

WATER RESOURCES COMMITTEE

Council of the County of Maui

MINUTES

February 4, 2015

Council Chamber, 8th Floor

CONVENE: 9:05 a.m.

PRESENT: VOTING MEMBERS:
Councilmember Gladys C. Baisa, Chair
Councilmember Robert Carroll
Councilmember Elle Cochran (out 11:36 a.m.)
Councilmember Don Couch
Councilmember Stacy Crivello (out 11:31 a.m.)
Councilmember Mike White (in 9:10 a.m.)

EXCUSED: VOTING MEMBER:
Councilmember Michael P. Victorino, Vice-Chair

STAFF: Kimberley Willenbrink, Legislative Analyst
Clarita Balala, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)

Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)

Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

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

Seated in the gallery:

Jennifer Oana, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: Alice Lee
Rosemary Robbins
Mercer "Chubby" Vicens

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

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ITEM NO. 12: OPTIMIZING THE INVESTMENT OF COUNTYWIDE MAINLINE AND WATER INFRASTRUCTURE IMPROVEMENTS (MISC)

CHAIR BAISA: . . .*(gavel)*. . . Will the meeting of the Water Resources Committee please come to order. Today is Wednesday and it is February 4 and it is approximately five minutes after 9:00 in the morning. Chair would like to call the meeting to order and ask everyone in the gallery or the Members, please remember to put your cell phones on silent mode please and I had to remind myself. Thank you very much. I'd like to introduce the voting Members that are here this morning. I have Mike, I'm sorry, Robert Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR BAISA: Good morning, Mr. Carroll. Elle Cochran.

COUNCILMEMBER COCHRAN: Aloha, good morning, Chair.

CHAIR BAISA: Good morning. Mr. Couch.

COUNCILMEMBER COUCH: Aloha and good morning, Chair.

CHAIR BAISA: Good morning. And Ms. Crivello.

COUNCILMEMBER CRIVELLO: Aloha and good morning, Chair.

CHAIR BAISA: And excused at this time is Council Chair Mike White but he will be joining us. The Committee also has with us today David Taylor, our Water Director.

MR. TAYLOR: Good morning, Chair.

CHAIR BAISA: Good morning. And we have Ed Kushi, our Deputy Corporation Counsel.

MR. KUSHI: Good morning.

CHAIR BAISA: Good morning. We also have our Committee Staff, Kimberley Willenbrink, our Legislative Analyst.

MS. WILLENBRINK: Good morning, Chair.

CHAIR BAISA: Good morning. And we also have Clarita Balala, our Committee Secretary. Good morning, Clarita. Also, in our District Offices, we have Dawn Lono in Hana, Denise Fernandez in Lanai, and Ella Alcon in Molokai and we'll be touching base with them later. Members, we have one item on the agenda today. This is the \$12.6 million that Council set aside in the Fiscal Year 2015 Budget to assist the water consumers with water infrastructure improvements in order to continue to construct affordable housing. The Staff has handed out, or will be handing out a list of bullet points for us to discuss today and several other documents for reference. Before we

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take public testimony and proceed, if there are no objections, I would like to take a ten-minute recess in order for you and the members of the public to read the handouts. Any objections?

COUNCILMEMBERS: No objections.

CHAIR BAISA: We'll be in recess for about ten minutes. . . .(gavel). . .

RECESS: 9:08 a.m.

RECONVENE: 9:14 a.m.

CHAIR BAISA: . . .(gavel). . . Will the meeting please come back to order, and before we proceed, Chair would like to say that my Vice-Chair Mike Victorino is excused today. He had to attend a meeting on Oahu. So now we can proceed. Members, we're going to be doing public testimony and testimony will be limited to the item on our agenda today. If you wish to testify, please sign up at the desk located on the eighth floor lobby or at one of the District Offices listed on the agenda. Testimony will be limited to three minutes and upon request, up to another minute to conclude. At three minutes the light will turn yellow and at four minutes the light will blink red. If you are still talking at the four-minute mark I will kindly ask you to stop. When testifying please state your name and who you are representing, particularly if you are representing an organization. We have established a connection to the District Offices, to be fair we will rotate through each of the sites. Ms. Willenbrink, will you please take it from here.

MS. WILLENBRINK: Thank you, Chair. Our first testifier this morning is Alice Lee.

CHAIR BAISA: Ms. Lee.

. . .BEGIN PUBLIC TESTIMONY. . .

MS. LEE: Good morning, Madam Chair, Members of the Committee. My name is Alice Lee, I'm testifying as an individual on this item. I'm going to alter my testimony so that I can respond to the handout. First of all it sounds like the Director of the Department of Water Supply is overwhelmed with what he has already and is questioning whether he can handle more. That's what it sounds like to me. First of all, I think he needs to understand that affordable housing is just, is more than a consideration, it is one of the top priorities of the County. You know when I was Director of Housing and Human Concerns luckily I was on the Council before that, then I became a director and I would have people under me, division heads et cetera, who because they were there for such a long time started thinking that they should develop policy. But I had to remind them that their job was to implement the policy, not to create or develop policy. So sometimes you'll see blurred lines in that area. Should a grant or loan program be established? Well already there's over \$4 million allocated to housing. So I think people have to, everyone needs to understand if housing is a priority, you can't

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have housing without water, it's plain and simple. Okay, so if we need water, we need new water sources. And if you don't have the resources within the department, you need to leverage what you have. For instance if you don't have enough personnel then you contract these things out. Or you create partnerships with private developers where let's say the County identifies, you know, the best places to drill and then RFP those projects out so that the private developer comes in and drills where it's already approved, pre-approved by the Council, by the Department, by everyone. That seems to be a logical way to go. The way we have it through "Show Me the Water" is very difficult. It's very difficult with "Show Me the Water" because the developer is required to find his own water and half the time he never gets all the approvals because either the Department doesn't approve, or the Council doesn't approve, or the public doesn't approve, somebody doesn't approve. If the County took the initiative and identified areas that are good for drilling, then that's, you know, something that should be seriously considered. And one last thing here where it says should an improvement district should be considered? No, the answer is no. I worked on this for --

MS. WILLENBRINK: Three minutes.

MS. LEE: --a very long time as a Councilmember and an Improvement District is the most convoluted, complicated, expensive, nobody in this world has ever used it, you know, so I would just totally disregard the Special Improvement District as an option. And that concludes my testimony. Thank you.

CHAIR BAISA: Thank you very much, Ms. Lee. Thank you for being here.

MS. LEE: You're welcome.

CHAIR BAISA: Members, any questions for Ms. Lee on her testimony? Seeing none, thank you very much.

MS. LEE: Welcome.

CHAIR BAISA: Before we proceed Ms. Willenbrink, the Chair would like to also note that Mr. White has joined us. I mentioned earlier that you might be a little late because you're probably busy with some administrative stuff. Thank you for being here.

COUNCILMEMBER WHITE: Thank you.

CHAIR BAISA: Ms. Willenbrink.

MS. WILLENBRINK: Our next testifier is Rosemary Robbins.

MS. ROBBINS: Good morning everybody. Rosemary Robbins, concerned citizen. Thank you for this set of bullets. I would like to just say Ibid. to what has just been told to you when she mentioned that no water, no housing. There's an endorsement to that that says without water, no life. Yeah, so the picture's a little bigger than that but certainly to have this be dealt with in terms of affordable housing as a need. I'd like to, I came

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down and went through the binder and on Page 4, 4 it says meter fees and other associated fees are often costly and we all know that the costs are only going one way, up, all right, and that meter deal has been around for so long that I don't know what the multiplication factor is in that but it's huge and I'm not somebody who needs a meter. That's just a case of recognizing the economics of that. In the letter that Director Taylor had sent out, Water System Improvements for Meter Issuance, it says in there provided that the department has a sufficient water supply developed, this has been going on for years. When are we going to get around to do that? And when are we going to get around to having it be Countywide? We've got pockets of water that are being culled from someplace. But there are definitely areas including Upcountry big time without, remember one of the definitions in Hawaiian for Kula is high desert; hence, all the cactus up there. I mean it's very obvious. So we tried back when the environmental oversight and advisory committee which was required to be from concerned citizens before they would cut the half a million dollar check to the Department of Water back in the early 2000s. We know what happened about getting that water identified in terms of quality is being very risky and we had a lot of that work done. We had people who came in from other than here to do the water procurement to find out what those wells were doing, hence came the "Show Me the Water" and the H'poko shutdown. Over time we haven't seen, at least I haven't seen what the analysis is right now on that H'poko water and God spare us if it's the same thing it was except having grown from 2000 to 2015. What a concoction killer that is. So it would be very helpful if that could be shown to people. We have had some very definitive showings identifying in there --

MS. WILLENBRINK: Three minutes.

MS. ROBBINS: --in a large font that we can see. So some suggestions for that make Countywide really Countywide and don't take it out on the backs of the people who have no homes. Thank you.

CHAIR BAISA: Thank you, Ms. Robbins. I appreciate the testimony. Members, any need for clarification? Seeing none, thank you.

MS. ROBBINS: You're welcome.

CHAIR BAISA: Ms. Willenbrink.

MS. WILLENBRINK: Yes, Chair, Hana Office, do you have anyone wishing to testify?

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

MS. WILLENBRINK: Thank you, Dawn. Lanai Office, do you have anyone wishing to testify?

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

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MS. WILLENBRINK: Thank you, Denise. And, Molokai Office, do you have anyone waiting to testify?

MS. ALCON: Good morning, Chair. This is Ella Alcon on Molokai and there is no one here waiting to testify.

MS. WILLENBRINK: Thank you, Ella. Chair, I have no one else waiting to testify.

CHAIR BAISA: Thank you, Ms. Willenbrink. Members, there seems to be nobody in the gallery who wants to testify that hasn't already testified and no one in the District Offices. So without objection, Chair would like to close public testimony for today.

COUNCILMEMBERS: No objections.

CHAIR BAISA: So ordered. Testimony is closed.

. . .END OF PUBLIC TESTIMONY. . .

