

WATER RESOURCES COMMITTEE
Council of the County of Maui

M I N U T E S

Council Chamber

August 30, 2018

CONVENE: 2:05 p.m.

PRESENT: VOTING MEMBERS:
Councilmember Alika Atay, Chair
Councilmember Elle Cochran, Vice-Chair
Councilmember Stacy Crivello
Councilmember Kelly T. King

EXCUSED: Councilmember Robert Carroll
Councilmember Yuki Lei K. Sugimura
Councilmember Mike White

STAFF: James Krueger, Legislative Analyst
Stacey Vinoray, 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.: Gladys Baisa, Director, Department of Water Supply
Wendy Taomoto, Engineering Program Manager, Department of Water Supply
Jennifer Oana, Deputy Corporation Counsel, Department of the Corporation Counsel
Jase K. Miyabuchi, Civil Engineer VI, Department of Water Supply

OTHERS: Annette Niles
Sherman Deponte
Lawrence Carnicelli, Government Affairs Director, REALTORS® Association of Maui
Zandra Amaral Crouse

PRESS: *Akaku Maui Community Television, Inc.*

CHAIR ATAY: . . . (*gavel*) . . . Aloha. Right now it's five minutes after the hour of two o'clock. Well over 30-plus minutes after our regularly scheduled meeting. What we decided is

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that we do not have quorum so we will be cancelling this Water Resources Committee at this time --

VICE-CHAIR COCHRAN: Wait, wait...

CHAIR ATAY: -and we will re-agenda --

VICE-CHAIR COCHRAN: Wait, wait.

CHAIR ATAY: --oh, okay.

(Note: Councilmember Crivello enters the Chambers. Councilmembers laughing in the background.)

CHAIR ATAY: Aloha, people. We're gonna quick recess, and we do have a Member that now we can have quorum. Recess right there. . . . *(gavel)* . . .

RECESS: 2:05 p.m.

RECONVENE: 2:05 p.m.

CHAIR ATAY: . . . *(gavel)* . . . Okay. Thank you. It is now...today, Thursday, August 30, 2018. It's five minutes after the hour of two o'clock. This is the Water Resources Committee. I'd like to ask the Chamber to come to order and ask for decorum. And ask that anyone having any noisemaking devices please silence them, especially your cell phones. Moving forward, we want to have this meeting move forward, we do have in attendance our voting Members of this Committee, myself, Alika Atay. We have Elle Cochran, Vice-Chair.

VICE-CHAIR COCHRAN: Aloha, Chair.

CHAIR ATAY: Excused on the Committee we have Robert Carroll excused, Mike White excused, Yuki Lei Sugimura excused. Also in attendance this afternoon we have Kelly King.

COUNCILMEMBER KING: Aloha, Chair.

CHAIR ATAY: Aloha. And Member Stacy Crivello.

COUNCILMEMBER CRIVELLO: Aloha, Chair. E kala mai, for being late.

CHAIR ATAY: Yeah, no problem. And with that we do have bare quorum and the bare quorum...and, Members, if you do need to take a break please indicate so and then we'll go into recess. Moving forward, from the Administration I want to recognize Director of Water Supply, Gladys Baisa.

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MS. BAISA: Good afternoon, Chair and Members.

CHAIR ATAY: We have Engineering Program Manager, Department of Water Supply, Wendy Taomoto.

MS. TAOMOTO: Good morning, Chair and Members.

CHAIR ATAY: And other staff members from Water Department.

MR. MIYABUCHI: Good afternoon, Chair and Members. Jase Miyabuchi.

CHAIR ATAY: Representing Corporation Counsel, Jennifer Oana.

MS. OANA: Good afternoon, Chair.

CHAIR ATAY: Committee Staff, I want to recognize Stacey Vinoray; James Krueger, Legislative Analyst; out in Hana, Dawn Lono; Lanai, Denise Fernandez; Molokai, Ella Alcon. And I'd also like to thank my Legislative and policy staff, Trinette Furtado and Brian Bardellini. This afternoon, we have one item on today's agenda. That's standing with WR-11, Reimbursement for Subdivision Water Main Extension.

. . . BEGIN PUBLIC TESTIMONY . . .

CHAIR ATAY: At this time, I'd like to take...begin by taking public testimony. Staff, do you want to read out who's here?

MR. KRUEGER: Good afternoon, Chair. We have three people signed up in the Chambers to testify. The first person signed up to testify is Annette Niles testifying on agenda item WR-11, to be followed by Sherman Deponte.

CHAIR ATAY: Thank you. In the form of public testimony, I do want to remind everyone that testimony is limited to the item that's listed on the agenda today. And pursuant to the Rules of the Council, each testifier will be allowed to testify for up to three minutes per item. And when testifying, please state your name and any organization you may be representing. Thank you for being here.

MS. NILES: Good afternoon, Chair and Council. My name is Annette Niles. I'm a farmer, I'm a rancher, and I do added-value products. I'm here testifying on behalf of this water extension of the price of the, you know, for what the County wants to change it to. When a couple of years ago it was said that the County would put in 75 percent and the person would put of their subdivision 25 percent, right? And now they want to just put it \$100,000 that the County pay and forget about the people, the rest of the sub. So, I'm here on, you know, helping other, you know, families that trying to get where they need to be and I don't think it's fair. You talk about sustain...you want it...you guys want housing, how is this going to happen when our local people cannot get nowhere? They cannot get nowhere, not with this. Go back 20 years ago on the

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water meter list, you signed up for the water meter 20 years ago, when you signed up it was 6 inches, okay. Whose fault is it now? It shouldn't be the person's fault, it should be the County of Maui that wanted six-inch pipelines in the...do infrastructure. All of that was put in by many, many, many people that spent a whole lot of money putting this in, and now in this era trying to make them put \$1.5 million into infrastructure to bring it up to eight. Now, whose fault is it? It's not the people, it's the County's fault. Now, they shouldn't have done anything then for that matter, you know, but to me, you know, you already did the infrastructure, now you want me to upgrade it? I think that's absolutely absurd of this County when we're trying. All you hear about is housing, housing, we want to help housing. This is not helping housing. 'Cause plenty of these people would get their families with these meters and we would have people not renting homes, they would have their own homes from their own families that we were lucky that our parents gave us. You know years of having...they had all this land given to the family and what we can do with it? Nothing but sit and wait for a water meter. And on top of that the price of the water meter went from 6...3...6 and now God knows I think it's past 15 right now, I don't even know where it's at right now. But I think this is so crazy. Come on now, we need to help our people. And that's all I've got to say. Thank you.

CHAIR ATAY: Thank you. Members, any questions of clarification? Thank you.

MR. KRUEGER: Chair, the next person signed up to testify in the Chambers is Sherman Deponte testifying on agenda item WR-11, to be followed by Lawrence Carnicelli.

MR. DEPONTE: Good afternoon. I'm Sherman Dudley Deponte, Akamai Land Surveying and over here today as Sherman Dudley Deponte. I am wearing that same red shirt, 124 years now we're still praying and hoping for more water up in the Upcountry area to have that solution, you know, to having water service. I've been doing...I've been in the surveying business for 43 years, and I, you know, when you say you've seen it all, seeing this come before you, before this Committee, I'm saying I haven't seen it all. But this, we just had it passed, that 75 percent was going to be paid by the County, 25 percent would go to the, you know, to the person that, the family subdivision to help out family, the ohana over here, keiki o ka aina. I don't see it as a big help, I see it as a hindrance, and watching the Department, you know, I'm glad that Gladys got in there and get in it, but there's an organization in there that's not providing for us the people. It's unorganized. We have a 24-inch line right above our house that's gravity flow all the way from Waikamoi sitting, supposed to be for the farmers, supposed to be for the people. Help the people. We can use it, it's gravity flow, no pumping. Let's put a, you know, treatment plant right there on the highest point, all Kula would be solved as far as water problems. Now, why not? Well, again, I'm seeing poor management. Again, hats off to Gladys for trying, getting in there, and try to do her best to get us something. But we cannot, our hands are tied. I cannot mention my case as far as stuff, we're still going through it. We had money by the Council now appropriated for certain sections of the pipeline, okay. They can take that money and put 'em someplace else. Say oh we're in litigation, I'm not in litigation, I'm in for a variance. I am going to do something else to provide fire protection. The fire protection was set way too high for this County. How they got the fire...we had a big fire in Lahaina but

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that fire is also because our fire breaks. Where's the fire breaks? It's not in place, it's supposed to be in place. How come certain people have the fire breaks? Okay. So, as far as this water and you're asking for more money, we got funding, millions of dollars for that 24-inch line above Kula to be put in for the farmers, for the Upcountry people. Where is our service from that line? We can use 'em for fire protection, we can use 'em for anything but they're using it for nothing, nothing. It goes all the way to Waipoli Road from Waikamoi, 385 feet difference in...change, that's what we're looking at. So, Councilmembers, please throw this bill out, let's try something else.

CHAIR ATAY: Thank you. Members, you got any questions for clarification? Member Cochran?

VICE-CHAIR COCHRAN: Thank you. Thank you, Mr. Deponte, for being here. And that waterline you mentioned, that, is that the Kula agricultural waterline you're --

MR. DEPONTE: Yes.

VICE-CHAIR COCHRAN: --referring to? Okay, I was just wanting clarification. Thank you.

MR. DEPONTE: We had Federal funds brought in for that, Federal...State funds. I think it was Yamashita that brought that in, Kyle, and helped us bring that line in. Now, the County, the Water Department could really focus on that and use that water, use that line, use Mr. Yamashita to get us funds instead of trying to come to the poor people of Maui and say we're only going to pay 100,000 when a lot of these improvements is not 100,000, it's millions we're talking about. And you only going get 100,000 back even for a family subdivision? It's hard, Alika. Real hard, Chairman.

CHAIR ATAY: Member Cochran --

VICE-CHAIR COCHRAN: Thank you.

MR. DEPONTE: And...thank you.

