land, or parks. This money could come from the General Fund or other funds that the State or County have. It will make a fast and direct impact on getting the water infrastructure started. Second, if we charge a couple of dollars more a month, Countywide or County of Maui wide, we could procure more money to maintain, improve, extend, and expand our water system throughout Maui County. Lastly, my father and I currently use our land, which is in a family subdivision

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that we're trying to go through with. But, anyways, for agricultural purposes, we farm, raise livestock, and even have honey bees. He wants to pass the land onto me, and me to my son, so I can continue to keep the farming and ranching tradition alive, but will not be able to that if there are no water meters available. If we can put man on the moon, we can get water to people on Maui County. Make it happen. Thank you.

CHAIR WHITE: Thank you, Joshua. Members, questions for the testifier?

COUNCILMEMBER GUZMAN: I just wanted to make a comment.

CHAIR WHITE: Mr. Guzman.

COUNCILMEMBER GUZMAN: Joshua was part of my Ag Working Group and he's a fine young example of those young farmers entering into the industry. And best of luck. He's just got all heart with agriculture. So, thank you, Chair.

CHAIR WHITE: Any other questions for Mr. Rezendes? Seeing none, thank you, Joshua.

MR. REZENTES: Thank you.

CHAIR WHITE: And Rosemary Robbins will be followed by Bryan Sarasin.

MS. ROBBINS: Good evening, everybody. Hi, neighbors, good to see you. I'm Rosemary Robbins. I've been...I don't need a water meter, but I have been pitching for you for years. And one of the people who worked on the EPA Oversight and Advisory Committee for Contaminated Water Upcountry. That was in '04 when we began that taskforce so it's been going on for a long time. I've had the opportunity to meet just wonderful people who have been trying to get our water problems cleared up. I could never ever cope with the financial chaos that has gone on in this. So, I thank you all for having hung on in there for that end of it. And that was wonderful news, thank you, that you just gave to us about the findings from our attorneys. That's good news. Okay, at fall, winter community association, meeting for the Kula Community Association, the Water Director, Dave Taylor, was up there for part of the time on the agenda that night. And there were questions that people wanted to ask and we ran out of that time on the agenda, but several people came up to me afterwards and wanted to know how they could get their information in the form of questions to the decision makers here. And the two questions in particular were how many wells and reservoirs has the current Administration pursued? Not an overwhelming number of those it would appear. And last week at the County Council hearing down in Paia, the very last person to have testified asked and he's from Paia, he's not from Kula. But it was the same thing, where are the reservoirs? I mean, we've been blown inside out with our umbrellas this past month Upcountry, loads of rain. I watched stuff run down the gulch in my house and

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prayed for the people below me down toward Kihei, they get it. It's not usable for them, and in some cases, it's contaminated with what's happening from farm and ranch country, Upcountry, that just doing what gravity does, negatively impacts them. So, the beat goes on, the problems continue to be there. We heard some interesting recommendations tonight and to have that rate of return and questions from that, it's just so exciting. I am hoping that everybody received one of these. Remember having gotten this in the mail? Okay. Well, there's the gentleman who began all of this. And I hope you've sent it back in --

MS. YOSHIMURA: Three minutes.

MS. ROBBINS: --because relative to some of the recommendations here tonight is a question here. Help us to identify funding priorities among the following County programs and then it lists about ten of them. And one of them was water resources, I'm hearing it from here. One of them is to reduce County expenditures on the employees of the County. One of them is what about more audits for County departments and programs. This came to each of us. We have an opportunity to check those off and hand those in, mail those in. Don't miss that opportunity because that's what comes back when they're forming the actual solution recommendations. So, if you don't have one, where can they get these now? Anybody?

CHAIR WHITE: We have them in most of our offices.

MS. ROBBINS: Okay. And online...am I hearing? Okay, so.

MS. YOSHIMURA: Four minutes.

CHAIR WHITE: Actually, you need to focus your testimony on the --

MS. ROBBINS: I'm done.

CHAIR WHITE: --on the bill.

MS. ROBBINS: I'm done.

CHAIR WHITE: Okay.

MS. ROBBINS: Yep.

CHAIR WHITE: Thank you very much, Mrs. Robbins.

MS. ROBBINS: You're welcome.

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CHAIR WHITE: Any questions for the testifier? Seeing none, thank you very much.

MS. ROBBINS: You're welcome.

CHAIR WHITE: And Bryan Sarasin will be followed by Bobby Patnode.