CHAIR BAISA: Members, today I'd like to begin a thorough discussion of how best to make use of these funds that we have before us, that's the item for today. And, Members, it may be that we have to scratch this and come up with a different idea, so the Chair is also aware that although we put this forward and we have money, if it gets too messy and too complicated and we can't agree how to move forward and it turns out that it's not a good idea; then we're going to have to scrap it and look for something else. What we have done is I don't want this to happen or the appropriation to lapse without exploring every possible option. We would like to use this money to help, and we have heard people say this is probably the solution to, a small solution anyway to affordable housing, to help people with the cost of this water installation. And so if we can make that work I want to try to do it. We've talked about it in the last term and we did some research and we looked at a lot of stuff but we came to no conclusions and we have not been able to prepare a bill or an ordinance to implement. And so that is the job that is before us today; to begin this process. There will be no legislative action taken today. We're simply here to talk about it, brainstorm and I want all of you to please, please participate and put all of your ideas out there. We're also trying to share this with the public. My intent is that we will talk about these things today and then we will not bring this up again until March 4 at our next Water Committee meeting. That gives the people a month to go back to their organizations, their respective organizations be it on Molokai, be it on, in Hana, or Makawao or wherever it is; that people will be able to get together, whether it's cattlemen, farmers, housing associations, community associations. We want people to talk about this and come back and say we like the idea but we think you should do this, we don't like the idea because try something else. Because if we're going to create a bill, I want to make sure it's a bill that our community is happy with and that is going to work. There's no point in just trying to shove something through and then, you know, getting in to blind walls. I don't want to do that. I want us to create something that's going to work, and we are working very, very hard. I'm working very hard with Mr. Taylor, I'm working hard with Staff Committee. We've had many meetings to try to prepare some

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of these bullet points for you today. We could probably have like six pages of bullet points but we've kind of chose the ones that we felt were most relevant, and we're going to be talking about a lot of things today. So I encourage you, it doesn't have to all be positive, it definitely can be asking hard questions but we want to get to the bottom of it, and hopefully after our March 4 meeting we will be able to prepare a bill to bring back to this Committee for more discussion both here and in the community. So that's what we're trying to get through today. Before we begin, and we're going to be putting the bullet points up on the screen there so that the public can follow with us and hopefully take some notes to their folks and their organizations; and of course this will all be on the website eventually. Mr. Taylor, any opening remarks? I would appreciate that, and thank you very much for coming today. I know you were under the weather yesterday.

MR. TAYLOR: Thank you, Madam Chair. The Department supports whatever policy actions the Council wants to take on this as we have. We just want to make sure that we have clarity from a policy standpoint of how to use these funds and what the future of these funds is for, and I think just one point I would emphasize is that the current ordinance has a payback of 50 percent and 75 percent for mainline improvements under certain conditions. I would strongly recommend that whatever is worked out replaced that, not be in addition to that. As I've mentioned a number of times, that part of the County Code doesn't have any budget associated with it, it's just an expectation that we sort of just guess every year how much it might cost. If we're going to have this discussion of how to use this money, who we want to help, it seems to me to make sense to get rid of that section and replace it with whatever program you folks come up with. And again we'll be more than happy to do our best to implement whatever policy this body comes up with.

CHAIR BAISA: Thank you, Mr. Taylor. Members, any response to Mr. Taylor's statement? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Madam Chair. And thank you, Mr. Taylor, for being here. The question I have, it was mentioned in testimony that these were your concerns or questions. Is that, was this your list or is this the Chair's list?

CHAIR BAISA: Both.

COUNCILMEMBER COUCH: The bullet points that are up on the board.

MR. TAYLOR: I helped the Chair with some ideas but the Chair is presenting this.

COUNCILMEMBER COUCH: Okay.

MR. TAYLOR: And my understanding is that the Council last year in Budget put this money in and then the Council decided that there would have to be some legislative act to finding a program of how to disperse the money and that is, I don't want to speak for the Chair, but my understanding is that's the Chair's intention today is to create a legislative program that the Department would then administer.

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COUNCILMEMBER COUCH: Okay.

CHAIR BAISA: Mr. Taylor is absolutely correct. You know, we're going to try to work very cooperatively with the Department as we develop this because they're the ones who are going to implement it and I want to make sure that we pay attention to, you know, what is required to do it and we need to give them good policy guidelines for them to follow then it makes it easy. Member White, I'd like to ask you as the Budget Chair who was in place when this money was put in there, can you explain what this money's about, where it came from?

COUNCILMEMBER WHITE: Well this came up in response to a lot of the discussions in our Water Committee and I believe it also came from a time when I believe it was your initiative that said.

CHAIR BAISA: Correct.

COUNCILMEMBER WHITE: We should go out to the community and talk about the water rate issues and the water meter fee issue, and my recollection is that we had an overwhelming response to those meetings in which we heard many, many people state over and over how long they've been waiting for a water meter. And I think we all accepted this is one of the most difficult issues to take care of in the County because it's, you know, as you can tell from the information that Mr. Taylor has provided in the past, the people who are requesting water meters are far flung all over, you know, from Keokea all the way to Haiku and both very high and very low from the mains that go along our major highways. So it's a big challenge but after those meetings we decided as a group in Budget that we needed to put money aside to try to come up with a way to solve this and there were two initiatives. One was to put, was to take regular bond money and combine it with some unrestricted cash that was in the CIP Budget, and the other was to...and to figure out a way that we could spend that in a way to assist people who are faced with significant upgrades to the public system in order to get their water meter. And we had examples from Molokai where somebody was responsible for upgrading a section of line and installing a fire hydrant in order to get a Building Permit and I don't recall hearing what that cost was but we've also had people here on Maui that were, that are facing significant cost to get a water meter partially due to their location and partially in some cases due to inadequacy of fire flow. The second item that was discussed was the possibility of looking at reducing the fire flow requirements in Ag areas and I know that's, I don't know exactly what that fire flow is now or what it could be changed to. But if that makes a difference between the existing 6-inch pipes being adequate versus having to replace them with an 8-inch pipe or a 12-inch pipe then that may allow for some people to get their meters without the, you know, exorbitant expense of replacing a long section of line. So those are pretty much the --

CHAIR BAISA: Background.

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COUNCILMEMBER WHITE: --issues that we were tasked. The issue is that the Budget Committee was happy to pass on to the Water Committee.

CHAIR BAISA: And it's come home to roost now that we're here.

COUNCILMEMBER WHITE: So I appreciate you bringing this forward because it is going to require us to work with Mr. Taylor and come up with a way that make sense to make these funds available in a way that people can be allowed to move forward as their names come up on the waiting list.

CHAIR BAISA: Thank you very much.

COUNCILMEMBER WHITE: And elsewhere in the County.

CHAIR BAISA: Yes. Members, any other person want to comment at this moment? Mr. Carroll.

COUNCILMEMBER CARROLL: Thank you, Chair. The concerns I've heard mostly when we went out and individually and most from Upcountry but different places on Maui and especially the Land Use Committee when we've had different things come through but mostly small subdivisions where there were problems because our infrastructure for the main lines is not there. So a person who wants to have a water meter, he has to put in 1,400 feet of 6-inch or 8-inch line and that was one of the main complaints Upcountry where the guy is waiting for a meter because even if they, they can't, a lot of them even if their name came up, the infrastructure wasn't there to put the meter in. And from this over here and this \$12 million I was very hopeful that we could be looking at upgrading the main lines where we have these small lines or in some areas the lines have actually bypassed certain areas somehow where there is no line over there and then it takes up again and filling up the gaps and putting a line through there that we can allow all these people to, that have been waiting for so long. And even somebody that buys a lot today, we're saying we need housing, but actually the water is what's really a major factor in keeping us from getting the housing we're needing. So I was hopeful that a good part of this money could be used in those areas and I don't have a list. I've seen the diagrams before but I don't have them with me and I don't see them to where the major areas are that needed upgrading and I'd like to see the worst ones, or the ones that we can service the most people by upgrading with this money at this time and then maybe next year moving on again. Thank you.

CHAIR BAISA: Thank you, Mr. Carroll. Mr. Taylor, I'm hearing a slightly different twist from Mr. Carroll and his idea would be to upgrade waterlines that are really in bad shape and that way they would be ready so that when the person wants to connect it's already taken care of rather than individually dealing with each line to each particular meter installation. Any comments?

MR. TAYLOR: When we talk about a pipeline there's, we can simplify it and say there's two ways for it to fail. It can break in which case it's not functional even to existing customers, or it's too small to add new customers. Right. Those are two completely

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different failures, let's call them. Even if nobody wants a new water meter we still have to replace things that are going to break so that's what our normal Capital Improvement Program is already for. The issue that most applicants have is not that we don't, I mean to say all customers share in that cost. So when an applicant comes in and wants a water service we're not telling them you have to fix our problems before you can get served. That's not why we're making them upgraded, it's not because it's bad, that's our problem. We're saying you have to upgrade it because it's too small for your needs. So I think we have to just for this purpose of this meeting separate aging infrastructure that needs replacement, that's not really what we're talking about. What we're talking about is people who want additional service to where the existing lines are not, the existing system is not adequate from a size standpoint and so I think we should separate it and just talk about that because I believe that's really what this issue is about.

CHAIR BAISA: Okay, thank you very much. I thought maybe we better kind of focus on where we're going. Mr. White.

COUNCILMEMBER WHITE: Thank you, Madam Chair. The other issue that we discussed during Budget that you touched on was that of this being important because people have not only been held off from doing things with their property for, you know, up to 20 years but the reality is that by not being able to move forward with providing for their own families. You know in 20 years, you know, my kids have gotten 20 years older.

CHAIR BAISA: Mine too.

COUNCILMEMBER WHITE: And so when we look at this one of the important aspects of it is that this is the purest form of affordable housing because the people already own the land, and I think as we go through this discussion I think everyone would agree that if we're in a position to assist people to be put in a place where they can use their own land to provide housing for their family; whether it's two kids, three kids, or more, then we're doing something significant to help solve our housing problems. And I think it's, you know, I think that as we get in to the discussion I think it's appropriate for us to say if we give you, if we help you with this, with whatever portion of the cost we are willing to allow them to secure then if you turn around and sell that in the future, then you're going to pay back the entire amount that we, you know, that we afforded you. So I look forward to the discussion and it's a thorny one because of the costs vary from person to person and the challenges are in some cases very significant. So this is not an easy minefield to maneuver through but I'm sure Mr. Taylor and his staff can help us.

CHAIR BAISA: Thank you, Mr. White. I'm sure this Committee can figure it out. I have a hand up from Ms. Crivello and then I'll get you, Mr. Cochran. Go ahead.

COUNCILMEMBER CRIVELLO: Thank you, Chair. Really thank you for bringing this forward for our discussion. I have to agree with Mr. White in regards to the payback. I think it's important that we support the Upcountry. Families have been waiting

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forever so they could, you know, just add their family and I think it's one of the solutions to increasing our housing stock if we want to say that, but more affordable housing stock. The other thing for me is for us as a Committee to truly identify some of the barriers for us to provide the affordable homes that we wish for our local families if I may say and the middle income levels that it's not affordable and then we have an exodus of our families moving out; and then what we have is second home and buyers and investors which doesn't help our cause. So if the infrastructure for us to provide what is, what necessitates for us to build a home number one, it's the water and if we can be of support or provide some means of the development of affordable homes or affordable rentals. And I think that's, if we identify that as a barrier that the cost is sometimes just adds on to the actual development of affordable homes or rentals then maybe this is part of the solution. And I think for Maui we can help to, I believe we have a process and I believe our County Administration as well as us as Council policymakers we're being proactive. I mean you go to Oahu and there's no question that homelessness is, what is it they say that Hawaii is the highest in homelessness rates throughout the 50 states and I think Honolulu just contributes to that. So where we need to work as what you're having us to do today so that we can avoid that kind of end results, but the end results will be that we'll be able to house our families on Maui as well as making affordable housing our top priority I think like one of the testifiers mentioned. It has to be our top priority. So I appreciate having this opportunity and I see there is quite a repeat of limited, limited, I don't know how you limit to just certain considerations and maybe that's what we need to have further discussion with. So again, I truly appreciate this opportunity that we have to have this discussion and hopefully we'll be able to come up with some positive solutions.

