

County of Maui Water  
Supply

BOARD OF WATER SUPPLY  
COUNTY OF MAUI  
OPERATIONS REVIEW COMMITTEE MEETING

Held at Waikapu Community Center, Waikapu, Maui,  
Hawaii, commencing at 6:00 p.m. on May 23, 2001.

REPORTED BY: LYNANN NICELY, RPR/RMR/CSR #354  
IWADO COURT REPORTERS, INC.

A P P E A R A N C E S

COMMITTEE MEMBERS:

Jonathan Starr, Chairman  
Mike Nobriga  
Orlando Tagorda

STAFF PRESENT:

David Craddick, Director  
Howard Fukushima, Corporation Counsel  
Ellen Kraftsow

MR. STARR: I'm going to bring the meeting to  
order. This is the Operational Review Committee of  
the Maui Board of Water Supply. I'm going to ask that  
we hold this in a slightly informal, more workshop  
setting than many board meetings and we'll proceed  
with the presentations.

I'm Jonathan Starr, I'm committee chair, and  
Orlando Tagorda, board member, is with us. We also  
have Ellen Kraftsow of the department, head of  
planning. We have Howard Fukushima, corporation  
counsel; James Kumagai, who is consultant on the Water  
Use and Development Plan; Charlie Ice of the Hawaii  
State Commission on Water Resource Management, Carl  
Freedman, Haiku Design; and Peter Adler. We have  
board staff ably represented by Shirley and also  
Jacky from the director's office is with us. And

thank everyone for coming, as well as our stenographer.

Anyway, I don't see too much of the public here pushing to testify, so we can proceed with our presentation. I'm going to turn things over to Ellen Kraftsow to give us a short overview of the Water Use and Development Plan.

MS. KRAFTSOW: Thank you for coming. Can everybody see this? It's actually more much more clear on the screen. So we're going to talk today about the Maui County Water Use and Development Plan. Briefly, this is just going to cover -- there is a lot more information in your handouts than what I can really speak today, but I'm going to cover the -- when I say here on the slide the old requirements and progress, what I mean is the requirements that are already stated in the constitution and Hawaii Revised Statutes and Hawaii Administrative Rules. And the new requirements and progress, what I'm talking about is the statewide framework for updating [inaudible] that was approved by the commission in February of 2000. Our proposed contracts and the reasons for those contracts, schedule and constraints, and a little bit about our reporting and interim products and milestones.

Just for those of you who aren't familiar with [inaudible], in six districts, we have about 727 miles of pipe representing two-thirds of our system value and a total system value of \$715 million with an average investment of \$25,000 per customer, versus a national average of between \$4,000 and \$8,000. So part of that is because there are very few customers per mile of pipe compared to the national average. But what that means is we have an expensive system to operate.

There are various requirements I'm going to go over -- constitutional, statutory, Hawaii Revised Statutes, the Hawaii Administrative Rules, County Charter, and the County Code.

I wanted to stress here about the constitution, that the constitution says that the state -- I added the underline here "and its political

subdivisions" have responsibility to conserve and protect resources, of which water is on the list, and provides for a water resources agency. In other words, the state has an obligation to protect resources, but so do the counties, which are limited to the subdivisions of the state.

Hawaii Revised Statutes. So the statutes basically set forth that there will be county plans, what they're supposed to meet, and that they should cover things like the status and inventory, future needs, resource protection, water quality, and so on.

Then when you get on the Hawaii Administrative Rules, they essentially expand upon the state requirements. They say that we need to be consistent with state and county land use policies, as well as the state water resources plan and water quality plan. And not just consistent, but use information from those plans, considering a 20-year projection update as needed. They give more detail on what the required inventory and status should include. And again, more detail on all of the -- fleshing out all the requirements that are basically in the statutes. Also adding the state water projects plan to that list of state plans that we need to comply with.

Under the county requirements, Section 8 of the County Charter says that we must have a long-range plan, that it needs to be approved by council, and that it should comply with community plans. And County Code Chapter 2.88A sets forth the process by which the council adopts the plan.

And then finally, in 1993 the board also passed a resolution moving that the county -- the long-range plan required in the county charter and the plan for all three islands be the same. And the wording is a little awkward here, but the basic gist of it was to make these two plans into the same plan in part because during the 1990 and 1992 approval process of the Water Use and Development Plan, one of the reasons that the State Water Commission did not accept any of the water use and development plans in 1992 was because most of the counties had completely different developments plans than their water department [inaudible]. They were not consistent and

that was one of the reasons that the commission rejected them.

Also, it was a matter of public input integrity in that it was seen that if you spent all this time doing a master plan only for the department without so much public process and then you go into the public process plan, that the public might perceive that as lacking in forthcomingness or integrity. So for those two reasons, the board elected to make these two plans into one.

This is the status of the community plans that we're required to comply with. They're not completed yet and we don't have digital maps for any of them except for there is a website map of [inaudible] but the plan is not completed. So that's the status of the existing plans.

Now, when we started this contract, we also knew that the State Water Commission was moving towards Integrated Resource Planning model. They had not yet published the requirements. But we knew basically that Integrated Resource Planning involves looking at a range of different demands and supply side options, considering all costs -- meaning not just the financial costs, the revenue costs, but also social, economic, and environmental -- looking at externalities or impacts of your decisions, involving a strong public participation component, allowing consideration for policy objectives like the ag rate would be considered a policy objective of the county because it supports a policy objective. Exclusive consideration of uncertainty and measurable criteria for ongoing participation and evaluation.

So based on knowing those basic main points about IRP, we negotiated a modified smaller budget IRP for Maui. I should say that the IRP for Honolulu has a \$1.2 million budget. The anticipated budget for Kauai I think is either \$500,000 or \$600,000, it's in those handouts there. So what we have in our contracts is very small compared to what a full IRP could be.

We also negotiated that we would do a minimum public process component where we [inaudible] people more on the same page. And this is what we learned

about that public process component. Basically, genuine public process takes more than a few meetings. It can be complex. Examples would be a very small and involved community, like we've had 10 percent of Molokai show up at a water meeting once. Can you imagine if 10 percent of New York City showed up at a water meeting? Or 2 percent of Lanai? Even if 2 percent of Honolulu showed up at a water meeting. So small communities are highly involved, which is really nice but it takes longer.

Controversial issues like we can probably look at some time dealing with the East Maui stuff. Or a lot -- a broad range of private interests that we need to incorporate with all the private systems in Lahaina. Those things can make the public process take a little bit longer.

But with Lanai, we did finally get down to five main critical issues which were forest management, a continued mechanism for community involvement, we recognized that we need to reach agreement on water allocations to different land uses, to set operational guidelines for pumping because the sustainable yield is so low, and to come up with conservation measures and milestones. So those became the five top issues for the Lanai plan.

This slide just shows why that was so important. Here's some relatively good forest and here's some fully degraded forest. Ex-forest, I guess, on Lanai.

Together the community came up with a proposal to protect the watershed, the most controversial element of which was a fence, but we did reach a relative degree of community consensus and elect to go with this fence which upon further aerial and field survey has migrated to this shape and we decided that we're going to have to build it in 3-inch increments because getting the funding was too difficult. But we have obtained two-thirds of the funding for the first increment so far.

In terms of demand projections for Lanai, we didn't use regressions because Lanai was in this case where its major industry, pineapple, was going out and projections based on historical trends simply were not

going to be accurate. You can see that water trends continually went down and just started to turn back up sometime in 1998, December or so.

So this next slide shows what the land use allocations -- water to land use allocations were and the committee also agreed on various operational and conservation implementation measures.

Moving on to Lahaina, we've had six meetings so far, the first just introductory and getting people's ideas of what their top issues were. The next was an introduction to all the private purveyors and large land owners' plans and prioritizing the issue list that we came up with in the first meeting. The third meeting was completely devoted to different kinds of resource protection. The fourth was capital, operational, and demand and supply options. The fifth was updates on projected water requirements and forecasts. And then we began a series of discussions on group policy issues including the Waiahole panel.

So right now we're in the process of drafting a partial draft based on what we've covered so far. One of the big issues for Lahaina is the fate of agriculture and how the diminishment of agriculture will affect not only demand but also recharge patterns.

Meanwhile, we've been developing some forecasts for the island. These are not complete, but just to give you a sense of where those are heading. The base case forecast -- this is still incomplete data -- is looking at 2020 demand for just the county only of about 53 million gallons with a low end 45 and a high of 59.

Now remember, we can't only look at our plan. We have to look at county-wide demand for all things. So we're not close to the end here, but we had to start with our own demand picture.

Along about February, as we were getting going on the Lahaina project, the state passed its statewide framework which basically it increased the requirements and it also restated and expanded upon the existing requirements under the state statutes and administrative rules. But it also requires much more explicit description of the coordination with the

commission. It requires that we also integrate not only the Water Resources Protection Plan and State Water Quality Plan, but also the State Water Projects Plan and the Agricultural Water Use and Development Plan and that all those four plans specifically discussed in our county plan.

It also requires a much more substantial and much more explicit description of the public process component and gives more description of the IRP steps, options, and evaluation criteria. It requires that we extend our planning horizon beyond the 20 years mentioned in the statute where resource issues are in question. It also requires that we define and describe all of our modeling tools. And it also describes in pretty much depth the screening process by which we examine supply options and balances. Finally, it also requires that there is well defined, implementible, and measurable results.

So clearly to meet these kind of requirements our existing tools at the time were not going to fly. So in anticipation of this, we have been talking to the commission all along, we knew some of this was coming, that to meet this level of requirements we had to develop a more credible program for water resources management and protection and improve our demand forecasting tools, and do some other things. So here are a few things we've been doing.

We developed an annotated bibliography of -- that should say of water availability policies around the country. A capital improvement program list, that's a 20-year capital list that we use and that we're still improving upon. We've developed GIS thing to look at our system maps. Hydraulic model. A replacement planning and asset evaluation model -- the board is familiar with that because Mike's committee just finished that. The demand forecast and conservation model. We've been doing some source water protects work and there have been other public input forums like the Iao Round Table and the Upcountry [inaudible].

So here are some examples of those. This is our CIP. This is just a slide from our CIP. This is not really showing a database. This is a GIS. You

can see all the lines here that are yellow, red, or orange are undersized, which is John's comment [inaudible] which ones aren't.

This is an example from our hydrology model.

It shows pressures and flows. This is an example of the replacement asset. It gives you an estimate of funding required. This is just one sample run of it.

And then the wellhead protection program.

Model zones of contribution for our wells. This is a different annotated bibliography. This is on

[inaudible] measures around the country. We've been working on a land use inventory of the wellhead protection areas and inventory of potential contaminant sources through field survey and a study of other management options. What that looks like is this is our model and where we don't have model data, we just define broad and gradient areas to protect.

Where we inventory potential contaminating activities and see how they might affect our groundwater and then create layers like this. We've also been developing a database of best management practices that will eventually be added to our website so that somebody can say, oh, I'm doing this, what can I do best to protect water resources. This is easier to see this map on land use.