MR. SARASIN: Good evening, Maui Council Chair and Council members. My name is Bryan Sarasin. I'm here to testify as an individual. First of all, thank you very much for having this evening meeting. It really helps us. Water meter fees, totally insane. Water meter or excuse me, water fees or the water hikes, the fee hikes, a little easier to swallow. But, again, here we go again. We need money for the Water Department. Let's look at the money solutions. I've testified here many times regarding the ag definition, regarding the gentlemen estates that have been getting away with murder without paying the appropriate taxes forever and a day. And it looks, to me, like nothing is happening. Everybody is dragging their feet and nobody wants to address the issue. I may be wrong, and if I am, then I'm wrong. A little frustrating as well which is, might be a little off topic is the Ag tax minimum rate is \$250. You know, I thought Maui County is supporting ag, but I see the opposite. Water, do the ag definition. We can collect the revenue from the gentlemen estates, put that directly into the Water Department. I don't remember exactly what the estimations were, but it was astronomical. It was a hell a lot of money without having to go back into the General to do the bonds, which you gotta pay interest on, and take care of that. I think that would be, that is an option which probably is going to have to be exercised and I'm in agreement with that. I'm in agreement with maybe \$10 a month fee on the meters to add money into the kitty. But like previous testifiers have said, you know, it shouldn't be coming to add the infrastructure to add a meter. I mean, we've heard testimony that it's extremely insane, anywhere from two, three hundred thousand up into over a million dollars. Iao Aquifer, water goes to developers in South Maui and affordable housing in Waiehu will get the benefit of low water costs because of the fast track affordable housing project. Affordable to whom? We need to look at where the water goes, who gets the water, and I'm in agreement with affordable housing. But what is affordable housing? To me, affordable housing if it's over 200...

MS. YOSHIMURA: Three minutes.

MR. SARASIN: Okay, I got one minute. Thank you. Affordable housing is under \$250,000. If it's over \$250,000, I'm sorry, but it's not affordable. That's just my opinion. So, I would just suggest and that if the water meter fees go away or reduced, I really don't want to see the property taxes be increased on everybody to pay for that. There's gotta be places in the budget that money can be removed from different programs and put into water. Water is life. Water is the most important item here. Thank you very much for your time.

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CHAIR WHITE: Thank you, Mr. Sarasin. Any questions, Members? Thank you. And Ms. Patnode will be followed Louis Cambra.

MS. PATNODE: Aloha, my name is Bobbie Patnode, and tonight I'm speaking for myself. Thank you for scheduling this meeting so we can provide some input on water meter rates and fees. I have three things I want to say. My family has been on the water meter list for ten years. I thought we were going to start to see meters issued three years ago when we had a change of Administration. I no longer have any expectations for getting the meter I'm waiting for. I certainly don't think I'm going to get the meter for this year's price. My number is 794. Why do we think we should raise the price of meters every year for people who have been waiting patiently and not getting anywhere? If anything, I should get a discount for every year that the Water Department fails to issue my meter. There's nothing I can do to prevent having to pay this huge increase. I'd have to get a 16 percent return on any investment to cover that cost and I don't know any safe investments that can guarantee that kind of return. My first point, I am here to ask that the Council stop trying to solve our Upcountry water supply problems with increased meter fees. And instead find a new way to fund the infrastructure that we need. I understand that currently the Water Department funds infrastructure improvements from the money it receives for water meters and that's why the price of a meter keeps going up. This must change. We need to get this infrastructure built by using the same sort of funding methods that are used when we want to build a new County building or buy land and create parks. We have been waiting long enough for the current system and it is not working. Second, I understand there are 35,447 water meters in Maui County. If every meter were charged \$2 more a month, that would be more than \$850,000 additional revenue. At \$10 more each month, you'd have more than 4 million. I'm sure that could be used to pay for financing a better system. Two years ago, my younger son, in partnership with his mom and dad, started a commercial business growing organic vegetables on our land. My son has taken rocky slopes, built terraces, and created thriving organic gardens. I would like him to be able to stay on this land where he has so much invested. My third point is that just like so many other families on the meter list, we would like the option to subdivide so after we're gone, our son can keep on farming. We need another meter to make this happen. We need it to be affordable.

MS. YOSHIMURA: Three minutes.

MS. PATNODE: And we need it while we're still alive. Thank you.

CHAIR WHITE: Thank you, Ms. Patnode. Any questions for the testifier? Thank you very much. Louis Cambra will be followed by Lucienne de Naie.

MR. CAMBRA: Council Chairman, and Council members. My name is Louis Cambra and I live in Pukalani. I am on the list, I'm six eighty-seven, on the list for meters. I

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applied...signed up for the meters on 2004. Many years ago if the Council members remember they had the Pookela Well that they built. Took so long time for on the Craddick's deal to the well to produce the water that they wanted. Okay, now that water supposed to have been for Makawao, Pukalani, Upcountry. When they had promised with the wells in Hamakuapoko with the pineapple, PCP, whatever, that wells were condemned and the water from the Pookela Well was transferred over to take care that areas there. Leaving us Upcountry and waiting so long for the water without any water, okay. In the meantime, a group of 12 of us with Mr. Dowling's help he allowed us to connect our line. We put in an eight inch line down to our subdivision. Okay, out of that Mr. Craddick gave us each person one water meter. My second water meter came out that I have now because I paid Mr. Dowling that \$21,000 that included a five inch water meter. That's my second meter here. Recently, I've been told why I made my subdivision plans for four lots because I have four children. Send the plans in, it was turned down. They said you cannot make it because you only have two meters. Your subdivision has to be made for two subdivisions, which I tell you is ridiculous. I call the Water Department and I said, hey, listen why didn't you tell me this from before? Now, I have to make new plans again for my meter. So, my question is to Mr. Taylor and you Council members, now if they give me another meter, do I have make a plan for one meter again according to what the Department told me? That's all I have to say. But thank you for your time.

