

BOARD OF WATER SUPPLY
COUNTY OF MAUI

REGULAR MEETING
MINUTES OF NOVEMBER 17, 2016

The regular meeting of the Maui County Board of Water Supply was held at the Department of Planning Conference Room, 250 South High Street, Wailuku, Maui, on Thursday, November 17, 2016.

CALL TO ORDER

The meeting was called to order by Chair Lyons at 9:00 a.m.

ATTENDANCE

Members present: Anders Lyons, Chair
Robert Joslin, Vice Chair
R. Raymond Cabebe
Shay Chan Hodges
Cyrus Kodani
Zoltan Milaskey
Thomas Watanabe

Staff present: Dave Taylor, Director
Jennifer Oana, Deputy Corporation Counsel
Gaye Hayashida, Commission Support Clerk

APPROVAL OF MINUTES

Minutes of October 20, 2016

Chair Lyons asked for a motion to approve the minutes of October 20, 2016.

Motion: Vice Chair Joslin moved to approve the minutes of October 20, 2016

Second: Member Kodani

Discussion: None

Vote: Unanimous. Motion carried. The minutes of October 20, 2016 were approved as submitted.

PUBLIC TESTIMONY

There was no public testimony.

At this time, Chair Lyons skipped to Other Business and noted that it should be item A not B as shown on the agenda.

OTHER BUSINESS

Review and approval of draft letter supporting emergency funding for West Maui Mountains Watershed Partnership

Chris Brosius, Program Manager of the West Maui Mountains Watershed Partnership drafted a letter for the Board to send to the mayor and the Maui County Council supporting the partnership. Draft letter attached to these minutes.

Motion: Vice Chair Joslin moved to approve the letter as drafted.

Second: Member Cabebe

Discussion: Chair Lyons wanted stronger language and asked for suggestions to replace the word “recommends” in the first sentence of the last paragraph.

Member Milaskey proposed using the word “urges” instead of recommends.

The chair also asked for the board’s approval to work with staff for additional “wordsmithing”

Motion: Vice Chair Joslin moved to amend his motion to change the word “recommends” to “urges in the last paragraph as well as to authorize the chair to work with staff to work out the additional wordsmithing in the letter.

Second: Member Kodani

Vote: Unanimous. Motion passes to amend the motion.

Vote: Unanimous. Motion passes to approve the letter.

UNFINISHED BUSINESS

Report by Water Resources and Planning Division Staff on other counties’ water rates and usage

Member Kodani was surprised that Marin County's rates are much higher than Maui County's rates.

Member Chan Hodges thinks the basic model (rate structure) is flawed because to fund the water department you have to have people use a lot of water. On the other hand, conservation is an important issue and if we encourage people to conserve then we don't have enough to fund the department. She asked if we can look at a different economic model.

Director Taylor said he disagreed with her premise that our model is flawed. He explained that our model used to be flawed but it is much less flawed now. Since the department is self-funded, revenue has to match expenditures and the rate structure has to allow for that.

In 2011, the rate structure was such that the fixed portion was very small and the variable portion was huge, meaning that if you went on vacation for a month you paid almost nothing. If everyone in Maui County went on vacation for a month the department's fixed revenue would not cover the fixed costs for the month. That was flawed. And we needed high volume of water to pay our bills. How can we have conservation when we need the water volume? So the department raised the fixed revenue while lowering the variable portion and they are continuing to move in that direction, having a little more fixed revenue closer to the fixed costs and a little less variable revenue which meets the model Member Chan Hodges was talking about. In addition to that, the tiers were modified so that the first tier, which is essentially the lifeline rate, is now below the cost to produce. The middle tiers are at cost and the fourth tier is the penalty tier. This is for the person that really puts a lot of demand on our infrastructure by paying more than the cost to serve water which subsidizes everyone else.

This model has a significant portion of fixed costs that everyone has to pay to cover the department's fixed bills. The first tier of variables doesn't even break even on the costs, and then the revenues are made up from the high water users. This model encourages conservation but is fair in that it guarantees that enough money comes in to fund the fixed costs. It is still not balanced in that the department is still not collecting enough fixed revenue to cover the actual fixed costs.