Then of course we've been working towards forming watershed partnerships. And Lanai hopefully will be formed sometime this year. This shows our increasing commitment to resource protection, which is something that we do need to show more explicitly in the new requirements.

But again, getting back to the requirements and to the contracts and what they are going to cover, there are a few things we have to comply with. We have to define -- we have to comply with state agriculture and water use plan and we have to look at the impacts on agriculture of the current resource picture and proposed demands. Agriculture water uses shown on that slide, the green is agriculture use. The reason Lanai still has so much agricultural use is because it's from 1995 before pineapple was really finished. Or from the 1995 report which probably was 1994 data.

The stream water, except for Lanai, is very important. We've had -- since the 1990 Water Resources Protection Plan, we've had changes in sustainable yields and there is really no adequately compiled data on stream flows.

So returning to the process, in the context of what we need to do, we need to comply with these four plans, we need to -- you can see we need to do a screening of scenarios. And one of the more complex aspects of this is that we cannot just look at our county needs but we have to look also at county-wide needs including private purveyors.

This diagram is probably more to the point. We have to screen and characterize resource options, combine them into sequences and strategies, and then go through the screening process on those. Carl can give you more information on that.

So we have two existing contracts currently and then we're proposing two additional contracts. The two existing contracts were both issued prior to issuance of the framework. The two proposed are since the framework.

So here are the key elements of the contracts. This initial contract was just the update of the Water Use and Development Plan. The only thing that's changed here is there was a forecasting component that's been moved to the demand forecasting contracts, but basically we went over the negotiated elements with the commission. Those were all key elements of this contract. It was a very small budget relying mostly on in-house staff. We're recognizing we were in the process of building these tools. But it involves descriptions of the regulatory framework, system description, operational consideration, especially the hydraulic analysis, an engineering perspective on resource options, assistance with recharge regimes analysis, and engineering perspectives on contingencies and policy issues.

The proposed -- no, the existing calibration of the IWR-Main demand, forecasting, conservation, savings and cost benefit modules involves the establishing a demand forecasting work station, gathering the data necessary to properly forecast a

model, developing a range of forecasts for each of our planning districts, and breaking it down and just aggregating it in some cases by [inaudible] uses. Documenting forecast procedures and assumptions. Gathering data for the conservation cost/benefit module, preliminary cost/benefit estimates and measures, documentation and recommendations for more data, and training of staff in forecasting model.

Now, our proposed contracts involve facilitation -- there is a heavy public -- if you read the framework or [inaudible] slides in detail, there is a heavy public processing component now to what the commission wants. So this is for facilitation and documentation of the public participation process. Assistance in compliance with the framework. Documentation and reporting and preparation of the final report on the participation process.

And the other proposed contract key elements are basically the primary economic and financial analysis for the IRP process, including estimates of marginal costs and supply by district, characterization and screening of resource options employing the IRP framework, evaluation of capital, operational and avoided costs. Screening of strategies in terms of their life cycle, capital, operating, financial, and other costs. Looking at things from various cost perspectives -- that means not just from the perspective of us as a utility, but also from the rate-payer and the community at large. Reporting, documentation, and presentations. And also some work on helping us to improve our billing database so we can use it better in-house.

We have put together a consultant team or team of proposed consultants depending upon who wins the one IRP, but so far we have a range of these specs anyway that call for extensive engineering background, forecasting background, public process background, and economic analysis background. So we've covered all of the main directions of expertise that we need.

The proposed schedule is three years. This is a very challenging schedule for three years. We report to the board every six months in the order shown here. The commission already attends staff

meetings, so that will help with commission process but we're thinking of every year we would also report back to the commission.

Some of the constraints are there really still is no adequately compiled data on stream flows and even private well use. Even when there is data, it can be difficult to obtain or utilize it and a lot of times we get data from the commission reported by different private owners and there are conflicts between it or it doesn't match or we have to try to reconcile it somehow.

The community plan and zoning layer data have not been made available to us yet. We still have problems with our own billing data that we're working on. The logistics of public process are complex and can involve everything seems to take longer than it needs to. The state and community plans that we need to comply with, none of them are complete. And even where they are complete, there are conflicts within and between them. The budget is still low. In fact, even if we got every single contract and everything we're asking for, we would be spending less than half of what any other county is anticipating spending. And of course, staff has other work, too, it's a small staff.

Again, these are the community plan status. Some of them are completed, some of them are not completed. Where they are completed, we don't have the maps.

These are the water plans. The only one that's completed is the State Water Projects Plan and just parenthetically there is a 700-acre piece of Hawaiian Homelands property in the West Maui district we're working on now that we have to by code account for, but it wasn't listed in the State Water Projects Plan. So even where we have those plans, we have more work to do. But we're proceeding and some of the benefits that will be gained along the way are better forecast through districts, some districts and by use class. Better itemization of demand and supply side options and analysis of the cost and benefits of those and other source options. A comprehensive analysis of supply options. Phased hydraulic model calibration

which each phase will give successively more value to that hydrology model. Integration of the demand and hydraulic model data so that we can load different scenarios into the model of demand and see how that will affect our systems. Improvement of our GIS. A wellhead protection ordinance proposal. An updated and maintained regulatory calendar and just improved public relations that result from going through the process. And that's it.

MR. STARR: Thank you. I would like to acknowledge Glenn Shepherd is here. Do you have any testimony for us, Glenn?

MR. SHEPHERD: [Inaudible] Could you go through this again so we can attach it?

MR. STARR: I'll let you ask questions, but I can't ask her to do it again. If you have comments, come up and give us your name or if you have questions, I'll let you ask her some questions. But be a little more specific.

MR. SHEPHERD: My comments are kept pretty much within the four walls of my house. None public. I'm afraid to say something.

MR. STARR: You're certainly welcome to say what you want. Anyway, no comment.

MR. SHEPHERD: I just tapped this thing and right in the middle of it and I don't know what the hell --

MR. STARR: Well, if you want to make comments later, they will still be welcome. Ellen.

MS. KRAFTSOW: I was just going to explain what we're doing is proposing to the board two contracts; one is to allow Peter Adler to facilitate our meetings.

MR. SHEPHERD: Who's Peter Adler?

MS. KRAFTSOW: This guy right here.

MR. SHEPHERD: What's Peter do?

MS. KRAFTSOW: He's the facilitator, he's the one that comes to meetings and -- and he also helped write the public process.

MR. STARR: I don't want this to really break down into dialogue. So we'll get there. We haven't gotten to that yet.

MR. SHEPHERD: What's the objective of this meeting?

MR. STARR: Let me state our objectives. One is to give a presentation of the Water Use and Development Plan process, which Ellen has done. And then there is a desire to look at certain contracts for different parts of the process. There are some contracts that were awarded in the past and there are some contracts that are currently under award and there is I believe one contract left that's desired to be awarded that will allow us to proceed with the Water Use and Development Plan.

And I know I get a little bit -- I'm a little bit confused as well as everyone about the different contracts. I would like to ask Ellen to first explain -- first starting with the oldest and existing contracts, please, very slowly and clearly, explain what we're talking about.

MS. KRAFTSOW: Okay. What I would like to do is do it real quick, like one minute or less --

MR. STARR: No.

MS. KRAFTSOW: Wait, wait. And then give each of the consultants on existing contracts a chance to present that. Because they --

MR. STARR: I'll ask them to present. What I'm asking you to do is very slowly and clearly

explain about the existing contracts and what we're looking to do.

MS. KRAFTSOW: Okay. Well, part of how we designed this presentation when we were preparing for it was that I would give the presentation and give each consultant a chance to speak about their own contract. But if you turn to page 10 of your slide handouts, the top left slide there, that is the basic contract that we began with. It's about an \$80,000 contract to update the Water Use and Development Plan. Now, basically what's happening is that's an \$80,000 contract with about a half a million dollar scope.

MR. STARR: When was this awarded?

MS. KRAFTSOW: '97.

MR. STARR: '97?

MS. KRAFTSOW: Yes. With some amendments since then.

MR. STARR: Before we start with that, as I understand it, there was a contract that's much older than that and that is still -- that's still involved and that was a contract awarded to M&E, which was -- that's why I'm saying I want to start oldest first. So please go back to there.

MS. KRAFTSOW: Those contracts are older than my time here, okay. That contract existed before I ever got here. I'm not even sure if I've ever seen it. I just knew about it.

But the only thing that remains from that contract is the retainage which was for printing of 30 approved copies -- 30 copies of the final approved document. All else from that contract was completed and paid out before we ever even began.

MR. STARR: So is that correct, Jim?

MR. KUMAGAI: The contract had to do with

coming up with a draft which was we call it the '92 draft of the 1990 update which was published in 1992. So that was the draft that was put out and that contract and the [inaudible] when completed the profit remained as drafts. So that profit was [inaudible].

A VOICE: You made a draft -- that draft was accepted by the Maui board, if I'm correct.

MR. KUMAGAI: Yes.

MR. STARR: And then it was sent to the state commission.

MR. KUMAGAI: No, it was sent to the council.

MR. STARR: It was sent to the council. And what did the council do?

MS. KRAFTSOW: Never acted.

MR. STARR: So it never actually reached the state.

MR. KUMAGAI: No.

MS. KRAFTSOW: Well, the state had it.

MR. STARR: Just for my clarification, anyone know why the council never acted on it?

MS. KRAFTSOW: I think that at that point there was some sense already that the state was going to reevaluate the requirements for the plan and was never going to approve any of the county's plans anyway. I don't know if there was more to it than that. Jimmy can maybe comment on that. Jimmy?

MR. KUMAGAI: I'm sorry.

MR. STARR: I'm trying to understand why it died. I never understood.

MR. KUMAGAI: I can't really say for sure why.

But there was some confusion back and forth between the board, the council, and the commission, commission staff, as to what this plan represented and what it should represent. That's the way I'm paraphrasing it. So the end result I think following that about the 1990s there was some attempt by the commission to come up with some guidelines. And then there was some discussion on it as far as the applicability of the existing draft. And after that, I'm not quite sure what really happened.

MR. FUKUSHIMA: Jimmy, what you're talking about now is the update of the original plan; is that correct? Or are you talking about the original plan?

MR. KUMAGAI: Well, okay, I'm not sure what the original plan is. The plan that was adopted was the 1990 plan. Now, there was a requirement to update it every two years. And this was the earlier contract that was supposed to update the 1990 plan. So there was a 1992 draft. And that's statewide, all the counties. In fact, I don't think the commission or anybody adopted anything from the 1992 effort. So things kind of just --

MR. FUKUSHIMA: But the point I was trying to make is there is a Water Use and Development Plan currently adopted by the council in existence. It may not have been acted upon by the Water Commission.

MR. KUMAGAI: No, it was acted on. There is a Hawaii plan.

MR. STARR: Howard, the 1990 plan was adopted. However, it's actually expired in a sense because as I understand isn't there a requirement to have a plan --

MR. TAGORDA: May I ask this question of corp counsel? Is there an expiration once you adopt the Water Use and Development Plan, there must be something about amendments because drafted at the later date. But if the council did not act on that amendment, then the old Water Use and Development Plan

is still going to be the Water Use and Development Plan. But the amendments is not going to be included.