CHAIR WHITE: Thank you, Mr. Cambra. Members, questions for the testifier? Thank you very much for coming tonight. And Lucienne will be followed by Annette Niles.

MS. de NAIE: Thank you all. Thank you, Chair, Committee Chair White and members of the Budget Committee. My name is Lucienne de Naie. I'm testifying as a private individual. Big mahalo for having this in the evening. It's so appreciated that folks can actually come and not have to give up a day. Also, that it's the only thing on the agenda. And thanks to Director Taylor for trying to put together all the facts and figures and sort of sort this thing out. But I think it's pretty apparent that as many options as Mr. Taylor showed us that more options are still needed. And the big one is we kind of need to move into this 21st Century view of our water system. And what we're doing is kind of patching up the holes that we have from a system that started in plantation days and just kind of grew like, you know, hopsy sketchy, here and there, and that's why we have substandard pipes. We have a mess that our poor little individual homeowners Upcountry, and they're not the only ones, you can be out in Waihee and Waiehu, and so forth, and deal with the same situation if you have just, you know, a small family plot is like stuff is just kind of like old and substandard. And then it's up to you to fix it. There's just gotta be a better way. Some of you may know back in 2002 to 2005, I got a grant from the Packard Foundation to do a lot of research on water stuff in Maui. And one of the things I did is go to a lot of Board of Water Supply meetings and oh, the stories are heartbreaking there. People invest all this money thinking they're going to get

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a meter and then they don't even get the meter and it's just, you know, once again there just needs to be a more fair system to get that infrastructure built. And then on the idea of funding a lot of good ideas have come out tonight. The idea of everybody giving a little in order to make us possible to catch up, it's not a bad idea. It's what all successful societies have done in the past is like everybody does a little and then we all move forward 'cause we are climbing out of a hole. The idea that we use General Funds and not just limit ourselves to the user fees, it's been done before. I have been at meetings in this Council Chamber where General Funds were appropriated for particular projects. In fact most of our reservoirs involved a combination of funding, USDA funding, some General Funds, and some water user fees, 'cause they are big ticket items. So, we need to look at that. You know, I think that there are some questions that we need to get clear on. What would be the difference that we would need to generate through the General Funds between what the user funds generate and what, you know, would really need to take care of the meters so that they're not at this astronomical cost? It would be good to get those specific figures. I'm sure Mr. Taylor has them because he's deriving things from that. Also, what difference would it make --

MS. YOSHIMURA: Three minutes.

MR. de NAIE: --if we could lower our energy costs? That's a big piece of the pie. It was 20 percent of the pie. Could that be a savings that could then be applied to other things? And what even about the bond fees that we pay \$5 million a year? Is it possible that the County has like retirement funds or something that could be used to borrow from and pay back and even get some interest? But not as high an interest as they're having to pay now. I don't know the answers to all these things but I think it's worth looking into them. And just to wrap up, we have so many private systems now--Kaanapali, Kapalua, Launiupoko, Olowalu, a big part of Hana, Kahakuloa, the Elleair Golf Course, fancy estates, Wailea 670, so many private systems. They are not going to be in our water system. And, yes, they're not, you know, they're not deriving expenses to the water system either. They're not costing the water system. But maybe, you know, and I don't have a water meter, I live off the grid.

MS. YOSHIMURA: Four minutes.

MS. de NAIE: But maybe all of us could just pay a little. Thank you.

CHAIR WHITE: Thank you, Ms. de Naie. Any questions for the testifier? Thank you for coming this evening. And Annette Niles will be followed by Jack Patnode.

MS. NILES: Hi, good evening. My name is Annette Niles. I'm a farmer, rancher. I'm also on the Ag Working Group with Don. I'm here tonight, again, pretty soon I'm going to be living here. But what you call, my focus tonight, I wanna go on to Dave saying that, I

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mean, he's really good. He should be in acting, not in the Water Department, acting, acting, because he would win an award. Because there is no way, no way that you're gonna take these people now from...we had farmers from 1997, over a thousand farmers, on those lines, over a thousand. We don't even have that much anymore, you know. So, what happened to the water? Where's all the water going? Where is it going? Where is it going? Tell me where is it going? Then you trying it now...these people want to do family subdivisions. They put in for their meters 15 years ago, again, it's their fault? It's their fault that they have to fix this infrastructure. Now, they're gonna go from a six inch with laterals ready to go, the laterals are ready to go to be hooked up. They're going to take out and dig out all the roads, put the eight inch, again. Now how many water meters do we have? Fifteen hundred, okay, I don't know how many we giving out. But try doubling that up when you put an eight inch line in there how much more water is going to be drawn from an eight inch line? I mean, come on now, one plus one is what? Oh, we going backwards. I don't know. I just don't know. But, you know, that's my feeling. You see all these people up here. We had younger ones, we had babies in here. You know, that's our future, take care of them. Take of them. You know, from mine they're gone. And I don't know if I'll see them coming back to Maui for a long time, maybe to retire, maybe. But they don't see themself coming back. But there's a future for these kids, like Josh, Koa, and some of the small ones, and Mr. DePonte boy that was here. You know what, that's our future. Please take care of this family subdivisions. Thank you.