CHAIR BAISA: Thank you, Ms. Crivello. You're right on point. You know for me, what started all this for me was I was really devastated when we finally opened the water meter list and people were beginning to receive letters and saying well now you can have your meter and then the heartbreaking part when they would come back and say well I can't accept the meter because I cannot afford the line improvements. To me that was really taking away the hope of people that have been on this list now for years and years and years and families that have struggled so hard to hang on to family land with the idea of giving it to their children or grandchildren or whoever else like in my case I'm getting in to great-grand's and we're still waiting. And so to me that was heartbreaking and I thought it was important we try to find a way to help make those dreams come true and I'm really grateful that Council put this money in the Budget so it behooves us to try to find a way to use it and even if we can't help everybody let's help somebody. You know I want us to start. You know we tend to get caught up in oh well it's going to cost \$400 million and we can't afford that. Well can we start with 12 and maybe 12 more next year or 15 or 20 or however and bite away at this so that eventually we will solve this problem. You know sometimes you just have to bite at a problem a little at a time and eventually you can, you know, it's how you eat the elephant, right, one little piece at a time. Because if you look at the big picture it's frightening because it's a lot of money. But if we don't start we'll never change anything and so that's what we're trying to talk about here. Ms. Cochran.

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COUNCILMEMBER COCHRAN: Thank you very much, Chair, and yes, very well said. I'm very happy to be here to participate with this to craft something that's going to be workable and well into the future with Mr. Taylor and everyone. My question is, and I heard your opening comments in regards to the aging infrastructure and I think versus, you know, for me it's the adequacy and source that's available too; so to separate the two. But right now this 12.6, how much, I mean I want to figure out what is the best bang for this buck basically, and I know it may not be going to address the priority the number one, two, three in line for these meters. But I mean as you say figure something out this year, next year...so to the Department because that's not my area of expertise but it is yours and you know that the conditions of the different, you know, water mains and what have you. Where would be the best you know improvements to roll this money out, to add onto whatever existing but also what is, what has that adequacy in order to fulfill the needs that are going to be asked of this, the new lines, the infrastructure and what have you. So Mr. Taylor if you kind of get the gist of what I'm asking?

MR. TAYLOR: I think I do, Member Cochran.

COUNCILMEMBER COCHRAN: Thank you.

MR. TAYLOR: Let me try to explain it this way. This is a new program that has never existed before; that the Council after public testimony during last year's Budget cycle decided to add this. In the past, any improvements that had to be made on your own property were certainly at that of the applicant's, the County had nothing to do with that. The County had a lot to do with core infrastructure improvements, wells and treatment plants and main distribution systems. Then there was this middle ground, this grey area; things that had to be done to the County system that were really not for the general public, they were only for the applicant's needs. Okay that was this grey area that the County laws and regulations right now give those responsibilities fiscally to the applicant. So if you come in and, you know, have a well and a tank and a treatment plant but there's 1,000 feet of line in a public road to get to your property and it's for you; then in order for you to get your water service you have to put that in. That's where that line has been drawn and still is drawn in the Code. The purpose of this money was not to deal with our core problem of our infrastructure, it was to help people deal with this grey area. It doesn't address source and treatment and these other things that we still have to do. It's a new program to help this grey area, and the prioritization of that grey area I would say is something the Council is saying this money shouldn't be for our core improvements, this should be additional money to help people that are stuck in that no-man's land of that grey area. So it's really just a prioritization of who is in that situation that you want to help. We don't have any way to tell you. There's so many people in that grey area. It's really impossible for us as an agency, as a Department to tell you that we think you should help these people versus these other people. I would only say that if you do these upgrades in areas that can serve more and more of their neighbors that money will stretch further. If, you know, Mr. Couch lives a mile away and you pay for his whole mile line but there's only one person who can tie in in that whole stretch; that's not a very good expenditure. But if Mr. Carroll is 400 feet away and there's nine empty lots between our main

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service and his; well there's nine empty lots that can eventually hook up. So just from a prioritization standpoint I would say this shouldn't be prioritized against core system improvements. It should only be prioritized against other main line improvements in whatever way the Council feels is best. So again that's a focus of I think what this money is for, what this money is not for. It doesn't do anything for the other issues we've been dealing with; about wells and treatment plants and that stuff. We'll handle that in a different, you know, a different time.

COUNCILMEMBER COCHRAN: Okay, thank you very much. And, Chair, if I have one follow-up in regards to that.

CHAIR BAISA: Yes.

COUNCILMEMBER COCHRAN: So, and I think what you were saying leads to Mr. Carroll's comments in regards to who can, who will get served the most out of a particular, you know, improvement and that makes sense. And perhaps once that line is rolled out now someone on this end will be closer to connect and something of that nature. So that's kind of the thing I think if we could lay things out. We have this sort of map here with the dots and, you know, all the different Urban Growths and Rural Growth Boundary Lines. So in, within that pick an area, roll out where it would be the best connectors and who on this, you know, whatever area it can feed and things like that. So I think the Department would have more access and detailed, you know, information in order to figure things of that nature out. But I understand the whole utility thing, trying to get utilities for myself living off the grid and if I wanted to tap in to MECO's power I would need to put up my own poles and that's my cost, that's not County's, that's not MECO's cost, that's my own personal cost because I want to have electric from them and it's pretty pricey. There is no reimbursement, there is no subsidy so I choose to not have, I choose to have solar panels. But I understand, and, Chair, thank you for bringing this to the table and I'm looking forward to getting something done in this physical [sic] and we can just build upon it. But Mr. Taylor you had a . . . *(inaudible)*. . . chime in?

MR. TAYLOR: If I could just follow-up, Madam Chair, to a couple of things she said?

CHAIR BAISA: Yes, please. Let's keep this informal and let's keep the conversation going. I want to get as much out as we can today.

MR. TAYLOR: Our methodology for these main line improvements is very similar to Maui Electric's. Most utilities across the country, water, sewer, and power, all do this the same way. So ours isn't out of bounds and it's very similar to how Maui Electric does it where they're telling you to put in poles, we're telling you to put in pipe. One thing I want to mention that you brought up, right now especially with the Upcountry meter list, the person who is next on the list may be, you know, a quarter mile away and there may be somebody down at number 100 that fits exactly the criteria you're talking about. So that's something that I think the Chair is bringing up to this Committee, do you want to give all the money to the guy who is number one or do you want to save it for the person who is 100 who where it can go a lot further and how do

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you want us to make those calls? Right now we're issuing letter to the next person on the list. So we need some clarity. As we showed this Committee a couple of months ago there's one person on the list that I think needs \$3 million of improvements for three lots. So if they come up, do we give that, all that \$3 million to their improvements? That's not going to last very long. Or do you want to limit it to a certain dollar value? Do you want to say, you know, only if it's in certain areas and I think those are the issues the Chair is trying to bring up. We have done some preliminary analysis that just, this was even two years ago when the list was much shorter. All the main line improvements on the list are a couple hundred million dollars, okay, that either individuals pay, or we pay, or nobody pays. But the list is even longer now. So there's no question that the magnitude of cost for this grey area, these main line improvements; having nothing to do with source, just the main line improvements is hundreds of millions of dollars and that's just Upcountry. So we do have to look realistically that 10 or \$12 million, even if it's every year, over ten years is really just going to be a small amount of this overall problem which is again why I think we're all here. This money is going to have to be rationed somehow. It can either be rationed first come, first serve in which case it won't go very far. It can be rationed in small amounts in which case it can go very far but there'll still be people who say look it's still too expensive. And I think that's the point of the Chair putting this list together is saying we need some ordinance that decides how to ration based on the fact that the resources are so much smaller than the problem.

COUNCILMEMBER COCHRAN: Thank you. And, Chair, if I may?

CHAIR BAISA: Go right ahead.

COUNCILMEMBER COCHRAN: And I think that's how we need to figure this one out. But I think as I like you and Mr. Carroll is saying and the whole best bang for your buck kind of thing too. And unfortunately that may not roll out consecutively with the numbering system on the waiting list and hopefully we can get community chime in and explain to them exactly what if we decide, you know, I'm just, we're just talking and tossing these ideas around. But I think for me it makes sense, so but again the community is going to have to understand why what we're doing what we're doing and the reasons and they'll eventually get fulfilled. But maybe a little later but at least there's light at the end of that tunnel. Thank you, Chair.

CHAIR BAISA: Thank you, Ms. Cochran. I wanted to, I want to thank you for bringing up what you did because one of the first questions that I was asked when I started talking about this agenda was people were asking me, why don't you take that \$12.6 million and build a well, or build a reservoir, or build something. And so we had this conversation with Mr. Taylor and the Department and he explained very carefully why that was not a good idea. Dave, you can probably do that better than I can. Would you please?

MR. TAYLOR: I think the biggest reason, it's not that it's not a good idea, it's that our Capital Improvement Program that we've shown at length, this 20-year plan, we've recognized that any major project, even some pretty small projects, go through a few phases.

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Planning and preliminary engineering, then design and permitting and land acquisition, and then construction; those usually take at least three Budget years, usually closer to five or six Budget years. If we were going to do a \$100 million project, essentially what we would ask for is we'd ask for about a million dollars this year to do preliminary engineering and route studies and things like that. Maybe next year or the year after, another 5 or \$8 million to do detailed surveying and detailed designs and permitting. And then about six years from now we'd ask for \$90 million to build it. So plans only stay fresh for a couple of years, you know, what's underground changes, permit requirements change. So it's very difficult for any infrastructure agency to take a lot of money today and just go and build something. Essentially we have plans to build something in five or six years and we have to work up to that. So being given \$10 million for something we don't have any blueprints for, it's almost impossible to spend it. And this is why even back at the Federal level when there was a big deal about the shovel ready projects. And it took a couple of years for them to get out. The only projects that are shovel ready are projects you decided to do five years ago that you designed and bought land and got permits, et cetera and you happened to be at the right time. We don't have a bunch of things sitting on the shelf. If, and I've reiterated this a number of times over the last couple of years, if we're going to ramp up our capital improvement we've got to focus on a few years from now. Start ramping it up now with more design, more surveys, more preliminary engineering and in a few years from now we'll be ready for this big construction money. We can't just take \$10 million and go build something this year. So we're not ready for any large expenditures right now. What we could be ready for is a reimbursement program like this, especially if it's set up the way that the existing program works. Somebody comes in, they do the improvements, they get a reimbursement. That's something that, you know, doesn't take us a lot of time to manage, it's easy to get that money out. So something like that is easier for us to deal with because we don't have to ramp up the designs and constructions. So this money could be used, any money could be used a lot of ways. I think it's important for the public and the Council to recognize large projects go through this, you know, 2 percent of the money the first couple of years, about 8 percent of the money years two to four, and the rest of the money year five and six. That's a normal expenditure for a large project.

