

WATER AND INFRASTRUCTURE COMMITTEE

Council of the County of Maui

MINUTES

February 25, 2019

Council Chamber, 8th Floor

CONVENE: 1:31 p.m.

PRESENT: Councilmember Alice L. Lee, Chair
Councilmember Tamara Paltin, Vice-Chair (in 1:33 p.m.)
Councilmember Riki Hokama
Councilmember Tasha Kama (in 1:32 p.m.)
Councilmember Michael J. Molina (in 1:36 p.m.)
Councilmember Keani N.W. Rawlins-Fernandez
Councilmember Shane M. Sinenci

NON-VOTING MEMBERS:

Councilmember Kelly T. King
Councilmember Yuki Lei K. Sugimura (in 1:48 p.m.)

STAFF: Traci Fujita, Legislative Attorney
Rayna Yap, Committee Secretary
Zhantell Lindo, Council Aide, Molokai Council Office (via telephone conference bridge)
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Mavis Oliveira-Medeiros, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Jeffrey Pearson, Director, Department of Water Supply
Helene Kau, Deputy Director, Department of Water Supply
Wendy Taomoto, Engineering Program Manager, Department of Water Supply
Tom Ochwat, Civil Engineer VI, Department of Water Supply
Dean Tanimoto, Plant Operations Division Chief, Department of Water Supply
Eva Blumenstein, Planning Program Manager, Department of Water Supply
Jennifer Oana, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: (3) additional attendees

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

CHAIR LEE: . . .(gavel). . . Will the Water and Infrastructure Committee please come to order? Would appreciate it if everybody would silence their cell phones. My name is

WATER AND INFRASTRUCTURE COMMITTEE MINUTES

Council of the County of Maui

February 25, 2019

Alice Lee, and I'm going to chair this meeting today, and we have with us our Committee voting Members Mr. Riki Hokama --

COUNCILMEMBER HOKAMA: Chairman.

CHAIR LEE: --okay, Tamara Paltin and Tasha, I'm assuming are coming...are on their way, and so is Michael Molina. So, then we have Keani Rawlins-Fernandez and Shane Sinenci, Members.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Chair.

COUNCILMEMBER SINENCI: Chair.

CHAIR LEE: We have with us, Member Tasha Kama.

COUNCILMEMBER KAMA: Aloha, Chair.

CHAIR LEE: Hi. And non-voting Member, Kelly King.

COUNCILMEMBER KING: Aloha, good afternoon.

CHAIR LEE: Thank you. And, let's see, from the Administration, Department of Water, we have Jeff Pearson, the Director; Helene Kau, Deputy Director; Mark Walker...Mark Walker? Do we have Mark Walker? We don't have Mark Walker. Wendy Taomoto. Hi. And then we have Dean Tanimoto. And then anybody else? Tom? Tom, you look so different without your—what do you call them?—pedal pushers or whatever you call them in golf. And then you have...who's that?

MS. BLUMENSTEIN (*from the gallery*): Eva Blumenstein.

CHAIR LEE: Okay. Thank you. Corporation Counsel, Jennifer Oana.

MS. OANA: Good afternoon, Chair.

CHAIR LEE: Hi. Committee Staff, Traci Fujita, Rayna Yap. Thanks for coming, guys. Okay. District Office Staff...are they on line?

MS. FUJITA: Yes.

CHAIR LEE: Okay. Mavis Oliveira-Medeiros from Hana? Mavis, are you there? Mavis, are you there? Okay. Moving on to Denise Fernandez, Lanai Office. Where you guys, shopping or something? Okay. Zhantell Lindo from the Molokai Office?

MS. LINDO: Aloha, Chair. This is Zhan at the Molokai District Office, there are no testifiers.

CHAIR LEE: Oh thank you. Nice to hear a voice. Okay. The item, the agenda item is WAI-30(1), Matters within the Committee's Subject-Matter Jurisdiction (Department of

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

Water Supply, Fiscal Year 2020 Pre-Budget Presentation). For individuals, do we have anybody to testify in the audience? Sarah? Anybody else? Dianne? Okay. Nobody. Alright, then we'll skip that part. Any objections to closing testimony for those in...okay, those here today? Oh, with us, also, is Tamara Paltin, Councilmember. Okay. So, we don't have anybody on Molokai, Lanai, and Hana to testify? Last chance. Okay. We're now closing public testimony, if there are no objections.

COUNCILMEMBERS: No objections.

CHAIR LEE: So ordered.

ITEM WAI-30(1): MATTERS WITHIN THE COMMITTEE'S SUBJECT-MATTER JURISDICTION (DEPARTMENT OF WATER SUPPLY, FISCAL YEAR 2020 PRE-BUDGET PRESENTATION)

CHAIR LEE: Today the Committee will receive a presentation from the Department of Water Supply relating to the Department's programs, projects, priorities, and goals as it pertains to the Fiscal Year 2020 Budget. The Department's presentation should include the following information—I think, Director, you already received this information—fixed costs—right?—versus discretionary costs, top three to five strategic goals...is this brand new information to you or you had this already? You prepared to give all this, right?

MR. PEARSON: Committee Chair, yes, we received the request from, I think, it was Chair King earlier on what to present today.

CHAIR LEE: Okay. Great. Then I don't have to go down the rest of the list then. Okay. You may begin.

MR. PEARSON: Thank you, Committee Chair Lee, and aloha, Committee Members. It's a little better situation sitting here. I kind of like the idea that you said testimony is closed. That was a relief. I'm Jeff Pearson, Director of Department of Water Supply, and I have next to me Helene Kau who is Deputy Director recently from the fiscal side of the Department of Water Supply. So, she'll be doing most of the presentation here today. We also have, as Chair mentioned, Wendy Taomoto which is our CIP, well head of Engineering, but also works on the CIP portion of the presentation today. So I...

CHAIR LEE: Director, could I interrupt for a second just to recognize and acknowledge Member Molina.

COUNCILMEMBER MOLINA: Thank you, Madam Chair. My apologies for being a little late.

CHAIR LEE: No problem. Please continue. Thanks.

MR. PEARSON: Thank you, Chair. We met with the, our Administration late last week, and of course as you know, the budget hasn't been finalized on the 9th floor so we're not

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

going to go in much detail at all on the FY 2020 Budget because of course, there could be many changes. We have worked on the presentation to try to answer these the questions that we received by Council Chair a week or two ago. Again, we'll talk about the vacancies, the priorities for CIP, the fixed and discretionary costs, our strategic goals. Deputy Director Helene Kau, as I said, will provide this presentation and we'll just get going right now to keep things moving.