CHAIR WHITE: Thank you, Annette. Members, questions? Thank you for being here this evening.

MS. NILES: Thank you.

CHAIR WHITE: And Jack Patnode will be followed by Steve Bond.

MR. PATNODE: Hi, my name is Jack Patnode. I am here testifying on my own behalf. I live up in Kula on Crater Road. First, for water meter size upgrades or for subdivisions up to three lots, I would like to use the meter rates that were in effect at the time someone went in on the list. I think that that's reasonable and fair. For large subdivisions I think you should charge the developer what it cost to provide the water meters, but I think it's important to get them the water. Third, the Water Director has been asking for three years for direction on how much and how many Capital Improvements to make. He keeps saying he needs a commitment for more money and increased rates. Do it. If it costs more for water, charge for it. If the demand is there, provide the water. Four, keep the tiered rates. At the third tier recover the cost of the water. At the fourth tier, make a big enough profit to make more improvements. If people want to make the desert into a tropical rain forest, we have the water, we just need to get it to them and we need to ask people to pay for it. If people just wanna have a house, wash their clothes, and stay

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clean, the first tier rates make it very affordable. Five, Maui has plenty of water and we have not done the improvements necessary to provide it. The people will pay for the water, the County has an obligation to get it to them. The County Council was given a responsibility for the Water Department because the Board of Water Supply did not get things done. Stop wasting time and provide the money for improvements. Commit to getting more water. And just one more observation I had listening to Dave Taylor. New meters equals new houses equals more real property tax. Why don't you commit a portion of any new development into providing more source, you know, for the area where the house gets built.

CHAIR WHITE: Thank you, Mr. Patnode. Members, questions for the testifier? Appreciate your coming this evening.

MR. PATNODE: Thank you.

CHAIR WHITE: And Steve Bond will be followed by Eve Hogan.

COUNCILMEMBER COCHRAN: Chair? Sorry. Chair?

CHAIR WHITE: Yes.

COUNCILMEMBER COCHRAN: Can we get Mr. Patnode's copy of his testimony? Did we receive it that? I didn't see it in our pile of papers.

CHAIR WHITE: Can you...

UNIDENTIFIED SPEAKER: ...*(inaudible)*...

COUNCILMEMBER COCHRAN: Oh, okay. Thank you.

CHAIR WHITE: Okay, that would be great. Thank you. Please proceed.

MR. BOND: Oh, hi. Thank you all for being here. Really appreciate your ears and your brains tonight, everybody, Chair, Council, and Staff. I'm Steve Bond. I'm a farmer Upcountry. We have a lot of challenges. One of the jokes I always tell everybody is they say, oh how's farming going? I say farming is easy, which is a joke, right? Because it's...taxes are going up, everything is going up. I think the water here is also part, as Councilmember Don Couch had pointed out that it's part of the Charter, with the County Charter, with the Water Department that we can't have General Obligations bonds. So I think the whole package needs to be worked through with all of our Council members as would, along with the Mayor to get a more equitable solution to delivering water for everybody here. You know, it's just very expensive to try to do this. This is a choice for

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me to be a farmer. I'm an economist from Columbia University. I have other choices but I choose to farm. And I just wanna reach out to the Council to try to recognize the costs, the burdens on all of us that are trying to do the right thing for the entire County of Maui and the State of Hawaii. Thank you.

CHAIR WHITE: Thank you, Mr. Bond. Members, questions for the testifier? Seeing none, thank you for coming this evening. And Eve Hogan will be followed by Jordan Santos.

MS. HOGAN: Hello, again. My name is Eve Hogan and I'm the Executive Director of the Sacred Garden, Upcountry, and a member of the Ag Working Group. I'm speaking on my own behalf as a homeowner. And I was going to testify to urge you all to do a Charter amendment but since I think you've already gotten that message. I'm gonna also encourage you to fight for removing the cap on the TAT taxes so that Maui County gets that money back here so we can use it for important things. And I also would like to suggest that the Water Department consider doing what all of these farmers have been trying to do is to start selling added value products like bottled Maui County water all over the island and think how much money we could we raise if it was our water being sold instead of Fiji's water being sold. Okay, so, I'm also asking to urge you to allow people who have been on the water meter list to pay for the price of the meter that it was at the time that they put their name on the list. That seems only fair to me. And I wonder why the Water Department chose 2001 as the cutoff. It makes me wonder whose brother or uncle or sister or aunty was at 2001 because the guy who...I heard somebody in the audience go oh that's fair when they were giving that grandfathered the option. But it's not fair to the person who applied in 2002. So, I really encourage you to consider making the rate what it was at the time that everybody applied. It's one thing if all the costs of the water service are disclosed at the time of purchasing a property, or when applying for a meter, but to be told the price is one thing that impacts the decision of the purchase, and then to be told thousands if not hundreds of thousands more for the infrastructure doesn't seem fair. And I'm wondering if anybody has considered or done a study on the impact to housing prices for those people who have had to pay for that kind of water meter or infrastructure pricing on top of Maui's already high property value or high property prices. If affordable housing is the goal for Maui County, I am certain that adding these costs on is not going to help that at all into the housing situation or the rental situation. I'm also urging you to separate the water meter list by family use, ag use, and commercial use, and prioritize these lists, this list, or these lists more appropriately. Families need water. And agriculture needs water to feed the families. These purposes should be prioritized. I'd like to end by just saying this lack infrastructure requires foresight and hindsight and major change. Thank you for being the Council that will be known for fixing this very long-term Maui problem. Thank you.