There is no action.

MR. FUKUSHIMA: That's correct. And even if there is by law a mandated update, if that update is not done, that doesn't void the original plan.

MS. KRAFTSOW: And also actually the wording, I don't think it says every two years or whatever.

MR. STARR: Every 10 years.

MS. KRAFTSOW: No, I think it says as needed to remain consistent or whatever. And the reason it came up with 10-year estimate is because the community plan around was theoretically like that.

MR. FUKUSHIMA: If I'm not mistaken, I believe the ordinance require an update whenever the community are updated.

MS. KRAFTSOW: Right. And that update has never been completed.

MR. STARR: When was the last general plan?

MS. KRAFTSOW: That's on slide number -- on page 3, your top left slide.

MR. STARR: Okay, 1990.

MS. KRAFTSOW: And the slide immediately below that, by the way, that exactly was the scope for the original contract for each of the six districts with the minimum participation component. Those two slides, that was the original scope of the M&E contract that we issued in '97. Okay? Since then, first it was postponed with M&E's agreement because the community plans simply weren't moving. Then it was rescoped for a later time frame, understanding

that it would take more time. And then it was -- now just recently we've talked with them about rescoping it to take the demand forecast out to leave it because we have a demand model being built and rescope it like that.

But basically this scope is -- to do it really in depth and rigorously would be half a million dollar scope. And so the reason it was accepted by M&E and by Jimmy, I think, besides out of the kindness of his heart for such a small amount of money, was because he understood that it would be mostly done in-house. Now, in-house, most of those years has been one or at the most two people doing that and along with everything else that they were doing. So it's not realistic.

MR. STARR: So what -- I would like to ask Jimmy what the status of the M&E contract is.

MR. KUMAGAI: The status of the contract, still in force, the current contract is still in force. And the proposal is to redistribute the workload. So part of it will be -- part of the workload will be taken up in the contract and will be taken out by one of the existing contract [inaudible].

MR. STARR: As I understand it, then, really what's happening is the -- because the process has changed, has widened through the IRP, then instead of asking for extras, you're asking that work, you know, work be delegated out to other, you know, to other people. Is that --

MR. KUMAGAI: Yeah, that's part of it.

MR. STARR: But you're willing to continue to work on the [inaudible].

MR. KUMAGAI: Definitely.

MR. STARR: Which I appreciate it because I know you've already put in a lot of work. So that's

-- is there anything that needs to be done regarding  
-- you're not with M&E any longer, though?

MR. KUMAGAI: No.

MR. STARR: So how does that work?

MR. KUMAGAI: I'm acting as a subcontractor.

MS. KRAFTSOW: The contract stipulates him as  
the principal investigator.

The only other thing I should mention is we're  
taking some work away, but we're also deepening some  
of the work like the hydraulic analysis and  
engineering analysis, they will be able to focus more  
on those as we delegate other issues away.

MR. STARR: So pertaining just to that M&E,  
Orlando, do you have any questions or do you  
understand that?

MR. TAGORDA: No, my question would be the  
existing contract with M&E, since that was issued  
before the completion of water resource management  
have publicized that new statewide framework, do you  
have any problem trying to adhere to the requirements  
by the state. Commission water resource management.

MR. KUMAGAI: I think the basic requirements  
still stand as far as [inaudible] commission or not.  
Some of the IRP elements will be taken up by Carl's  
existing contract as well as the new proposal. Plus,  
you know what needs to be proposed for [inaudible].  
So those are the issues covering limitations.

MR. TAGORDA: That's all.

MR. STARR: Okay. Now, moving beyond M&E,  
which is the next of the other --

MS. KRAFTSOW: The next existing contract is  
the development and -- it's the second slide on page  
10, the development and calibration of IWR-Main demand

forecasting, conservation savings, and cost-benefit modules. That was awarded to Haiku Design and Analysis with Carl Freedman as the principal investigator.

MR. STARR: When was that awarded?

MS. KRAFTSOW: '99 or 2000, I'm not sure which. Either like at the very end of '99 or --

MR. STARR: I would like to ask Carl to tell us what that means and what that will do because it's a very complicated title.

MR. FREEDMAN: It's not all that complex, actually. The contract is to configure an existing computer model that's been designed specifically for water systems for Maui's system and all the sub systems on Maui. And this is intended as one of the inputs to the water use and development process, but the contract is not explicitly tied to the process. It's on its own time frame. And although it's a building block, the contract isn't really tied to the Water Use and Development Plan.

So the IWR-Main model is a model that -- what it means is the IWR is the Institute for Water Resources and Main stands for Municipal And Industrial Needs. But it has two basic components. One is to forecast future water needs and it uses various types of forecasts to do that, some of them simply trends, some of them very sophisticated on a metric forecast. The other part of the model is an economic assessment for conservation programs and conservation actions. So it uses what's called an end use approach for looking at all the water needs, figure out how the water is being used in each class or what types of uses, and then a cost/benefit analysis to figure out what types of efficient appliances or water management programs might be cost effective.

The purpose for having that type of a capability for one is to do long term planning. As an input, you need to know what your water demands are going to be. And the hope is that this model will

increase to the accuracy and the level of detail, the amount of disaggregation so we can look at the different customer classes, the different regions of the model, and to get a grasp on what the underlying factors are that affect growth.

And the other most explicit purpose is important within the water use development plan and that would be to look at some demand side or demand management approaches to meeting future needs and are those cost effective. And there are a number of ancillary things that could be done, too, to look at evaluating job descriptions, consumption impacts, different types of rate structures, how that would affect demand. So there are many potential uses for it.

The current status on that is that I've assembled a fairly robust set of demographic and economic data to be used, put together some regression models. We have some preliminary forecasts for all the districts. And a substantial amount of work has gone into improving the department's historical consumption data, which is one thing.

The timetable for this whole project has been deferred substantially. I think it was supposed to be completed about now, maybe in some prior months. But with the agreement of the department, the econometric [inaudible] analysis has been deferred primarily because of the historical data base needs, the department's data needs to be updated. We're continuing to work on that. And also the ongoing promise of year 2000 census data which is just now getting to be out there. I don't think this contract has delayed water use and development process. We've provided forecasts as necessary in going along and it looks very good now we're ready to rock and roll and really get the census data out and we're just now getting the historical database to the point where it's starting to look reliable.

So we're still at the beginning of turning out work product for this, but I think we're making good progress.

MR. STARR: I would like to welcome Kathy

[inaudible] representing Council Member Joanne [inaudible]. Did you have something --

MS. KRAFTSOW: Yeah, just two things. One is another reason for the schedule delay. The contract is not explicitly tied to the Water Use and Development Plan, but there is language in there that it won't be like -- I don't remember the exact words, but it says kind of it will go along with. And I would say not only it has not hindered the Water Use and Development Plan process, but it has augmented and helped it speed along to have Carl working on those things, some of which again were out of the goodness of his heart.

MR. FREEDMAN: I've been working putting a lot of work way beyond the scope of my contract. I'm trying to help with --

MR. STARR: It's good to have that knowledge base there. Orlando?

I have a couple of questions. First of all, you know, I'm trying to kind of understand it. This is kind of an ephemeral type thing. Is this -- is it based around a piece of software that you're writing a -- what did we used to call it like a template for it to fit our unique needs?

MR. FREEDMAN: The piece of software was actually designed by the Institute For Water Resources and the Army Corps of Engineers and several large purveyors. And the purpose of the model was so that a water utility like Maui could just plug in its data and go. In reality, it's not quite that simple. What the contract says is that's what I'm supposed to do is plug in the data and put out some contracts and train the staff in the use of the model. So in its simplest sense, the answer is yes, that's what we're trying to do. But what the project has turned into is, in large part, trying to get the department's data in good enough condition that we can actually use it in the model and also it is in the scope and is largely done is gathering of various types of data

together within the model needs in order to be configured. I don't know if that answers the question.

MR. STARR: Yeah, it did. In other words, you don't just -- you can't just take a table of numbers that's there and just plug them in and have it work. You need to create your data input.

MR. SHEPHERD: And I've done that. I have plugged Maui's numbers into the model and it has generated forecasts. And I don't think I say they're worth much more than some other forecasts I might come up with by myself until we look very carefully at all of the inputs and know that what we're putting in is reasonable.

MR. STARR: Now, this model, is this only related to those waters that are under the control of the department and the board, or is it all of the waters of Maui or somewhere in between the two?

MR. FREEDMAN: Well, if I understand the contract right, the contract is for the Department of Water Supply systems. But there is no reason that other purveyors like Kaanapali and Aqua Source and some of the other purveyors could not also be used. And in the context of the Water Use and Development Plan, I think we have to go one route or the other. We either take the purveyors' projects and add them in or perhaps -- we haven't done this -- we could use the model to make projections for that.

MR. STARR: I know that's one of my big concerns with the plan is the fact that we are creating a plan that's much bigger than we are. We control approximately 12 percent of the waters of the developed water on Maui, but we're creating a Water Use and Development Plan that deals with 100 percent of not only the developed but undeveloped waters. So how -- you know, where do we, you know, where do we make that jump. And you had some comments.

MS. KRAFTSOW: Yeah. One is remember, Carl's contract was issued prior to the publication of the framework. But we knew it was coming. But for us, until our own house is in order, until we have our own data in a utilizable format, until we're able to work with where to get this projection and that projection and that beyond the things that plug in, it's no point in assigning him to analyze all the private systems, too.

For this plan, yes, we have to do that. And on a separate note, we've been getting data, the commission has been providing some data, we've been looking at what can we forecast using that data and what can we not do using that data. And unfortunately, there is a lot on the cannot side right now. But that is part of what makes this process a really long process. People think, oh, you just write a plan. It's like, yeah, we can do that.

MR. STARR: I know that has been my big problem with the 1990 plan and even, you know, when we questioned John Mink one day about data that was in the 1990 plan, not pertaining to our own, you know, our own system, but outside of it, and where that data came from, he said that to his knowledge they just took numbers from the 1970-something plan and added, you know, a percentage that had to do with, you know, they figured it was growth. You know, there was no tabulation of actual water use and water sources and all of that.

So I for one am going to want to see, before this is over, that there is actual, you know, data where it reaches beyond our own system. And I don't know if -- what I'm asking, is that going to flow through Carl or is that going to be generated by some other mechanism?

MS. KRAFTSOW: Some of it -- I mean, once Carl has completed the forecast for our systems and has trained our staff on doing the model, meanwhile while this other scope that's still in RSP format is being analyzed, there is no reason that -- if once we know where to find all the inputs and how to use them

appropriately, if we can gather the inputs for private systems, there is no reason that they can't be used in the model. But it's a matter of even the State Water Commission to whom these things are reported does not have everything it needs. Right? And we're required to comply with information set forth in plans the State Water Commission has to write that they haven't even gotten funding to write.