CHAIR BAISA: Thank you very much, Mr. Taylor. I wanted everyone to hear that because I've been asked over and over the question about just go build something quickly. Well it just doesn't happen that way and this money of course as we know is appropriated for a certain period of time. Mr. Couch, I know you're trying to get in here and I have Mr. Carroll. Why don't you go and then I'll get you both.

COUNCILMEMBER COUCH: Thank you. Ad I'd like to echo the comments of Ms. Cochran and Mr. Carroll as well as the most bang for the buck. I just wanted to find out from Mr. Taylor where he has the direct link to my notes because you answered my first question exactly; if you had this money today would you be able to spend it this year? Thank you for that response. One of the things that is on this list and I think needs to be discussed fairly quickly is the fire flow standards. How much of this problem is just because of fire flow standards versus normal pressure, I guess expectations of people just doing their normal daily routines with water?

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MR. TAYLOR: Water distribution systems in general I think I read something somewhere in one of the trade magazines, something like 60 percent of the volume is for fire flow. I mean fire flow drives the tank size, the pipe size, it's that short duration, high volume, adequate pressure requirements that drive the distribution system of all water systems; not the average daily flow and even the peak time of showers and things like that. Fire flow is a big, big contributor to size.

COUNCILMEMBER COUCH: And Madam Chair, I know we've talked about this in several meetings I'm pretty sure about potentially coming up with different fire flow standards for rural areas because it is rural and therefore, you know, rural services should be expected like no curb, gutter, sidewalk, kind of thing. And also maybe, you know, combining it with potentially a fire flow tank at the top of the subdivision or whatever you want to do that can be incorporated if the Department needs to have that fire flow. And a lot of times I mean we pay for these really expensive tanker trucks that have a lot of room, you know, a lot of capacity for water. So those things fill the pumper trucks, and then do you need that much fire flow on some sort of fire that's going to be on a five-acre property kind of thing. I don't know, it's just, I'm wondering if we're being overly cautious, way overly cautious and this is causing, what it sounds like, 60 percent of the problem here. I mean if we could get 60 percent, if we say fire flow standards are such and that leaves it so you can have the six-inch pipe are we in essence approximately coming up to solving 60 percent of the problem?

MR. TAYLOR: This is a discussion that needs to bring in the Fire Department.

COUNCILMEMBER COUCH: Of course.

MR. TAYLOR: We serve the Fire Department by providing them pressure and volume at certain locations that they need to fight fires. We don't have any internal expertise about what that should be. So I would just have to defer those questions to the Fire Department, and I think it's been brought up before, it might be a good idea to have our senior engineers plus their people here at the same time to have this discussion about how those determinations are made by the Fire Department, how much water they need, and then how reducing those requirements would affect our system. That's a little bit of engineering on the fly, I certainly can't speak to really either end of it right now. But it's possible that it's overly conservative and unnecessary. It's also possible that it's necessary and, you know, shouldn't be reduced, and I don't know the answer. It's really driven by the Fire Department's requirements.

COUNCILMEMBER COUCH: And thank you for that answer.

CHAIR BAISA: We'll certainly invite them --

COUNCILMEMBER COUCH: Yeah.

CHAIR BAISA: --to our next meeting.

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COUNCILMEMBER COUCH: Because it is kind of important. I mean, you know...

CHAIR BAISA: Yes, of course.

COUNCILMEMBER COUCH: The other thing is, is I know I think Ms. Crivello and pretty much everybody said, you know, if we do, this is for affordable housing I mean that's our number one priority we're trying to get affordable housing. So if somebody subdivides their land and, you know, and gives it to their children or their grandchildren and then they subsequently sell it off we do need to have a payback clause somehow in this because this is supposed to be for family subdivisions and affordable, you know, as Mr. White said a form of affordable housing. So if you just get your land and then say forget this I'm going to sell this and use the profits for something else, part of that should be to pay back any kind of funds that came from the taxpayers of Maui County.

CHAIR BAISA: Thank you very much.

COUNCILMEMBER COUCH: So that's another concern and I agree with that. Mr. Taylor talked about, you know, maybe the way this money could be used this year would be reimbursing people who are doing their enhancements to the line. Can we do, can we float bonds to reimburse folks? I don't know if that's a question for maybe a former Budget Chair or Corp. Counsel or even Mr. Taylor. We're talking about reimbursing folks but we're also talking about borrowing money to do that. Is that something we can actually do? I don't know if it's a prudent thing or not?

MR. TAYLOR: I will step out of my comfort zone a little bit just by saying that the usual issue with floating bonds that we're asked is, is it going on our land? Now we're talking about pipelines that are going in to County roads. So it's a different methodology to get it there versus us hiring a contractor, someone else did. But at the end of the day it's dedicated to us, et cetera. Whether or not there are other nuances of that process that make it okay or not I don't know. But the big issue with borrowing money that we usually have to certify that this is on our land or that we have an easement or something like that and that is certainly not an issue. But whether or not the rest of the procurement I would have to bump that to Corporation Counsel.

CHAIR BAISA: Mr. Kushi, any comments at this time? Or shall we add a finance person to the next meeting resources that we need?

MR. KUSHI: Madam Chair, I think Director Taylor is essentially correct. Using bond monies, Bond Counsel would caution that should be for our property or property that we have control over, and the reimbursement program is either they dedicate the lines and facilities but they also dedicate the perpetual easement so that would qualify. But that's for bond money. My understanding is this 12.6 is split, not all is bond money.

COUNCILMEMBER COUCH: Right, 10 million is bonds and 2.6 is unrestricted cash. Okay, I mean that's just a question I had if there was an issue with that. And I also noticed on this map, the Upcountry priority list, of just 500, you plotted 500 of the first 500

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meters. There is a whole lot of those outside of any Maui Island Plan Growth Boundaries whether it's Urban or Rural or Rural Service Center Boundaries. I guess that's a question for either the Policy Committee, this Committee, or even maybe Corp. Counsel, how that conflicts with the Maui Island Plan.

CHAIR BAISA: Anybody want to take that on? Corp. Counsel, want to try?

MR. KUSHI: I'll try and give it a crack and this is without even discussing it with any of the planners, but the first 500 I'm assuming that these first 500 people got on the list years ago. The list started in 1994, maybe earlier than that. Your boundaries that you're talking about, Maui Island Plan, again I'm assuming that it was enacted or adopted later.

CHAIR BAISA: Much later.

COUNCILMEMBER COUCH: 2012.

MR. KUSHI: Right. So I believe there's a vesting issue. I got on the list, you know, 20 years ago but now 2 years ago you cut me off. So there may be a problem with that Maui Island Plan if these meter lists are outside of their boundaries because I got on the list before that.

CHAIR BAISA: Thank you very much. Mr. Couch?

COUNCILMEMBER COUCH: How is that different from we had several community plans that showed areas where the community had asked for development and then the Maui Island Plan, we removed those from the Maui Island Plan but they still exist in the community plan. So how is that any different from that or am I treading on other legal issues?

CHAIR BAISA: Go ahead.

MR. KUSHI: Yeah. If you so called removed it, did you change their zoning?

COUNCILMEMBER COUCH: No.

MR. KUSHI: Okay. They're vested, they're vested, I don't care what plan you had. And these people who are on the list, I'm assuming that their zoning qualifies them to get a water meter. Now future projects since the Maui Island Plan was adopted would be subject to your boundaries.

COUNCILMEMBER COUCH: Okay.

CHAIR BAISA: Okay.

COUNCILMEMBER COUCH: Thank you, Chair.

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CHAIR BAISA: Thank you, Corp. Counsel. Mr. Taylor?

MR. TAYLOR: Madam Chair, I would just throw in that the reason we put that map together, we wanted to, that, because it's all on GIS it was very easy for us to throw the Urban Growth Boundaries on to this. We wanted to plot the first 500 meter list applicants to see if they were grouped. Is there some way to help them with these main line improvements? Once it was there, it just took a staff member a very short amount of time to take the urban growth boundary layers and throw it on top to see what it looked like. We weren't really trying to make any point from this. We were just trying to show that. One of the Chair's questions on her list is if you do want to help people in the Urban Growth Boundaries more than people outside of those, you could help ration this money so that there's a priority for things in the Urban Growth Boundaries or not. I mean it's just showing that there's another option you have to ration. It can be by distance, by cost, by in the Urban Growth Boundaries, by family subdivisions, on and on and on. But this is just another tool that you may or may not choose to decide as a good rationing technique.

CHAIR BAISA: Okay, thank you, Mr. Couch. And thank you, Mr. Taylor. Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. It's very obvious from the discussion that everybody's pretty much on the same page over here. We really need to upgrade the system. It's really bad for our people. It can really help with housing if we can get, if we can satisfy the water needs. Sometimes I think we make it more complicated than necessary. On a lot of the water system when I briefly took Mr. Morrow's place back in '96 I believe, we thought I was going to remain on the Council but I didn't. But I went in, we went all, we inspected the entire water system, Maui County. We went all over with the Water Director at that time and his comments were that starting from where you need to start the larger feed and you work your way out, and he estimated that in 20 years at \$10 million a year, and of course you add in inflation and all of that, that they could pretty much upgrade the entire system. Now cost figures have changed today because we have inflation and other things, we have more people and what, but nothing was ever came of it. Then when I got on the Council the last time, we've had very similar decisions like we have, discussions like we're having right now. The bottom line is that the electric was a very good way to put it. Most places have a main line coming through and then a customer comes off that main line. It used to be Maui Electric put up one pole for free to get it to your house. You know water we don't have that main line. They can get electric, but we don't have that main line, and that's what the County really needs to work on. As our Water Director said, ten million isn't much, but ten million is a darn good start and he said we need to look to the future. Yes, we need to look every year upgrading the system and put in the main lines in that can satisfy the capacity necessary for that area and work our way down. We talked before about sidewalks from, that didn't go anyplace, sidewalks to nowhere, alright I've heard discussions about putting waterlines that were sidewalks going to nowhere. It needs to be planned out. We need to really work with the Department. They need to look to where they need to upgrade the system over here so that they can continue to upgrade going down. It's unfortunate that we have that list, a more accurate way, well a better way to do it would be to have the persons in that area when the line went

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inside that there's, you're the, one, two, three, four five, they would get the water services. But I think it's clear that we need to start, and even after all this good, all of this talk over here, the bottom line is that we need to upgrade the system and in certain places need to add. And I don't have a map before me but there are places to where you'll have a system over here and then for some reason it goes around over here and it misses a whole section of road. And we need to address that because we have people over there that local people want to have to build homes but they can't because of that. So I'd hope that at least we could make a start and that the Director could come through with a proposal to start someplace and then continue every year and 10, 20 years sounds like a long time but if we did it before we wouldn't be here right now. Thank you, Chair.