CHAIR ATAY: --any further question?

VICE-CHAIR COCHRAN: Thank you, Mr. Deponte. Thank you.

CHAIR ATAY: Mr. Deponte, you mentioned the Kula agricultural line. What year was that line completed?

MR. DEPONTE: They worked on it on several phases. I think it started in early like 2000, something like that, and it's still about three-four years back, if I'm not mistaken. I...you know it's got...I have it in my office 'cause I laid out the line for them that's how I know it was there. It was beautiful. I mean they drilled under the rivers, under our streams. They took a drill and made an ellipse right over...from one side to the other. I lined it up and they came up on the other side right there.

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CHAIR ATAY: So, I'm just trying to get --

MR. DEPONTE: Cost...

CHAIR ATAY: --clarification then. So, at least this line that you're talking about, this 24-inch line has been readily available to be used for at least ten years?

MR. DEPONTE: That's about it, pretty close. At least up in my section and even Kimo Drive 'cause it passed Kimo Drive and it comes right over above my house and then it goes over to Waipoli Road. We just...TJ Gomes was involved in one of the...well, couple of the sections that they put in.

CHAIR ATAY: Okay.

MR. DEPONTE: Kiewit, we had Rojac, we had all of these different contractors that was involved in it, and I was involved in lining that pipe up, making sure it's in the easements, basically for their drilling and everything. But what hurt me on the whole thing is all this money we spent for that line, you know, and I'm saying we because we as taxpayers of this government which is Hawaii, Maui, whatever, it's our government. And it can service Hawaiian Homes, it can service our area, 'cause we have 12-inch lines going in there and the 12-inch line is servicing our farmers and domestic. Why not bring in one 24-inch...why not tap into the 24-inch? Give...just use 12 inches of the 24 inch, because, let's see, 12 whole inches of water will just about feed your, the Hawaiian Homes and farmers. No treatment, some of them can be no treat...I mean the vegetables don't ask for treatment as far as water treatment.

CHAIR ATAY: Okay. Thank you for your testimony and thank you for helping me get some --

VICE-CHAIR COCHRAN: Chair?

CHAIR ATAY: --clarification

VICE-CHAIR COCHRAN: Sorry. Chair? Another...sorry, Mr. Deponte, if you can clarify, this pipe...so I'm hearing like you're feeling it's ready to use. It's existing, built-out, and if we the County, I don't know, could do something, little things we could have it going? I know it was probably State and Federally funded and created. I can ask maybe Department later but...

MR. DEPONTE: I think we should...and as far as working together with the State with Legislator...or what...Yamashita, Kyle, and seeing what we can do with that line. And as far as bringing it up, you know, if we need to bring it up to par, if we need to drain it, if we need to make it right. As far as where it goes, it goes to a dead-end. I do know it's gravity flow. Like I said it's 385 feet higher up at Waikamoi than it is at my place. That's...I measured it with GPS and went out there and I do that for a living. And I did also go up to Waikamoi and do 3-D on the dams, on their reservoirs to see capacity and also check on these things. It's just not...I'm not just blowing air here, we got a line, let's use the line. If we cannot use the line, bring it before Council and

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at least let you guys know. I think you guys just finding out there's a 24-inch line today, agricultural line and you're finding out oh, it's just sitting there. It's not fair for the people. We've been in the shade and also the management of that Department. And again I gotta, you know, it's...I've had my run-ins.

VICE-CHAIR COCHRAN: Okay.

MR. DEPONTE: And it's 43 years of it.

VICE-CHAIR COCHRAN: Okay. And thank you. Thank you so much. I'll get more details, clarifications too from Department. Thank you for your time.

MR. DEPONTE: Yeah.

CHAIR ATAY: Okay, thank you.

MR. KRUEGER: Mr. Chair, the next person signed up to testify in the Chambers is Lawrence Carnicelli testifying on agenda item WR-11, to be followed by Zandra Amaral Crouse.

MR. CARNICELLI: Good afternoon, Chair, Members. Thank you for being here. Lawrence Carnicelli speaking on behalf of the REALTORS® Association of Maui on WR-11. And we're not testifying in favor, in support or against this measure but just offering some comments. And here it is again, infrastructure and housing, right? This is what we're talking about again. I understand the intent, at least I think I understand the intent. The Water Department has its own budget, right, they're not...they don't...you know, they're not part of the General Fund. So, there's this impending doom of this thing that could happen that would cost the County or cost the Water Department enough to sink 'em. So, we need to put a cap, I get it, right? So, the question is where can we put that umbrella to protect the Department but not affect what, you know, the previous testifiers are talking about? Can we put an umbrella to we're saying okay...and I don't know where we got \$100,000, right? So, is hopefully in the presentation we'll get some empirical data, how many of these things have we funded since the great recession. What did each one of 'em cost. You know is \$100,000 realistic or not? You know it's like I think those are some of the questions that need to be ferreted out before we pass this is to say like okay, let's get the empirical data to say this is going to do what we think it's going to do without the unintended consequence that we don't want it to do. You know 'cause we don't want it to affect housing, right? We don't want it to affect, you know, affordable housing; although, it does take affordable house out, right? It says okay we're going to...no cap on affordable housing or I guess, I'm sorry, workforce housing. And so like, you know, that's part of it. So, really all it is saying, you know, are we chasing a red herring that's then going to kill the golden goose? You know we don't want to do that. And if it's not then let's go. So, thank you, Chair, Members.

CHAIR ATAY: Members, any questions? Thank you.

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MR. KRUEGER: Mr. Chair, the last person signed up to testify in the Chambers is Zandra Amaral Crouse testifying on agenda item WR-11.

MS. CROUSE: Good afternoon, Council [sic] Chair Atay and Councilmembers. Thank you for being here. And I'm sorry for those that did not show up. My name is Zandra Amaral Crouse and I stand before you in opposition of this. I can understand the intent as Lawrence had stipulated that there is a cost factor and like any business you need to sustain yourself; however, what I hear from both Annette, Sherman, and Lawrence, not at the expense of our citizens. I have family that's been on this island for over 100 years, some of them paid by land because the Hawaiians had no money to pay them, hence some became ranchers, some became farmers. I grew up on a farm in Paukukalo. Water is an element that belongs to the people. And what I hear from the community Upcountry and from these people here is the fear of losing the opportunity to put their children in homes. I myself am grateful my mom and dad left me some land in Paukukalo where someday I can build a little house for my grandsons or great grandsons. Right now I have family, Rose Freitas, their family, the Freitases has been up there forever. Land rich, money poor, and this County is...and State is doing everything in their power to make it possible for an investor from outside to come in, hire the best lawyers and chase these people off their lands. What we need to look at is litigation and procedures and policies but keep our people on the island which means we cannot be taxing them out of Maui, making this land available to people from outside our County and outside of our State available to buy into this land. I love investors, I am a real estate broker. My firm deals predominantly with first-time homebuyers. I listen to the story daily. My young men and women in this community are begging for homes. Putting legislation like this, Council...Committee Chair Atay, Members, is telling them that you do not care about them. I agree with Lawrence, Annette, and Sherman, this needs to be vetted a lot more, not at the expense of our people. They have been on the waiting list for water especially Upcountry far too long. Let us gather, pull together, unite with our people. Make them first. And I know that...Committee Chair Atay, I thank you for your time and, Councilmembers, but I humbly ask in closing make it about our people, not about money, 'cause someone will come in and they'll be able to afford to take it away from them. Thank you. Mahalo.

CHAIR ATAY: Thank you for your testimony. Members, any further clarifications and questions? Thank you.

MR. KRUEGER: Mr. Chair, there's no one else signed up in the Chambers to testify.

CHAIR ATAY: Okay. No one else in the Chambers, right now at this time I'll check in with the District Offices. Hana Office, Dawn Lono, do you have anyone wishing to testify?

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

CHAIR ATAY: Thank you. Lanai Office, Denise Fernandez, do you have anyone wishing to testify?

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

CHAIR ATAY: Thank you. Molokai Office, Ella Alcon, do you have anyone wishing to testify?

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

CHAIR ATAY: Thank you. Last call for any testimony, Staff. Aole, okay. Seeing that there is no one else wishing to testify, if there are no objections, I will close public testimony.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR ATAY: Thank you.

. . . END OF PUBLIC TESTIMONY . . .

WR-11 REIMBURSEMENT FOR SUBDIVISION WATER MAIN EXTENSION (CC 17-242)

CHAIR ATAY: Members, agenda item WR-11 focuses on the reimbursement for subdivision water main extension. The...transmitted herewith is a draft bill entitled A Bill for an Ordinance Amending Section 14.05.050, Maui County Code, Relating to Reimbursement for Subdivision Water Main Extension. Members, the...this item deals with the reimbursements for subdivision water main extensions. Currently, the Maui County Code does not set dollar limits; therefore, a single reimbursement claim could have fiscal implications for the County. This matter was briefly discussed during our Fiscal Year 2019 Budget deliberations and when \$500,000 was appropriated to the Department for refunds for main line expenses. Now, we distributed the Department's schedule of estimated payments in Fiscal Year 2019, at the Committee's May 16, 2018 meeting. And this is filed as well in Granicus as the correspondence from the Committee Chair dated May 16, 2018. The Department also provided a list of reimbursements it has made since Fiscal Year 2009. This also is in Granicus as the correspondence from Water Supply, dated back August 6, 2018. The Committee last met on this item on July 18. At the meeting the Department of Water Supply provided the Committee with a revised proposed bill. The Department made more revisions based on the Committee's discussion and transmitted a further revised proposed bill to us for our review today. The original bill transmitted to the Committee set a maximum reimbursement of 35,000 for extensions for family subdivisions, and 25,000 for extensions for all other subdivisions. The revised bill the Committee is considering today proposes a maximum of \$100,000 on all water main extension reimbursements except for subdivisions consisting of 100 percent affordable housing. In the latter case, the subdivider would be reimbursed 50 percent of the cost of the water main extension with no maximum. At this time I'd like to ask the Director Baisa if you have any open comments?