So yes, it should be done, but if you want it done in three years, I don't think they will even be done -- the State Water Resources Protection, State Water Quality and Agricultural Water Use and Development Plans, within three years. I don't think so. So we can do some, but it won't be perfect. It's like each one is an iterative process. The '90 plan was passed, good start. The '92 plan came along, it improved on a lot of areas. The next plan hopefully will improve on a lot more. Will it be perfect? Probably not.

MR. FREEDMAN: I just wanted to make a comment. In Lahaina, the department has -- all the different purveyors and all different users and all the different water supply folks have put on the table a projection over the time frame of what they think their uses and the amount of supply that they are going to have would be. So in addition to the water department hasn't done it, but the water department has gone out in the Water Use and Development Plan and process and obtained from all the individual purveyors' projections. And that is now the water demand table. And I don't know if all the numbers are credible, but some of them are done -- but there is a basis for all the numbers that are going in so far.

MR. SHEPHERD: What is the validity of the utility when there isn't a county-wide master plan development plan? There is no regional plan, there is no master plan. We have these piecemeal community plans, but no overall master plan. So what's the utility of demand side studies when you don't know where we're going?

MR. FREEDMAN: Well, I could give you an example.

MR. SHEPHERD: You could give me a high point and a low point.

MR. FREEDMAN: The cost for the water department to serve water to people on different parts of the island is very different. And if you look up in Olinda or Upcountry, the marginal cost of serving a thousand gallons up there may be higher than what they're getting from the bill from that person. Now, if there are old buildings up there and they don't have the new low-flow toilets, it may save everybody money on the system for the water department to go up and offer free retrofit of low-flow toilets if the marginal cost of water is very high.

So I'm just giving that as one example of having some analysis that shows what are the costs of implementing a program, what are the costs to the resources, what are the savings over time if you take good track of all the dollars that are being spent, cost of the money over that period of time, is it worthwhile to do a targeted demand side management program on part of the department's system.

Now, that is something that's going to -- it's not necessarily on the part of Water Use and Development Plan. It's a tool that can be valuable for evaluating a specific demand side management program. Your question in a larger sense is a good one as a rhetorical question. It's very difficult to be doing a Water Use and Development Plan that is supposed to be consistent with the adopted county plans when there is no consistent county plan and there are a lot of internal things. And this is a difficult problem and it's going to be an ongoing one. And so I don't know how to answer that part of it. But just so I take that it's a conundrum.

MR. STARR: Ellen.

MS. KRAFTSOW: Just as a planning perspective, just the mere act of every meeting in the beginning John Min would e-mail me, do you really think my staff

needs to be there. And I would be like yeah, your staff needs to be there, every meeting your staff should be there because we shouldn't be writing this plan without coordinating with Planning.

And now it's to the point where they want to be there. And not only that, they want to get started with their general plan and they want to meet with us, too. And not only that, we've had talks about doing a facilitated meeting between their staff and our staff about how land use planning and water planning can work better together. So just the act of the process of getting everybody to the table to say, okay, here are these issues and they're not answered, how do we work together to answer them, has value because, you know what I mean, if you just sit and wait. And this has been the issue of the plan. Some of the other counties are just waiting -- they're not waiting, they're doing all the backup stuff, same backup stuff that we were doing. But it's like if you just wait until you have everything that you're supposed to comply with set in stone, it's just like it will take forever. You have to start somewhere, wherever you are, and say okay, these are the pieces we're missing, which ones can we get and can we improve the process by trying to get there, you know, can we improve water and land use coordination by trying to work together through this process. To me that's the value.

MR. STARR: Glenn, I'll be happy to take your questions, but you know, put your hand up or something.

MR. SHEPHERD: I thought it was an informal --

MR. STARR: It may be informal, but I'm still controlling it. Put your hand up.

MR. SHEPHERD: Are you telling me that John Min is working on a general plan?

MS. KRAFTSOW: As I understand it they are --

MR. SHEPHERD: And what's the definition of

the general plan?

MS. KRAFTSOW: -- they're talking about starting. Whether or not they have actually commenced, I don't think so yet, but I think that they're getting ready to, you know what I mean, they're getting ready to discuss it anyway. Yeah. And I think that working together on this is worth it. It will help us both have better plans. They will have a better general plan and we'll have a better water plan if we can work together.

MR. SHEPHERD: It will help Carl immensely, if we could formulate a plan, that would make his work much easier. Much easier.

MR. STARR: Unfortunately we have very little control over the Department of Planning. Orlando?

MR. TAGORDA: Nothing, Mr. Chairman, thank you.

MR. STARR: Let me understand as far as contractually, you're working under an existing contract.

MR. FREEDMAN: Yes.

MR. STARR: Is there any action needed related to Carl's contract?

MS. KRAFTSOW: Not at the moment, no. It may be in time that Jimmy's contract may need a little bit more, but not right at the moment either.

MR. STARR: Okay. I do, from my own personal contract, want to express appreciation to both of them for going above and beyond the confines of the contract. I know if there were other people sitting there, they would be sending us a hundred little requests for x-rays and all kinds of stuff and instead they're trying to create a very good knowledge base that we can use. So I do want to express some appreciation.

I also want to recognize Sally Raisbeck.

Sally, did you have any comments?

MS. RAISBECK: No. I apologize, I meant to be here at 6:00, but things came up, I wasn't able to get here and I will read the minutes to see what I missed. But I don't have any input at this time. Thank you.

MR. STARR: Okay. So where do we go? Where do we go next?

MS. KRAFTSOW: Well, as I understood it, you wanted to go through all the contracts. So the next one, speaking of people who do things without any -- out of the goodness of their hearts, there is another one. This is a contract that has been bid and the successful bidder was Peter Adler. By the way, Peter has already been doing facilitation without a contract and without -- and some of that was done also out of the goodness of his heart, the first few, and the rest was done out of the goodness of Jimmy's heart. But we did put it out to bid.

The purpose is to facilitate the water advisory committees. I have learned some things in working with these committees. Number one, it matters what kind of room you're in. If it echoes and it's uncomfortable, people don't pay attention and they get cranky. Number two, it matters how they're facilitated and there is nobody better at facilitation that I've seen than this guy. But his job and the contract would be to make those committees go smoothly, keep them cordial, keep them on point, to make sure that we're covering all of the elements of public participation that are listed in the framework and help us stay on track with that. To also train myself and other staff in points of group management so that we'll be more effective staff as we move on, and to document and report on the public process, and finally to create -- to draft a report which hopefully will be good enough to be incorporated as the public process chapter of the Water Use and Development Plan as well as preparing and assisting with meeting agendas and coordination.

Any one of these meetings takes -- regardless

of any material that you're going to present at the meeting, regardless of any work that you've done on the plan itself, just the work to prepare the meeting is a three-day to one-week process. So that's the purpose of this contract.

Because such extensive public process is required, with objective getting and everything, we thought we needed somebody who was an expert in public process.

I'll turn it over to Peter.

MR. STARR: I'm still a little bit unclear. He's -- he's been working without a contract, which I appreciate. Now, you put out -- you put out an RFP.

MS. KRAFTSOW: Yes.

MR. STARR: When was that done?

MS. KRAFTSOW: I can pull out the advertisement. Do you remember when it closed? I think we closed in April. But I can check on that.

MR. STARR: Okay. And how many different bidders did we get?

MS. KRAFTSOW: We had four or five people collect the RFP but only one person actually bid it.

MR. STARR: So we only had one response. And has that been accepted?

MS. KRAFTSOW: Yes. I mean, we put together a contract, we sent it to the board. You'll see over there there are copies of the contract. That actually includes some edits which corp counsel -- corp counsel has been helping us with the contract and gave me some corrections today which I made which I prepared copies of for people who attended for Peter, who hasn't seen them yet because I just finished typing them in. But they're mostly stylistic. There is only one substantive point.

MR. STARR: So there is a contract here that was issued --

MS. KRAFTSOW: That is on the agenda for approval by the board, yes.

MR. STARR: And that's based on the RFP and the response that you got from the one bidder.

MS. KRAFTSOW: Yes. And if I'm correct, I think the general terms and the RFP are also connected there to the copy that you have -- to those copies. I would have to look, but I think that it's -- I hope it's in there. I think it's in there.

MR. STARR: I would like to recognize Mike Nobriga, who is here with us.

Peter, can you explain about you know about what it is you've been asked to do and what you intend to do?

MR. ADLER: As you heard from Ellen's slide show, there is a public involvement component that involves identifying state [inaudible], analyzing information on community values and [inaudible] community values in this plan and documenting how that happens, public outreach, and ultimately staging a series of meetings where people could wrestle with some of the dilemmas and some of the data and information and get their input.

I spent most of the day today with another state agency that developed an extraordinarily good technical plan that is failing because there is no [inaudible], because they didn't do the things that you're trying to do here. And I think we've all seen that where we've developed good technical analysis but somehow there is a miss with public.

So this process involves meetings in all six of the districts and working with both technical information and with community information and trying to get the best of everybody's knowledge on the table and building some [inaudible] but also producing a plan that has real traction to it.

We still have planning to do on the sequencing

of the meetings and the -- a lot of specifics are to be done. But we know that some of those -- some of the things that Carl has mentioned about demand forecasting and water quality management and resource protection and, you know, developing scenarios and all that has got to be a part of this. So that's the challenge. I don't know if there is any reason why it can't be done, but it is a long process because it's an ambitious development plan.

MR. STARR: But I mean, what are you really going to be doing? It goes beyond facilitating meetings, yeah?

MR. ADLER: I think there is several things. Part of it is designing and facilitating a series of meetings, working closely with other consultants to make sure that it meshes, that the public fall into the technical part of it and the engineering part are working hand in hand so that it has coherence. I envision wrestling with scenarios in this. We still have the discussions they have. But I think at the end of the day, it's about generating different water scenarios in different districts and trying to understand what the community's preferences are and how they balance different values. But at the end of the day, the activities are to design, facilitate and report on a series of meetings to make sure that we capture the public's views on it.

MR. STARR: Are you involved with selecting the group that is going to be attending the meetings or do you just show up for the meeting?

MR. ADLER: I think I would like to help make sure -- one of the principles for good facilitation is to make sure that you do have all the voices that are representative of different groups around the table or in the room when these things are discussed. So I think that's part of the design and I would hope to ensure that principle.

MR. STARR: Ellen, how have the groups that

you've been using so far been selected?

MS. KRAFTSOW: I'm happy to answer that, but I just want to acknowledge my boss over there has his hand raised.

MR. STARR: I see his hand is up.

MS. KRAFTSOW: On Lanai, there was a lot of controversy, there was a subcommittee established by council, then taking over as a working group by the State Water Commission. We basically inherited that group and that group voted based on unanimous consensus to add a balance of three more people to be selected from the at-large community. We published an advertisement asking who was interested, received applications, and the existing working group voted on the three additional members and became the Water Advisory Committee. So that was the Water Advisory Committee to Lanai.

For Lahaina, I have a mailing list of over 75, maybe over 80 people now that I invited, keep informed, whatever. So it depends on the community. A small community like Lanai, Molokai, you invite eight people and 20 show up. A big community like Lahaina, Central Maui, you invite a hundred people and maybe 50 show up. So just to keep an ideal group of between 20 and 30 people, say, for Lahaina going, I have to invite over 70, and I do, for every meeting.