Member Chan Hodges suggested that the department could use technology to monitor usage instantly as MECO has done.

The director explained that there are utilities that have smart meters which have instantaneous feedback on usage. But the reality is the county does not have it on their planning horizon. So the department is trying to get the message out that if you want to save money, then save water because water is money.

Vice Chair Joslin added that the system hurts the larger family because the department cannot audit how many people live in the same house. Marin County does not apply to us on Maui because it has totally different demographics and climatology.

The director stated that the department has no way to measure what is happening in the house and the consumer's lifestyle. The only data the department will ever have is what the total usage is each month. He added that his advice to the council is to stick with the progressive rate model, modify it on a macro level without finding out too much on what's happening on the consumer's side of the meter. He added that all utility billings are flawed because no one has figured out what fair means. The whole water industry struggles with this.

Member Watanabe said that regarding fairness we look at the needy and poor but everyone on the upper level will always try to figure out how to get to the lower rates. Ninety-nine percent of the people living near him in Kula all found a way to get ag water rates and he is one of only 3 bonafide farmers in that area.

Director Taylor stated that he has a plan to address that. The new billing system now has the ability to have 2 meters on one property with one being a subtraction meter. The director wants to change the agricultural water ordinance to require applicants for ag water rates to install a sub meter at their expense for ag water usage. All water for the home and lawn will come off the primary meter. If we can shift to that ag water rates could be charged just for ag usage on the same property. Non-ag uses will be charged at regular rates. There would be massive penalties for those caught cheating. This plan has not been written yet and is only an idea for now.

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

1. Water conservation
2. Seasonal water rates
3. Review ag water rates

DIVISION REPORTS

September Division Operational Reports

Director Taylor reported it is business as usual for operations but busier than normal. He added that the main pipe at 'Iao Tunnel has been replaced and the department is currently working on the budget for FY2018.

ADJOURNMENT

There being no further business the regular meeting was adjourned at 10:19 a.m.

Board of Water Supply
Minutes of November 17, 2016

Prepared by:

Gaye Hayashida
Commission Support Clerk

Approved for distribution:

David Taylor
Director

Draft Letter

11/14/2017

Honorable Mayor Alan Arakawa
Honorable Members of the Maui County Council
Maui County
200 S, High St.
Kalana O Maui Bldg, 6th fl.
Wailuku, HI. 96793

Honorable Mayor and Council Members,

By this letter, the Maui County Board of Water Supply wishes to reaffirm its support for the efforts of the West Maui Mountains Watershed Partnership (WMMWP) to protect watershed and water resources critical to the residential, agricultural and commercial needs of Maui County. We have been made aware through detailed testimony given by Mr. Chris Brosius, Program Manager of WMMWP, that extensive damage to critical watershed protection fencing occurred during the rain storm of September 13th and 14th of 2016.

Based upon his report, repair costs are estimated at \$265,000.00 and would repair 30 segments of fence located across source water recharge areas in the West Maui Mountains. Repairs are required in areas where both intermittent and perennial streams swelled several if not 10 to 15 feet. Accounts and photos described where storm waters jumped banks, eroded flood plains, pushed debris and rerouted streams to damage fences. Extensive sections of 8 foot tall game fence and stream crossings were washed away or flattened. These locations are the most challenging to build and require highly trained staff in the use of rappelling and helicopters to position materials and staff in remote locations.

Should financial support not be given to assist in these repairs, animals may repopulate the watershed and undue the good work of the partnership and reverse years of progress made in part through the thoughtful investment of grants by Maui County. Indeed, management costs may compound if not addressed early to prevent repopulation and subsequent denuding and degradation of the watershed.

Therefore, the Maui County Board of Water Supply recommends that the County and the Department of Water Supply continue to work with WMMWP to acquire or provide the necessary funds to make the repairs necessary to safeguard our watersheds and their water resources. While damage by the storm to water supply infrastructure, homes and families has been well covered by the response efforts, we would like to make sure that the repairs to our watersheds are also considered critical.

Mahalo nui loa,