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MS. BAISA: Yes, thank you very much, Chair. And I would like to thank the testifiers for coming. It's really important that we hear from the people that...you know when we propose things it's really important that we hear from the community and the impact that it'll have on them. It doesn't take a whole lot of testifying to convince me. I think all of you know that I have lived Upcountry all my life. My ancestors have been there for as Ms. Amaral said 140 years we're celebrating next month which I think is, you know, really tells you where our heart is and tells you where my heart is. However, I am responsible for running a department and as was stated I have to make sure that this Department is run fiscally okay also, 'cause if we go broke we're not going to be able to help anybody. I came to the Department into management and inherited a proposal that you were referring to earlier with the 25 and \$35,000, and also with the fact that annually the budget that we get to make these reimbursements holds pretty firm at half a million dollars. And from what we've heard we know that if we were to reimburse 75 percent of half a million dollars we're in big trouble because we don't have the budget. So, we're caught...you know we're behind the rock and a hard place to speak and so this proposal originally came in and said well 25 and 35, 25 for outsiders and 75 for family. And we are suggesting a, you know, upping that to 100,000. And of course wanting to hear from the community and wanting to hear the Council's feelings about it. And we discussed this bill several times already and in the process you know that we took out the references to family, because we were kind of concerned that people would use the family, they call it family and as soon as they get it then they sell it. And we've all seen this. We all know what's happening in the real estate market. Ms. Crouse mentioned it very, you know, she's the realtor, she sees, they buy and sell, buy and sell, and so they find creative ways to get around the laws because they have the good lawyers and accountants. And then they're flipping these houses. So, we didn't feel that we wanted to help people do that so there is a provision in here about the fact that you have to, you know, this has to be...there's two things. Anybody can get the 100,000 but if you are following the guidelines of the legislation that we have in place for building affordable homes then you might be qualified for a bigger reimbursement. And of course we have to watch that definition of what is affordable. And I know the Chair has some very strong feelings about how that should work, and he also is concerned about making sure that people don't move here who earn low incomes in other states, move here because they are...their income is lower and they bring their tax return and they say well I qualify because I earn less. A person living in Hawaii would probably earn more only because our State is...we pay more and we spend more, everything's more. Hawaii's more about more. So, we want to make sure that what we would do would not affect our people. We don't want to affect our people negatively. Believe me, I totally understand what is going on here. I'm on that water meter list. I have children, I have property that I cannot divide so my kids can have affordable homes. So, you know, when I listen to the community I have that in me already. And I'm listening very carefully because I'm not talking about somebody else, I'm talking about us, our people who live here and the people we're concerned about. So, I'm very open to listening to what you guys are suggesting or talking about. I want good feedback from you and certainly good feedback from the Council. And if this bill is...can be amended, okay. If it's your decision that you want to leave it the way it is then we can but understand that we have budgetary limits. So, we also have to take that into consideration. And as we discuss it I want everybody to

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remember that, that we don't have unlimited dollars to give back. So, I'm going to ask Ms. Taomoto, she's been working very carefully with Corp. Counsel on the...making sure that the bill is...the T's are crossed and the I's are dotted. And so Ms. Taomoto can help explain more. She also has the history, Chair, she has been with the Department through all of this and put together the sheet that showed all of the payments that we have made. I know it was brought up that we'd like some historical reference, it's all here in the paper that we submitted. So, if Ms. Taomoto could take over.

CHAIR ATAY: Thank you, Director. Before I let Ms. Taomoto comment, I do have the documentation that was sent down by the Mayor, on August 6, 2018, and the total of the reimbursements, I guess the agreements totaling something like 612 hundred...927 thousand are all in various stages of reimbursement that shouldn't be affected if they're already grandfathered. Ms. Taomoto, you want to add more comments?

COUNCILMEMBER KING: Chair, could I just ask a question?

CHAIR ATAY: Member King, yes.

COUNCILMEMBER KING: So, the document that I'm looking at, I think the one that's dated August 6, 2018. It's got a column that says total reimbursement, then annual reimbursement, and number of payments. Is that the one you're referring to? Because I don't see a 600,000 . . . *(inaudible)* . . . but I do see a total reimbursement for the entire period from 2009 to 2018 of 1.2 million plus.

MS. BAISA: Yeah.

COUNCILMEMBER KING: Is that the document we're talking about?

MS. BAISA: She's got it.

CHAIR ATAY: I think that's the same document. I guess Staff totaled it up, all those columns, all those figures.

COUNCILMEMBER KING: Yeah, I just didn't see that figure you were talking about --

CHAIR ATAY: Yeah.

COUNCILMEMBER KING: --of 600,000. It says 1.214 million...

MS. BAISA: That's what I see too.

COUNCILMEMBER KING: Okay.

MS. BAISA: I'm on the same page as you.

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COUNCILMEMBER KING: Okay.

CHAIR ATAY: Yeah.

COUNCILMEMBER KING: Thank you.

CHAIR ATAY: Okay.

MS. BAISA: Go ahead, Wendy.

MS. TAOMOTO: Chair, at this...would you like me to go over the changes since the July 18th meeting?

CHAIR ATAY: Well, before we get there, I kind of want to have history of explanation of how we got here.

MS. TAOMOTO: Oh, from the very beginning?

CHAIR ATAY: Yeah, yeah.

MS. TAOMOTO: Okay. So, the first proposed bill was transmitted by Director...former Director Taylor, June 2017. And as you had stated, that initial proposed bill had a 25,000 and 35,000 limit for regular subdivision and family subdivision. Since Director Baisa has been in charge of our Department, we've met with Councilmember Atay and has come to this Committee multiple times and heard some of the priorities of the County including the Mayor, and we addressed that in getting rid of the family subdivision reference, removing the two numbers. And looking back at...which is why you're...she's...Member King is referring to the August 6th letter, looking back at the history of our payments and coming up with a number that we were comfortable with. And when I say we I mean Director Baisa, Chair Atay, and myself, and our fiscal division that we can support that being from 25,000 up to now increasing the reimbursement for 200,000. Additionally, recognizing the priority of this County and the State for affordable housing, we put it...put in a clause provided however that if a project comes in as an affordable housing project, the reimbursement under the original language would remain basically intact where if you're 100 percent affordable you would get that unlimited reimbursement for up to 50 percent of the cost of the project...portion of the project that qualifies. So, based on our previous meetings we didn't see any concern with the proposed changes. There were other clarifications we made in the bill because as we've been implementing the original bill as is, the current legislation as is, we see little clarifications that need to be made over time and we've just addressed it as housekeeping in the bill. And so is there anything else that you would like me to go back or clarify in the history of it before I got into the changes?

CHAIR ATAY: Let's take a pause there and I would like to turn things to Ms. Oana from Corporation Counsel, if you had anything to add to, you know, the history of this legislation and where we're at.

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MS. OANA: No, I don't have anything else to add with regard to the history. Director Baisa and Ms. Taomoto explained it pretty well. But I am here as well to explain to the Committee the changes that were made since the August 14th communication to this Committee.

CHAIR ATAY: Okay. So can I...

MS. OANA: And those were based on the prior comments from the June...July 28...July 18th meeting.

CHAIR ATAY: Ms. Oana, can I get a clarification of the current ordinance. For the members who testified I want to be clear, on the flipside of my understanding is that there could be a landowner who chooses to build a house somewhere in the kuaiwis and put their waterline where their waterline expense would be something like a million or 2 million. And the current ordinance requires the Department to pay how much? Let's say it cost a million.

MS. OANA: So, the current Code as it is now, is if it's not a family subdivision it's 50 percent and if it's a family subdivision it's 75 percent of the cost.

CHAIR ATAY: So, say they built it and it's far away from the current and the expense of putting it in is a million dollars, the cost to the Department will vary between 500,000 or 750,000?

MS. OANA: Yes.

CHAIR ATAY: And so with that, when I was given that scenario which I'm pretty sure on Maui we get some people that have that ability to create that scenario, you know, I said okay, is that fair to our people? Yeah. And so with that there...our line of thinking was shouldn't there be a cap to protect our people? And so with that, that's how we got...part of the legislation got that direction. And now I can let Ms. Taomoto bring you where we're at.

COUNCILMEMBER KING: Chair?

CHAIR ATAY: Yes, Member King?

COUNCILMEMBER KING: As a personal privilege, before we go into that, because we've had this, these documents in front of us before, we had a meeting about this so we're repeating a lot of that discussion. I know you weren't here and Vice-Chair Cochran chaired that meeting. But the document that I think Mr. Carnicelli was referring to, you know, the information that he was referring to is history of the reimbursements since 2009. And so but when you look at this like with fresh eyes without having been part of that discussion, it's a little confusing because there's a first column that says total reimbursement and there are three different lines in 2009. The second line says annual reimbursement and the number of payments. So, if you could go over that and talk about whether...are these different entities, these five payments went to

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different entities or is it the same person getting five different payments over the course of the year? And because I think that's very telling. These are well...if they're five different entities it's well under 100,000 that we're looking at all of these payments being per entity.

MS. TAOMOTO: Thank you. Chair? So, the letter that Member King is referring to is the August 6th letter that we transmitted and for the public it's on the County Council's Granicus website. We in the...when the discussion happened requesting this information, we purposely left out the names of individuals that got the reimbursement, we felt it wasn't appropriate. And so when we listed for example on 2009 there are three line items that we reimbursed in line item...in 2009 and those are three specific projects that received and qualified for the reimbursement where the first payment year was in 2009. If you look at...so the total reimbursement for each of it was as you're correct under 100,000 and the total of the 3 was 134,000. The next column for those three projects is the total reimbursement and if you recall in the current language and in the proposed language we're leaving it at five equal installments, yeah? So, it's annual...the total divided by five is the annual and if you recall the conversation referencing to the existing law, we are not proposing any changes, we make the payments annually on June 30th of each year following acceptance of the project. So, that's...so we're just clarifying its annual reimbursement amount is the five payments and we wanted to make sure we were clear that the first payment started in 2009 and the final payment year is the final column and that would be 2013. We gave you the history as you requested from 2009 through 2018, and as you know we are not through with 2018 but that is the summary in general of how you would read this table of information that we provided.