CHAIR WHITE: Thank you, Ms. Hogan. Ms. Baisa.

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COUNCILMEMBER BAISA: Yes, thank you very much, Chair. And, thank you, Ms. Hogan, for being here this evening. I wanted to follow up on your testimony about raising the cap on the TAT. I'd like to take the opportunity to inform you and the public that there is a meeting going on on Oahu, on Thursday, at 10 o'clock in the morning. It's a Conference Committee in which both Ways and Means in the Senate, and Finance in the House, get together. They have committees that have been chosen and they will be discussing the TAT cap. Our representatives, two of our Council members, Member Victorino and Member Hokama, will be there to speak on behalf of Maui, not speak, but, you know, watch. We can't participate in the meeting, but we have to be there. Our presence is important. You know, it's either at the table or on the menu and we don't want to be on the menu. So, they will be sacrificing their budget that day. You know, they won't be able to be with us working on budget. But they will be in Honolulu representing us. And so, I want you to know we're doing everything we can. We have spent an enormous amount of time and energy and money trying to be there. And we're all hoping for the best. So, if any of you have ins with any of those legislators, please give them a call and tell them we need that money --

MS. HOGAN: Okay, thank you.

COUNCILMEMBER BAISA: --'cause if we don't get that TAT it's going to have to come out of us.

MS. HOGAN: Yeah, yeah.

COUNCILMEMBER BAISA: So, thank you so much.

MS. HOGAN: Yeah. Thank you. Anything else? All right. Thank you.

CHAIR WHITE: Thank you, Ms. Hogan. And Jordan Santos will be followed by Dr. John Enriques.

MR. SANTOS: Good evening, and I too, thank you guys for allowing us this evening to say our piece. First of all, I'd like to say that I'm a son of a rancher. I was educated and raised on this island by ranching. Most people around here will agree with you that any rancher or farmer is basically a nonprofit kind of deal. So, you know, I'm opposed to penalizing farmers and ranchers with water fees during drought stricken times because, like I said, unlike ourselves our cattle is illiterate. We cannot tell them to cut back, as the weather gets hotter they drink more, plants need more nourishment, so, you know, it's something that's beyond our control. Secondly, I'd like to talk about the family subdivisions. I believe that our family subdivisions should be a priority. It's the only source that we have to ensure that our children have low-income housing, you know. I'm opposed to the rates being high just because of what it is. I do understand that we need to generate funds

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for infrastructure improvements. However, what maybe the Council don't realize is that with most of the family subdivisions, you know, we talked about improvements to the infrastructure in order to get our meters. That alone is a big benefit to the Water Department because of the fact that the private sector can get eight inch waterlines, six inch waterline, whatever is required to them at the time. We can get it at a much lower cost than what the County can get it because we're not obligated by prevailing wages and things like that. So, already the Water Department would benefit, it benefits by the improvements that we all have to do. I would suggest that if, you know, if the meter rates needs to be raised, fine, but deduct that cost from the improvements. If a guy has to come in and do a \$150,000 of improvements, with the family subdivision they might be able to recoup 75 percent of the cost, but they're still faced with that remaining 25 percent. If they have to do that...if they're in a situation where they have to do this improvements, why not deduct the 26,000 or whatever the rates is at the time from the improvements that they have to do to improve the system, not just for them, but for everybody on the line. I also happen to be a small contractor so I do install waterlines. And I've installed, you know, 1,100 lineal feet for a person that wants to do a subdivision just to get one meter. You know, that's a big cost. Even if the Department pays 75, reimburse him for the 75 percent at a bargain price to him, to the Department --

MS. YOSHIMURA: Three minutes.

MR. SANTOS: --he's still faced with a \$36,000 bill. Deduct the 12,000 from that 36, you know, make it fair. If a person just, you know, some people are fortunate. You just have to do a lateral well so be it, you know. You're not exempt from the fees. But, I wanna express the importance of making family subdivisions on this list a high priority because it not only helps the families that are trying to give some property back to their children and keeping it in the family but as it was said earlier for every new lot created that's one more property to tax, which would help the General Fund, which in turn hopefully can fund some of the improvements. Thank you.

CHAIR WHITE: Thank you very much. Just to clarify, the reason you're saying the family subdivisions are a priority is because the most affordable housing you can build is on your own land?