So I didn't really form like a committee per se, although it's getting to the point where the same 20 or so -- 20 to 30 people pretty much starting to be consistent now who shows up. And it is actually a nice balance.

MR. STARR: Orlando, or Mike, do you have anything else?

MR. TAGORDA: No, thank you.

MS. KRAFTSOW: We did require that to be a voting member of the committee, you should either live or work in that district.

MR. STARR: And David had his hand up.

MR. CRADDICK: I just wanted to say when Ellen started, we got a list of names that we felt was representative of the community and that list was turned over to the board and the board really did nothing with it. So I would expect that the board would have some input in there, certainly if they wanted to have somebody on that committee that wasn't there or -- it certainly would be a board function anyways to participate in that process, I would think.

MR. STARR: I have a real problem there. And I know I've gone at you before on this, David and Ellen, but for the last three years I've been asked to be noticed of all of these meetings and I'm not always noticed of the meetings. Sometimes I am the day before. And you know, I know I've read the, you know, what the ER IRP is supposed to be about and it's a process designed to be very, very open and, you know, I've kind of felt that if I as a board member can't get information about it in a timely fashion about when the meetings are going to be held, I assume that members of the public who might be concerned -- like I want to -- Kathy, have you gotten notices of when all the board meetings are --

MS. KRAFTSOW: We haven't had a meeting since they've come in.

A VOICE: We haven't [inaudible] that at this point in time.

MR. STARR: But I mean, I would assume that council offices should be on the list.

MS. KRAFTSOW: Dennis Nakamura got notices of every meeting. I have not held the meetings since Joanne came on board. I have not held another other than --

MR. STARR: Yes, you did.

MS. KRAFTSOW: Other than the Waiahole panel, which everybody in council got and everybody on Maui Tomorrow list got and everybody in the paper got and everybody got.

MR. STARR: How about the meetings that preceded that Waiahole panel?

MS. KRAFTSOW: I can check the dates, but when you first requested -- the first time that you asked, I remember being confused and thinking you wanted just the Lanai ones. And so I remember there was a month or two there where I gave you just Lanai. But since then, whoever I have on my list there, I contact all of them.

MR. STARR: But certainly all board members should be informed of them.

MS. KRAFTSOW: Yeah, I've been instructed as such. But that did not used to be my modus and I was mistaken and I started -- like Peter, when Peter spoke to me, he said I'm the board member for Lahaina. This is before he was chair. And so I've been notifying him of Lahaina meetings. And when he said he didn't get enough notice, it was only like two weeks' notice, so then Waiahole one I gave him like two months' notice.

MR. STARR: I had two days' notice of that one.

MS. KRAFTSOW: Yeah, because I had mistaken your request. But David has taken care of that, I have to send it to everybody.

MR. STARR: But beyond that, my only concern is that, you know, we go through hoops to make sure that the public is not only notified but that they're -- that the process is done in such a way that they feel welcome, that these meetings are announced in the newspaper, not just in the legal notice, but, you know, places where people can stumble upon the information and get involved if they want to. And I'm asking Peter how we can do that because that's -- I

think that's -- you already mentioned that your job is to get public to buy in.

MR. ADLER: My job is to help facilitate those discussions and get the highest levels of consensus and that implies that kind of [inaudible].

Mr. Chairman, I think we can get this right. I don't think there is a perfect way of doing these things. But I think that there is some combination of creating a working group, which we've seen on Lanai, and having public meetings where a working group is pretty careful listening to what others think besides just themselves. And I think we can evolve that pretty quickly once we get it into the stride on this. So I don't know how all the pieces of how it's happened in the past, but I think we can solve some of those problems and I know it will never be perfect, there is no one perfect way, but I think we can go be better and that's part of the challenge. I don't see any reason why it can't be done.

MS. KRAFTSOW: That's true also. You want people to come, but you don't want a circus at every meeting. You don't want 200 people all screaming. You can't get anything done. But we do notify and we did -- I did personally call people and ask them if they knew of anybody else and asked them if they knew of anybody else. I made an effort to try to make sure there were local people, to try to make sure there were environmental people, to try to make sure there were medical people, to try to make sure there were technical people, to try to make sure there were land developers, to try to make sure there were condominiums. I called people who I knew from each of those areas and asked them for more names and called those names and then called those names.

So if you want to add to the list, feel free. But it's like for me logistics on this are already absolutely a nightmare. Like when I finally am doing the straw man draft, I have a mailing list of over 80 people. The copying alone is going to take Kinko's -- I mean, you know, it's like I respect your desire for public process, but there is a point where it's just

overboard. And I'm sorry, Sally is welcome at any meeting, Glenn is welcome to any meeting, he's come to many of the meetings. You know what I mean? It's like you've come to many of the West Maui watershed partnership -- the West Maui Water Advisory Committee meetings.

MR. SHEPHERD: Yeah, what about it?

MS. KRAFTSOW: That's it. You've come. Do you know what I mean? But it's like if you know of somebody who wanted to come who isn't coming, I would be happy to include them. But I don't want to go through some huge --

MR. STARR: Sally had her hand up.

MS. RAISBECK: I wanted to ask -- I'm sorry, I don't know your last name.

MR. ADLER: Peter Adler.

MS. RAISBECK: I wanted to ask Peter, my experience has been that Hawaiian law is so complicated with the state/federal regulations, county level, different bodies, the council, the mayor, the water board, that this makes the process of making anything happen so difficult. When you get 80 people who are interested but not necessarily knowledgeable, there is an incredible waste of time in the fact that they don't know all these very complicated ins and outs. So how can those meetings be made more productive where you don't have to teach so much to the people who know nothing that people who know something and want to have input get tired of sitting around listening to --

MR. ADLER: It's a real challenge. If I can say in these meetings, if you have set up six, six meetings in each district to produce the work that needs to be done. Six probably is sufficient, but any more than that is going to get budgetarily impossible for the county. So we said there is six meetings.

Then we know that the first couple meetings has to be a learning curve for the working group and the public that is there. And we also know some people will come to the second meeting that didn't make it to the first meeting and they will miss the learning curve. So Carl or Jimmy, some people will present some technical information or legal information or demographic information or demand and supply information, and we know that a group has to sort of build a knowledge base before they start rushing. And part of my job is to try to create some discipline in the group so they can do that and part of the toughest challenge is when new people come in who are at the third meeting but they missed the first two. There is some ways to try to work with that, but it's not a very simple task. I think that's the challenge of building that learning curve in the first couple meetings and not to make everybody water experts but to figure out what's the salient information about their district that they need to understand in order to begin to do the weighing, the balancing, the thinking of the values about water, sometimes [inaudible]. So it's not an easy task, but I can also say that I've seen groups do this and I've seen communities do this and wrestle through these things. So it's a messy process. I've given up on linear rational planning. Carl probably would be more of an advocate for that than me. But I think I've seen groups kind of struggle with important things and succeed and I continue to be an optimist that that can be done, even on something as tough as water issues.

MR. STARR: Okay. Anyone else has any -- have any comments on this? Or questions? Mike.

MR. NOBRIGA: This is my ignorance, but I was reviewing the handout of the slides, on the second page on the bottom it says in 1993 the board adopted or accepted a long-range plan. What would that plan be?

MS. KRAFTSOW: This was a motion of the board to make the long-range plan of the water -- of the county as required under the charter and the Water Use

and Development Plan the same, have them be developed as one and the same plan and updated. And I think they were starting with the '92 draft, accepting that as the third like interim thing, and updating it currently, it and its updates. Basically they wanted to take the Water Use and Development Plan and make that the long-range plan under the charter.

And they did that for two reasons. Even though the wording is awkward, one of the reasons that the State Water Commission refused to accept the 1992 draft Water Use and Development Plans was because for many counties the Water Use and Development Plan and the long-range plan of the Department of Water Supply were two different documents and they weren't consistent. The state looked at both and found that they didn't think that was acceptable, that the two plans -- if there were two master plans for water, they should say the same thing.

And the other reason that the board I think took that action back then is if we made one big master plan separately and then did this whole public process thing, it might be seen as, you know, that we weren't including the public in our planning and we had already written the plan before we included the public. So they elected to do it together.

MR. NOBRIGA: So let me sum up what I hear you saying, that in 1993, the Water Use and Development Plan that was accepted was basically not anything.

MS. KRAFTSOW: They accepted the 1992 draft pending updates -- basically all they were doing was -- trying to do was decide whether the charter requirement that we have a long-range plan, and the Water Use and Development Plan part of the state statutes, whether those are the same plan or not. And this motion was to say yes, they're the same plan, and the 1992 draft as far as the board is concerned is that plan, pending updates and revisions as needed.

MR. NOBRIGA: So there is a plan.

MS. KRAFTSOW: There is a 1990 approved plan

and a 1992 draft plan, yes.

MR. NOBRIGA: And what did those plans show?

MS. KRAFTSOW: Well, since the gentleman who wrote the 1992 plan is right here, I'll let him -- he said a lot.

MR. STARR: He wrote the 1992 one, Jimmy Kumagai, but it was never accepted, Mike, so it's nothing but a paper.

MR. FREEDMAN: It was accepted by the board, right?

MR. CRADDICK: No, it was never accepted by the board either because of the outside plans, the outside areas, the board couldn't pass on whether that was true or not true and so they said they were just accepting it and passed it on to the council and the council rejected it because the board wouldn't approve it, came back to the board, and I think the board did approve it then, but at that point council didn't want to do it --

MR. FREEDMAN: The 1990 plan made it [inaudible] -- the 1992 plan didn't get anywhere.

MR. CRADDICK: Correct.

MS. KRAFTSOW: Including the State Water Resources Protection Plan and the State Water Quality Plan in 1992. Those plans generated by the state were also not accepted by the state. The entire 1992 draft.

MR. STARR: So none of the other counties got theirs approved either. Everyone still goes on the 1990 which was before the 1990 general plan.

MR. KUMAGAI: That is correct.

MR. NOBRIGA: I'm just saying that this is like eight years, yeah, have gone by since 1993.

MR. STARR: Forget 1993; it's 1990. It's eleven years, getting on twelve.

MR. NOBRIGA: So we're now currently entering the process that we should have had 10 years ago.

MR. STARR: Yes.

MR. NOBRIGA: Thank you. Appreciate it.

MR. CRADDICK: That's not correct because the community plan is not yet done, so how do you make a plan for a community plan that doesn't exist?

MR. STARR: It's our job to do it whatever it takes. Orlando?

MR. TAGORDA: Just a followup question here. We have very bright consultants here who have an existing contract with the board. And it seems to me that because of a lack of data and information from the department, they cannot really complete their jobs. Am I right here?

MR. KUMAGAI: Right.

MR. TAGORDA: That's my point. I don't know how are we going to try to update the Water Use and Development Plan when they need some data from the department, we don't have any.

MS. KRAFTSOW: I think what you asked and what Jimmy answered are not the same thing. I don't know, I may be mistaken.