CHAIR ATAY: Member King, you have further line of questions?

COUNCILMEMBER KING: Well, I mean that's just what I wanted to clarify. So, if you go to 2010 then there was one entity that received 363,000 but you spread that over five years so that's sort of what Mr. Atay was talking about that the...it could be that the total budget is eaten up by one or two entities if we don't have this cap. And then that...and what we're trying to do is make it more fair so that more people can participate. Okay.

MS. TAOMOTO: Chair, that is correct. In the conversations throughout the meetings we always use our budgetary number of half-a-million dollars per annual budget. And that is, yeah, just under our annual budget, and what happens in situations where we are under the current language obligated to reimburse the subdivider because they meet and comply with the terms of the existing Code, we would need to come in, look for revenues through Carryover/Savings or lapsed projects to meet our obligation under the existing Code. And looking...what we did was to answer Mr. Carnicelli's question of how we come up with 100,000, it's looking at, back at the history and being comfortable that if we limit it to 100,000, looking back we don't see that we would have five occurrences of that. If we do have an affordable housing project coming in, we will know well in advance because we are involved with affordable housing projects as a Department in the review from the very beginning and we can

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then adjust our budget accordingly in anticipation of the reimbursement. We...the Council as well, right? They...all these affordable housing usually go through 201H and has a significant amount of public meetings, Change in Zoning, and so forth. So, we...there is sufficient time where we look at estimated budgets to make that adjustments and the conversation is a lengthy one with affordable housing project because they are typically large projects. So, we felt comfortable that if there was a large project like an affordable housing project that took up more...all of our half a million dollar annual budget or needed more than that, we would accommodate it through a budget amendment.

CHAIR ATAY: That's all?

MS. TAOMOTO: Thank you, Chair.

CHAIR ATAY: Members, you guys need any further questions?

COUNCILMEMBER KING: Just one last --

CHAIR ATAY: Member King?

COUNCILMEMBER KING: --to follow up. Thank you, Chair. So, in your proposed legislation when you're talking about the maximum reimbursement to the subdivider shall not exceed 100,000, you're talking about the maximum total reimbursement, not the annual reimbursement?

MS. TAOMOTO: Chair?

CHAIR ATAY: Department?

MS. TAOMOTO: Yes, that is correct. We are not talking about the annual reimbursement, that's the maximum total.

COUNCILMEMBER KING: Okay.

MS. TAOMOTO: So, 100,000 divided by 5 would be 20,000, 5 equal installments.

COUNCILMEMBER KING: Okay.

MS. TAOMOTO: Thank you.

COUNCILMEMBER KING: All right. Thank you, Chair.

CHAIR ATAY: Member Cochran?

VICE-CHAIR COCHRAN: Thank you, Chair and Department. So, the list you gave us, that was the start date of this whole reimbursement program per se and the breakdown from that date to today? Is that what we're looking at or does it go even beyond that?

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CHAIR ATAY: Department?

VICE-CHAIR COCHRAN: When was the creation of this whole reimbursement fund-type thing?

MS. TAOMOTO: Chair?

CHAIR ATAY: Yeah.

MS. TAOMOTO: This reimbursement language is in the old Board of Water Supply code and unfortunately I didn't bring the old Board of Water Supply code but I'm going to just turn first again back to Jase if he recalls the old ordinance.

VICE-CHAIR COCHRAN: I think was...sorry, real quick. And so I guess basically for payment out though, that's what I was wondering, if there's a...from the start-start of this whole program being implemented and the whole payout. And because I'm getting at the question in my head how are people chosen or they come to you? And how is this...I mean I think it was...I just kind of noticed in the budget and wondered what does this mean and how does this work and now here we have this item we're vetting through right now. But I don't think when I first got here I knew this even existed so who in this community knows about it and how long and who has been tapping into this, these funds basically what I'm trying to get at?

CHAIR ATAY: Department?

MS. TAOMOTO: Chair, thank you. So, let me just go back in the...maybe like a process of how we do the reimbursement, I mean who qualifies and who comes to us or how we select it. We do not select who gets the reimbursement. If a project which will be a subdivision under this, yeah, reimbursement comes in and they are required to put in a main extension, water main extension that is able to serve properties other than them, other than the property that is being subdivided, they qualify for this section. Okay. When we're going through the development of...with the engineers and the developer or owner, we're...we notify them that they qualify for the reimbursement whether it's standard or family subdivision. There's also in the existing language and we didn't make changes where size of main matters to whether you also qualify. So, you know, if they're doing a reimbursement in other...like a commercial zone and the main is less than eight inches, they don't qualify 'cause for...other areas like commercial it has to be minimum eight inches. So, stuff like that. So, we make sure everything checks out with the existing Code and then they qualify. We...that's how...we don't have a choice, they qualify and we proceed with engaging...working with the developer through the process of their subdivision to do a reimbursement. That...I mean we don't say...we don't hold back that knowledge that you have a...you're qualified for the reimbursement. We process it as a reimbursement for main extension.

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VICE-CHAIR COCHRAN: Okay. So, this wouldn't pertain to something like Seibu who built that huge waterline from here all the way down into the Makena-Wailea area. Were they part of this program, did they get a big reimbursement?

MS. TAOMOTO: The Seibu development, if I'm getting your question correct is the transmission main that went from Waihee to the hotel at...Seibu. That fell under a source development agreement and they qualified for transmission credits. And so if you notice in the proposed August bill, we made a clarification under item H, no transmission credits will be allowed to satisfy the transmission component of the water system development fees for any water meter installed with the subdivision area that received reimbursement for water main extension installed by the subdivider under this section. 'Cause they all...some projects if they have source or a transmission agreement we reimburse under a different section. So, you can't double-dip in other words. So, that clarification makes sure that there's no double-dipping of credits versus reimbursement.

VICE-CHAIR COCHRAN: Okay.

MS. TAOMOTO: So, Seibu, that was a huge development and we consider that a transmission project versus the ones we are seeing in the list you got and historically are extensions, water main extensions of our distribution system.

CHAIR ATAY: Member Cochran?

VICE-CHAIR COCHRAN: Okay. Yeah, I'm trying to look at H again then. No transmission credits will be allowed to satisfy transmission component of water system development fees for any water meter installed within subdivision area that received reimbursement for water main. Okay. And I think one of the other ones is so as this bill sits, currently we have almost \$613,000 worth of agreements out there that's still yet to be fulfilled, is that right?

CHAIR ATAY: Uh-huh.

VICE-CHAIR COCHRAN: So, then should this pass or not pass, those agreements still stand and will not be affected one way or the other, is that what I'm understanding?

CHAIR ATAY: That's my understanding. Is that right, Department?

MS. TAOMOTO: Chair, if you look at the proposed ordinance, because we realize there would be a concern about who's grandfathered in and who's not, we did add under Section 2 and I did go over it in a previous meeting the three conditions for grandfathering. So, and this was in, you know, discussion with my staff and Corporation Counsel of the conditions that would trigger a grandfathering clause and we feel we adequately addressed it in Section 2.

VICE-CHAIR COCHRAN: Okay. And so yeah, I'm just trying to figure how it plays out. I think kind of like in Chair Atay's thought, someone builds a, something way

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out-out-out somewhere and now this, the tie-in maybe later down the road starts feed...someone...other entities and things can buy and feed into it, tap into it to create more. How, you know, how does that play...factor in I guess? Or it's just the initial installer built it, paid for it, gets that percentage of reimbursement, and so whatever happens after that to that main line is just factored in by coming to you folks for another meter or another whatever, whatever, laterals and things? Is that...

CHAIR ATAY: Department?

MS. TAOMOTO: Yes, you are correct. If...once we...the original developer puts in the main line extension and we do the reimbursement and it is online and therefore we are the owner/operator of that line, and then another customer comes in and then they tap into it, we treat them as if that's an existing main at that point. Customers coming on the line in the future after it's accepted are considered, treated as water service request or, you know, just regular customers 'cause it's an existing line at that point. Once we make the reimbursement we are talking that...in order to make the reimbursement it has to have been accepted by the Department and online so we...anybody after that is, it's an existing infrastructure.

VICE-CHAIR COCHRAN: And they're...and then owned solely by the County?

MS. TAOMOTO: Yes.

VICE-CHAIR COCHRAN: Managed and run and owned by County?

MS. TAOMOTO: Yes. Once we accept the main extension they qualify for the reimbursement 'cause they meet all our conditions for acceptance of the main which includes not just the installation of it or the construction of it, the inspection of it, the passing of the chlorination testing. They also have to submit cost list affidavit to provide the amount of the reimbursement. They also have to provide warranty, one-year warranty for that, what was constructed. And once all the paperwork is in, technically at that point we accept...we do final acceptance of the infrastructure.

VICE-CHAIR COCHRAN: Okay. Yeah, okay. Yeah, but I understand the point, I think that was the main discussion when this was originally brought to this body was the fear of one project tapping out the entire fund. And so I...we're trying to work it to where multiple people can, you know, have a chance for reimbursement versus just one huge project, gone all in one swoop, so.

CHAIR ATAY: Yeah.

VICE-CHAIR COCHRAN: Okay, thank you.

CHAIR ATAY: Member King?

COUNCILMEMBER KING: Thank you, Chair. So, I...just following up on the idea of the half-a-million-dollar budget, I have two questions. So, what happens if the funds are

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not available, if you're already spent your allotted half a million and someone comes in and has something like you said it's not your choice you have to fund it? And then the second question is it doesn't look like...from just looking at this list, it doesn't look like we've had any years where we've had \$500,000 that we've spent in one year. So, what happens with the money that's not allocated towards that reimbursement? You know say you have, and for example in the year 2017, the total reimbursement was 108,300, and so what happens with the other 400, you know, just under 400,000? Does that go back into the Water Fund? If...because I'm just think...trying to think of if there's a way that some of those funds could be maybe reimbursed if there's an extenuating circumstance of, you know, local family or something that needs to go just above the 100,000 and we haven't spent that money yet. And you won't know till the end of that fiscal year but once you find out then, you know, you understand what I'm asking you?