MS. KAU: Good afternoon, Chair Lee and Committee Members. As Jeff said, I'm Helene Kau the Deputy Director, and we're going to talk about the DWS proposed 2020, you know, pre-budget overview. Thank you for this opportunity. You've been provided with a handout, Members, and I apologize as we were trying to finalize this. So, we, you know, we weren't able to complete the PowerPoint per se, and you know, we didn't want to have to deal with the, you know, projector and all that stuff. So, we'll just proceed. Our mission is to provide clean water efficiently and we continually strive to meet this mission. First I'll share some fun facts. Slide 3. Each day DWS provides an average of 36.3 million gallons of water to customers on Maui and Molokai. We have 38 groundwater sources or wells, and six surface water treatment facilities that filter water from the rainforest ditches and streams. Hana and Molokai are generally provided groundwater; Central and South Maui, Upcountry and West Maui have a mixture of groundwater and surface water sources. We have 145 storage tanks with a total storage capacity of 295 million gallons. Our water meets all State and Federal water quality standards. The DWS water system is managed 7 days a week, 24 hours a day by our Operations Divisions. In Fiscal '18 we provided 11.75 billion gallons of water to 36,615 customers on Maui and Molokai. We had 24 CIP projects ongoing in Engineering. We had issued 60 letters to customers on the Upcountry meter list. We granted \$2.14 million in grants for water resource protection. We ran 2,959 water conservation ads. We surveyed 445 miles of pipeline for leaks. We resolved 2,536 afterhours calls or complaints. And we collected 19,437 water samples. Slide 5. The Department's budget structure consists of two programs and we have 220 employee positions. The Administration program has four divisions and 75 positions. This program includes the Office of the Director, Water Resources and Planning, Fiscal/Customer Service, and the Engineering Division. Our second program is the Operations program. This program has 145 positions and includes field, plant, and water treatment plant operations. Next slide. Some of our strategic goals for 2020 are aligned with the goals that we had provided in our budget write-up that we submitted to the Mayor, and upper most is to develop new and reliable sources. With regards to new source development, West Maui continues to be our priority. We would also like to continue to produce high-quality water at the lowest possible cost. We need to prepare compliant strategies to meet or exceed current and future water quality regulations, and we need to ensure reliability of existing facilities over the long term at the lowest possible cost. In order to do this we are currently working on a strategic plan, and we are also working on improving training. Again, as you know, the Mayor, one of the Mayor's goals is to improve customer service. So, likewise, we'd like to enhance our customer service by providing additional training. Regarding vacancies we have 16 vacant positions out of a total of 220 authorized personnel at December 31, '18. All vacant positions are in active recruitment, interviewing, re-description or pending license exam results. The current budgeted cost of the 16

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

vacancies is \$950,532, and if you add fringes on that at about 77.9 percent, you get to \$1.69 million. Next slide. With regards to fixed versus discretionary costs, as they were defined, they were further clarified. We've outlined here some of the general fixed costs and discretionary costs. As you know, all amounts are budgeted during the budget process and for DWS, generally speaking, the discretionary costs are a relatively small percentage. They usually constitute less than 10 percent of the total expenses. As you may know, the Department of Water Supply is an enterprise fund. We generate our own revenue and pay our own expenses. As such, if we can save on any costs we certainly try to. Any savings realized will be appropriated in the following year's budget as Carryover/Savings. As identified above, that list of fixed costs which are power, payroll, debt service, County overhead charges, Department-wide expenses, telephone, gas, electricity, existing contracts, water charges, which is what we pay for water, and grant funds, those constitute more than 90 percent of our budgeted costs. With regards to those costs further, there are four categories in those fixed costs. We have electricity, payroll, debt service, and County overhead. Those comprise more than 70 percent of operational expenses. If you look at discretionary costs, which you've identified as professional services, our strategic plan, rate study, meter replacement, some of our equipment purchases, and some travel and training. Again, those are a fairly small percentage, less than 10 percent. A cost saving item that we're currently implementing is conversion from chlorine gas to onsite generation of sodium hypochlorite at our treatment plant facilities, and eventually, at some of our well sites. We're basically going to make chlorine from salt and electricity. We have a four to five year return on investment, and thereafter, a \$400,000 savings per annum after all treatment facilities are converted. More importantly, we're addressing significant concerns related to safety and storage handling of chlorine gas. As you may know, we're Maui Electric's biggest customer. So, what we're trying to do, is we're trying to minimize electrical expenses by curtailing power consumption during MECO's peak demand periods. We've negotiated agreements with MECO to afford DWS preferential rates by doing so. Next slide. This slide...sorry for those of you who can't see the slide. We're basically showing a very modest growth in metered services. In 2012, we had 35,753...

CHAIR LEE: Excuse me, Helene.

MS. KAU: Yes.

CHAIR LEE: Let the record show that we've been joined by Councilmember Sugimura.

COUNCILMEMBER SUGIMURA: Thank you. Good afternoon, everybody.

CHAIR LEE: Okay.

MS. KAU: Good afternoon.

CHAIR LEE: Helene?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

MS. KAU: Yes. Thank you. So, in 2012 we had 35,753 metered services. In 2018, we had 36,615. So, this shows a relatively slow, less than 1 percent growth rate. In 2018, installations included subdivisions and individual installations in Wailuku, Makawao, Lahaina, Molokai, Kula, and Hana. Next we're going to take a look at money, our cash and investments. The Department had total cash and investment balances at June 30, 2018, excluding encumbrances of \$85.3 million. In unrestricted cash which is generated from water revenues, we had approximately \$63.2 million; \$22.7 million for capital improvements, which is an unrestricted balance budgeted for repair and replacements of lines, tanks, et cetera; debt service of \$1.8 million which is an unrestricted account so we transfer from the revenue account and budget that to cover current debt obligations. The unrestricted or operating account had \$38.7 million. The water system development account has approximately \$13.2 million, and this is restricted cash which can only be used for the new transmission source and storage projects. It's generated from the water system development fee which is charged when a new meter is installed. Right now, the fee to install a 5/8-inch meter is \$12,060. Now, we're going to talk about bills. Our long-term debt is currently \$67.8 million. This is at June 30, 2018. Of this bonds payable, was \$22.1 million and notes payable of \$46.1 million. The notes payable balance is made up of Safe Drinking Water Loan Fund notes from the State Department of Health. As you may know, we've generally tried to finance to the extent possible our CIP projects with Drinking Water loan funds as those funds tend to be provided to us at a very competitive rate. A debt service ratio is a ratio of net revenues to debt service requirements. Generally speaking, a debt service ratio of 1.1 to 1.2 is a minimum threshold which should be maintained according to Moody's Investor Services. In December 2017 Moody's Investor Services indicated a median for municipal water utilities was a debt service coverage ratio of 2.1. The Department of Water Supply's debt service ratio is 3.1. So, maintaining such strong ratios represents healthy liquidity and allows the Department to more than adequately cover its debt. Current revenues for 2019 are projected to be \$64.8 million; 97 percent of those revenues come from water deliveries. Smaller amounts come from monthly charges, fire protection service, installation and jobbing costs, interest income, and other miscellaneous charges. This revenue is used to cover expenses for operations, maintenance, equipment, debt service, and system replacement. And of course, we provide some degree of cash CIP. For those of who you may not know, we also provide billing for the sewer services. So, it comes on a joint bill and we charge the Sewer Department for that service. We also receive a small amount of revenue from the Fire Department because the Water Department maintains the hydrants. So, the mission of the Department, the Board of Water Supply is to provide clean water efficiently and our budget generally reflects that purpose. That's it. Thank you. Do you have any questions?

CHAIR LEE: Well, I'm sure they don't have any questions. Yeah. Let's just go right down the line. Councilmember Sinenci? Thank you.

COUNCILMEMBER SINENCI: . . .*(inaudible)*. . . next.

CHAIR LEE: Mr. Molina?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

COUNCILMEMBER MOLINA: Yeah. Thank you, Madam Chair. Just one quick question on the debt service ratio of 3.1. So, as we understand it, the minimum threshold for an A rating is the 1.10 to 1.20. So, we're at 3.1. So, can you tell us how we established that?

MS. KAU: So it's...

COUNCILMEMBER MOLINA: Or the cause for it I should say.

MS. KAU: I beg your pardon?

COUNCILMEMBER MOLINA: The, how we managed to get to that 3.1.

MS. KAU: It's reflected by the--oh, sorry.

