

BOARD OF WATER SUPPLY
COUNTY OF MAUI

REGULAR BOARD MEETING
MINUTES OF DECEMBER 17, 2020

The regular meeting of the Maui County Board of Water Supply was held virtually on BlueJeans, on Thursday, December 17, 2020.

I. CALL TO ORDER

The meeting was called to order by Chair Shay Chan Hodges at 1:35 p.m.

II. ROLL CALL

Members present: Shay Chan Hodges, Chair
Zoli Milaskey, Vice Chair
Antonette Eaton
Dean Frampton
Norman Franco
Nalani Kaninau
Buddy Nobriga

Members excused: Joseph Aquino

Staff present: Jeffrey Pearson, P.E., Director
Mimi DesJardins, Deputy Corporation Counsel
Keola Whittaker, Deputy Corporation Counsel
Sherilyn Otsubo, Commission Support Clerk

Cablecast: Video conferenced via BlueJeans and viewable on AKAKU, Maui Community Media

III. APPROVAL OF MINUTES

Motion: Member Frampton moved to approve the minutes of November 19, 2020.

Second: Vice Chair Milaskey

Vote: The motion passed unanimously.

IV. TESTIMONY FROM THE PUBLIC

Dr. Jonathan Sheuer, consultant to the Department of Hawaiian Homelands on water issues: Mr. Sheuer testified that the Puanani Homestead Development in Waikapu is land that DHHL acquired from Everett Dowling in 2019. It's going to provide 161 homestead lots, targeted at 80% of area median income, for the beneficiaries. When DHHL submitted their subdivision map to the county, the Department of Water Supply responded that the subdivision is not compliant with

Title 14 which covers the county's water rules and also that they are not truly affordable housing. Therefore, the county said that in order to get the 96,600 gallons per day of the 161 units, DHHL needs to sign an affidavit that all of the leases will only go to people making 140% of area median income or less. DHHL responded that they are bound to who they lease to and they can't require affordability. Doing this would add a qualification that would make it even harder to get beneficiaries onto the property. The department's supposed verbal reply was then to ask DHHL to support their water use permit application for more water from surface water for the surface water treatment plant in the area. As the board considers the bill, this is one example that explains what motivates DHHL to want to have a more robust guidance in state law for what would be helpful for the counties in their support of DHHL.

Member Franco asked if DHHL is asking for an exemption from the requirements of affordable income for the project.

Dr. Sheuer replied that it might be possible for an exemption to the rule or for the rule to be changed to something that specifically allows DHHL projects in addition to affordable housing for the general public. This proposed legislation from DHHL is going to the Legislature and is trying to broadly address the relationship of DHHL to the different county Boards of Water Supply.

V. UNFINISHED BUSINESS

A. Director Pearson recently spoke to Managing Director Sandy Baz and he reported that there is no new update on the Wailuku Water Company purchase. As far as the appraisal, Mr. Baz previously gave him permission to forward Part 1 to Member Franco, so when the board requested it, he did the same and presented only Part 1. Per the Chair's request, he will ask Mr. Baz if Part 2 can be shared with the board.

Director Pearson also explained that the list of water users is the list of agreements for water use that WWC has with the people listed. Water is a public trust, so you don't purchase the water, you purchase the delivery of the water. All of these users have contracts with WWC for the delivery of certain amounts of water.

Chair Chan Hodges said that according to Mr. Baz, he believes that an agreement with the State is imminent, so what can the board do to support the Council and get information that the board has gathered on the WWC purchase to the Council.

Member Frampton asked how the role of the board would be different than that of someone on the mayor's staff or within the administration. He also suggested forming a Temporary Investigative Group (TIG).

Chair Chan Hodges said that per the Charter, the board can advise the Mayor, the Director and the County Council. The board can give them a summary of all the information they've compiled including Mr. Pellegrino and Mr. Chumbley's presentations.

Member Franco stated that in working with the college students, they are looking forward to providing input to the Council and was wondering about a time table for a public hearing.

In response to Chair Chan Hodges, Director Pearson stated that there is nothing related to the Wailuku Water Purchase in the Department's 2021-2022 budget, but that there would be a discussion of the state land purchase scheduled for the next day. Chair Chan Hodges suggested deferring this item and asking Managing Director Baz to give an update at the next meeting so that a more informed decision or recommendation can be made. Director Frampton asked that any recommendation be relevant to the County or State's upcoming plans.

B. Chair Chan Hodges stated that according to the Charter, it is the board's job to recommend the establishment and adjustment of rates and charges each year.

Member Milaskey mentioned that when Ms. Hajnosz did her presentation she compared Maui's budget to Honolulu and Kauai and it implied that our rates were lower. How do the other counties manage their recycled water as part of their rate structure compared to Maui?