MR. TAGORDA: Because when I was listening to Mr. Freedman, he was talking about his data that he needs to finish up or complete his job, his scope of work with the board, and without that, the timetable is being deferred substantially. So I don't know really what are you looking for from the planning department or the Board of Water Supply or the Department of Water Supply to complete your contract

with us.

MR. SHEPHERD: Why don't you take that question to the council or the mayor?

MR. STARR: Glenn. Carl.

MR. FREEDMAN: I think at this point I pretty much have what I need and along the way it's taken a lot of work to put the data together, but that's part of what I was brought on board for was to put that data together.

In terms of the data necessary for doing a Water Use and Development Plan, I think within the scope of the RFP that's out, that's part of the work that's in that scope of work is to develop some of the data, and we'll have to see. Certainly the department is still going to have to come up with more information as we go along. But I don't think everything has to stop for a lack of data. And the same point, you have an equal problem with the Water Use and Development Plan has to rely on other plans. The county plan is just one of them. Resource protection plans under the state plans also need to be there.

So I think the point we hear from the commission, talking with Charlie and the commission, is everything has to kind of start, even though everything waits for everything else, if it's ever going to get going, everything has to go.

But I would say, and I'm glad you mentioned it, that in order to make this process move, it is going to be necessary to have direction from the board and from the department for the staff to be timely in providing information and cooperation needed with the public process and consultants to keep things going.

MR. TAGORDA: Mr. Chairman, this is a question for Charlie. I don't want to put you on the spot, but since you're here already, and looking at the presentation of Ellen tonight, Maui County is you think is heading in the right direction in the compliance of the IRP, modified IRP for Maui County.

MR. ICE: Yeah, very much so.

MR. TAGORDA: Because I don't want them to go ahead and then pull back and the Commission on Water Resource Management says no, that's not what we want you to do. And now that you're here, I want you to give us some comments.

MR. ICE: The staff is very much on track. In fact, there has been a lot of communications back and forth so that they feel comfortable and we feel comfortable. I think that they've put in an incredible amount of work, good work on getting this framework put together. So I think that if you succeed with following through on this, that Maui County is actually looking better than some of the other counties, including Honolulu.

MS. KRAFTSOW: I'll repeat that. Maui is looking better than some of the other counties, including Honolulu. And I would like to add that Honolulu has a \$1.2 million budget.

MR. STARR: Orlando, anything else?

MR. TAGORDA: Thank you.

MR. STARR: Okay. Any other -- Sally, go ahead.

MS. RAISBECK: I had a question. Often it's easier, if you're coming into a subject, to have something presented to you and pick holes in it than to just have nothing and try to come up with something. And I wondered if there is any intention or whether with Lanai on the west side they started with the 1992 draft, say, and then by updating the data included in that and by having the public component work more on the goals and what they see as the future and so on and laugh at what they thought in 1990 was the future, that that would provide some -- is there any intention of using either the 1992 or the 1990 as a starting point?

MR. STARR: I think that's to Jimmy.

MS. KRAFTSOW: No, I think that's to me, actually. We -- in Lanai, one of the main recommendations that Jimmy had made in 1992 was that there needed to be an ongoing mechanism for public process, which is the Water Advisory Committee, which we formed. So in the process of forming that, and doing the action and getting the Water Use and Development Plan that specified that, you were actually implementing recommendations that had been made in 1992.

And for Lahaina, we started in our first meeting we gave out Lahaina chapters of the 1992 Water Use and Development Plan. So yeah, there is very much an intention to work with and start with that, but we don't, you know, we also -- I think we've discussed that we would like to also present certain things updated -- if we could have had all the information together, we would like to have a [inaudible] to hand out the first day. The issue in Lahaina is there are so many private developers and private purveyors that we really -- we can only tell them and we did on the first day tell them our demand forecast by regressions anyway, that we're still building the model or [inaudible].

But yeah, there is a look at the old plans and there is consideration of the old plans, but it's -- it hasn't been that we've passed out the entire book to every member that might or might not show up. You know, we made copies of the chapters that --

MS. RAISBECK: Well, I think the budget ought to include having Kinko's do the xeroxing. I don't think staff time should be used to xerox any copies of anything.

MS. KRAFTSOW: No, but I mean this stack of handouts, just one copy of what we've handed out so far is like this. Including the 1992, all the Lahaina relevant sections of the Lahaina in 1992. Not just that chapter, but anything. And anyone who requests a full draft, we'll arrange for it.

MS. RAISBECK: Yeah, I would like to put in my request now to be on the central working group and see a copy of the 1992 draft, if I may.

MS. KRAFTSOW: You may. The central -- you mean for Central Maui? Because there isn't one -- there is like six --

MS. RAISBECK: Yeah, Central Maui.

MR. STARR: Has anyone else got anything on this? We're going to need a short break, but before we do that --

MR. CRADDICK: Can I say one thing, talking with Charlie. My intention in asking the board to hold this meeting was more to have a general workshop. There is three things going on. There's two contracts that the board needs to approve on, one has already been bid out, the other one hasn't been bid I don't think yet, right, Ellen? We haven't evaluated.

MS. KRAFTSOW: It's been bid, the bid hasn't returned yet. The opening date is May 28th.

MR. CRADDICK: There is those two things, plus the entire process that we're using here has to be approved by the Water Commission. I didn't think it was appropriate to go to the Water Commission and say oh, here's what we're doing, without the board weighing in on it. I felt the board had to weigh in on this thing first before we go to the Water Commission and tell them because we're actually supposed to give a presentation to the Water Commission and they are actually going to vote on whether the process is correct or not. And we need that same process with the board, I think.

So even though the needs are immediate for doing something IWR or demand things and getting Peter Adler on board, there is also the other of getting this whole framework approved by our board and then going on to the water commission and get them to

approve --

MR. STARR: We as the committee could not approve anything; all we can do is recommend to the board. But I want to take a short recess for technical reasons and we'll be back in a couple of minutes.

(Brief recess.)

MR. STARR: I'm still trying to understand everything that is before us before we go to any -- before we go to an action item. So as I understand, we've been talking about Peter Adler and that there is a contract that will be before us. But I've been trying to understand all of the contracts that are there. There is one additional contract; is that correct?

MS. KRAFTSOW: There is one additional contract which the board has received a copy of the specs which went out. The contract bid has been published. We had four people, I think, request copies. Three or four people. Anyway. And it is supposed to be turned in by June 8th. And that is for services to augment the Water Use and Development Plan process which includes covering the resource strategy and supply options, the characterization and screening that you saw, they require in their process which includes the cost/benefit and financial analysis, and some certain portions of the demand analysis that were taken out of Jimmy's contract that were not strictly covered under the existing contract with Carl.

But the main thing is the primary economic analysis for Water Use and Development Plan including estimates of marginal and supply cost by district; characterization and screening of resource options; evaluation of capital, operational and avoided costs; lifecycle, capital, operating, financing characterization of strategies. Looking at it from various cost perspectives, like the utility and the rate payer, et cetera. Reporting, documentation, presentations. And improvement of our billing data.

Now, that contract has not been assigned to anyone yet. It has been bid. However, if you want deeper explanation than that, I will refer to Carl who has a lot of experience in doing just this sort of thing and he can -- if you have any more technical questions than that. I mean, I can answer some --

MR. STARR: So as I understand, it's similar to the kind of work that Carl is already carrying out, but it's more of that same type of work that will be done by a consultant like Carl or someone else, an analyst/consultant.

MS. KRAFTSOW: It would be done by the successful bidder. And it is not actually the same kind of analysis -- I mean, to the extent that all analysis has something in common, yeah, it is. But it's more economic cost perspective and also just characterization and screening. To meet that -- if you see the diagram on page --

MR. STARR: This is in the presentation, the power point.

MS. KRAFTSOW: Yeah, if you look at page 9, those two flow diagrams, and also to the extent that you can see them, let's see, and also at page 6 where it's spelled out in bullet points that Screening Resources & Supply Alternatives, and includes description of planning objectives, et cetera, those two top -- on the top right and the one below it. It's basically those elements that we're asking to cover this additional contract.

MR. STARR: Carl, you are familiar with the scope of that second contract, that one that's being bid?

MR. FREEDMAN: Yes.

MR. STARR: Could you explain to us a little bit more about why -- you know, how it's different from other things that we've dealt with so far?

MR. FREEDMAN: Yes. Maybe what I could do that might be helpful is to try and explain very briefly how this IRP process flows through. Because mainly what this scope of work is for is to do the analysis to support that. I don't think it would take too long to do. And I would kind of move my chair because I'm feeling like I'm talking behind my back. I'll come over here so you people can still hear me.

The Integrated Resource Planning process is a carry over from the electrical power planning industry. And it used to be called something called least cost planning. And they kind of went away from the idea of least cost because everybody just wanted the cheapest [inaudible]. And one of the ideas of IRP, it's supposed to take into account all the different costs that are out there, whether they're dollar costs or other types of costs that are impacts.

But the keys to the process are -- I guess there are three things being integrated in integrated resource plan. One is the public's participation. So instead of just the utility engineers coming up with the plan, you have the public involved. And the idea in the electrical industry was in order to get plans approved or power plants built, you needed the public buy in, you needed to tell decisionmakers that you've already taken into account the public concerns and so you want to do that up front.

The second thing that gets integrated is the demand side as well as the supply side. Conservation, or what you can do to meet the needs using less water, it's just as good as just providing more and more water.

And the third thing to get integrated is the non-dollar costs. The environmental impacts or the things that don't get tabulated up in just a pile of money. And that's the idea.

So the process as it's evolved and is now formulated or identified in the state's framework that's been adopted starts with the public process where you identify what your objectives are you're trying to meet. And those might be things like -- what are some good ones, reliability, upcountry reliability would be an objective. Everybody wants

costs to be low. Everybody wants their water to be clean.

So you come up with a list of objectives and that's where Peter is going to be out there trying to get from the public what it is we're trying to do with the plan.

And then after that, with some help from the technical people, you get measures of those things. How are you going to measure -- well, the cost is easy, it's dollars. How are you going to measure the reliability? How are you going to measure the cleanliness of the water? You want to get some metric or some measure you can assign to those objectives so that later on in the process when you've got plans, you can figure out which is the best plan or which one might be the best meeting or the best combination of objectives.

Then you go to the technical stuff, really. And then you have to know what your demands are, that's where the demand model comes in. How much water do you need to plan for over the next 20 or 30 years? And you need to know all the different ways you can meet that demand. What are your sources, what transmission is necessary, what storage might be out there, what are all the different ways you can meet them. And the demand side, reclaimed water, dual systems, you make a list. Every single item anybody comes up with, you put on the list, squeezing moss up in the Waikamoi, you know, whatever it is. You make an initial list that includes all the options. You put them on the table and you try to characterize those and you try to screen that down and say we're upcountry now, what makes sense. And let's put these into some strategies to meet the objectives.