CHAIR LEE: Yes, she can go. Go ahead.

MS. KAU: Oh, okay. Thank you. Sorry. Got to follow the rules. So, it's just a representation of us having a very healthy cash reserve to be able to pay our debt. You know, we're more than, we have enough to cover our operating expenses and our debt comfortably.

COUNCILMEMBER MOLINA: Okay. Well, that's good to hear. Thank you.

CHAIR LEE: Ms. King?

COUNCILMEMBER KING: Chair, I have questions, but our normal procedure, I don't know if you want to follow it is to go through the voting Members first and then go to the non-voting Members. So, I'm happy to wait till the voting Members get their questions answered.

CHAIR LEE: Okay, thank you. Who else is not a voting Member so that I don't have to go look it up? Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I was curious if the Department has started to look into energy conversion to cut down on cost?

CHAIR LEE: Yes, Ms. Kau.

MS. KAU: Thank you. With regards to renewable energy sources, sometimes it's difficult for us to be able to find a renewable source that's very reliable. So, particularly in some of our remote well sites, it would not be practical for us to have solar power. We do have some solar power for lighting and whatnot, I believe, at some of the treatment facilities, but we need a reliable source of power all the time. Yeah.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Ms. Kau. Have you looked into...so like the state of Oregon, they've installed hydropower turbans in the pipelines. Is that something feasible for us?

CHAIR LEE: Director?

MR. PEARSON: Yeah. That's a great question, Member Rawlins-Fernandez. Yes, we have looked at that and the CIP group has done a little more research on that. An 8-inch pipe is a pretty small diameter to try to put in in-line power, but we have, where we have 12-inch lines and where we have enough head that would provide power, we're considering that. There's nothing in the system right now, but it's been discussed and reviewed, and I don't know if, Wendy, you can, she might not be able to expound on that, but I know that's out there and it's a consideration.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Director. Mahalo, Chair.

CHAIR LEE: Mr. Hokama?

COUNCILMEMBER HOKAMA: Tell us how you are dealing with that short-term investment component.

MS. KAU: You know I apologize. I would have to defer that question to Finance; our cash is comingled with Finance Department's cash and they take, Treasury takes care of the investing.

COUNCILMEMBER HOKAMA: Okay. So, the Department itself doesn't do any independent investment --

CHAIR LEE: Ms. Kau.

MS. KAU: No, we do not.

COUNCILMEMBER HOKAMA: --regarding your water funds?

MS. KAU: No, our cash is comingled with Finance.

COUNCILMEMBER HOKAMA: Okay. No, and that's fine. So, besides DEM's billing, and Finance's portfolio on short-term investments, is there anything else you folks doing jointly with other departments?

CHAIR LEE: Ms. Kau?

MS. KAU: I'm sorry, Member Hokama. I don't think I understand the question.

COUNCILMEMBER HOKAMA: I'm trying to figure how autonomous or semi-autonomous you really are.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

MS. KAU: Oh.

CHAIR LEE: Go ahead.

MS. KAU: Well, we...let's see. I want to get to that exact number.

COUNCILMEMBER HOKAMA: So, as far as payroll, you're independent of everybody else?

MS. KAU: Yes, the only income that we receive from General Fund, well Environmental Management and General Fund would be roughly 250,000 from Fire Department for hydrant maintenance and about 750,000 from sewer because we bill them for, you know, the cost of...

COUNCILMEMBER HOKAMA: Right. Right. Right. We understand that.

MS. KAU: Yeah, that's it.

COUNCILMEMBER HOKAMA: That interagency charge. Your budget that you provide for conservation, invasive species, that is administered through your Department or through Finance or...

CHAIR LEE: Ms. Kau?

MS. KAU: Thank you. It is administered through our Department.

COUNCILMEMBER HOKAMA: And that is unrestricted funds?

MS. KAU: That's unrestricted funds. A little over \$2 million generally speaking on an annual basis.

COUNCILMEMBER HOKAMA: And that has, from what, Administration Division, and was that grant?

MS. KAU: Yes, our Water Resources and Planning Division manages those budgets, the grant budgets.

COUNCILMEMBER HOKAMA: Okay. So, if let's say, your Department is giving some money to invasive species, coqui frogs and let's say, the County Council gives General Fund coqui frog funding, you just deal with your component independent of the County's other pots of money for the same thing?

CHAIR LEE: Director?

MR. PEARSON: Member Hokama, the greatest intent of our grants towards, I don't want to focus it on invasive species. I would focus it more on watershed protection. So, the funds and the grants that we provide for the watershed partnerships focus more on

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

watershed protection, of course, that's where we protect our aquifers to provide the water for our use.

COUNCILMEMBER HOKAMA: No, I get that, Director. I don't have an issue with that. I'm just saying that if I don't need three more clerks, if we did this just smarter in our structuring of our departments, then that's three more positions we could use for something more beneficial for the County's reprogramming. That's what, how I'm looking at it. It's more of an efficiency of operations than anything else. Thank you, Chair.

CHAIR LEE: Do you have anything to add, Director?

MR. PEARSON: Just a brief comment that you asked on about return on investment and I'm learning that being an enterprise fund, we tried to put some funds away for future sea level rise, but talking with the experts that be, they say that the way you define an enterprise fund is, the customer has to be available to use whatever process you're putting out. So, in other words, if we put money away for the long haul and there's, and new customers are not there to reap that benefit then it's likely we can't do that. So, the monies we have, have to benefit the customers nearly immediately.

COUNCILMEMBER HOKAMA: So, we only take care the customers that are currently alive or dead and we forget about those that coming down the pike? That's what you're telling us right?

MR. PEARSON: Yeah, I guess so. That the idea is that we can't have a long-term investment that may not serve the customers that we have. Well, I guess that I best should watch what I'm saying because we have infrastructure needs. So, maybe I should just quiet down since I'm not knowledgeable enough to speak.

COUNCILMEMBER HOKAMA: Well, Director, you know, for us, I mean, if we know the world's going to end tomorrow, that's a not bad way of approaching our problems yeah, but I'm sure things will last longer than my life. So, I have a problem with that kind of approach to our concerns. Mine is more about how we're going to deal with the long term because our problem is not how we're going to pay for a growing community, it's how do we replace the existing, of the existing community is our, you know, big, big challenge today is how do we take care the current population with the current deterioration of our current infrastructure. So, that's my concern, Chair. Thank you.

CHAIR LEE: Thank you. Ms. Paltin? You're not a, you're the, no. Okay. I just got you confused. It's Ms. Sugimura who's not a voting Member. Okay.

VICE-CHAIR PALTIN: Thank you, Chair. I'm your Vice-Chair.

CHAIR LEE: I plead ignorance.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

VICE-CHAIR PALTIN: Thank you for this opportunity. Thank you to the Administration for being here. So, I just wanted to clarify that, like you said in the beginning part, that this isn't set in stone because it's still being finalized on the 9th floor and I was looking at your, just browsing through the Capital Improvements Projects in the Fiscal Year '20 strategic goals, and my concern is, like Mr. Hokama was saying, and you guys was saying that we got to focus on our existing customers. On the Lower Honoapiilani Road in West Maui like the 4,600 to 4,800 block, we have a significantly large water pipe that is less than two feet from the edge of the ocean, and with all these big swells and rain events, it's in a very precarious position, and you know, with sea level rise, is there any talk or plans about relocating this infrastructure, the waterline and the sewage line? Because it is pressurized, and if there is another big storm event, and the waterline blows, it's going to take the sewage line with it and all of that is going to go into the ocean, and there's not, like an immediate shutoff valve for the sewage that you can press the button. So, to me, it's kind of a state of emergency for us on the west side and if it blows, that's like a catastrophic event, and I don't see any timeline of getting all the residents on the lower road back hooked up to water and sewage. So, is there a Capital Improvement Project in place or any plans to relocate these water and sewage lines on the lower road out of this inundation area?