CHAIR BAISA: Thank you, Mr. Carroll. Members, anybody else have any...Mr. White?

COUNCILMEMBER WHITE: Thank you, Madam Chair. Director, using the example that you brought up with Maui Electric and a couple of Members have mentioned it. What is currently in place with respect to, if somebody is on the water meter waiting list and they have a, just use the example of a thousand feet of line, what is in place now for you to be able to charge people, charge other people on that same, that could take advantage of that same line as they hook up in the future? Is it just the water meter fee or is there an additional pay-in that would be required?

MR. TAYLOR: Thank you, Chair White. And this is, when I looked into this once before and my, I'm a little out of date on this but I think I still understand what Maui Electric does, this is a huge difference to what we do versus what Maui Electric does by our ordinance and their PUC tariff. My understand is if Maui Electric comes in and has to extend at the customer's request a line, you know, a quarter mile down the road, the customer has to pay that full amount. Now if sometime in the future, other customers in that area come in and tie-in, Maui Electric pays back the original applicant. So essentially the first one in is the bank if you will, pays for the whole thing, but everyone else pays. Maui Electric takes that money and sends a portion of it back to the original applicant. I remember this because when I was on the wastewater side, we got a, you know, couple of hundred thousand dollars from Maui Electric for Lanai which had happened, you know, two decades earlier for exactly that reason. In the Department of Water Supply we have no such program. The ordinance does not have that. So the first applicant in builds the system and everyone else says thank you, that's it. So what we see all the time, and this is the same for recycled water, for sewer lines, for water, everyone's waiting for the other guy to do it, because everybody knows you get it for free. So that is another, you know, possible mechanical solution if we change how the ordinance works so that people get some sort of payback, maybe they'd be willing to be the first ones in. Right now what I've seen for a very long time in water, wastewater, and recycled water, everyone's trying to get the other guy to do it first. Once it's the County's and we have capacity, anyone who wants to tie in can tie in and there's no cost sharing for that. So that is a big difference between water and power in our community.

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COUNCILMEMBER WHITE: Thank you, and the other thing I'd like to say is that as we were discussing this in Budget, your comment that this should be reimbursable was the direction that we felt that it had to go simply because that allows the individual landowner to go out and do the permitting, get the work done and then come in for the reimbursement as opposed to the Department being responsible for the permitting and the construction and all the various pieces of the, of that effort. But Madam Chair I think, I think we need to look to the Department to do some of this research on how the electric company and not just Maui Electric, but maybe other places and other water systems have come up with ways to achieve what we're hoping to achieve. And because I think before, I think you're right, we want all the community associations and others to have an opportunity to discuss this, but to discuss it we need to provide them with the framework.

CHAIR BAISA: Correct. Correct, and I will have Staff work with the Water Department people to see what we can get in to help us understand what other people are doing.

COUNCILMEMBER CRIVELLO: Chair?

COUNCILMEMBER WHITE: Because it sounds like we have a mix of what Mr. Taylor just eluded to with respect to the first one in is the bank and then over time they may get a portion of the money back. But I think at the same time there may be a need for us to offset some of that.

CHAIR BAISA: To help the bank guy.

COUNCILMEMBER WHITE: Right, using the, whether, I think you had mentioned that the, if we were to help the first 500 on the list it would amount to roughly \$25,000 per, you know, per meter.

CHAIR BAISA: Correct.

COUNCILMEMBER WHITE: Is that what we should be looking to as part of the solution on top of this other cost sharing? Or should it be more? I don't know but I think we need to start putting together some thoughts on what that framework would look like so that people can go back and talk with some understanding of what the impact is going to be on their specific section. One of the things I'd like Mr. Kushi's thoughts on is we've had a number of discussions regarding vesting and one of the questions that comes up, or has come up a couple of times is what happens if we have, well since Mr. Carroll is on the end here, Mr. Carroll's the one who's looking for the meter now but Ms. Crivello and Ms. Cochran are both on the meter list but he's number 50 and they're in the 200s. If our goal is to help the first 500 as our first bite, so to speak, is there a way that Ms. Cochran and Ms. Crivello can participate at the same time Mr. Carroll comes in for his meter? Because then they're all assisting with the funding of it. At what point do they have a right to turn on their meter? Do they have to wait until their number is hit or is there some way that we can provide some sort of guidance there.

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CHAIR BAISA: Hui up so that they can do it all together.

COUNCILMEMBER WHITE: Right. Right.

CHAIR BAISA: Mr. Taylor?

COUNCILMEMBER WHITE: Three banks are always better than one.

CHAIR BAISA: Absolutely.

MR. TAYLOR: Before we get to the legal part of it let me get to some, there's some practical things that could be done better but, that could be done to help that situation but I don't know that anyone's going to like it. Right now what we're doing is as soon as we get a few letters done, we're sending them out. Okay so the list keeps moving so whoever's one, two, three, and four, and five, as soon as we get five letters or so we'll just send them out. And as those people start calling in then our engineers deal with them, we start getting them started, then a few more letters go out. All right. So what if we didn't put any letters out and we just write the next 200 letters and we send them all out the same day. Okay now all these people will get their letters the same day and now they'll both know they got offered meters at the same time. Now the real difficulties start in, according to the ordinance you only get 30 days to say yes or no. We can't possibly help 200 people in 30 days understand their issues and we don't know how far to go because we don't know how many people will say yes and how many will say no. So we're afraid to send out too many. So if there was an infinite amount of water available, we could just finish all the letters, send them all out at once, and extend the 30 days out for 3 years and just deal with everyone at once. But it's really the practical standpoint that we're dealing with just packets at a time that when we're sending Mr. Carroll his letter, Ms. Cochran we just can't tell her whether she's likely to get a letter or not. So that's the, I think it's more of a practical issue than a legal issue.

COUNCILMEMBER WHITE: Well I'm also interested in the legal issue.

CHAIR BAISA: Mr. Kushi?

COUNCILMEMBER WHITE: Because it becomes part of the practical issue.

CHAIR BAISA: Mr. Kushi.

MR. KUSHI: Yeah, Member White, a good but very complicated question and scenario, and the assumptions are that the three of you, the three of them are on the same line that needs to be improved.

COUNCILMEMBER WHITE: Right.

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MR. KUSHI: But then Member Carroll's first and then Member Cochran and Member Crivello may never get there, is that the scenario? I would imagine it could be done within a numbered timeframe. You would need to amend the ordinance.

CHAIR BAISA: Yes.

MR. KUSHI: And not disturb possible other stakeholders like maybe Member Couch being in between Carroll and Cochran. You know, what happens to him if he's on a different distribution system? Would Member Cochran get the letter before Member Couch? Because there's always people like Member Couch. There will be always people like him who'd say, you know, Cochran's jumping the line, you know, et cetera. But it could be possibly done. The Department would have to analyze, you know, where these people are, where the line needs to be improved for Member Carroll's project and if there, are there any other people on that line who are on the list. And if they're 200 spaces away I'm not sure if you want to even send them a note because it's not in their lifetime maybe, you know. But possibly the other alternative is that Member Carroll can convince Cochran and Crivello to fund, help fund his project and just hope that they'll get the money back. We've told applicants to go and see your neighbors. And I don't think anything's worked out yet.

MR. TAYLOR: We're sometimes having difficulties having applicants deal with their own families who own the same parcel. I think they were trying to get through that before they start making agreements with their neighbors.

CHAIR BAISA: Nobody ever said any of this was going to be easy. Ms. Crivello.

COUNCILMEMBER CRIVELLO: I'd just like to sort of follow up with the research with the other utilities or the electric utility. In today's time we can make choices, we can go off the grid or we can just do without electricity. Unless you can afford and it's allowable, the prohibitive cost of putting in a storage tank, water is necessary for the development, for the homeowner. So I think it's important for us to understand how the mainline and extension of the mainline, the kind of cost it involves and how can we, it's cost sharing, or reimbursement, or some sort of application that the number one guy not going have to be the bank completely; and how we can utilize these funds to invest in the banker. And because like Ms. Cochran says, she chose to go off the grid, but you have that choice, you know. Many of us don't have that choice of building a storage tank or what have you. And I think it's part of our responsibility to be able to have, if it's the infrastructure, I'm not saying it should be free for all, but how do we do that? The other, just a thought and kind of off base is when we say floating bonds can only be on County properties, perhaps we can obtain the easement rights and that becomes County property and then maybe then we can use floating bonds to build the infrastructure that necessitates for the homeowner, just a thought.

CHAIR BAISA: Thank you, Ms. Crivello. Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. I'm kind of intrigued with Mr. White's...

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CHAIR BAISA: We're going to be, excuse me, Ms. Cochran, we're going to be taking our morning break after this question, okay.

COUNCILMEMBER COCHRAN: Okay, thanks. I'll make it quick, but --

CHAIR BAISA: No, no don't rush.

COUNCILMEMBER COCHRAN: --if Mr. Carroll convinces myself and Ms. Crivello to pitch in, legally would we be able to get all the improvements done, cost sharing and everything, and get our meters though? Even though we're 200 and 210 or whatever and Mr. Carroll's number one. Would that, can that still happen? We all are happy and want to support each other and build out this transmission line.

CHAIR BAISA: Mr. Corp. Counsel?

MR. KUSHI: I can only speculate as to an answer. First you would have to trust Member Carroll very --

COUNCILMEMBER COCHRAN: And I do.

MR. KUSHI: --you know in full faith and credit in his willingness to, you know, or he trusts you. But again the way the ordinance is written right now, the way the list operates, my first response would be no, you'd have to wait until your number comes up unless we amend the ordinance to the extent whereby you'd get waivers or permission from the people between you and Member Couch, or Member Carroll to jump the line. I mean, that's one way of doing it, waivers in writing.

COUNCILMEMBER COCHRAN: Okay.

CHAIR BAISA: Okay.

COUNCILMEMBER COCHRAN: Thank you. And just real quickly, Chair.