CHAIR ATAY: Department?

MS. TAOMOTO: So, under the proposed language in that scenario and it's a two-part question, the first...I going answer the first one where if we only had that one like in 2017 and it was 108,000 and change, the difference is in our operations budget and it will just...if it's not used for operations it will just go into a Carryover/Savings, you know how we come in with the next budget as Carryover/Savings. If a family...we kind of...it's an estimated budget, yeah, when we do our operations of what we anticipate we would reimburse, but if a project came...if we have that excess and a family came in and needed more than the 100, under the proposed language it doesn't allow us to reimburse over \$100,000. We would...

COUNCILMEMBER KING: No, I understand...

MS. TAOMOTO: Regardless of the costs we would reimburse up to \$100,000. So, we wouldn't be able to just because we have excess money in the pot, estimated money from the estimated amount we would be able to increase that reimbursement.

COUNCILMEMBER KING: No, I understand that 'cause that's the way it's written, I'm just, you know, conjecturing that is that something that we want to look at? But the other thing is, so you don't accumulate that fund, the extra money in that particular part of the budget so that maybe next year you have 700,000 in that budget or something?

MS. BAISA: No.

COUNCILMEMBER KING: Just --

MS. BAISA: No, we don't.

COUNCILMEMBER KING: --this always goes back into the --

MS. BAISA: It goes back in.

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COUNCILMEMBER KING: --operating budget?

MS. BAISA: Yes.

COUNCILMEMBER KING: Okay.

MS. BAISA: It's considered Carryover and is reprogrammed back into our next budget.

COUNCILMEMBER KING: Okay. And then...so what...so if we're looking at the records from 2009 and looks like the closest you came to spending that was 2010, is that right, 2010 when you had a total of 363,000?

MS. BAISA: Correct.

COUNCILMEMBER KING: Okay. But you just find it more prudent to always budget for half a million every year just in case?

MS. BAISA: I think that that's a policy that the Department has had for quite a while now that they set that half-a-million dollars. The other thing that I think we should be aware of is we see the reimbursements getting bigger and bigger. And I think as prices get higher and higher, I mean we're hearing amazing things here like projects that cost a million dollars or \$3 million or whatever it is, that it's, you know, we cannot assume that we're always going to get little ones 'cause I'm afraid they're going to be big ones.

COUNCILMEMBER KING: Okay. All right. Thank you, Chair. Thank you for the --

CHAIR ATAY: Thank you.

COUNCILMEMBER KING: --answers, Department.

CHAIR ATAY: Any other questions from the Members? No?

VICE-CHAIR COCHRAN: And real quick.

CHAIR ATAY: Okay.

VICE-CHAIR COCHRAN: And the ones that are grandfathered in, are some of these in relation to assisting people on that Upcountry water meter list or any of those?

MS. TAOMOTO: I'm going to have Jase answer specifically if you're asking about Upcountry reimbursements. Jase?

VICE-CHAIR COCHRAN: Okay, thanks.

MR. MIYABUCHI: Let's see, if you're referring to has...will this ordinance affect anybody on...that we're offering from the Upcountry water meter list, if they had to do a subdivision and then had to do water main extension as well?

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VICE-CHAIR COCHRAN: Well, actually just any of the...that 613,000, are any of those reimbursements helping to assist people to get off that water meter list?

MR. MIYABUCHI: I don't know the specific numbers as they relate to the specific projects. But just from...off the top of my head, there are...there have been projects in the past that we have offered off the Upcountry priority list because of their subdivisions and they have entered into these reimbursement agreements, though I don't have the specific numbers though.

VICE-CHAIR COCHRAN: Okay. 'Cause...

CHAIR ATAY: Member Cochran?

VICE-CHAIR COCHRAN: I mean what I'm wondering if there's developers coming in, not even on this list but they have the means to purchase, they have the means to install and now they're hitting up this fund to get this nice reimbursement. But yet they just came in from wherever but yet we have all our local people and families from generations like yourself, Ms. Baisa, on this list, so how...that's what I'm trying to...I'm trying to figure here, has that occurred? And it almost sounds like it can occur. And I know this bill pertains not just to Upcountry, this is Countywide, right? This whole thing pertains Countywide. But it just kind of...I just thought this could happen, a scenario like this can occur. And I'm like is it occurring? Has it occurred? And I surely would like to protect us from it not [sic] occurring, especially in the Upcountry per se area because people are waiting. So, I cannot jump any line for anyone just to come in off, out of the blue with a whole bunch of money to say hey, there, I'm going to build this out, County, you reimburse me and I'm sitting here with this nice subdivision.

MR. MIYABUCHI: So, it is possible for someone to come in, purchase a property that is on the Upcountry priority list that say is on for a subdivision, they do the improvements and they get the reimbursement based on the Code, that is true. As far as the history of how often that's happened or who has done these things, again off the top of my head I could not tell you. But it is a possibility if someone comes in to purchase these properties that on the Upcountry priority list, yes.

VICE-CHAIR COCHRAN: But...sorry. But I think you can just...there's all kinds of open land right now and something not even existing yet, not on any list, not anything, not even thought to be subdivided right now, can go down that road to start that process and then, right, build, install infrastructure...or no, this cannot happen?

MS. BAISA: They need to be on the Upcountry meter list in order to subdivide and to get the meters. And again, we're following that list 1 through 700...1,700 or whatever it is. So, it could happen but it's not --

VICE-CHAIR COCHRAN: Likely.

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MS. BAISA: --you know something is going to happen right away. I think what another thing for us to think about in this discussion, this gets very complicated, nothing is simple. Everything...I found out that everything we bring up, you know, there's always the what ifs and what...and there's always the exceptions. But the people that would benefit from this of course have to be doing a subdivision. They also have to be requiring a main line. We're not going to reimburse everybody for any water cost they have. It involves a main line. And so it is...there is a limit on it.

VICE-CHAIR COCHRAN: Okay. Thank you.

CHAIR ATAY: Further questions, Member Cochran?

VICE-CHAIR COCHRAN: I'm wondering..okay, just someone comes in, has a lot of money, can now just create their own source, right? They can do their own source, now they want to tap in, need to get into the whole County system but they're...that occurs? They can feed their source into our system? Or no?

MS. TAOMOTO: If...

CHAIR ATAY: Staff?

MS. TAOMOTO: Thank you, Chair. If a developer does a private water system they cannot connect to our County water system. It's separately run systems. We are...in order for...if a developer...and then on the other hand if a developer wants to develop a well and the County is willing and the Council approves the source agreement, under your...under County Code, we are talking about a whole different set of what ifs and all different scenarios and it gets very complicated because you guys have to approve the source agreement which includes source, storage, transmission potentially. So, once you start talking about developer and source, it's way outside what this...what we see day to day as we administrate the Subdivision Ordinance as coming in and asking for...or we're telling them you qualify for reimbursement. We're talking more, you know, 2 lot to 5 lot to 20 lots but not where source requirements are triggered. That would avoid the Upcountry water meter list, would not be subject to because it's a...they're developing source.

VICE-CHAIR COCHRAN: So, did we not buy some Upcountry wells? I think maybe Dowling and Goodfellow did some.

MS. TAOMOTO: Correct.

VICE-CHAIR COCHRAN: And so...

MS. TAOMOTO: We didn't buy it but we entered into a source agreement.

VICE-CHAIR COCHRAN: And they built...

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MS. TAOMOTO: And that doesn't have...yeah. But that doesn't have any relationship to a water --

VICE-CHAIR COCHRAN: To this.

MS. TAOMOTO: --main reimbursement, yeah.

VICE-CHAIR COCHRAN: Okay. Chair, so then I notice that...well, I remember going through that project, the Anuheha one. Anuheha, it's on here, they got a reimbursement. So, they created...I think their source was their own well. Anuheha, that little project, no? And...okay. No, I'm wrong. Am I wrong on that one? If...I'm trying to remember what that Anuheha project, Anuheha Place.

MR. MIYABUCHI: So, from my understanding the Anuheha Place subdivision, they had a...they have a private well which they were utilizing and serving their properties with. But ultimately the improvements that they have just constructed is coming off of the County system, County source.

VICE-CHAIR COCHRAN: Okay.

MR. MIYABUCHI: Yes. So, yeah, so whoever is getting a meter off of that, the new improvements that was just done, it's being served by the County system. I don't know what they're going to do with their private system, if they're going to keep it online or whatnot, but as far as who's getting meters from the County, they will be tying into the County system from County source.

VICE-CHAIR COCHRAN: Okay. Okay, Chair.

CHAIR ATAY: Members, getting a signal that we need a break, and we're at bare quorum. So, we're going to recess five minutes. Recess. . . . *(gavel)* . . .

RECESS: 3:12 p.m.

RECONVENE: 3:27 p.m.

CHAIR ATAY: . . . *(gavel)* . . . Okay. This Water Resources Committee meeting on Thursday August 30, 2018 will reconvene and come out of recess. Moving things along here, at this time I'd like to turn things over to Corp. Counsel and allow us to address the proposed bill.