CHAIR LEE: Director?

MR. PEARSON: We've briefly spoke with Public Works on that issue, and we haven't, there's no concrete plans yet, but we're aware of the area you're talking about. There, I think, Public Works was looking at, in the long-term future, limiting that road or maybe even relocating the road, and of course at that time, we would be involved in the infrastructure for the waterline, but I can't give you specifics, and I agree that emergency is upon us, but we're working with Public Works to try to resolve that.

CHAIR LEE: Are you not satisfied with that answer? Ask him some more questions.

VICE-CHAIR PALTIN: From what I spoke to the engineers in Public Works, if we start now and there's no major delay, the best-case scenario for planning and design is two years from now, and I don't feel confident we can withstand another major storm. I used to live at 4790, and when it rains really hard I think it was maybe 2008 or so, half of the road washed out. So, it's a very dire circumstance and I really hope that you add this to your strategic goals for Fiscal Year '20. You know, there's many places of the lower road that is becoming...we have nine condominium complexes falling into the ocean. So, it's like, we the County need to take the lead on this managed retreat and if the general public sees us relocating our infrastructure out of the inundation zone, I think, it will become more real to most people and, you know, so much of our economy is based on the ocean, the tourists, and people's livelihoods. And I just can't see like millions and millions of gallons of sewage or water being just dumped into it, and I hope that we can act sooner rather than later. If I may ask another question?

CHAIR LEE: Sure.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

VICE-CHAIR PALTIN: I was wondering if you could go into more detail about hydrant maintenance. During the recent fires in West Maui, there was claims that some of the hydrants weren't working, and I was wondering if you could share with us how you go about making sure they're maintained.

CHAIR LEE: Director or Ms. Kau?

MS. KAU: Member Paltin, I do believe that the hydrants in question were not DWS hydrants. Those were off of the private water system.

VICE-CHAIR PALTIN: Oh, so you only do certain hydrants?

MS. KAU: We maintain our hydrants, the water servicing those hydrants, and I believe that was the issue when we had the fire and the storm. There was no water going to the hydrants. That was the problem, and it was not our water supply that supplied those hydrants.

VICE-CHAIR PALTIN: Oh, private water company?

MS. KAU: It was private water.

VICE-CHAIR PALTIN: Oh, okay. Thank you.

MS. KAU: You're welcome.

CHAIR LEE: Ms. Kama?

COUNCILMEMBER KAMA: I was looking at your, on page, I think, your slide number four, it said you had 36,615 customers on Maui and Molokai. So, your customer is the name of the person on the water bill or, I mean, like how do you determine like on high-rise buildings, and you know, like apartment buildings, when the water is all being done by that one landlord, the one owner?

CHAIR LEE: Ms. Kau?

MS. KAU: Yeah, we would treat essentially the metered service as a customer.

COUNCILMEMBER KAMA: Okay. So, but you could have potentially more customers individually if they all had their own meters though, right, or if they could send the bill to individuals?

CHAIR LEE: Yes, Ms. Kau?

MS. KAU: Yes.

COUNCILMEMBER KAMA: Okay. Thank you. That's all, Chair.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

CHAIR LEE: That's all? Ms. King?

COUNCILMEMBER KING: Thank you. Thank you, Chair. I wanted to follow up on the Carryover/Savings issue. Do you know approximately how much Carryover/Savings you're going to have going into this next budget from the Fiscal Year '19?

MS. KAU: Member King, that's a very difficult question. We intend to encumber most, if not all, of what we have budgeted for 2019. You know, it depends upon various circumstances, whether or not we can...yeah, I mean, you know, there's some degree of contingency, if we're going to have to pump phase six or phase ten Upcountry, that's going to be more electrical costs. If certain CIP projects, depending upon the status of those projects will or will not, you know, generate Carryover/Savings, but I can't speak with regards to what we anticipate at the end of Fiscal '19.

COUNCILMEMBER KING: Okay. And you know, in the past when we had, I think Ms. Baisa, when she was the head of the Department, we were talking about the previous year's budget, and it came up that there's generally a large amount of money, extra money put in for utilities and their annual savings, I mean, the amount that they didn't use was generally around 3 million. So, is that seem, does that, those figures seem right to you?

MS. KAU: Ballpark it's probably close to that, but however...

COUNCILMEMBER KING: Okay. Because I'm just wonder why we're, we continually carry over if we know, and I asked this question before, but I wanted to ask it of you, of the new Administration coming in, if we know there's always about \$3 million leftover, why are we, why aren't we putting that into something like what Ms. Paltin was just talking about? Why aren't we putting it into infrastructure immediately? To me, you know when you talk about putting money aside for the future, spending it today on infrastructure that's needed, is kind of like banking it, you know, and then I also consider watersheds to be part of our infrastructure, but there's a lot more. If there's that extra funding now, we should be looking at where we could put it to the best use instead of continually carrying it over, and so just wondering if you could speak to the potential for using some of that money for additional infrastructure and also possibly increasing the amount of money that goes to the watershed so that we can get more done more quickly.

CHAIR LEE: Ms. Kau?

MS. KAU: Thank you. When we prepare our budget, we have to prepare a balanced budget. So, we estimate the revenue, and we estimate our expenses. And with regards to electricity, we try to anticipate what may be involved with rate increases with Maui Electric, what may be worst-case scenario in terms of a drought. There was one year, I want to say maybe close to seven to ten years ago where we actually came before Council to request more money for electricity and it's not as though, midstream we can raise rates. So, the extent to which we budget comfortably then we're sure that we're able to endure what may be the worst possible scenario in terms of electrical

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

expense. And it's safer for us to do it that way because the extent to which we're not going to utilize that money, we're going to carry it over, and, you know, essentially attempt to appropriate it for the following year, but it is only for electricity. Does that make sense?

COUNCILMEMBER KING: Well, I mean, there are ways of, you know, coming before the Council for a budget amendment to use it somewhere else, I think, but I guess I would just ask you to have this discussion in your strategic planning of whether that is the wisest thing or the wisest thing is to put the money into something that, you know, we know it's coming. We know climate change is happening right now. We know there's going to be sea level rise. We've been told that our, you know, well originally we were looking at 1.5 to 3.2 feet of sea level rise. Now, we're being told that 3.2 is conservative, and so we should probably be looking closer to 6 feet or more. So if we don't start actually taking, I mean to me, if it's been, and this is what I asked the previous Director, it's been an average of \$3 million a year, let's take some of that, and let's put it into, let's invest it in the infrastructure that we need to do because we know it's coming in five or ten years, and if don't start fixing things today, if we keep rolling over with this extra money we may be missing our opportunity to alleviate a bigger disaster down the road than, you know, having to come back and ask for a little more money for electricity. So, you know, kind of a balancing thing, and I understand wanting a cushion. I'm not sure we can afford to have too much of a cushion right now when there's so much to do when you're looking down, you know, to me it's like staring down the barrel of a gun because we know it's coming. We know we have limited time and so, anyway, I just kind of wanted to put that thought out there that we may not be able to afford to sit on a \$3 million cushion every year for the foreseeable future. But let's see. I think I had one more question. Well, I wanted to also ask you if there would be an opportunity in there to increase the, what we're giving the watershed for grants because we sat and we, at the end of last year in this Water Resources Committee, we had presentations by almost every watershed, and, you know, my biggest plea to them was to start working together and do things across the different watersheds so they could possibly save money on helicopter rentals and different types of invasive species targeting, but I think the bottom line is, they all feel like they could do so much more if they had a little bit more funding. So, it would be good to see, you know, what the recommendations are for additional funding for the watershed, the watersheds across the County, and how those could affect, you know, protect our future water sources today. I mean, you know, not today, today, but you know, in the immediate future versus putting everything off, and then coming to a point where we look back and we say we should have done this.