MR. SANTOS: Well we have...yeah. A lot of, most of the people here are in a situation --

CHAIR WHITE: Right.

MR. SANTOS: --where they have family property. Some of 'em might be handed down from generation. Some of it might be recently acquired. So, to me, they should have, you know, if they're creating two or three lots, four lots, five lots, whatever it is, you know, they should be given some sort of credit because they're presenting to their family truly

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affordable housing. You know, so they should be exempt from some of the improvements, and you can always enter into a 20-year agreement if you want to get into the family subdivision act, enter into a 20-year agreement that, you know, you're not gonna sell any of the property to outside of the immediate family. If and when such things happen, then you are faced with the improvements --

CHAIR WHITE: Right.

MR. SANTOS: --or fined, you know, you have to pay the County at that time. But if it's a true family subdivision, nobody's going to have a problem signing into a 20, 30, 40-year agreement --

CHAIR WHITE: Right.

MR. SANTOS: --with the County.

CHAIR WHITE: Thank you for that. That's one of the things we were discussing during the recess that if the County is able to provide additional funding then an agreement such as that would be very much a part of it, and if you decide to sell then you pay the price --

MR. SANTOS: Correct.

CHAIR WHITE: --of the improvement back, so. Members, any other questions?

MR. SANTOS: Thank you.

CHAIR WHITE: Seeing none, thank you very much for coming this evening and offering your testimony.

MR. SANTOS: Thank you for giving us the opportunity. Thank you.

CHAIR WHITE: Next testifier is John Enriques followed by Koa Chang. And Koa is the last person that we have signed up. So, if there's anyone else in the Chambers that would like to sign up to testify, please do so, and we'll be ready to take you once the others are done.

MR. ENRIQUES: Yeah, thank you, Chairman, for allowing me to speak today. My speech will be short and I kinda remember that seat I used to sit on. The third one over there. The hot seat, right? Anyway, I went through a family subdivision, and I only cut one lot, and I replaced a line that was highly defective. In two-and-a-half-years there were 35 leaks on that line. And each time they brought a backhoe and two guys to repair it. And one day I told the foreman why don't you replace the whole line? He says why don't you pay for it? Well, I did pay for the line, 1,200 feet from Makawao Avenue down to my

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property. And, I think it's unfair after spending all that money and all that time, going through all that loops, that you charge me \$12,000, or anybody else who's been on that list for years now. Why charge them so much money? Most of them can't afford it. They can't get a loan. So the fee is high that most people can't afford it. I took a loan to qualify. But anyway, I got a line but I don't have the water. So what good is the line without the water anyway? That's my speech. I just felt like I had to come and say something, but listening to all, everyone here they got some good ideas and I hope that we get something from this meeting. Thank you.

CHAIR WHITE: Thank you so much. I think that's the definition of poho.

MR. ENRIQUES: That's right.

COUNCILMEMBER BAISA: Thanks, John.

CHAIR WHITE: Our last testifier is Koa Chang.

MR. CHANG: Aloha, Chair, Council, and Staff. Thank you so much for having this in the evening time. It really means a lot to us who couldn't get here earlier. I wanted to say that I don't know a lot of hydrology and I don't know a lot of the mechanics behind your budgeting and how you fund things. And I understand this is a very complicated process, and in speaking with most all of you, I really appreciate what you do for us and the younger generations here. So, I'll say that. What I do know is my own experience and one of the experiences that I have that is affecting my life and my business now is that our property shares water with four properties. We are the only property that farms anymore. When I was a small kid everybody farmed. My dad's dad bought other properties, leased other properties, and farmed those properties. Now, we are the only ones that use the water for agricultural purposes and it puts a strain on my relationship with my neighbors in ways because we need to figure out how to, you know, create metrics for how use is. The way that it's farmed, our business, and also the way that we use the land is that we plant drought tolerant plants. I've just turned 31 and I'm hoping to farm for a long time, if not, for the rest of my life. My father made sure that I went to college so that I could actually have options outside of farming. And honestly, I made a lot more money serving tourists at Mama's Fish House than I do now. A lot more money. I have an opportunity that I'm considering, which is that if I do get called, I've passed all the tests for the Fire Department, two times, and I don't know what way I'm going to go. A lot of the things that happen for me now in the business that we have...we've been on the list since I was a small boy for the water meter. And, I know, for a fact I cannot afford to put a line, infrastructure. I know that for sure. A lot of great ideas around the table in terms of supporting our infrastructural improvements. The General Fund idea, which I don't know the mechanics about, sounds like a great idea from what I've heard. And all I wanted to say really was that for what I do understand, if

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we want to protect, let alone improve the viability of the farmer in Hawaii, in Maui County, we cannot raise agriculture water rates. We cannot. We need to defend, improve, and develop water infrastructure here on Maui. I'm the only one of my friends that I grew up with that were agricultural kids that is farming. I'm the only one of my friends. I hope that I can do it for a long time and, you know, on the way down here, and I'm sorry I wasn't here on time, and I'm sorry I wasn't clean, but at sunset we had the UPS guy came up, Leo, and he said, hey you're turning into your dad. You're working 'til dark and it made me so proud. My dad passed away two days ago, would be three years, and I sat down Sunday, and I...he was the hardest working man I've ever known. And I love that he was passionate about what he does. And I'm hoping that we don't have to just plant drought tolerant crops. I can bring water in and I can use water to produce more truck crops, more vegetable crops, and sell them on the island, and improve what we have as the most viable agricultural land in the world here on Maui. And I just wanna say thank you so much and I know you will make the best decisions that's possible for us, and I hope that I'll be farming and dirty in another ten years when I come. Thank you. And mahalo.