So let's come up with one strategy that might be the least cost. You want to get the cheapest water possible to do what. Well, we just take it out of the ditch and pump it right in people's pipes. I mean I'm being flippant here. Or you might do another one that's the most reliable. Or the one that uses the most stream water or the least stream water or you take the objectives that you've got from the public, you take the options that are available from the

suggestions of the water department engineers and the public, you put together some strategies to meet the objectives, and then you have to figure out what -- you characterize all of those and you score them, so to speak, or you come up with some kind of a decision-making process or discussion process where you want to say, you know, well, this plan meets a lot of the objectives and maybe we want this one or maybe there are factions, maybe Peter in the public process has to get people to give up a little or if it's possible you might come to a consensus. If it's not possible, the water department might have to say well, this is the one we're choosing and we're bringing to the council or to the board and the council. So it can take some different ways and it's going to go different ways in the different districts. But the general idea is you start with the objectives, you identify all of your options, you put them together in strategies, you evaluate the strategies, select the plan, and keep track of all costs and the characterization of that along the way.

So that's kind of a simplified nutshell. But what this scope of work is that's the new one is to do the economic analysis, the resource characterization, to assist with the screening of the different options with -- what else is in there?

MS. KRAFTSOW: Marginal costs [inaudible], [inaudible] capital operation and avoiding, lifecycle capital [inaudible] financing.

MR. FREEDMAN: So it's a lot of economic analysis. And in doing that, there has to be the time value, money has to be taken into account because we're talking about 30-year, 50-year time frames for some of these options.

And the other thing I just mentioned is you want to be able to look at uncertainties. Nobody knows really what demand is. You want to make sure that you've got something that's robust that if things go quickly, it's okay. If things flap now, it's okay.

I know from talking with some of the state commission staff that we're going to want to see some

analyses of what happens if there is -- if some of the stream waters get redirected into the streams, what kind of impact is that. If you're planning to be able to still survive that type of a decision. Anyway, that's a little step.

MR. STARR: Orlando?

MR. TAGORDA: Nothing, thank you.

MR. STARR: I'm a little bit confused, though, about what action the board is going to be asked to take on this, if any. Because it's something -- it's something that has been put out to bid, but bids haven't been received yet or the closing date hasn't occurred.

MS. KRAFTSOW: Right. Well, there are two things. One is we did not budget for this again for 2002, okay, because I was assuming you would have it -- for this particular contract, I had planned originally not to bid it. I had planned originally to write the contract and I had checked with the county purchasing agent as well as the purchasing agent in our department, not David but the guy who actually does the purchasing, whether that was appropriate under procurement regulations to just take my existing consultant team and amend one of their scopes of work. And that was allowed under procurement regulations.

But because it is such a large increase over the amount that we were going to spend, I think David felt that propriety demanded that we go to bid and write some specs and put it to bid properly. Now I'm behind the eight ball schedule-wise.

So what I wanted to do was present the board with the concept of the contract, with the specs for the contract. I'm going to be rushing whoever is the successful bidder to get a contract together by the end of the fiscal year. I was hoping that by doing this and presenting it first to the committee or workshop, that A, maybe we could expedite the finish by the end of the fiscal year, or if not, B, maybe we could encourage the board to let us lapse and

reallocate the funds so that we can get it going in July.

Basically I'm trying to make sure that we don't lose the money for the contract, get the board to buy in to the proposed specs so that we don't just lose the money because it gets referred to the committee or [inaudible]. That was my concern and reason for bringing this second one to your committee.

MR. STARR: David?

MR. CRADDICK: In the budget, there is \$150,000 for what I'll just call speeding up the process and that's where this money would come from for these two contracts. If we don't award this second one, whatever we don't award will lapse. But it's not money that is figured into the revenue source for next year. The lapse is going to be additional money that's added in for next year. So as we go through the budget process, if we don't get this awarded, it will just have to be lapsed and add it to next year's budget.

But that was what Ellen said there and we, you know, not wanting to just straight up award it to Carl --

MR. STARR: But now I have a problem. I would have a problem recommending to the board something that has not -- it went out to bid, but we haven't accepted -- we haven't accepted the bids yet.

MR. CRADDICK: We're not asking for that.

MR. STARR: What are you asking?

MR. CRADDICK: There is one that has been bid. We're expecting that one to be dealt with. I don't know how you get over this process that the whole process we're using needs to be approved by the board. I myself think there needs to be more involvement. But if this committee thinks they can convince the rest of the board that this is the process to use, I think I would add one more step to that --

MR. STARR: This is very unconventional, though, to do it this way. Usually the board would approve it before it went out to bid.

MR. CRADDICK: No, no.

MS. KRAFTSOW: This is budgeted already to the extent that every budgeted item --

MR. CRADDICK: It's already budgeted.

MS. KRAFTSOW: We normally send it to bid and then during the contract to the board for approval. And the contract incorporates the specs, right? But what I wanted to do was just bring you the specs like to sort of put the board on notice that this is coming. Because I'm worried that basically the board will be so angry that they lapse the funds completely and the whole, you know, or that they will just say yeah, okay, and you know -- basically I'm doing this just to sort of -- this second contract what I'm bringing to you is just do these specs look okay, is there any particular thing you're concerned about adding to the contract when I write it, can we hold the money over, can we either when we get the contract written can we send it to the -- if we get it out in time for the board packet, can we have the board review it without sending it to another committee? Or if they do send it to another committee, can we ask the board to please hold the funds over for the project, you know, or reassign them to next year's budget.

MR. STARR: Frankly, I'm not going to try to -- I wouldn't want to try to do the work of the finance committee, which is where --

MS. KRAFTSOW: The contract would go.

MR. STARR: Yeah, where it should be. I don't understand why it wasn't just included in the new budget and then let lapse and then just became a new budget item.

MS. KRAFTSOW: Well, that would be our other [inaudible] do that because originally when we first submitted our budget practice, it was like March or April and the CIP was going on at the same time and I was thinking oh, I'm not going to be bidding this one, I'm going to be just writing a contract. And so I can do that, so I'm working on my budget, I can get a contract out before the end of the year, no problem.

Now that I have to bid it, it's a longer process, it adds 30 days plus the week that additional notice to the newspaper, plus the time that it takes to draft the specs in the first place. So behind --

MR. CRADDICK: Ellen, you don't have to rebid the thing just because they don't [inaudible]. If they want to wait until next year to award it, that's an option.

MS. KRAFTSOW: I'm afraid they are going to lapse it.

MR. CRADDICK: Well, it may lapse, but the bid is still going to be all right if they reappropriate the money. That's not going to be the issue.

MS. KRAFTSOW: I think that's my real question is will you please reappropriate the money or expedite, one of the two.

MR. STARR: Orlando, any wisdom here?

MR. TAGORDA: Let me clarify what I can understand what you guys trying to. Mr. Freedman has the contract with us existing, right? And that's going to be encumbered until the fiscal year.

MR. CRADDICK: Already encumbered. That was encumbered in 1999.

MR. TAGORDA: That's already encumbered. Now with this new services to amend what you folks was discussing now, you have money on your professional services that might lapse when this new schedule comes

in.

MR. CRADDICK: Right.

MR. TAGORDA: So you want a contract made so you can encumber, yeah, if the board accepts the contract, so you can encumber the money; is that right?

MR. CRADDICK: That's right.

MR. TAGORDA: That's what I understand, right.

MR. CRADDICK: That's Peter Adler's now that has already been bid, we have it, we have the recommendation to the board, they can pass on that one, we obviously can't do the next one because we don't have any price to give to the board. That will come next month. And at this point here, it goes to the committee next month, then the budget has to be amended.

MR. TAGORDA: But your suggestion here is for this new consultant services to amend the Water Use and Development Plan, et cetera. If it can be opened before the new fiscal year, we get money, right?

MR. CRADDICK: There is money budgeted right now, yeah.

MR. STARR: Mike?

MR. TAGORDA: Because what I heard is the 2002, there is no budget for this services. It's not included.

MR. STARR: My own feeling on this would be perhaps we should just report to the board and try to explain to them about the situation but not with any recommendation as far as action but just insofar as where it stands, that perhaps the money should be encumbered in next year's budget or else some other action be taken, but not to recommend specifically any action.

MS. KRAFTSOW: Well, you're talking about the augmenting contract?

MR. STARR: Yeah, I'm talking about --

MS. KRAFTSOW: The one that's still being bid.

MR. STARR: Yeah.

MS. KRAFTSOW: The only action or recommendation that I would even ask you to make to the board would be to either do -- to either, yes, do one of two things, or no, not do one of those things. And the two things, either one of which would make me happy, is expedite the review process so it can be done in June or, and just as good, take the money that we had budgeted outside of whatever happens, however it gets diminished by the [inaudible], and let us rebudget it for the year 2002. You know what I mean? So that we don't lose the chance to initial the contract. That's all. Just like take the money and don't -- and lapse it and rebudget it or however you name that, but --

MR. STARR: Well --

MS. KRAFTSOW: We can't even bring it to the board in July if there is no money for it.

MR. STARR: I don't think I'm really ready to recommend either of those two actions, but rather to just explain it and let the finance committee decide how they want to deal with it. Orlando?

MR. TAGORDA: I agree with you, Mr. Chairman, yes. But I think this item will be on the board -- another board meeting. It's on the agenda tomorrow and we can bring that up.

MS. KRAFTSOW: Is that because you're not sure you approve of the proposed work or is that because you just feel like it's a financial question?

MR. STARR: It's a financial question. And second of all, I don't want to approve a contract for which we haven't received the bids yet. You know, I have -- this process is just kind of a little bit too weird to try to go for a loop hole and there are plenty of ways of dealing with it inside of the process. I think that the board will find a way to deal with it inside the process. I'm sure the finance committee will deal with it fine. But you know, I will try to make that an explanation of the situation.

MS. KRAFTSOW: Can I ask one more question?

MR. STARR: Yeah.

MS. KRAFTSOW: Just my concern is will the board interpret -- okay, it's a financial question. But will the board interpret that this committee like we're requesting to somehow still have the money be available, however that happens, and whether or not the board even decides eventually to award it, but just not to lose the opportunity to bring something to the board. And I'm wondering if the board will interpret no recommendation as if you were saying well, you don't want to see this whole work as necessary somehow.

MR. STARR: I personally feel, you know, favorably about it, but, you know, and I don't know what the other members feel, but I don't -- I don't want to presume to do something that's not in our, you know, not in our kuleana.

MS. KRAFTSOW: That's fine, that makes me feel better.

MR. STARR: Is that -- should we leave it at that?

MR. TAGORDA: Yeah, let's not encroach on the finance committee budget and reviewing.

MR. STARR: It is a financial and a matter of time, time and money. It's not a matter of --

MS. KRAFTSOW: Lack of support for --

MR. STARR: Dave, do you have a comment?

MS. KRAFTSOW: Jonathan, you've heard the presentation from Peter and Jimmy and Carl. And Carl, he didn't spend quite as much money coming from Haiku as the other two did coming from the other island, and Charlie Ice.

Now, I would hope the committee could find their way clear, having seen all this information, making some recommendation to the finance committee that either you like the process that's being presented to you that we're trying to use from an operational standpoint that you like the process and you want to recommend that we go forward with the process subject to whatever financial concerns there may be, money issues, but not operational issues. If we could make some kind of recommendation from the operations side.