MS. KAU: Chair?

CHAIR LEE: Ms. Kau?

MS. KAU: Member King, if I may respond. The watershed grants are vetted through a committee, the water resources and planning. Some of the staff, they also engage people from other departments, people from other agencies. Historically, they've had people from Department of Health participate in this committee, and each grant is

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

reviewed very carefully to assess the needs of the grant as well as the performance of the grantee. So, I'd like to say that what we request is a good number, you know. It's based on what the agency needs based on performance. You know, I think that it is money well spent needless to say, but it is based on, you know, the committee review.

COUNCILMEMBER KING: No, I understand that, and I've sat through many meetings about these watersheds, and they are based on a review by a committee, but they are based on parameters of how much is available. So, within that parameter, they're limited to how much they get, and I'm just saying, let's look at increasing that parameter based on what we need to have happen, you know, because, I know...I think, most of agencies are doing really good work, and, I think, they're performing well, but every single one of them said, here's how much more we could be doing if we got more funding. So, to me it's not, I fully understand the, you know, the professional vetting of it, but it's being vetted with a limited amount of funds, and so you know, let's just think about whether we could increase that parameter of funding.

CHAIR LEE: Director?

MR. PEARSON: Appreciate it and we'll...it's encouraging to hear that the Council is aware and knowledgeable about providing grants towards watersheds and you realize the importance of it, and that's fantastic to hear, and that word will get out. Thank you.

COUNCILMEMBER KING: Okay. Thank you, Director.

CHAIR LEE: Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. So, of course we have to talk about the Upcountry water meter list right? I always had a thought, and I just want to throw it out here, as we know, I don't know what the number is now, but the 1,600 was the water meter list at one time. It's a big concern that I hear about often. I'm sure Mr. Molina hears about it, but since we have this water meter list, and with 1,600 people on it, we wouldn't have this list if we didn't have water I would assume. So, I wondered why we don't just issue and get rid of the water meter list is my goal right, with an outcome that I'll explain, but if we got rid of the water meter list and told everybody on that list, okay you got your water and I'm sure Wendy Taomoto who's sitting up there must be thinking, oh no, it's a much bigger problem than that. But then we would face the problem that we have for all these people who've been waiting for many, many years of being able to get their water meter, maybe they could or couldn't but my situation that I hear out in the community is that my number is let's say is one, my neighbor's one is 300, but yet, we wouldn't be able to share in the cost of the infrastructure because my number is one and my number is 300. So, I have to wait till the 300 comes and you deal with yours separately, and number one deals with it separately. So, I would guess that the Water Department long, long ago, when it way before, you know, you, when you created the water meter list to take it up to 1,600 there must have been a reason why 1,600 was the cut off, and I'm assuming that there's enough water, and it's just a matter of, I don't know why, that I mean, I know it's a lot of work, Wendy Taomoto and your Department came before the Water

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

Committee last year and explained all the different steps so that's why you have 60 that you did, you know, the last year, but I just want to throw out that idea. I'm trying to figure out how to deal with the problem head on and figure out how to best do it so that the people who have been waiting for a long time and who can afford it can do it, and the people who have, are on the list and is just staying there because maybe, you know, maybe they cannot. So, you can, you know, purify this list and get down to what will actually work.

CHAIR LEE: Director?

MR. PEARSON: I think anything, any response I give you, you've probably heard before so I don't want to be trite or disrespectful. It's a difficult issue. As you know, if we cleared the water meter list tomorrow, likely there wouldn't be enough source to meet all those people on the list. Approximately 50 percent--Wendy, if I speak really off, stand up and wave your arms okay--but likely there's, it's about 50 percent of the people that are on the list that end up accepting and moving forward to accept their meter and go for the whole process. Another issue we have, the pace has picked up a little bit, that's not going to satisfy you. I think there was 75 letters that were sent out in the calendar year of last year. So, that's a little better than 60, and it's not just that they get their meters, and again you know this, that it's an infrastructure issue and it's a safety issue with fire protection. So, there's a lot of hold backs there. I think we need to step out of the box. We looked at, discussed some type of community development funds that may be an alternative somehow to look at another way. As you did say again, it's by first come, first serve, and that's what's written in the rules. So we have to change the rules if we're going to get your person one and person 300 to get together to pay for those infrastructure costs at least today. So that's a huge issue, and we have to address it, and we will do something to step out of the box, hopefully, and it's going to be with this body that's going to help us step out of the box because some type of ordinance is going to have to be passed to allow things to change.

COUNCILMEMBER SUGIMURA: I look forward to it. Going back to a question brought up by Ms. Paltin. So, I'm going to guess that you're talking about the nine condos which is the Kahana Bay situation, and I didn't really think about this, but maybe we could tie in, right now, I think the Planning Department, the Planning Department and Finance is looking at how to help the nine condos, and I've been privileged to sit in on some of the, or listen in on some of the meetings with the nine condo associations, but it would be interesting. They're looking at it from a term from their perspective of the erosion, right, and the danger of the condos, the nine condos, but I didn't look at it in relationship to what Member Paltin is saying, but if we could become, you know, part of the solution. They're looking at the community facilities district to see if that could be used with the thousand something condo owners, including...I don't know how you do the, you know the, what are they called, when there's 52 people that own a unit including many of those that are part of it, but if we can be part of the solution and help them if we have our growing problem in that area, and they have their growing problem, and maybe we can work together. So, I would like to suggest and maybe you speak to Michele from Planning as well as Scott Teruya because that's who would be involved in the conversation, but they're just looking at it from the condo owner side

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

and the beach erosion perspective, but if we have infrastructure that is a problem, then we should, maybe, join in on this conversation. That's all.

CHAIR LEE: Did you have anything to say, Director? No?

MR. PEARSON: Well, point taken, and also I clearly heard what Member Paltin had to say. So, I agree that we should do our best to work together, and do it now rather than later.

CHAIR LEE: Okay, question I have, Ms. Kau, is I know you're an enterprise fund, but do you receive any General Funds from the County, General Funds?

MS. KAU: We do not have, our budget is not subsidized by the General Fund. As Member Hokama had described, we do receive a small amount from the Fire Department that's \$250,000 for maintenance of the hydrants, but we are not provided any General Funds.

CHAIR LEE: So, your projected revenues of \$85.3 million will probably be the same? I mean, your revenues for the next fiscal year would probably be the same as the last fiscal year?

MS. KAU: The 85 million is the current cash balance at June 30, 2018. Generally speaking, the projected revenues are within the same range. If I look at 2019 I believe our projected revenues are going to be just shy of 65 million.

CHAIR LEE: You mean down from 85 million?

MS. KAU: Eighty-five million is the cash balance.

CHAIR LEE: I see.

MS. KAU: And 65 million, 64.8 is what we project as revenue for 2019.