CHAIR BAISA: Sure, go ahead.

COUNCILMEMBER COCHRAN: For me, if we were to just, a magic wand was waved and all the transmission lines needed to serve these 500 priority list meters were done, do we have enough water source to provide to them all right now?

MR. TAYLOR: Currently there's I think 1,800 applicants on the list. Many, many of them are asking for many more than one meter. So the total volume on the entire meter list is something like 50 or 80 percent more than the volume being used Upcountry right now. So the entire list represents roughly a 50 to 80 percent increase in population Upcountry. How much the first 500 which is roughly a quarter represents, I don't know if that's evenly distributed or not. So just, I'm assuming that it is, so probably we don't have enough capacity to get through 500 applicants is my guess. I think we probably have close to enough water for 500 meters, but how many applicants it will

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take to get 500 meters depends on how many say, how many say no. And that's where this item, you know, back to the focus on this item, originally when we put together our Upcountry plan, what we wanted to do was get through the whole list with the easy to serve people. Essentially we didn't have any plan to do something like what you're talking about now. We were assuming that most of the people who needed extensive improvements would say no. And that would give a good chance to get through the whole list where the people who have easy hookups would say yes. Then the list would be gone, then all of a sudden in round two these people who could share would have the ability to share. With how many people that have signed up on the list since then, you know, we're not going to get through the whole list, it's very unlikely. But what we're talking about now is help, we're talking about changing that to a focus of the early people on the list. When you come up for number one even though your costs are expensive, we want to help you. So that will diminish the chances of getting through the list, it will make it more likely that people in the early part of the list will get meters whereas what we were originally thinking is the easy to serve people would get meters, and they wouldn't necessarily be the early, the ones early on the list; two different ways of doing it. Again, it rooted from the fact that I don't think, even the people Upcountry don't want to see a doubling of their population. So I think we all know that we're, that everyone on the list is not going to get all the meters they're asking for. I don't think anyone intends for Upcountry to double in population in the near future. So we were basing our plan on that sort of fact, saying let's help the easy people, as many as we can. That would be what we thought the most cost effective way to help the most number of people, you're helping the people who don't need the line improvements. Again, if the Council feels that we want to help people earlier on the list, well that's obviously just going to be a little less cost effective but it can be done.

CHAIR BAISA: Okay. Members, I really want to thank you. We've had a really good discussion thus far. We're going to be taking our morning break and it will be a 15-minute break, but when we come back I want us to try and focus on some issues and see if we can come to some ideas about where we are. What I want you to think about while we're on the break is do we want to consider the idea of working only with the Upcountry list first, family subdivisions, and what we just talked about the people that have signed up early. Do we want to make them a priority because they've been waiting for so long? And so we will reconvene at ten minutes to...ten minutes to 11:00. Meeting is now in recess. . . .(gavel). . .

RECESS: 10:35 a.m.

RECONVENE: 10:56 a.m.

CHAIR BAISA: . . .(gavel). . . Will the meeting please come back to order. Members, before we took our break we had had a wonderful discussion about a lot of issues in regards to this mainline improvement program. And I think that we want to start focusing now. We've got some bullet points up on the screen here, but I think one of the things that we're going to have to talk about immediately is who are we going to want to benefit with this program if we proceed. And we did have some discussion, lots of

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discussion about the Upcountry meter list. Chair would like to hear from you guys, and you don't have to make a commitment because we're not voting, but I'd like to hear pros and cons. Do we want to limit this to the Upcountry meter list; this money, this time? Or do we want to do something else? Chair's recommendation is that we go with the Upcountry meter list because this was the reason why we've started this whole thing in the first place, was we wanted to help people develop affordable housing Upcountry that have been waiting on that meter list for so long. Any reactions? Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And sorry, Mr. Couch.

COUNCILMEMBER COUCH: Go ahead.

COUNCILMEMBER COCHRAN: I'm on the --

CHAIR BAISA: Ladies first.

COUNCILMEMBER COCHRAN: --meter list first.

CHAIR BAISA: Yeah. Go ahead, Ms. Cochran. We'll get to Mr. Couch.

COUNCILMEMBER COCHRAN: I agree, I concur with you, Chair. It's just this ongoing issue and we need to take a stab at it somewhere, sometime and this money has been allocated and that's what we're here today to figure out. And yes it's going to be, I think, who is, how are we going to go about fulfilling that list. And I guess for Mr. Taylor I know you started the issuance of letters, and people have 30 days to respond, and so currently has there been a decrease then on the list because certain people haven't, they've said I can't afford, I would like but at this time cannot and I can't give you an affirmative response in 30 days? I just wanted to get an update on where we're actually at with that.

MR. TAYLOR: Last I inquired a couple of weeks ago we had sent 70-something letters and I don't have the count how many said yes and how many said no. But the list has decreased by 70-something people where some have accepted and some have not.

COUNCILMEMBER COCHRAN: Okay. Okay, I mean Chair 'cause I mean it's a start to see who is still in the game and who isn't and where are they located and are they the easy to get water to people or are they difficult high end million dollar improvement people?

MR. TAYLOR: What is really important to know that most, most of the people, we still may be in the early part of the list that was grandfathered back to \$3,350 so most of the people, possibly all of them have gotten letters have been offered at a very low rate so probably we're going to get a number of people saying yes that's greater in proportionality that we'll get later when the costs are probably higher.

COUNCILMEMBER COCHRAN: Okay, very good. Okay.

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CHAIR BAISA: Thank you very much, Ms. Cochran. Mr. Couch?

COUNCILMEMBER COUCH: This yeah, this is a tough question only because, you know, there are other areas, I'm sure Molokai has issues, I'm sure Hana, we heard Mr. Carroll say Hana had issues and this is money that everybody in the County is going to pay, all the taxpayers. And to pay for those who have a good amount of land that they wanted to divide, subdivide for their families, that is a good goal; but to be only for that, that's kind of tough. I think the, and we can't answer this question today, but I mean if we can get rid of 60 percent of the problem potentially, I'm not saying we can, but with the whole fire flow thing that might solve a lot of problems as well that we may not have to worry about just doing it only for Upcountry. So I think yes that's a good first question. But it should be really, really followed up by the whole fire flow thing just in case. And we may be totally all wet about the, no pun intended about the fire flow thing and it may be that we're all out of luck with that. But I have a feeling that we're not, and I'm, you know, that could change the whole course of discussion I think significantly, maybe. You know I think that's just looming out there is something we need to talk about. So other than that, you know, I think limiting it to Upcountry might be, the Upcountry meter priority list might be just a little too restrictive for some of the other areas that may still have that same problem.

CHAIR BAISA: Good, well that's the reason we're here is to talk about all of this you know. Everybody's talking about the Upcountry meter list. I want to make sure that when we do the bill, that if we're going to do the Upcountry meter list, that most everybody is okay with that. Of course it's not going to be a 100 percent, it never is. But then, you know, how do the majority feel, and that's what we're trying to figure out. Anybody else? Mr. White.

COUNCILMEMBER WHITE: Thank you, Madam Chair. And, you know, I think we all feel that the Upcountry, the Upcountry folks have been through a lot more than any other district, but I agree with Mr. Couch. I don't think that it's necessarily appropriate that we limit this only to Upcountry users because others have similar problems. But I think that as we go through this it might be helpful if Mr. Taylor could utilize the vast resources of his Department to provide us with an understanding of what, how often these kinds of issues occur in the other districts as well. Because I know part of our discussion was the item I mentioned earlier on Molokai. So I would be a little uncomfortable limiting it to just Upcountry. But it may be that we use a certain percentage to focus on Upcountry because they have, they've got a lot more of a challenge I believe than the other districts. But Mr. Taylor may be able to paint a different picture. Mr. Taylor.

CHAIR BAISA: Comments, go ahead.

MR. TAYLOR: Yes, this happens in every district, probably every week as far as applicants coming in and being told either through a subdivision process or wanting a Building Permit, or wanting increase in service for some reason that they need to do offsite improvements. It's probably the single most common reason that people are unhappy with our Department from a permitting standpoint is they're told they have to do

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things that they weren't planning on our side of the meter. Probably half of the meetings that the Deputy goes to all week, probably half his time is dedicated to nothing but this. It's the single most biggest issue that we bring Corp. Counsel in on. I don't even know if we can count them there are so many, probably even the majority of them. So I wouldn't say it's anywhere near just an Upcountry issue, it's a Countywide issue.

COUNCILMEMBER WHITE: Madam Chair, if I could ask --

CHAIR BAISA: Yes, go right ahead.

COUNCILMEMBER WHITE: --a follow-up? If we were to limit the use of these funds to family subdivisions or single, you know, single lot owners as opposed to large subdivisions, how much would that reduce the application, or the concern Countywide?

MR. TAYLOR: Are you talking about residential only?

COUNCILMEMBER WHITE: Yes.

MR. TAYLOR: At that point, it would be residential subdivisions which would limit that vast number a lot.

COUNCILMEMBER WHITE: Okay. So I think this helps us kind of --

CHAIR BAISA: Focus.

COUNCILMEMBER WHITE: --focus on what we need to do to address, well address what I see is the main problem is that I don't think we're as, at least I'm not as concerned about providing investment opportunities at this point in time as I am in allowing families to take care of their kids and to provide water for people who have a single lot that they have not been able to do anything with, so.

CHAIR BAISA: Thank you.

COUNCILMEMBER WHITE: Thank you, Chair.

CHAIR BAISA: Thank you. Chair shares your feelings. Others? Mr. Carroll?

COUNCILMEMBER CARROLL: I agree with what Mr. White just went over. I think we need to limit it at that. Because big subdivisions, they are going to go over there and take care their own and pass it on. But it's the small ones that are sitting out there, the family subdivisions and the single lots that I think we can have the most positive effect on. Thank you.

CHAIR BAISA: Because they won't have the opportunity to share that, or to move that cost on to the people who buy because they're not selling. Okay. Ms. Cochran.

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COUNCILMEMBER COCHRAN: Yeah, I just wanted to chime in that I concur and I think that's a good clarifying point that Mr. White had brought up. So just to add my support. Thank you.

CHAIR BAISA: Thank you. Mr. Couch.

COUNCILMEMBER COUCH: Thank you. You know and those comments which I tend to agree with bring up another issue of fairness because I know of families that were Upcountry and had to spend a lot of money to do their subdivision prior to the list and then prior to any of the reimbursement laws that came in and they had to eat the whole cost and it was significant. But they also said it was worth it because they were able to subdivide and, you know, distribute the land to their kids. So there are people who did the thing that, you know, the right thing by their families and spent, you know, almost six figures to get the infrastructure to their area. So what do we do for those folks who have done it the way it's done wherever before and then we came in and said okay now we're going to reimburse, and now we're going to give other people a chance for money? I have a little bit of an issue of the fairness in that, and I know we don't want people coming from 20, 30 years ago saying oh, you know, I had to spend \$300,000 then and now you're giving somebody else a chance at some cash. So I have to wrap my head around that and I'm trying to figure out, maybe I'd like to hear some comments from the Members as to how do we balance that out.