COUNCILMEMBER BAISA: Thanks for that.

CHAIR WHITE: Thank you, Koa. Any questions for the testifier? Is there anyone in the Chambers that would like to provide testimony this evening that hasn't yet done so? Seeing no one come forward, believe it or not, we've had to keep the District Offices on the line while public testimony is opening. So, I will check with them one last time even though it rankles me to do so. We'll first go to Hana. Dawn, do you have any testifiers?

MS. LONO: Aloha, Chair. The Hana Office has no one waiting to testify.

CHAIR WHITE: Thank you. We'll go to...and good night. We'll go to Lanai. Denise, any testifiers?

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

CHAIR WHITE: Thank you, Denise. Thank you for your patience. And, Ella, any further testifiers there on Molokai?

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

CHAIR WHITE: Thank you very much ladies. You can sign off and head home. Thank you very much. And with that, Members, without objection, we will close public testimony.

COUNCIL MEMBERS: No objections.

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...END OF PUBLIC TESTIMONY...

CHAIR WHITE: Thank you very much. Members, we do, we did post this as a meeting during which we could have discussions so if you would like me to call Mr. Taylor down if you've got questions that you'd like to pose at this time, more than happy to do so. What is your...I'm getting some yes's, some noes, some maybe's. I know we've come up with a number of very intriguing ideas this evening and it probably all requires a little bit more research and thought before we get into discussions with Mr. Taylor. So, the Chair is comfortable bringing this up again later on. And I'm getting a nod from the Chair, so without objection, we will discuss this at a later date. But I would appreciate your giving this some very serious thought. This should give you a whole new vision as you look at our CIP project list and take a very hard look at the other projects that are listed. And please provide your thoughts to the Committee and questions if you've got ideas that you'd like us to put to the Water Director. And any final questions or comments?

COUNCILMEMBER COUCH: Mr. Chair?

CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: Thank you. Thank you, Mr. Chair, for doing this meeting. And I wanna thank everybody who came and gave their testimony, and gave the support, allowing people to talk for you so we didn't have 150 testifiers tonight. We'd be here till midnight. But thank you guys very much for all what the ideas you gave us. Well, I mean, it's new outside of the box thinking. Let's see what we might be able to come up with. So, but we heard your comments and we'll be discussing 'em. So, thank you guys very much for being here.

CHAIR WHITE: Ms. Baisa?

COUNCILMEMBER BAISA: Yes, Chair. I'd like to personally thank you very, very much for listening to the appeals that were made to have a night meeting. And I think the attendance tonight and the beautiful testimony and meaningful testimony that we got proves that it's worth investing in something like this. And I think that we got a lot of good information, a lot of good ideas, and, you know, sometimes you just have to stop and say what have we been doing and what are the results? And when you look at the results maybe say maybe we have to do something else. And I think we're at that crossroad. And we certainly could have a shift in paradigms judging on what we heard tonight. So, I look forward to further discussion. And I would like personally to thank very, very much the people who took time out of your crazy schedules to come here, and sit and wait for your turn to have three minutes with us. But we really, really appreciate it. You know, this Council really listens to our testifiers. And you may often hear well it's not worth it 'cause they don't pay attention. I wanna assure you we do. And we

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often will say do you remember that testifier? So, you do make an impact and thank you. Thank you very much.

CHAIR WHITE: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you. I too would like to extend my thank yous to the public who came here 'cause I've learned a lot. I'm a Molokai girl. I'm not ashamed to say that and I have lots to learn about Upcountry and all of Maui. And you coming here to testify just make an agreement with my thoughts that basic common sense makes sense. So, I appreciate everything that Mr. White that you've extended for us to be here tonight to listen to the public. I'd like to just say and I'm sure that I have assurance from you as well as from my colleagues that this evening will not be a wasted evening. We will have results, whether it will be most acceptable or not, I sure would like to hope that we will come up an outcome with a solution. Thank you.

CHAIR WHITE: I think the testimony this evening was very helpful because they came with solutions, and I think the thing that's most exciting is this has been something that has been everybody's minds for a long, long time. And I think we are at a crossroads with the discussion this evening. And I hope that we are able to help the Mayor fulfill a promise that he made when he was running for Mayor. And I recall something along the lines of he'll deliver all the Upcountry water meters within three months. And of course Mr. Taylor was turning green with that suggestion. There's no easy tasks that take place in the budget or in our other deliberations. But, this is something that is long overdue. I don't know of any other area in the County that has put up with governmental BS as long as this area has. So, I will commit to working as hard we need to to make some significant movement on this, this year. So, with that...Mr. Guzman?