CHAIR LEE: Okay, since you're self-sustaining, what do you expect your next budget to be like, what amount for the next fiscal year?

MS. KAU: Oh.

MS. PEARSON: Chair?

CHAIR LEE: Yes, Director?

MR. PEARSON: Again, we haven't finalized the budget at the Administration, so I don't really want to say rate increase or no rate increase right now please. So, that would be a major factor in, if the projected revenues are going to increase.

CHAIR LEE: So, you may propose that?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

MR. PEARSON: Let me work with the Administration to determine if there is a rate increase that is going to be proposed.

CHAIR LEE: Alright.

MR. PEARSON: Please.

CHAIR LEE: Okay. Now, on your, on Page 9, Department overview, increase in water services, you have, I think, Ms. Kau mentioned a growth rate of 1 percent. Was it 1 percent did you say, Ms. Kau?

MS. KAU: Yes, 1 percent per year.

CHAIR LEE: So, that roughly equates to like 250 new meters? Is that correct?

MS. KAU: I believe that's in the ballpark.

CHAIR LEE: Two hundred and fifty? So, that means --

MS. KAU: Slightly less.

CHAIR LEE: --that's the amount of homes that we have, or condos or commercial units? Are they all mixed up together or do you have a breakdown of that?

MS. KAU: Yeah, I'm sorry, I don't have a breakdown of that right now. I just have total water services.

CHAIR LEE: Would you be able to provide a breakdown please?

MS. KAU: I can certainly try. We generally track the meter installations by area. I don't necessarily indicate...oh yeah, I can do it by size, Jeff, thank you. I can do it by size.

CHAIR LEE: The reason why I ask is because we're so far behind in affordable housing and at this rate which include, the 250 which includes more than housing yeah, includes --

MS. KAU: Yes. Includes everything.

CHAIR LEE: --commercial, it includes market homes, condos, market condos, I mean, at the rate we're going on, we won't have much, we can't meet our goal of what, 14,000 by 2025, right? So, that brings us to, are you working on new source besides West Maui, and of that new well that you're drilling in the next, in West Maui, how many MGD would be available for new housing? Director?

MR. PEARSON: Yeah, that I don't have any specific answers for you, Chair, but of course affordable housing we realize it's a priority not...Countywide and with this Council.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

So, we'll do everything we can to meet the needs of affordable housing. We're looking at source Upcountry of course, that, to satisfied the growth the of the meter list, source in Central for the same reasons. So, you know, I mentioned that briefly when we, when I was up here for my approval. So, we're, I came in at not the best situation so we're doing the best to work towards where we can acquire additional source for all areas of the island.

CHAIR LEE: But apparently your budget doesn't cover that, doesn't seem to be covering, you know, substantial new source development. So, again, would you be coming to the County for a General Fund, or GO bonds or would you have other sources, you know, within your, within the State for new development, revolving fund, you know, or any other sources you might have?

MR. PEARSON: Some of these sources issues are addressed in the capital improvement budget. We didn't really have a presentation of that, and again, we're a little bit hands tied as far as talking about the 2020 Budget, but we're looking at source through the capital improvement side of things.

CHAIR LEE: Director, I'm looking at the project list right now, and I see only one of one, two, three, four, five items that include new source. The rest are more for reliability and repairs. So, that's the reason why I'm asking about new source and West Maui is the only one listed. Yeah, Director?

MR. PEARSON: Yeah, these projects are again, they're not FY 2020. They are from, these are projects from, they are projects that are FY '19 carrying on through FY 2020. So, if there's an...some FY 2020 proposed source issues are not shown here.

CHAIR LEE: Okay, but again, you'd have to increase your budget substantially in order to cover other new source because the new source in West Maui alone is 4½ million, yeah?

MR. PEARSON: Yeah.

CHAIR LEE: So, that's the reason, but you're not at liberty apparently right now to discuss what your projected budget might be, but I'm just saying, I'm just noticing that it doesn't, it appears you may not have enough money to be creating new source. So, you know, we need to work together to figure out some solutions here, right?

MR. PEARSON: Point taken.

CHAIR LEE: Any other questions from the Members? Mr. Hokama?

COUNCILMEMBER HOKAMA: I appreciate your questionings, Chair. For me, it's a bit, little bit more on the switching it around. I'm more concerned about transmission and storage than actual watershed. You know, I mean, don't get me wrong. I understand where watershed protection comes in the overall picture, but for me, current demand side is more about transmission and storage. So, that's where my concern is, but

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

hearing our Chairman's and other Members of this Committee's concerns about the housing component, my question has always been concern hearing the departments talk about going into areas and increasing densities, but nobody talks about what is going to need to accommodate that density in existing residential or pre-constructed area because for me, one, I don't know where we're going to put additional cars because they cannot fit on the streets. So, if it's not on the lot, and it's not on the streets, then where is the vehicle? Second, I don't have a problem with density, but I'm not sure the waterline and the sewer line can handle in subdivisions that 50 years old already. And we haven't made the adjustments of the maintenance either to replace or expand capacity. So, so much for housing, and I think, the main thing for our Committee is even in the past, when we gave a new director a brand new budget and \$25 million of new cash to do CIP, I think luckily if the Department was able to do 12. So I disagree that just giving you money is going to help you out because I've seen us giving you, the Department money and the project still didn't come to fruition. So money by itself is not the answer, Director. I would agree with the Chair, unless there's coordination and getting the projects built. I would rather give you money to finish a project than new money to start another project that's not, that doesn't get done. So, I hope you can appreciate my perspective, but you have any comments about what can you really accomplish in a year versus the wish list?

CHAIR LEE: Director?

MR. PEARSON: Well, when I first got in here, I noticed that there was some Carryover/Savings for Fiscal '18 on the CIP side, and what I tried to do was focus on the CIP for Fiscal '19, which is...ends in December...calendar year December. So, I feel I have my hands involved in the Fiscal '19 CIP budget. And I've sat down more than once with the CIP group, the EPM and the head of CIP, and spoke with them on where are these projects, are they going to get done; because I know these questions are coming and they deserve to be brought forth. So, I have control in CIP for, some control in CIP for FY '19, and I hope to do a much better job than in some years past.

CHAIR LEE: Ms. King?

COUNCILMEMBER KING: Thank you, Chair. Mr. Hokama, were you finished?

COUNCILMEMBER HOKAMA: Go ahead, Chair.

COUNCILMEMBER KING: Okay. Thank you. So, I just have a couple questions. One, and I hope it's not a dumb question, but when you hook up to an apartment building, so that's one, that's considered one hookup to a water service. That's not considered, you know, we have this affordable housing apartment rental in North Kihei, and there's 120 units, but you don't consider that a hookup of 120 units or 120 hookups, right? That's one customer basically?

CHAIR LEE: Director?

MR. PEARSON: Yeah, correct. A customer is pretty much a water meter.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

COUNCILMEMBER KING: Right.

MR. PEARSON: So, the person that pays for that water meter would be that customer.

COUNCILMEMBER KING: Okay, so I mean I just kind of wanted...

MR. PEARSON: Less...more users.

COUNCILMEMBER KING: Yeah, I just kind of wanted to go back to the issue of density because when we're talking about affordable housing if we're doing individual houses that's individual water service hookups, but if we're doing rentals, affordable rentals which is I think one of the big push is right now then we're talking about you know, one meter for multiple units in one building. So, hopefully we can get more people serviced that way, but the other question I had was on your fast facts on Page 4, you mentioned there's been 2,536 afterhours calls with complaints resolved, and I just wanted to know what your measure is for knowing that you've resolved an issue versus just taking a call.