Director Pearson is not sure how Honolulu handles it, but wastewater and the rates provided for reclaimed water on Maui is subsidized by the Department of Environmental Management. They do not break even with the rate structure that they provide to the users of the reclaimed water. The Department of Water Supply would have to raise rates to meet the needs of reclaimed water rates if they have to manage the reclaimed water system.

Member Milaskey stated that the presentation showed that Maui was about \$10 lower than Honolulu and about \$20 lower than Kauai, so although it may not be a popular thing, but if there's an incentive to raise the rates to better manage this environmental catastrophe then it might be worth looking into. He asked that additional information be obtained from Harris & Assoc about whether recycled water is included in the study.

Member Frampton would like to see a better partnership between water and wastewater. It's in the Department of Water Supply's best interest to help extend the lines for the reclaimed wastewater. He also feels that rates for users and tiers three and four should be increased and why can't it be adjusted during this budget process?

Director Pearson responded that they look at rates and revenue to ensure that the budget is balanced. With the rates that are in place now, they meet that balanced budget. With the rate study and what was reviewed recently, these rates, as they are, seem to meet our revenue needs.

Member Franco suggested that the Budget Department could provide the resources in order for the Board of Water Supply to analyze the water usage situation and to look at a projection on how to set the rates accordingly.

Member Frampton would like to better understand the tiered system, such as what percentage of water users exceed each tier on a daily basis and what percentage is each tier of DWS income?

Member Milaskey questioned if Member Franco would be separating the commercial users from big ag users because he feels it's important that ag water rates remain as low as possible.

Member Frampton said that if large ag users have a legitimate operation then they qualify for ag rates and you don't want to discourage ag use. He's referring to high end luxury homes and large hotels.

Member Kaninau said that there should be another tier for super users, but we need to start at the beginning and we need the basic information. She would also like to know the percentage of the tier users by area and if it's for ag, business or personal use. That would give us the tools to know how to conserve, recycle and come up with a balanced budget.

Member Franco recommended holding a special meeting with the Mayor, Council, department heads and experts.

Chair Chan Hodges listed the suggestions from the board: more information is needed, a special meeting with the Mayor, Council, department heads and community experts, draft some general policies building on the letter from last year, get a budget line item to support the Board's work on the rates.

Member Milaskey suggested agreeing on some goals, such as that the uber users be in a separate class, that recycled water be included in the rate structure, and making sure that multi-generational households are not penalized.

Member Frampton summarized the information that the board is asking from the Department by the January 2021 meeting. Board Members want to know the usage by tiers, including exceeding tiers on a daily basis, location, especially areas where there is recycled water, and by industry, especially resort usage.

Director Pearson agreed to provide the information, and stated that he would likely also be able to provide the size of water meters.

Chair Chan Hodges agreed that this information would be a great starting point and that she would summarize today's discussion so that the Board could then move onto the next step.

C. Chair Chan Hodges asked Dr. Sheuer to summarize DHHL's bill. Dr. Sheuer said that the first part of the bill states the relationship in the Constitution between the counties and the state as well as the need for DHHL to have support from the counties in order to provide water. Section 2 of the bill makes it clear that the counties actually have an obligation to DHHL in supporting the mission under the terms of the Admissions Act for homesteading purposes.

Deputy Corporation Counsel DesJardins interjected that this item was not agendaized as a presentation from Dr. Sheuer.

Member Eaton stated that she would like the board to get familiar with the Hawaii Homes Commission Act and realize that DHHL has the right to these waters that are going to big corporations, businesses and agriculture.

Chair Chan Hodges stated that she would try and arrange a presentation in the future focused on the Act.

Member Frampton stated that he is in favor of having something on the next agenda about crafting support of the resolution. Chair Chan Hodges said that we will properly agendaize this item for next month and come up with a proposal for doing a statement of support.

VI. OTHER BUSINESS

A. Director Pearson commented on the department's communication with the public about water restrictions. He stated that per the County Code, DWS is required to provide a notice in the Maui News one week before issuing water restrictions. DWS also needs to continue to have a notice for every week that there is water restriction. The latest water shortage notice was removed on November 27, 2020. The Olinda System has been on chlorine during this shortage and letters were sent to all customers on that system. The department will replace chlorine with chloramines starting December 21, 2020. Other means of communications are through press releases, Facebook and radio announcements.

B. Chair Chan Hodges mentioned that Board Member's annual update of their Financial Disclosure Statement is due by April 15 and the form and instructions were sent to them.

VII. DIVISION REPORTS

Director Pearson reported that the Division Reports have been given out and he can answer any questions. There is a process of notifying customers before pumping can be stopped and the change in disinfection can be made.

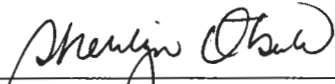
VIII. NEXT MEETING DATE AND TIME

January 21, 2021 at 1:30 p.m.

IX. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 3:13 p.m.

Prepared by:



Sherilyn Otsubo
Commission Support Clerk

Approved for distribution:



Jeffrey T. Pearson, P.E.
Director