COUNCILMEMBER GUZMAN: Oh, yeah, I also wanted to thank all the people that came and testified this evening, especially proud of the Ag Working Group where the last few months they have been hashing out these solutions. And I've been weary in coming into Council Chambers tired and that's because I've been Upcountry with the Ag Working Group. I know Chair came and visited us and we were up real late at night working on different solutions. But the way they formulated it, I learned about so much more than I ever would in law school working with that group. It's just unbelievable to do legislation from the ground up. Thank you and I appreciate all your hard work. And thank you for accepting me, who I am and teaching me about agriculture. I appreciate it. Thank you.

COUNCILMEMBER VICTORINO: Well?

CHAIR WHITE: Mr. Victorino?

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COUNCILMEMBER VICTORINO: Last is but the least, right? Well, you know, Chair Baisa and I eight years ago came in here and Upcountry meter lists and other water issues was on top of the table. And also, at that time, the rules were all still Board of Water Supply rules, not Council rules. And so over the eight years, we've worked hard to get everything to what I call in line to do the things we need to do today. And the five years prior to that with the Board of Water Supply, some of these same people have come to see us for different issues. Dudley, I've seen him so much, I think he's family already. But, you know, they've worked hard and they've asked. And yet, when I ask this Council to hold the line at 6,000 for the water meter list, this Council turned me down. Okay. They came tonight. So, I dare you guys to turn us down one more time. I dare you guys to turn me down one more time. Okay. The bottom line is you cannot penalize somebody that you cannot provide a service for. You know that in your hotel. If you can't provide a room, you can't make them pay for that room because you can't provide that room. We haven't been able to provide water. Heard many solutions tonight and we've talked about some of them in the past. Some of them that can be worked on. GO bonds has been done. We've done that many times before so that's not something new. So, I know there's many opportunities. And I wanna thank all of them for being here tonight. You know, I'm not the sharpest tack on the board, but I can tell you this common sense is a big part of this whole solution and it's been lacking for a long time. I think Mr. Taylor, no matter how much people like or think of him, I think, he's brought the picture out there. He's put the picture on the board and said here, this is what we really need to do. This is what we need to spend. This is what we need to get Upcountry off of water drought conditions year in and year out. From when I was little guy lived, going up and seen my grandparents in Haliimaile, droughts was every summer. It was like clockwork. So, we have an opportunity, and I commit to them like I have committed for many years, and I think Ms. Baisa is the same thing that we're gonna find solutions. And Mr. Taylor will come along. Even if he doesn't like the solution, he'll come along because he's always said, it's up to you, you make the policy. So, baby we're gonna make the policy and you're gonna follow it.

COUNCILMEMBER BAISA: Amen.

COUNCILMEMBER VICTORINO: Thank you.

COUNCILMEMBER BAISA: Amen.

CHAIR WHITE: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. I guess, I don't want to be left out with my closing comments. But I want to say, yeah, thank you well, Chair, for your commitment to hold this evening meeting. We don't do it a lot but I think this one truly, truly was needed. And you can see the turnout and the heart and the passion and the

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solutions and recommendations that came out of it. And, you know, the last closing testimony really hit home, which I think we all are striving to make that dream happen, to carry on the generations of our farmers and our ranchers to the younger generations. So, that was really inspiring to see that a 31-year old is here testifying and having great knowledge. He said that he doesn't know how this stuff works. But I'll tell you what that's one of the best, you know, common sense testimony straight to the point, simple kind of, you know, take on the whole subject matter that I've heard. And I appreciate that coming from that generation, you know. And so, hats off to everyone that came this evening, and especially to you, Chair, because you made it happen. It was suggested in some testimony and we ran with it and we did it. So, I wanna, I think, you know, I concur with all the comments my fellow members have said. And we're here, I think we're going to work together and got some great ideas. So, I thank this community for putting their heads and hearts together to put it where it counts and, I think, that's to us. And we're the body that can make it happen and I really believe something good is going to come out of this budget. For the betterment of this community for an ongoing issue, you know, and I've heard it many years myself. So, looking forward to being part of that team that, it's history in the making. So, thank you, Chair, for the opportunity, my fellow members, and the community. Thank you.

CHAIR WHITE: I think the important thing that comes through in this is that with the changes that we may be making in the budget, it's gonna mean that other things are sacrificed. But, I think it can be said that there are a lot of people who have sacrificed long enough. So, again, as I said I will look forward to your recommendations as to CIP and other funds that can be saved anywhere else in the budget so we can move forward with the improvements. So with that I wanna thank everybody for coming this evening and thank you for your heart felt testimony, and with that we are adjourned. . . .(gavel). . .

ACTION: DEFER pending further discussion.

ADJOURN: 8:44 p.m.

APPROVED:



MIKE WHITE, Chair
Budget and Finance Committee


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CERTIFICATE

I, Delfey Fernandez, 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 this 12th day of May 2014, in Wailuku, Hawaii.


Delfey Fernandez