CHAIR LEE: Ms. Kau?

COUNCILMEMBER KING: Do you follow up and, you know, check mark?

MS. KAU: Thank you, Chair. These are based on calls taken afterhours that are monitored essentially by the baseyard, and so they would report, you know, what has been resolved. Some of them are just questions. Oftentimes, they involve plumbing-related issues that are not, you know, the responsibility of DWS, but they can, they certainly provide information or if there's a meter leak that is on the consumer side of the meter, and you know, a plumber needs to be involved as opposed to a break in the meter box or from the street where DWS staff needs to be dispatched to address that.

COUNCILMEMBER KING: Okay. So, maybe not necessarily characterized as complaints all of them, just issues answered because I'm just, I'm trying to in my head think of how you're addressing you know 2,500 actual complaints where you actually resolved them, but you know, I understand about providing information when people are asking questions.

MS. KAU: Yes, oftentimes it's information, you know.

COUNCILMEMBER KING: Yeah, okay. Alright. Thank you.

CHAIR LEE: Yes, Ms. Paltin?

VICE-CHAIR PALTIN: Thank you, Chair. One additional question, are you also planning for how the aquifers may get impacted with a sea level rise, like the ones that aren't like cap, un-cap rock?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

CHAIR LEE: Director?

MR. PEARSON: Yeah, the aquifers that are with the thinner lens, I think, the sea level rise would affect them greater and those are the, and that area of the aquifer is going to be utilized less because you have a thinner lens and your, if you can tap the aquifer you're going to be able to pump a smaller amount of water obviously. The Water Commission is the, of course you know, they're the main driver. The requirements for drilling a well into an aquifer is you can only enter the top 25 percent of that aquifer. So, if you have an available lens of let's say of 300 feet, you can only enter up to whatever that is, 75 feet and a sea level rise of three or four feet, five, six feet of course it's very devastating on the shoreline, but it wouldn't be as devastating to the aquifer system where these lenses are greater. So, I'm not saying it's not important of course, but it's not as a great of an issue with respect to the aquifer health as it is well aquifer health close to the ocean, of course, but as it is to whether there's higher pumping.

VICE-CHAIR PALTIN: So, if the lens is thinner, and you drill more wells, what kind of an impact does that have on it?

CHAIR LEE: Director?

MR. PEARSON: Well, of course, I mean, it's logically, and you'll know that and again, the Water Commission would manage that to inhibit or reduce the ability for all these wells to be, of course, you know, located in a closer area where one well if pumped would impact another. So, that's more in regard to Water Commission managing that, but with utilities and larger capacity wells that we need to serve the community, we're not going to go to those thinner lenses because we're not going, you know, it would be nice to pump half-a-million gallons a day, pretty much at a minimum, and we realize that the thinner lens won't give us that ability. So we'll go, generally we'll go deeper higher up in elevation to get a thicker lens to draw from.

VICE-CHAIR PALTIN: And that knowledge is based on a previous well becoming brackish and that's how you guys know that information?

CHAIR LEE: Go ahead.

MR. PEARSON: Excuse me, previous well?

VICE-CHAIR PALTIN: Just how you guys know that you can't put all the wells close together, that they're impacting each other, is it because wells have gone brackish and that's how you get that information from back tracking from that type of situation?

MR. PEARSON: Correct, and you know, sometimes it's not that simple because you'll have maybe two or three wells in an area and ones pumping just fine and one not too far away goes brackish and it's pretty much the same criteria of the well depth and casing and the whole bit. So, then we also have experts that we're kind of getting low on the hydrogeologists because they're all getting older and they're dying or retiring so we have a smaller group of consultants or experts to provide us with this information, but

WATER AND INFRASTRUCTURE COMMITTEE MINUTES

Council of the County of Maui

February 25, 2019

we do rely on them a lot and then as you said, they will look at the existing wells, they'll look at the transition zone where, that's where the saltwater turns to freshwater, and that is a great indication of...and...of if the well is going to be in good condition. Also there are again, like Water Commission has some monitor wells, not enough, and that's one thing they're pushing in their budget, but that does also help because a monitor well goes through the lens and into the saltwater to give a better indication of what's taking place at least at that well and hopefully in the near location.

CHAIR LEE: Sure.

VICE-CHAIR PALTIN: And do you know how the hydrogeologist folks calculate the recharge and are sure that it's going on?

CHAIR LEE: Go ahead, Director.

MR. PEARSON: That's a difficult question, and I don't know the details of that answer, there's many different models that they look at. The water plan that's coming out I think it re-evaluated the way that the whole, not just recharge, but the whole situation of replenishing the aquifer. So, it's a science, but it's not an exact science and I can't give you a specific answer, but if you talk with someone on the Water Commission, I'm sure they could give you a better answer than I.

VICE-CHAIR PALTIN: Thank you. Thank you, Chair.

CHAIR LEE: Ms. Sugimura?

COUNCILMEMBER SUGIMURA: I just wondering when is your water, is it called redevelopment plan coming out, the final report?

CHAIR LEE: Water re-use. Water Use and Development Plan.

COUNCILMEMBER SUGIMURA: Water Use and Development Plan. I think...

MR. PEARSON: We're hoping to bring it in front of the Council in March.

COUNCILMEMBER SUGIMURA: Oh, good.

MR. PEARSON: So, it then Council it has gone in front of the Board of Water Supply and they've provided some comments that we need to incorporate and we'll get those comments incorporated in the Water Use and Development Plan and it should be in front of you in March.

COUNCILMEMBER SUGIMURA: Very good. Thank you.

CHAIR LEE: Ms. Kama, any questions?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

COUNCILMEMBER KAMA: Not at this time.

CHAIR LEE: Okay. I'm just going to ask a quick one. Okay, Director, how much does it cost to drill a new well, and how long does it take?

MR. PEARSON: Okay, again, that's, there's a lot of things that are outside of our control. To define a well at 3,000 feet is going to cost a lot more than a well at 800 feet. I'd like to think it, well there's also processes that go along. Of course we have to look for the land, and have that hydrogeologist find a good location, then we do an exploratory well.

CHAIR LEE: Okay, on average, how long does it take?

MR. PEARSON: Let's say, I'll say three to four years from start to finish if everything goes smoothly.

CHAIR LEE: Three to four years for one well, and how much would it cost?

MR. PEARSON: That again depends, but if just the drilling of the well itself, I'll say 2 to \$4 million for the drilling. That doesn't...

CHAIR LEE: What about the transmission and storage?

MR. PEARSON: Well, again that depends on how far you are away from the transition, do we need a storage tank, so I really don't even want to give you an answer for the infrastructure that's related to that well.

CHAIR LEE: Because the next question is, how much is it to repair leaks, and how much water would be saved if you concentrated on repair and maintenance?

MR. PEARSON: I get where you're going here and I agree with you completely. If we can conserve a million gallons of water a day or reduce the losses of a million gallons of water a day, that means we drill one less well. So, I agree wholeheartedly with your line of questioning, and that's one of my efforts and our Water Resource Planning Division head is here right now which does work on leaks and conservation.

CHAIR LEE: And who is that? Tom? Oh, could you come down for a second please? I just would like to know how we're doing on our leak repair program and how much water have we been saving on average and how much more can we continue saving on average per year. Could you state your name and your position please?

MS. BLUMENSTEIN: Thank you. Eva Blumenstein, Planning Program Manager.

CHAIR LEE: Thank you.