CHAIR BAISA: Thank you, Mr. Couch. Mr. White.

COUNCILMEMBER WHITE: Yeah, I certainly agree we have to be sensitive to that kind of a thing but, and I may not be correct in this but my guess is that was back in a time when as long as you were willing to put up the money you got to do what you wanted to do. We're now dealing with a whole group of people that might have been the next couple of guys in line after that family that have now had to wait for 20 years being able to do not a damn thing. And so I think for me that changes the game a bit because I think you would probably see most people, or a lot of people 20 years ago who could afford to do what they needed to do to move forward. But we said no we're out of water, we're out of, you know, we're out of infrastructure in which to provide you what you're asking for so you've got to wait, and in their wildest dreams I don't think anyone would've guessed they would have had to wait this long. So I think that changes the game because if you could've done it 20 years ago at a tenth of the cost today, you would've gone ahead just like that other family did. And so I think for me that changes the deal.

CHAIR BAISA: Thank you. Ms. Crivello.

COUNCILMEMBER CRIVELLO: Thank you, Chair. I too can support assisting the family, the families that will be building Upcountry as long as we have some sort of assurance that if it's an investment on their part instead of a provision for a family home that we get reimbursed once they decide that they're going to make a profit out of the

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subdivision or the single residence. I think that's more important for us to consider in us allowing some sort of these funds to install the infrastructure that's needed.

CHAIR BAISA: Thank you very much. Mr. Taylor, because we're going to be working towards hopefully creating some legislation in a bill, what is it that you need us to provide you with some kind of guidelines here or our feelings that we haven't talked about so that we can kind of focus because we've got like another 45 minutes here. I want to make sure we try to conclude this with some direction that you need.

MR. TAYLOR: Madam Chair, I think the questions that you put on your list are really the core questions is who qualifies, are there cost limits. Essentially enough information that when someone comes in, we're not making a subjective determination about whether or not they're worthy. They either meet these criteria or they don't and it's very clear who gets the money, how much, and under what circumstances. Corp. Counsel's going to end up probably having to write some sort of agreement with them so there needs to be enough language so they're clear, here's what the terms of the agreement are if you do X, Y, and Z, you get the money; if something happens later, you know, here's what happens. I am very unfamiliar with the idea of how somebody might pay us back in seven years, where that money would go, how that would be monitored. So I would just have some, I think there needs to be some clarity on that because my Department is very unfamiliar with how to do something like that. But I think the first thing is who do you want to qualify and under what conditions? And as long as that's clear, I think the rest of it will just be a matter of the mechanics.

CHAIR BAISA: Thank you. Members, you heard Mr. Taylor. Ms. Crivello.

COUNCILMEMBER CRIVELLO: I think too, you know, we would have to make some determination. Is it all of these fundings that is limited to Upcountry and is that an effort on our part to identify affordable homes or are we going to also recognize affordable homes as a priority and do we provide for that infrastructure also?

CHAIR BAISA: Okay, Mr. Couch, no? Ms. Cochran.

COUNCILMEMBER COCHRAN: Sorry, Chair. I just...

CHAIR BAISA: No, no, go right ahead.

COUNCILMEMBER COCHRAN: Yeah I'd like, I guess this would be the best place to go to now is just sort of work through all your bullet points and answer the questions.

CHAIR BAISA: Okay, why don't we push this up to the start again and let's see how we're doing. I think we've addressed a lot of it, not in order but we've talked about a lot of it. Okay, is the funding only for 2015 or will this be a yearly appropriation on a permanent basis? We're going to have to decide that of course if we're going to proceed and we feel that, you know, this is going to be workable. Then I would suggest that we probably want to do this on a permanent basis and, you know, put money in it every year. But until we know what we're going to do and we see that this

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is going to work, then I think that's how we're going to know the answer to that. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Madam Chair. And I do have an issue with that because as Mr. Taylor said there's going to be hundreds of millions of dollars on here.

CHAIR BAISA: That's correct.

COUNCILMEMBER COUCH: So that will take that hundreds of millions of dollars from either, if we leave it in the Water Department it's from developing source and improving our infrastructure. So I mean we have to understand what the tradeoffs are, and we've been given a 20-year plan and we have to really think at least the 20-year plan. And that 20-year plan included if we wanted to develop source, et cetera, it included an 8, I believe it was an 8 percent increase in water rates a year for 10 years, something like that. So without this 12.6 million and then maybe doing it permanently from then on we're already having to look at increasing water rates an average of 8 percent a year for 10 years. You add this on here, we may have to double that. Are we willing, is that something that this body is willing to swallow? And I'm fine if everybody is willing to swallow it. That's a significant increase. Already 8 percent a year for 10 years is a significant increase. So we really, I mean this is, that's the hot button discussion right there --

CHAIR BAISA: That's correct.

COUNCILMEMBER COUCH: --is whether we make this permanent or not. And we can discuss that for days.

CHAIR BAISA: Thank you.

COUNCILMEMBER COUCH: But I want us to really consider that. I want to get that 20-year plan done.

CHAIR BAISA: Yes.

COUNCILMEMBER COUCH: That's important.

CHAIR BAISA: Thank you. Mr. White.

COUNCILMEMBER COUCH: Then we wouldn't have the issues that...

CHAIR BAISA: Mr. White.

COUNCILMEMBER WHITE: Thank you, Madam Chair. I don't think that's an issue that we need to decide now because there's, you know, we don't know what the rate of spend is going to be. You know we've put 12.6 million in it, you know, we may be able to spend 2 or 3 of that, we may be able to spend 5 or 6 of it. But at this point I think it's

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hard to say whether we could even, you know, march through it. One of my concerns is that, you know, as Mr. Taylor said in 4 years we've gotten 70 letters out.

MR. TAYLOR: Four months I mean, I'm sorry.

COUNCILMEMBER WHITE: Pardon?

MR. TAYLOR: Four months, I think you meant.

COUNCILMEMBER WHITE: But from my recollection we have 30 meters, then we sent another 55 letters, is that, are we sending out more than the, after that 55?

MR. TAYLOR: We've sent in the neighborhood of 70-something letters at this point.

COUNCILMEMBER WHITE: From the, but how many since we've started this effort four years ago?

MR. TAYLOR: Well we started this effort back just last year. I mean no, it wasn't until the H'poko well was functional that we actually started issuing the meters. So the meter issuance on this round just started last year in 2014.

COUNCILMEMBER WHITE: Yeah, we'd...well you'd done some before that.

MR. TAYLOR: During my time of the 4 years I've been here there was about 30 we gave because we bought them back from a developer. That had nothing to do with this last round that just, we bought them back at cost from a developer who had water source credits and gave those . . .*(inaudible)* . . .

COUNCILMEMBER WHITE: I didn't know what the source was but...

MR. TAYLOR: That was it, yeah.

COUNCILMEMBER WHITE: Okay, so the most recent round is now up to 70 instead of the 55?

MR. TAYLOR: Something like that.

COUNCILMEMBER WHITE: Okay. So we've gotten through 100 out of 1,800. So, you know, we've got a lot of work to do, and I like Mr. Taylor's idea of sending maybe 200 letters out at one time and I think one of the focus needs to be extending that 30-day timeframe within which to answer to make it workable for them. So at this point we really don't know what we're going to be able to achieve and how much it's going to cost us.

CHAIR BAISA: Correct. And Ms. Willenbrink passed out during, when we came back into session a copy of the water meter issuance provisions for the Upcountry water system and this is where we would probably have to amend that 30 days so that we have

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more time if we're going to send out more letters. And the other thing that comes to mind for me with this is we talked about it a little bit earlier and that is do we want to follow the list so that we take care of the people that came in first or have been on the list the longest, or do we not follow that which was the other alternative to send out all those letters at once and see how that gunshot went. Your thoughts?

COUNCILMEMBER WHITE: Well my feeling on sending out more letters is that you're going to get more of an understanding of who's got the wherewithal. I mean once we have the framework they're going to be able to call, or when people get the letter they're going to know what is available.

CHAIR BAISA: Correct.

COUNCILMEMBER WHITE: And hopefully they'll know if we're sending out 200 letters at a time that Mr. Carroll, Ms. Cochran, and Ms. Crivello all know that the other's got the same letter and they may not be at the same place in the line.

CHAIR BAISA: Right.

COUNCILMEMBER WHITE: But they'll be advised that Mr. Carroll's likely to do it and if they want to, you know, do it together they can at least put the infrastructure. And then the question is whether they get a meter or when they get the meter.

CHAIR BAISA: Correct.

COUNCILMEMBER WHITE: My guess is that we're going to be in trouble if we give it to them ahead of other people on the list. But at least they can all do the infrastructure at the same time and in doing so have a chance at getting their meter at either a lower cost and an earlier timeframe than otherwise or both.

CHAIR BAISA: Correct. Mr. Couch.

COUNCILMEMBER COUCH: A potential solution to Mr. White's dilemma there is the other option is to have the payback legislation similar to what MECO does now. If we put that in there I think that might solve Mr. White's conundrum.

COUNCILMEMBER WHITE: Yeah.

COUNCILMEMBER COUCH: And it will also help, we haven't talked about the issue okay you issue the 200 letters, what happens to number 201, if Ms. Crivello happens to be 201? You know, but if you do the. . .

COUNCILMEMBER WHITE: I said she's 99.

COUNCILMEMBER COUCH: I know, actually she only looks about 45 so that's good. But if you do the, you know, like the electric utility does.

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CHAIR BAISA: Right.

COUNCILMEMBER COUCH: The payback thing, if we put language in there, that will solve that problem whether she's, you know, 201 or 1,800, she has the option to okay I'm going to put the infrastructure in and I get some...

CHAIR BAISA: I get my money back.

COUNCILMEMBER COUCH: And Mr. Carroll will get some of the money back or his family because by the time we get to 1,800 I think his family is going to be the one that's going to be getting the money back. So it's, that's another option that we can look at.

CHAIR BAISA: You know as we talk about this, it appears that we definitely have some legal changes that we have to make and in the law and in the ordinances. The problem is that we all know this kind of stuff takes time and we're sitting on a time sensitive appropriation here and I think we have to decide, do we want to go ahead and do this and if we do, who do we want to serve, how much do we want to give them, do we want the money back if they sell, and then we can proceed. Because I think by the time we amend the laws, we probably will run out of being able to save the appropriation. So that's what I'm afraid of and we do know, we can see that we have to amend the ordinance. There's issues here that we have to deal with. Mr. Taylor, I think you were kind of thinking along those lines also.