And what I was saying before where you need the board actually to vote up or down on this process that we're using. I think also if the board votes on that, I would think it would probably be appropriate because when we're going through this process that ultimately the council has to vote on it also, that also before we go to the Water Commission, the council also have their day with this presentation on what we're trying to do with the process here. And that's an operational issue, not a financial one.

MR. STARR: As far as the process, frankly, I'm positively impressed by it and I think an attempt is being made to do it as well as it can be done with the financial constraints. I understand we can't do a full IRP that would cost a million bucks. But you know, I think that their -- I think we should continue on with trying to do it right.

But I don't know, Orlando, what is your feeling on this whole thing?

MR. TAGORDA: Based on what I saw tonight,

Mr. Chairman, I think I'm very strongly convinced that we should do something to -- either to the finance committee or to the full board about our recommendation that this process should continue. And that's my feeling, my own feeling. And I can go attend the finance committee meeting and say something, what I learned, what I learned tonight, from watching tonight.

MR. STARR: Mike, are you favorably impressed with this or do you think it's wrong or what's your feeling?

MR. NOBRIGA: I don't think it's wrong. I don't think there is any problem in jeopardy to the funding. It's just -- we'll find out tomorrow.

MR. STARR: Okay. But I mean, how about the committee coming forward with a favorable response to having looked at the process and recommend that the board look at it favorably in its action, or something to that effect?

MR. NOBRIGA: Yeah. Long overdue. How's that?

MR. STARR: Okay, got it.

MR. TAGORDA: You can say those things, Mr. Chairman, but we just take this issue, I think we give them sometime to review instead of just trying to be from us a very strong recommendation. We give them a lot of time.

MR. STARR: Frankly, I wish all nine members of the board were here for this presentation. I think that that, you know, and at some point I think that will have to happen. But I would like to come forward and get some positive comments about that tomorrow. And what would you need a specific action on? Do you want to do it by motion or do you want to do it by consensus?

MR. NOBRIGA: For the record, I will move that

the operational review committee strongly recommend forward progress with this project.

MR. TAGORDA: I second.

MR. STARR: By consensus we all agreed with that. And in my own personal comments, I'll dress it up a little bit in my own comment.

Now, there is something that we do -- we are being requested to have specific action on and that is the contract for Mr. Adler's facilitated and related services. And that's before us. And unfortunately what's before us is not -- has been changed, there is corp counsel's comments, and there is also Mr. Adler's minor changes, so there is some unsubstantive changes that have been made to this.

MS. KRAFTSOW: Can I just point them out briefly?

MR. STARR: Yeah, go ahead.

MS. KRAFTSOW: And Howard, you're here to correct me if I'm in any way wrong. Basically the majority of the changes were I used "will" instead of "shall" or I referred to Peter as Peter Adler instead of "the consultant." That's the bulk of it is stylistic and things like that. Putting an S in or taking an S out or something like that.

But the one substantive change is in item D of the Scope of Work where it refers to consultant will assist staff [inaudible] -- the old contract version reads, "The consultant will assist department staff and full consultants in writing the description and summary of public process and related topics including suggestions for the development of tables, matrixes, or other visual aides as appropriate."

Now, in talking about it, this is the only item that we were going to pay as a deliverable. Everything else was a per hour basis. And actually so is this item, but it's just -- it's just -- it's something that we want as part of the final report. And so I don't have my copy of the contract in front of me, but the new contract basically reads that the

consultant will write the report and submit the report to us. And that's the only difference. The payment was already laid out that he would get paid for this item at -- the first half of this item at submittal of the draft and the final at acceptance by the board. So it's already -- just to make it more consistent with the payment process that was already in. What it reads now is -- okay. "The consultant shall assist department staff and full consultants in writing the description and summary of public process and related topics including suggestions for and assistance with development of tables, matrixes or other visual aides as appropriate." That part is identical.

Then it adds, "The consultant shall deliver a report to the department which describes public process and related issues with sufficient depth and detail for incorporation into the plan." Okay. That is the one sentence that's substantive that was added. And that was added to make it more consistent with compensation and payment schedule where it says item C, "Compensation for item D in the Scope of Work which is above shall be made in two installments." That was already like that and that one sentence was added to make it more clear.

I will say that Peter himself has never seen it before.

MR. STARR: I have a problem with this. I have a feeling Mike does, too. Mike?

MR. NOBRIGA: Shouldn't the report be delivered to the board?

MS. KRAFTSOW: The report is one of the working documents of the thing and we can bring it to the board, but it has to be delivered to staff so that we can incorporate it and work with it first.

MR. NOBRIGA: I don't know Howard is going to review it. The other question I had was why would you want to be paid daily? Give a check every day?

MR. FUKUSHIMA: If I may, Mr. Chairman, in

response to that, Mike, we are going to be working on the compensation schedule. I think the consultant as well as myself agreed that perhaps there will be a better way to formulate the compensation schedule. In reviewing this again, there ought to be another change in item C which sets forth the amount which is going to be paid for these two installments or, strike that, the amount of the installments to be paid under section C. I didn't consider that, but I think that should be changed also.

MR. STARR: I'm going to express some criticism of staff for not having this together for us when we're being asked to recommend approval and it's not in its final form is problematical.

MS. KRAFTSOW: I have to apologize, Jonathan, although I will say I got the corrections at 4:00 this afternoon, typed them and made 10 copies to bring here.

MR. STARR: I'm sympathetic, but I'm still critical.

MR. TAGORDA: Maybe the corporation counsel can review this contract and then get back to us.

MR. FUKUSHIMA: I got it on last Thursday. I've been out of the office for two days, Monday and Tuesday. I was able to work on it today. I mean, if that criticism was directed at me --

MR. STARR: No, it's not.

MR. FUKUSHIMA: -- I would be a little concerned. But it's not -- yes, I will be working -- I'm working with staff on this so we can get it in its final form. I will continue my discussions with Peter, hoping he can give me some ideas of a fair way for compensation to be made rather than daily.

MR. TAGORDA: Is that fair enough?

MR. ADLER: I know where we've got to get to. We've got to get to clarity and measurability and

we've got to make sure the work has been done and have a benchmark. So what would seem as several iterations of the way it was originally set up, specs and bid, so.

MR. STARR: Is there a way we can pass out on a recommendation without it being in its final form?

MS. KRAFTSOW: Subject to corp counsel.

MR. TAGORDA: Subject to corp counsel --

MR. FUKUSHIMA: Well, if I may, Mr. Chairman, I think, and there may be some disagreement, but I think the compensation portion of it is fairly minor. What we're looking at is the maximum compensation of \$36,000 and how that's going to be scheduled for payment. I think that's the primary point. I think the more important points are the Scope of Work and what the various responsibilities are under the contract Mr. Adler would have.

Like I said, I would hope that the committee would look at the compensation and the method of compensation as being sort of a minor detail and the more important portions of the contract relate to the scope, the scope of performance.

MR. STARR: Even the scope has a change in it, too, so --

MS. KRAFTSOW: You know, it's not fair to put Peter on the spot like this because he hasn't seen it. But I will say that I think he was planning to write a report anyway. And in fact, he had already in principle agreed to the other contract which has him being paid at delivery of first draft of the report. You know what I mean? So it's not clear and he has every right to review it, but it's not even really a change to the actual scopes or change the way the contract covers the scope.

MR. ADLER: I don't have a problem with this. I really don't. So I mean, I think we have some details to work out and we can work them out.

MR. STARR: Okay. The question is should we pass it on to -- should we pass it on to the full board to make a recommendation?

MR. TAGORDA: Yes, Mr. Chairman, let's recommend this contract for approval.

MR. STARR: How about a motion?

MR. NOBRIGA: Second.

MR. STARR: Okay. It's by consensus then that we're going to recommend -- that we'll recommend that it be passed on to the board for approval but that it not be signed until final unsubstantive issues have been resolved to the satisfaction of corp counsel and staff and also Mr. Adler.

MS. KRAFTSOW: If there are particular words, I can make those changes like tonight or early tomorrow morning.

MR. STARR: No, don't try to rush it, Ellen. Shirley, do you have a -- do you have that motion? Is there any other business before us here? David?

MR. CRADDICK: I make a suggestion that if the board approves the process, that you want it to go on to the council first before we go to the Water Commission. Because I -- well, Ellen, I know you say no, but when the report is finally finished, it goes to the council so if they don't buy in, you know, I mean, I see both of us as [inaudible] Water Commission -- so --

MR. STARR: I think we're a few years away from that point, David. I think we'll have other opportunities --

MR. CRADDICK: We have to go to the Water Commission right away. We have to go to the Water Commission right away. So you know, the quicker it

can get done, the better. It's just whether you feel it's appropriate to go on --

MR. NOBRIGA: How come we got to go to the Water Commission right away?

MR. STARR: The Water Commission is here and he's smiling.

MR. NOBRIGA: [Inaudible].

MR. STARR: One at a time. Mike, rephrase your question for us here. Because everyone answered it.

MR. NOBRIGA: This is new information now that I'm hearing from the director that we have to go to the Water Commission right away.

MR. CRADDICK: No, no.

MR. STARR: David. Charlie, do we need to go to the Water Commission right away with this?

MR. ICE: I think when the board does come on board with this, that the commission wants to hear that, and not just the staff but the commissioners themselves. They want -- they would like a presentation so that they can say yes, this is what we were asking for, looks good, go for it and do great things.

So I think from the staff point of view, we're good with this and I think as soon as you can, when you're ready, that it's appropriate to go to the commission and have them [inaudible] --

MS. KRAFTSOW: They have asked that we go to them prior to the scope. And if you look at page 5, the bottom right slide, it describes requirements for the County Water Use and Development Plan under the statewide framework, which is that it be drafted in coordination with the commission, that we submit the proposed process description to the commission and coordinate -- as well as coordinating throughout. So this would be submitting the proposed process

description. We did do that by negotiation in '97 with the original contract, but it wasn't with the commission staff, it was prior to the publication of the framework. So that's what Dave means by right away. Before we get going on the process, the commission would like that we come to them and describe it.

MR. CRADDICK: And before you go to the commission, do you want to involve the council because they have to approve this, too.

MR. STARR: Carl?

MR. FREEDMAN: I just wanted to make one comment, too, is you might want to see what you get in terms of proposals in response to your RFP. Because I've looked at this, I'm thinking of bidding on it, I know that I'm going to submit at least two proposals, one more aimed at what can you do with this amount of money, and one is how much would it cost to really do the whole thing that's listed there. And hopefully you'll get some bids from some other people and maybe you might be enlightened by some proposals you get and get some good ideas from them.

MR. STARR: My own feeling is I think we've taken this as far as we probably should at this step and, you know, maybe when the other contract is let and, you know, we can look at it again and then that might be suitable. Orlando? Mike?  
Okay. How about a motion to adjourn?

MR. TAGORDA: Move to adjourn.

(WHEREUPON, the meeting was adjourned.)

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