MS. OANA: Thank you, Chair. I just want to remind the Committee that at our last meeting on this item on June 18, the Water Department handed out a revised bill from the previous you guys all saw and that's in Granicus number six. Since then on August 14th, the Department transmitted to you folks and that's in Granicus number 12 a revised bill. So, I'm going to just go over the changes from the July 18th meeting. You can kind of follow the changes in the Granicus number 12 because that's pretty much how it's going to look. I do have one more thing to add to that but if you look at

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the Granicus number 12 you can kind of follow along. So, at the July 18th meeting, Ms. Taomoto went over all of the changes from the last proposal. Now, what we're going...what has changed in the August 14th submittal, nothing changed to Subsections A and B but in Subsection C we did a little bit of housekeeping on that first line. We changed it from the word "fifty" to the number "50." That was just a formatting change. And then where it starts with the new language, excluding the costs for water service laterals, fire hydrant assemblies, we separated it out fire hydrant tees and fire hydrant laterals, so that's not a big change, we just separated that out. We did add design and easements just to make it clear that those costs are not included, they have never been included, so we just wanted to make it clear. Also we...for the next part of that sentence, provided however that the maximum reimbursement to a subdivider for a subdivision main extension shall not exceed \$100,000. That little "a" where it says the maximum reimbursement to the subdivider for a subdivision, that was changed to "a" from "any" based on Councilmember King's comment at the meeting that word "any subdivision" is kind of confusing and inconsistent with the next sentence. So, we changed it to "a subdivision." And then we also modified it so that, you know, there are two separate sentences regarding that and we modified it into one to make it more clear based on Councilmember King's comment that the wording was a little confusing. So, you can see that in, you know, Granicus number 12. So, it reads, excluding the costs for water service laterals, fire hydrant assemblies, fire hydrant tees, fire hydrant laterals, design and easements; provided however that, the maximum reimbursement to the subdivider for a subdivision main extension shall not exceed \$100,000; and then, provided further however that, for subdivisions consisting of 100 percent affordable housing units, as defined in Section 2.86.140 of this Code, the Department shall reimburse the subdivider 50 percent of the cost of a water main extension. We did also do another formatting change with regard to that number 50, we changed it to the number. I did want to add, this is a good time to add where I want to add things to this Granicus number 12 version. We put, for subdivisions consisting of 100 percent affordable housing units as defined in Section 2.86.140, to get the, you know, full 50 percent reimbursement, Chair, I would like to make a change to that, and instead of referring to 100 percent affordable housing units and Section 2.86.140, I would like to change it to 100 percent residential workforce housing units as defined in Section 2.96.020 of this Code. And the reason for this is that 2.86 is the County affordable housing section and that section mainly refers to County housing units that are being sold or rented. And so in that case it's, you know, one, I don't see that very often but if County units are being sold it's already been done, the subdivision's already been done. Whereas 2.96 is for the developer subdivisions and that's where we want to kind of have this bill refer to. Furthermore, 2.86 is not used very often and all references to affordable housing from what I understand is now referred to 2.96, Chapter 2.96. So, that's one change that I would, you know, like to see amended to change it to 100 percent residential workforce housing units as defined in Section 2.96.020 of this Code. But moving on, just to talk about the changes on Page 2...

VICE-CHAIR COCHRAN: Chair? Do you want to move on or do we want to talk about that --

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CHAIR ATAY: No, you know what --

VICE-CHAIR COCHRAN: --one...

CHAIR ATAY: --this is a good time for discussion.

MS. OANA: Okay.

VICE-CHAIR COCHRAN: Yeah.

CHAIR ATAY: We can stop there --

VICE-CHAIR COCHRAN: For that one initial change Ms. Oana...

CHAIR ATAY: --on this item. Member Cochran, you have a question?

VICE-CHAIR COCHRAN: Yeah. Okay. So, the 2.86 as stated here you said are for units that County...is this like the buyback County program? I mean we have not built personally...we've done some in the past, County housing per se, but as you say it's not very common. I'd like to make it more common myself but where we stand today. So, is that what it's referring to? 'Cause I don't know this Code, I don't have it in front of me.

MS. OANA: Yeah. So, if you read through 2.86 it talks about County housing units for sale or for rent. And so in those circumstances the County has the control over the units to sell or rent. That could be a buyback thing where that's how the County gets it is they buy it back and then they resell it. But we're not really talking about constructing a subdivision at that point --

VICE-CHAIR COCHRAN: Already done.

MS. OANA: --it's already done whereas 2.96, you know, they're going to be constructing the subdivision.

VICE-CHAIR COCHRAN: Okay. And so then jumping into the 2.86, my issue with that and always has been is when they start flipping out of the affordable market, the affordable rates into market rates. That...I mean so we help them get there to build affordable but then "x" amount of years later due to the, yeah, 2.86 housing agreement, after 10, 15, 20, 30, whatever years, now it flips out up into the market rate. That's where I don't...no, I mean I can't agree with that part of it. Right? If it's going to be in...I know people don't want to hear perpetuity but basically that's that managed appreciation thought process which I've been also trying to work through Corporation Counsel. Then fine but again if it has that chance of flipping into that market rate, I don't like that. That's my thoughts on that.

CHAIR ATAY: Member King?

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VICE-CHAIR COCHRAN: Thanks.

COUNCILMEMBER KING: Oh, I didn't have a question per se, just a clarification if that's...that we're taking that out and putting in the reference to...and that the, if we're calling it residential workforce housing that doesn't preclude, you know, any...I mean does...is that broad enough to cover anything that we're considering affordable housing?

MS. TAOMOTO: Chair?

CHAIR ATAY: Department?

MS. TAOMOTO: The switch to 2.96 is more consistent with what we intended who these projects would come in that we were looking at supporting 100 percent affordable housing. It's just that as Jen described we don't really use the term affordable housing in the 2.86, we actually use the 2.96 definition which is why we're requesting that change. The way we're going to implement it is if they come in under the proposed change Jen discussed of 2.96.020, that we would get a certificate or a letter from the Department of Housing and Human Concerns verifying that the project that we're looking at providing a reimbursement of up to an unlimited amount, up, you know, the unlimited 50 percent reimbursement that they are truly considered by the Department of Housing and Human Concerns as a 100 percent residential workforce housing project under Chapter 2.96.020.

COUNCILMEMBER KING: Okay. So, can you just read that section as you're proposing change to?

CHAIR ATAY: Corp. Counsel?

MS. OANA: Okay. So, Section C, the change is if you go six lines down there's the, you know, shall not exceed \$100,000, provided further however that for subdivisions consisting of 100 percent residential workforce housing units as defined in Section 2.96.020 of this Code, the Department shall reimburse the subdivider 50 percent of the cost of a water main extension. So, we're just substituting out the label and the section number.

COUNCILMEMBER KING: Okay. And then there's nothing in 2.96 that it refers to affordable housing, that's why? Is that why?

MS. OANA: Two point eight six?

COUNCILMEMBER KING: Two point nine six because you're changing it to 2.96 and you're changing it from affordable housing to residential workforce housing.

MS. OANA: Yeah, so it's, it'll be residential workforce housing. Now, I'm not opposed to if you want to do both, you know, where it says provided further however that for subdivisions consisting of...where is my first language, for subdivisions consisting of

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100 percent affordable housing units as defined in Section 2.68.140 of this Code or 100 percent residential workforce housing units as defined in 2.96.020 of this Code. So, I'm not opposed to you guys putting in both.

COUNCILMEMBER KING: Okay. Yeah, I just wouldn't want to preclude...

CHAIR ATAY: Yeah.

COUNCILMEMBER KING: 'Cause I think they're both equally important.

CHAIR ATAY: I think the Chair sits with including both and both definitions, because their standing of a 2.86.140 definition focused on affordable housing and then their standing on 2.96.020 focused on residential workforce housing and these two codes have two different definitions. So, the bottom line is if you're building an affordable housing subdivision or if you're building a residential workforce housing subdivision we will give you that reimbursement. And so I prefer that the language would be entertaining for Corp. Counsel to include both and we have a catch-all, you know.

COUNCILMEMBER KING: So, do you need a consensus--?

CHAIR ATAY: How do we --

COUNCILMEMBER KING: --on that?

CHAIR ATAY: --do this?

MS. OANA: Yes.

CHAIR ATAY: So...

VICE-CHAIR COCHRAN: So, Chair?

CHAIR ATAY: Yeah.

VICE-CHAIR COCHRAN: So, again, I don't like...and I've been saying this over and over, I do not like when we give all these fast-tracking 201Hs reimbursements, whatever you want to call it for this supposedly affordable housing, workforce...whatever, and it does not stay in the affordable standard. You know? I mean that's my issue with any of these giveaways from the taxpayer base, because then the developer whatever they want to paint it as and under whatever guise in the beginning to come through this body to approve it, down the road...I don't care if it's 10, 15, 20 years, we still need to start from square one once again to get that affordable, supposed affordable unit back on the market. That's why I continue to talk about two different inventories, market-rate investment properties versus truly affordable in perpetuity or managed-appreciation inventory, that hasn't even started and this is not going to help it. Because it's not protecting...the 201...2.96, the way it's written is my issue right now and I've been trying ever since I've been here to change the language in it. So, I

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mean again this is really hard for me. And, you know, we're sitting here at bare quorum, I don't want to...and of course I'm for all...how do we create that inventory? Ms. Baisa knows, she was part of that TIG. And so one of my questions is the way you are requesting to write it, what...just for example, you know, just a thought if it was already in action and it was written out that way, what projects right now such as the one yesterday we approved or any of the other, do 201Hs fall into this? Do they get this too? Or any I guess from...do you have any specific project that we've approved that this would pertain to that we already did and what would be the dollar amount that we could have paid out on? I mean was it...would it be in the millions for some of these projects or hundreds of thousands? I don't know, I'm just trying to --

CHAIR ATAY: Department? Anyone else want to --

MS. TAOMOTO: Chair?

VICE-CHAIR COCHRAN: --think what our --

CHAIR ATAY: --respond to that?

VICE-CHAIR COCHRAN: --tab might be down the road with this type of language.