MR. TAYLOR: We, if that's, if you want to make those substantial changes you can do that. Otherwise you could go back to the reimbursement for mainline extension which calls out this 50 percent and 75 percent. You could drop the 50 percent from that and just say it will only be the 75 percent paybacks for family subdivisions and it will be paid out of General Fund up to, you know, X number of dollars. I mean just that would do most of what you were talking, and also say it's just for Upcountry. If you just made those changes to that law, I think you'd get 80 percent of everything that you've talked about in the last half hour. But that's, I'm just saying that's my summary of what I've heard from the body.

CHAIR BAISA: Members, is that fairly clear? Mr. White?

COUNCILMEMBER WHITE: Yeah I would like, you mentioned earlier that you want, you're not going to bring this up again until March 4th.

CHAIR BAISA: Right.

COUNCILMEMBER WHITE: But my thought was, I'm not sure we're going to have enough of a framework for anyone to discuss in the community association level. So it might be best if Mr. Taylor comes back to us at the next meeting and says here's what we can do from a utility standpoint --

CHAIR BAISA: Correct.

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COUNCILMEMBER WHITE: --for extensions. This is how MECO does it and this is how we would apply it, and in addition to that using the mainline extension as a way of offsetting some of that expense; provide a framework within which we say 75 percent or 50 percent, I don't know what the magic number is and up to \$50,000 or something of that sort.

CHAIR BAISA: Correct.

COUNCILMEMBER WHITE: I don't think we know enough about what they're facing to know what mix of numbers is going to be the most effective. But, you know, I like the fact that you guys have come up with going after the first 500 because that's, I think that's, it's a big bite and I like the idea of sending out 200 letters at a time so that people can have a better chance of partnering than we might otherwise have. So I like where we're headed. My feeling is that we don't want it to go through the Department of Housing and Human Concerns.

CHAIR BAISA: Correct. No I think this is a Water Department thing.

COUNCILMEMBER WHITE: I don't know if you addressed that already. I agree with Mr. Couch that we should at the same time be looking at what elements, where would be solved if we changed the fire flow requirements.

CHAIR BAISA: Correct.

COUNCILMEMBER WHITE: And, you know, the Fire Department's not ever going to come in here and say we want less water.

CHAIR BAISA: No.

COUNCILMEMBER WHITE: So that again results in a policy decision but we need to know what, you know, what the challenge is there. Anyway, that's a couple of my thoughts. Thank you, Chair.

CHAIR BAISA: No, thank you. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Madam Chair. You were concerned about the lapsing of these funds.

CHAIR BAISA: Right.

COUNCILMEMBER COUCH: I guess I would ask Mr. Kushi, can we set up a reimbursement fund saying okay we're going to fund this pot of money for the reimbursement as provided in 19 or 14.05.050. Can we set up the funds so that therefore it won't lapse, saying we're putting the money in here and we can withdraw from it like, kind of like we do with the Affordable Housing Fund and the Open Space Fund. Is that a possibility or are we getting in a weird financing grey area?

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CHAIR BAISA: Mr. Kushi?

MR. KUSHI: If I understand the question, are you talking about a revolving fund?

COUNCILMEMBER COUCH: Something like the Affordable Housing Fund. We set aside money every year to eventually withdraw from it for affordable housing. So could we set aside this \$12.6 million and say when Mr. Kushi comes in and asks for his 75 percent reimbursement we withdraw from that fund?

MR. KUSHI: Okay, if I understand your question and if my understanding of the Department's budget is correct, he already has funds to do the current reimbursement. You could allocate part of these funds to his budget and specify that this is for increased reimbursement. I mean what, I guess the question to Taylor is where does he get those funds now?

COUNCILMEMBER COUCH: Right.

CHAIR BAISA: Right.

MR. TAYLOR: Those funds now are in our B account and so they don't stay there. So what Mr. Couch is talking about is not pulling them from B account anymore but setting up a perpetual fund like the Emergency Fund, Open Space Fund, Affordable Housing Fund and say we pull this money out of there. So I think that was Mr. Couch's question about whether or not they could set up a fund like that for this purpose.

CHAIR BAISA: Go ahead, Mr. Kushi.

MR. KUSHI: I'm not sure. Maybe Member White and the Budget Chair better address that.

CHAIR BAISA: Member White, any thoughts? If we need to, you know, find out and bring in some financial expertise we can do that. We don't have to know right now but it's an idea.

COUNCILMEMBER WHITE: Well I think, I guess the only question in my mind is I think you can do that with restricted cash but I'm not sure that you can put bond money into that sort of a fund. I don't know what the mechanics would be for doing that. But I think it's, if we're going to set something up like that it should be set up in such a way that it could also receive the repayments from people who sell their property or repayments from others that have taken advantage of the program and are in a position to pay something back.

CHAIR BAISA: Chair totally agrees with you that we have to have a way to recoup that money.

COUNCILMEMBER WHITE: Right.

CHAIR BAISA: Mr. Taylor.

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MR. TAYLOR: Madam Chair, just a point of logistics and chronology; if we don't pass something out of Committee before Budget, I think we all realize that by the time we're after Budget, I mean even if we only have one meeting, we go first and second reading, it's not going to be implemented until fall. Between now and then, you know, if we're at close to 100 applicants, we'll be probably close to over 200 applicants. The chance then of sending out several hundred applicants, several hundred letters is going to be almost zero. We'll be past the 50 percent point and these ideas that we're talking about, about sending out mass letters, it will be too late for them because we'll be closer to the end than we were at the beginning. So I think realistically unless the body wants to do something before Budget, there's really, the money's going to lapse December 30th, December 31st.

COUNCILMEMBER WHITE: Right.

MR. TAYLOR: So if we don't do something before Budget I think it's very unlikely we're going to do much at all with this money. I just want to throw that out as a timing standpoint.

CHAIR BAISA: Well if you look at timing, you know, our next meeting of course on this issue was supposed to be on March 4. Budget will be beginning at the end of March. Approximately when Mr. White?

COUNCILMEMBER WHITE: Well we get the Budget on the 25th of March and then we generally start within the next two or three days.

CHAIR BAISA: Correct. And while we may, on the eighteenth meeting of this Committee, the agenda that we're planning will be Mr. White's, I mean Mr. Taylor's presentation as to what he's going to be doing in the Budget. So that might be an opportune time, and if it isn't, with your permission, Budget Chair, I'm more than willing to have a special Water Meeting for us to, you know, do something. I'm sure we can squeeze one in.

COUNCILMEMBER WHITE: Yeah, you know, if Mr. Taylor's feeling is that we can make a couple of tweaks --

CHAIR BAISA: Yes.

COUNCILMEMBER WHITE: --and make progress, then I think we should make those tweaks --

CHAIR BAISA: Yes.

COUNCILMEMBER WHITE: --as soon as possible and get it, you know, let the community know to come down and testify and learn more about it.

CHAIR BAISA: Correct.

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COUNCILMEMBER WHITE: But I, and, you know, I understand that the timeframe, you know, all the funds lapse on the 31st of December, but I think, you know, hearing the Committee there's certainly support for simply reauthorizing them in the next Budget.

CHAIR BAISA: Yes. Okay, thank you very much. Mr. Taylor, with your presentation you're talking about on the 18th, do you think you'll need a whole meeting?

MR. TAYLOR: I think the way those presentations with the questions go because it's really the only time we get to talk about all of our Budget items and how they interact with each other just before Budget; having done them for several years it usually takes the whole meeting.

CHAIR BAISA: Okay, no I just want to know so that we know how to plan. Yes, Mr. Kushi.

MR. KUSHI: Yeah, Madam Chair and Members, if you're thinking about a revolving fund as I understand the concept, I would imagine you could do it through a Budget amendment for this fiscal year and encumber or dump this money into, before the end of June so that the money is in there. But I would suggest that you advise and suggest you have Mr. Baz, the Budget Director involved in this and the County Auditor. Generally setting up revolving funds or special funds, you've got to be point on from the beginning. Otherwise you'll get messed up like the Planning Department.

CHAIR BAISA: Mr. Taylor.

MR. TAYLOR: And, Madam Chair, just to reiterate one more time, the bigger issue that I was trying to raise was not that the money is lapsing, but that this meter issuance phase we're in is only going to last a very limited time. There's not more and more and more source behind it. It's going to be years before there's another big meter issuance. So it seems that if the intention of the Council from what I heard today is to help the people in the Upcountry meter list, doing something quickly rather than thinking about the best thing to do later is your only choice to proceed. Because letters are going out every week and if we don't pass something until the end of the year I mean there might only be, you know, 20 people left to take advantage of that program and you'll have missed everyone between now and then. So my recommendation would be if you really, if the goal of this Committee is to help these people, then you want to do something very simple, don't do a lot of research and do what Maui Electric does and all these kinds of things. You just go back to this 10.05.050 and modify it to use this money to pay these things back with some targeted methodology, and at least that can be done very quickly and it may not be perfect but if we can get it passed in three months then it'll only be the people offered meters in the next three months that don't get an ability to deal with it and everyone after that will be able to use it. If it goes much longer than that I would hate to think that by the time something gets passed there's no letters going out anymore and we missed the opportunity. So that's my concern is this could take longer than our process.

CHAIR BAISA: Okay, Members, any more discussion in reaction to Mr. Taylor's suggestion? What the Chair would like to do, I want to thank everybody for all the participation

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today. We've had real good discussions and I think there is a meeting of the minds about what we want to do. We agree we want to do something, we want to do it in a timely manner, we want to help the Upcountry folks that are caught up in this main line situation. So I will be meeting with Mr. Taylor, we'll try to draft something up and then I will discuss with the Chair when we can schedule to act on it, if that's okay with the Committee. Any objections?

COUNCILMEMBER WHITE: No objection.

CHAIR BAISA: Okay, Ms. Willenbrink?

MS. WILLENBRINK: Uh-huh.

CHAIR BAISA: Members, again, thank you very, very much for your attention today. I'd like to thank the public and I'd like to thank Mr. Taylor and our Corp. Counsel and my Staff for all the good work that we've been doing, and without anything further on the agenda, the Chair is going to defer this matter, with no objections.

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: EC, SC, and MPV)

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR BAISA: The meeting is adjourned. . . .(gavel). . .

ADJOURN: 11:37 a.m.

APPROVED:



GLADYS C. BAISA, CHAIR
Water Resources Committee

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Transcribed by: Marie Tesoro

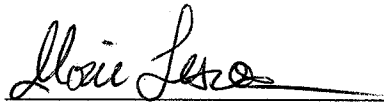
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CERTIFICATE

I, Marie Tesoro, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 27th of February 2015, in Wailuku, Hawaii

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

Marie Tesoro