MS. BLUMENSTEIN: Thank you for the question and it's a very good one. Going back, we have been fairly aggressive in our conservation program. even though we're not

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

spending more than maybe a quarter million dollars a year, we have steadily decreased the water use per service as the number of services have increased. So, we have that same trend over the last ten years. Going forward, we have, we're better informed especially after completing a water audit for the first time, a complete water audit for all our water systems. That sort of was an enlightening experience too because we may have just assumed that leaks is all leaks, right, in main pipes, but that's not really the case. There are certain areas that are leakier than others, but it may not be main pipes, it may be smaller specific subdivisions because of specific pipe material, it may be losses with older meters that have not been replaced in, you know, five to ten years, and they've abounded the useful life, and other water losses. So with that said, I mean we're continuing aggressively with the leak detection program, but we're also looking at other conservation efforts both in house and on the demand side because we hope that a big chunk of our source needs over the next 20 years will be met by conservation and increased efficiency.

CHAIR LEE: So, how much would you say we can conserve every year with the leak detection program and, you know, conservation efforts?

MS. BLUMENSTEIN: Well, our optimistic objective is to meet about 8 to 9 million gallons a day and need by 2035 through conservation, demand and supply side meaning leak detection, efficiency, optimization, and demand side. So...

CHAIR LEE: Okay, can you break that down? How much per year?

MS. BLUMENSTEIN: So, by 2035, the engineer math here please. Yeah, so between 2019 and 2035, and that's for all our public water systems. Yeah, yeah. Half a million. Half a million in a year.

CHAIR LEE: Half a million in a year. I see. Okay. Any other questions? Yes, Mr. Sinenci?

COUNCILMEMBER SINENCI: Yes, this question is for the Director. You know, currently there's about five bills at the Legislature that's speaking about continued diversions out of East Maui with the watershed. Is this something that the Department is aware of, is tracking, and would these legislation affect DWS?

CHAIR LEE: Director?

MR. PEARSON: We're tracking these, not only myself but Eva is helping me on doing some of the tracking. I'm not, we haven't, we provided written testimony on some of these bills. I just heard of a new one that's coming out. So, yes, we're aware of them. I wouldn't call myself an expert. How does it affect Water Supply? Well, East Maui, the bills that are affecting East Maui, even, I think, in the worst case everyone is well aware of the domestic use of the Wailoa Ditch and feeding Kamole Treatment Plant. So, whatever we define as the worst case there are parties are well aware of the needs of water supply and even on Kula Ag Park beyond the Kamole intake. So, not that I'm going to be flippant about it, but, I think, that the needs for water supply will be made aware of with through these bills.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

CHAIR LEE: Any more questions? No? Mr. Molina?

COUNCILMEMBER MOLINA: Thank you very much, Madam Chair and Mr. Director. Just dovetailing off the conversation you had with Mr. Hokama. I'm along the, with the same lines as far as transmissions and storage, and looking at your strategic goals I don't see anything there as far as prioritizing storage. I know years ago there was talk in the Upcountry area of developing reservoirs. Where are we on that? Is that, will we be seeing in this Budget Session the Department coming to us to ask us for monies to develop additional storage or completing any projects related to storage?

CHAIR LEE: Director?

MR. PEARSON: The project you're speaking of is the raw water storage at Kamole Treatment Plant, and the main issue there is reliability. So, it's how important is reliability to the Upcountry users. With additional storage you can, and these are just coming off the top of my head, but additional storage may allow them to be without water, let's say, one day a year versus two, three, four days a year. So, it's a reliability issue. Not much of a source issue. I'm not, I have to check with capital improvement, I don't, and I really shouldn't talk, but I don't think we have any of...I know we just, when I was in capital improvement we did some studies, preliminary studies. Another issue on this is what takes place...excuse me, we did do some studies while I was in the capital improvement section, and worked with the land owner, and did some preliminary design, but I don't think it's gotten any further than that since three or four years ago.

COUNCILMEMBER MOLINA: Okay, but I just hope that the Department puts an emphasis on storage because you know all this rain we got, yeah. A lot of water we could have saved if we had those types of storage facilities, and one last thing on the discussion regarding the cost of developing new sources. If at every opportunity you have, could you look at maybe going into a partnership with a private entity to help pay for the cost for some of these source developments you're looking at whether it be in West Maui or Upcountry?

CHAIR LEE: Director?

MR. PEARSON: Yeah, I think that's always a possibility and if that is the case, whatever the agreement states in it to discuss that partnership of course, has to come through this Committee and full Council to be reviewed, vetted and approved or disapproved.

COUNCILMEMBER MOLINA: Okay. Thank you. Thank you, Madam Chair.

CHAIR LEE: Any other questions? Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. So, the list of CIP priorities that you provided us, from what budget do these come from?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

CHAIR LEE: Director?

COUNCILMEMBER RAWLINS-FERNANDEZ: From what year, what budget year?

CHAIR LEE: The list of priorities.

MR. PEARSON: From Fiscal Year '19.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So, the FY '19 Budget also included anticipating 5.9 million for Molokai reliable capacity between 2020 and 2024. Do you know about when that project would make the priority list?

CHAIR LEE: Director?

MR. PEARSON: Chair, if I could ask our EPM for Engineering and if she wants to bring her CIP Coordinator down to do...

CHAIR LEE: Sure. Wendy? Tom? Before you speak, could you say your name and your position please?

MS. TAOMOTO: Good afternoon. Wendy Taomoto, Engineering Program Manager and with me to my right is Tom Ochwat, Civil Engineer VI. Member Rawlins-Fernandez, you referenced the '19 Budget yeah?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes.

MS. TAOMOTO: Okay, I'm trying to find my '19 Budget. Hang on.

CHAIR LEE: Well, it was the Director who said the '19 budget, wasn't it? It doesn't matter.

MS. TAOMOTO: Sorry, maybe re-ask the question. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Sure. It was listed in the FY '19 Budget projected to be in the 2020, 2024 Budget. So, since we're entering the next Fiscal Year 2020 and it's not on this list of priorities, do you have any idea when it will make the list?

MS. TAOMOTO: I believe you...in the 2019 ensuing year, we didn't propose any projects for Molokai reliable capacity. So, it was listed like you said, in the 2020 out and the reason why it most likely won't pop up in the 2020 Budget is because the Department as well as other agencies are requiring, are still waiting for the USGS model to be completed. We anticipate and we're hoping that it gets completed in 2019, but you know, we don't have any control over that. As soon as that is completed, I think the Department will be better able to assess whether we will have the support of the other users, where, and where to develop our well which is the Kualapuu Well. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

CHAIR LEE: Do you have any more questions?

COUNCILMEMBER RAWLINS-FERNANDEZ: No, that's it. Thank you, Chair.

CHAIR LEE: Okay. Anybody else? Do you have any questions for us? The answer is no.

MR. PEARSON: No, Chair.

CHAIR LEE: Okay. If not, thank you very much. Let's move on. Let's see. If there are no objections, the Chair recommends deferring this item.

COUNCILMEMBER MOLINA: No objections.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR LEE: So noted. Traci, anything else? We talked about it. Yeah. If not, meeting is adjourned. Thank you for coming. See you next time. . . .(gavel). . .

ADJOURN: 2:56 p.m.

APPROVED:


ALICE L. LEE, Chair
Water and Infrastructure Committee

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Transcribed by: Jaydee Giron

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

February 25, 2019

CERTIFICATE

I, Jaydee Giron, 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 12th day of March, 2019, in Kahului, Hawaii



Jaydee Giron