MS. TAOMOTO: So, we didn't come prepared with projects that we heard of coming down the pipeline that wouldn't be...that would be, you know, subject or qualify under it. But I know that there was one that we sat in during the hurricane on that day, Waikapu Ventures that was 100 percent residential workforce 201H that would qualify. My understanding is as the Department we didn't see the estimated...didn't get into the design enough to know what the anticipated reimbursement would be for the water main extension along Waiale Road. Okay? Because there's two projects involved with that water main extension, the one on the corner which I believe is called _____ Apartments or something, it has the word "apartments" in it and those two projects have the requirement for the water main extension on Waiale Road. So, depending on which project goes first will make, you know, the extension from the intersection. So, that's why I think we haven't seen actual numbers come in. But it could be significant but I don't expect it to be like what we were talking about or Chair was talking about like \$2 million reimbursements or in that magnitude. Two oh one H in itself, projects that come in with your 201H doesn't necessarily qualify, it has to be 100 percent of it has to qualify. Right?

VICE-CHAIR COCHRAN: Right. 'Cause 201H --

MS. TAOMOTO: And I don't...

VICE-CHAIR COCHRAN: --it can be 51 percent.

MS. TAOMOTO: So, if...I hope that answered your --

VICE-CHAIR COCHRAN: Okay.

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MS. TAOMOTO: --questions.

VICE-CHAIR COCHRAN: Yeah. Well, sort of. Yeah, it does but I...it still doesn't sit with me.

CHAIR ATAY: No, I would say thank you for your line of questioning, Member Cochran, and what I've asked Staff here is to get...make copies of both definitions of 2.86 and definition of 2.96.020. So, we're very clear what the full definition is of what both of these codes are. Member Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. So, I hear Ms. Cochran because that's been her ongoing mantra, but to address that we would have to address 2.96 if we're talking about wanting in deed restrictions or however else you want to address the deed. That that to me is, differs from what we're trying to put here and if that is a concern then that needs to be amended with the...with that particular workforce development, 2.96.

COUNCILMEMBER KING: Chair?

CHAIR ATAY: Member King?

COUNCILMEMBER KING: I guess the other way to address this would to...would be to put those two sections in this language that...with a comma that says, you know, for subdivisions consisting of 100 percent affordable housing units as defined in 2.86.140 and workforce...residential workforce housing as defined in Section 2.96--is it 030?--020, that have conditions of...that have deed restrictions for 30 years or more would maybe address that longevity. Because we do have projects in those, in the 2.96 that have voluntarily agreed to go for 30 years or more. So, if that's the biggest issue that's holding it up then, you know, to me if you're going to agree to a deed restriction, you know, to that 30 year or longer then, you know, this is something that they should be getting.

CHAIR ATAY: Thank you. Any staff member or Corp. Counsel want to comment?

MS. OANA: I'm fine with that addition.

MS. BAISA: So am I. I think it...the clearer that we write this the better results we're going to get.

COUNCILMEMBER KING: And then, Chair, that would also kind of be another statement that that's what we'd like to see in those sections, that we would like to see longevity, you know, until the point that we can...maybe at some point we'll change one of those to says 30 years instead of 10, but for right now I mean that would be a way of addressing the concerns hopefully.

CHAIR ATAY: Well, thank you there. What I've done is I've asked Staff to make copies of both 2.86.140 focusing on affordable housing as well as 2.96.020 focused on

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residential workforce housing. And so we have the sections of the Code as it is. And what we'll do here is take a short three-minute recess to give the Members chance to peruse this and we'll get back to this meeting. Stand in recess. . . . *(gavel)* . . .

RECESS: 3:46 p.m.

RECONVENE: 3:56 p.m.

CHAIR ATAY: . . . *(gavel)* . . . Okay, this Water Resources Committee meeting on Thursday, August 30th is now reconvened. What we did earlier just before recess we distributed copies of both Codes from the 2.86.140 legislation as well as 2.96.020 Code pertaining to residential workforce housing. And we are also well aware of Member Cochran's request to consider implementing a 30-year deed restrictions inclusion into this legislation. Currently, right now...and I would say that comparing the two there is some difference in definitions of whether it's a subdivision on affordable housing or a subdivision on residential workforce housing. The intention of this legislation is primarily to secure and be clear on the reimbursement for subdivisions water main extension costs, especially for coming into 50 percent reimbursement for affordable housing/residential workforce housing. Being in line and we need to consider timing of...that's a substantive change in wording if we're going to add this 30-year deed restrictions. It is the position of the Chair that to allow Corporate *[sic]* Counsel, to allow Water Department, the administrative staff, and also allow the Members time to purview *[sic]* and review what would the documents we have, I would like to entertain a motion to defer and/or...well, just move this defer, into a deferent *[sic]* and we'll give departments time to assess and interpret the documents and come back with a better prepared direction of this legislation.

COUNCILMEMBER KING: No objections, Chair.

CHAIR ATAY: No objections?

VICE-CHAIR COCHRAN: No objections.

COUNCILMEMBER KING: Chair?

VICE-CHAIR COCHRAN: Chair?

CHAIR ATAY: Yes, Member...

COUNCILMEMBER KING: Just, I just want to thank Member Cochran for bringing that point up, because I think it's a well-taken point that, you know, if you are willing to do extended deed restriction and affordability then, you know, we can consider giving that water main extension. But for, you know, what's in 2.96 which actually has not just ten years but for the upper income levels it goes down to eight and then six and then five years I think. So, anyway, thank you for bringing that up and I think that's a great point for us to work on and a good reason to defer the bill.

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VICE-CHAIR COCHRAN: Thank you, Ms. King --

CHAIR ATAY: Thank you.

VICE-CHAIR COCHRAN: --and Mr. Chair. So, sorry, Ms. Oana, that was like her first change she wanted. I think she's got more so I don't know if she wants...if we want to allow her to go through other changes that she had in mind because this was just her first one?

CHAIR ATAY: Okay, you know, let's...

VICE-CHAIR COCHRAN: And then we still defer --

CHAIR ATAY: Yeah.

VICE-CHAIR COCHRAN: --but at least we can hear out what --

CHAIR ATAY: Okay.

VICE-CHAIR COCHRAN: --the rest of her changes were going to be.

CHAIR ATAY: We're not deferring yet then.

VICE-CHAIR COCHRAN: Okay.

CHAIR ATAY: We'll...that was just item one.

VICE-CHAIR COCHRAN: Yeah, yeah.

CHAIR ATAY: And we'll...

COUNCILMEMBER KING: Well, okay, so I just wanted to clarify if we do go through the rest of these then are you going to bring this, the bill back with the changes so that we don't have to...if there are new --

CHAIR ATAY: Yes.

COUNCILMEMBER KING: --Committee Members --

CHAIR ATAY: That's...

COUNCILMEMBER KING: --that show up next time we don't have to go through all of this again. So, if we are going to go through all of it again we should just defer it right now and then go through it --

VICE-CHAIR COCHRAN: Okay, all right.

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COUNCILMEMBER KING: --with new --

VICE-CHAIR COCHRAN: So, we'll just stop.

COUNCILMEMBER KING: --when the new, you know, hopefully we've have a --

VICE-CHAIR COCHRAN: Okay.

COUNCILMEMBER KING: --couple more Committee Members.

CHAIR ATAY: What do you prefer, Ms. Oana?

VICE-CHAIR COCHRAN: Okay. It really is big and...

COUNCILMEMBER CRIVELLO: I think we should defer it myself.

CHAIR ATAY: What do you prefer, Ms. Oana, on...do you have a lot of changes or would be easier for us...for you to red line the changes and we get the documents to go over and then we'll address it at our next meeting?

MS. OANA: I mean that residential workforce housing change was the biggest change. Everything else is kind of to me minor. I can go over it in probably 15 minutes. And it is included in the August 14th communication to this Committee so it's in front of you all. And it's not that many changes, just more clarification, wording that helps the Department, you know, administer this provision. So, I can go over it quickly now and then at the next meeting we can just discuss the affordable housing component.

COUNCILMEMBER KING: Okay.

CHAIR ATAY: Okay. I'll give you ten minutes.

COUNCILMEMBER KING: If we can do that that would be great.

MS. OANA: Okay. So...where's my...just a minute. Okay. So, we are on Page 2 now. Okay. So, in this Subsection 1 on Page 2, this subsection was changed since the last meeting of, in July but it was included in the 8/14 communication to the Committee. The change is basically that word that's being deleted, those words "substantially complied with the terms of this [sic] agreement." So, if the subdivider has not substantially complied with the terms of this [sic] agreement within one year from the date thereof, the agreement may, in the discretion of the director, be terminated. So, the Department had difficulty with the term "substantially complied with the terms of this [sic] agreement." So, what we propose or the Department is proposing is to take that out, because what is substantially complied with, what does that mean? We want to change it to, if the subdivider is not ready for water service as defined in our administrative rules Section 16-202-03 of Title 16, that is actually Chapter 202 so that's an amendment we have make too but it's Chapter 202, that was a typo. Within three years from the date thereof, the agreement shall expire and be terminated. So,

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ready for water service as defined in our administrative rules is defined as the applicant is able to accept installation of water service, accept installation of the meter, because the water system improvements needed...required by the Department have been installed and have passed final inspection by the Department. So, it's clear that the work is done and the Department has already inspected and passed it. So, that just makes it clear for the Department. Also, the time period changed from one to three years as the Department thinks that that's more a reasonable period of time to allow the construction to take place. We also added, with no...it shall expire and be terminated with no notice from the Department needed to be given to the subdivider. And that's basically because when the three years is over it's over. The Department should not have to be required to send them a letter to tell them that their agreement is terminated. They sign an agreement, they have three years and they should know when it's expired and terminated. It should be the responsibility of the subdivider to know how long that they have. And then continuing on that same sentence, provided however that, the director may amend the agreement and allow a one-year extension if the main extension is actively in construction as determined by the director and only if the subdivider requests such extension at least 30 days prior to the expiration of the agreement. So, that addition was added to give the developer the opportunity to have a one-year extension if for example the work is almost complete, it just is not quite there yet but they're actively constructing and they're almost there. We also added that language that the subdivider would have to request the extension and at least 30 days prior to the expiration of the agreement, because I've seen the Department being asked for extensions to agreement past the expiration date. So, I want to make it clear to the world that it's expired when it's expired. If you want an extension and if you're actively in construction and you're almost pau then you have the opportunity to get an extension, but you have to inform the Department or request the Department at least 30 days in advance. This gives the Department enough time to go out, do the site inspections to figure out where they really are, if they're really almost finished or if they're just moving dirt around. So, that's the changes to number one. Does anybody have any questions on those changes? Okay. So, moving on to number two and number three, those haven't been changed since we last met and this meeting and Ms. Taomoto explained those changes. As well as in number four, those changes were already explained by Ms. Taomoto. Number five has no changes.

VICE-CHAIR COCHRAN: Chair?

MS. OANA: Moving on...

CHAIR ATAY: Member Cochran?

VICE-CHAIR COCHRAN: Sorry, I have a...I'm trying to find it in here but this could be kind of the area because the Department is itemizing what the actual reimbursement will be so obviously I'm thinking you're looking at the project, you're looking at the size, the scope, what's been installed. So, in that though I'm assuming you folks are looking at the quality of the job done, they didn't cut corners, we're not accepting something that's substandard. And should there be things that maybe we at the time are not aware of and something breaks or just, you know, I don't know, due to shoddy

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work or something, cheap equipment, I don't know. Is there a fallback or a liability kind of thing that, you know, we have the right to let the developer know hey, you actually didn't do it properly or I don't know, is there some protection on our behalf that we're accepting truly up to standards for this County?

CHAIR ATAY: Department?

MS. TAOMOTO: Chair, the day-to-day construction project is managed by an inspection of the Department. They may not go out every single day but they go out when, especially when we know there's significant items being constructed that requires our inspection. You know if they're just laying pipe we might not go out and look out at every section of pipe laid, but we will definitely at the end of the job there is a pressure test requirement and then we do a chlorination. And the pressure test makes sure that the...there's no leaks and the pipe is not compromised from a quality standpoint. In terms of material quality that's already...that's through the design that we specified ductile iron pipe or copper or whatever it is that we do for fittings and pipe. But I'm confident that our process, internal process and our inspection provides us when we do the inspection at the end of the day of a product that we're willing to...we're happy with and satisfied with. On top of that, following construction the developer is required as I said before to enter into a one-year warranty agreement. So, if anything comes up that we maybe couldn't catch or couldn't see, it'll creep up and we can address it through a one-year warranty. Thank you.

VICE-CHAIR COCHRAN: Oh, okay. All right, very good. No, that answers my question and concern. Thank you.

CHAIR ATAY: Thank you. Ms. Oana?

MS. OANA: Okay. So, moving on to Section D, this was just housekeeping, a housekeeping change. We're eliminating "off-site water mains" and adding "main extensions" just to be consistent with the wording throughout the bill. Similar to Section E we just, we're just doing housekeeping just so that everything is consistent. We changed "subdividers" to "a subdivider" and "mains" to "main extensions" because it's being called main extensions throughout the bill. Section F, so with regards to Section F we originally proposed to delete the whole section and then at the meeting, at our last meeting there was some discussion on that. The Department decided that it wanted it back in but with modifications. Left in as is it creates problems where you have a first subdivider who executes an agreement but sits on the improvements, and in the meantime another subdivider comes in for essentially the same improvements, Section C1 now would give them three years but if they're not finished with the improvements in three years the first subdivider's agreement would expire and then the next subdivider could then do the improvements and get the reimbursement. Basically DWS cannot have two agreements for the same improvements. So, we're...we added it back in and then I think we added the word "a valid agreement." Moving on to Section G, this was added based on a comment from Councilmember King with regards to grants so we're just adding in that reimbursement shall not be made to a subdivider for main extensions installed to a subdivision where such mains

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are funded solely or partially by a grant or grants provided to the subdivider by the State...the County or the State. And then H, we added that in. Ms. Taomoto kind of explained that before and this is just to make it clear that the subdivider will not be getting transmission credits for the main line. We just wanted to be really clear that they can't double dip. If they're getting transmission credits then they're not going to get a reimbursement. Any questions with regard to any of those sections?

CHAIR ATAY: Member Cochran?

VICE-CHAIR COCHRAN: Thank you. So item G, grants provided, that portion, grants...partially by a grant or grants provided by County or State. Are we just assuming that if it is a Federal dollars, typically they get transferred via State then to us? So, no need to put in Federal monies either here?

MS. OANA: We can add it in.

VICE-CHAIR COCHRAN: So, that's why I'm like --

MS. OANA: This is an entirely new section.

VICE-CHAIR COCHRAN: --. . .*(inaudible)*. . . not just County and State but I think people get Federal dollars too so that's an outside grant of sorts too. So, maybe Federal too? Just to make it across the board.

MS. OANA: That's fine with me.

CHAIR ATAY: Okay.

VICE-CHAIR COCHRAN: Okay. And maybe just a little background on what are transmission credits actually if Miss, probably Ms. Taomoto knows that.

CHAIR ATAY: Okay. Department?

VICE-CHAIR COCHRAN: And how does that work?

MS. TAOMOTO: Since I brought my staff down and I'm going to let Jase explain --

VICE-CHAIR COCHRAN: Oh, okay.

MS. TAOMOTO: --because he has more familiarity with the ins and the outs of talking about transmission credits. Thank you.

VICE-CHAIR COCHRAN: Thank you.

CHAIR ATAY: Jase?

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MR. MIYABUCHI: So, if a subdivider is tasked to do transmission main improvements upsizing, meaning this is not the distribution main, this is the transmission main meaning the pipe from the source to the tank usually, the larger size pipes. So, when they do that kind of work, typically we enter into these agreements with them, Ms. Taomoto mentioned earlier source agreements but also pipeline agreements also. And in that agreement it is delineated typically that it would be a dollar-for-dollar credit that the subdivider would get because they did the transmission main improvements. And what that translates to is you're familiar with our water system development fees that people pay for each meter, it's made up of three components, the source, the storage, and the transmission. So, that transmission is the credit that they get dollar for dollar because they did the transmission main improvements. They get that dollar-for-dollar credit when they pay for the meter. So, that's what that credit means.

VICE-CHAIR COCHRAN: Oh, okay.

CHAIR ATAY: Okay.

VICE-CHAIR COCHRAN: So, it offsets the cost of the meter, I mean with the transmission portion?

MR. MIYABUCHI: Transmission component when they pay the development fee for the meter, yeah.

VICE-CHAIR COCHRAN: Okay.

CHAIR ATAY: Okay. Good, good.

VICE-CHAIR COCHRAN: What...sorry. What's the typical amount that...I mean is there an average that people get on that? Do you have a...

MR. MIYABUCHI: So, it's kind of...I don't know the exact number but it's dependent upon how long the extension was or the improvements was, how much it costs, and that's all kind of deliberated upon with the Department and the subdivider.

VICE-CHAIR COCHRAN: Okay. All right. Yeah, that's fine.

CHAIR ATAY: Member King?

COUNCILMEMBER KING: So, basically just to follow up on that line of thinking, you're basically...we're basically telling them, you know, pick one or the other, you can't have both and so figure out how much they're getting for either the transmission credit or the water main extension, go for whatever is more.

MR. MIYABUCHI: Yeah because they both deal with pipelines. But and there could be cases where maybe possibly a transmission main is required, a transmission main extension is required, but they are not eligible for the 50 percent reimbursement on the

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distribution main. So, that, you know, they might not get that so they can just get the transmission credits, yeah.

COUNCILMEMBER KING: Okay. All right. Thank you, Chair.

CHAIR ATAY: Okay. Ms. Oana?

MS. OANA: And then, Chair, if you want to move to Section 2?

CHAIR ATAY: Go ahead.

MS. OANA: I just made small changes from the July 18th meeting to the August 14th communication to this commission [sic]. I flipped Section 2 and Section 3, changed places. And then with regard to the new Section 2, I added for example number one, "existing valid agreements" because there could be existing non-valid agreements, papers. And then added after "existing valid agreements for reimbursement," I added, "for water main extensions," just to be a little more clarifying. And then, you know, just continuing on through that sentence, entered into between a subdivider and...department prior to the effective date of this ordinance. I deleted "shall remain valid" because that was a little confusing, we're already talking about valid agreements. Shall remain valid to me kind of stuck out like will it remain valid forever? So, I took that out. And then later in section I replaced, I think I replaced "current" with "existing" and added "valid." So, that's basically...I was just trying to clear it up and clarify it a little bit better. And then that's all the changes that were made.

CHAIR ATAY: Okay. Members, you got any questions for Ms. Oana on any of those proposed changes? Okay. Without any further questions, Chair at this time if there are no objections, the Chair will be deferring this item.

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused RC, YLS, MW)

ACTION: DEFER.

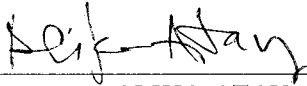
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CHAIR ATAY: Thank you. Thank you, Members. But most especially thank you, Department, Director, your staff, as well as Ms. Oana from Corp. Counsel and our Legislative Staff, mahalo for your support administratively. I want to remind the Members, thank you once again for attending this Water Resources Committee meeting. The next Committee meeting...this meeting was a makeup or make good because of the hurricane last week so that puts us back on schedule. So, we have another Water Resources Committee meeting scheduled next Wednesday, September 5, 2018, at our normal time at 9:00 a.m. And we should have or is it already posted, our agenda. But this item will have everyone go back and do the research and when everyone's ready we'll reagendaize this item. Okay. If there being no further business, this meeting of the Water Resources Committee is now adjourned. . . . (gavel) . . .

ADJOURN: 4:20 p.m.

APPROVED BY:



ALIKA ATAY, Chair
Water Resources Committee

wr:min:180830:ds

Transcribed by: Daniel Schoenbeck

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CERTIFICATE

I, Daniel Schoenbeck, 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 7th day of September, 2018, in Kula, Hawaii



Daniel Schoenbeck