

County of Maui Water
Supply

**BOARD OF WATER SUPPLY
COUNTY OF MAUI
REGULAR MEETING**

Taken at the HGEA Conference Room, David K. Trask, Jr. Office Building, 2145 Kaohu Street, Room 207, Wailuku, Maui, Hawaii, commencing at 9:00 a.m., on June 28, 2001.

REPORTED BY: JEANNETTE W. IWADO, RPR/CSR #135
IWADO COURT REPORTERS, INC.

A T T E N D A N C E

CHAIRPERSON:

PETER RICE

BOARD MEMBERS:

ADOLPH HELM

MICHAEL NOBRIGA

JONATHAN STARR

ORLANDO TAGORDA

DIRECTOR

DAVID CRADDICK

DEPUTY DIRECTOR

GEORGE TENGAN

DEPUTY CORPORATION COUNSEL:

HOWARD FUKUSHIMA

BOARD SECRETARY:

FRAN NAGO

FISCAL OFFICER:
MICHAEL QUINN

ENGINEERING:
HERBERT KOGASAKA
ALAN MURATA

STAFF:
ELLEN KRAFTSOW
HOLLY PERDIDO

IWADO COURT REPORTERS, INC.

TRANSCRIPT OF PROCEEDINGS
BOARD OF WATER SUPPLY
REGULAR MEETING
JUNE 28, 2001, 9:00 A.M.

CHAIRMAN RICE: Welcome, everyone. The meeting of the Board of Water Supply, June 28, 2001 is called to order. David Trask Building, room 207. Present Director, Board members Mike Nobriga, Jonathan Starr, Adolph Helm, Orlando Tagordo, myself, Peter Rice, Corp Counsel Howard Fukushima, and staff. Let the record reflect that the staff is present and the members of the public who are present.

Welcome, everyone. The fourth of July weekend and the holiday is almost upon us, so have fun, be safe, and we will get you out of here quickly so that you can start your holiday, hopefully.

The first item on the agenda is the approval of minutes. We have copies of April 26, May 17, and May 24. Have the Board members had a chance to take a look at those?

MR. NOBRIGA: Mr. Chair, I move that we receive the minutes of April 26, May 17 and May 24 subject to the 30 day review, at which time if there are no additions, corrections, or deletions, they shall stand filed.

CHAIRMAN RICE: There's a motion on the table. Is there a second?

MR. TAGORDA: I second. Point of clarification, Mr. Chair. Did he mention the minutes on the 4/26/01?

CHAIRMAN RICE: Yes. There's a motion that the minutes be accepted and filed for further review, and if there are no comments that they be received after 30 days. Is there any discussion on that motion? All in favor say "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

The motion is carried. Is there testimony from the public at this time? Or if you choose to testify at the time that an issue is brought up, we can do it that way. Very good, we will move along on the agenda. Director's Report 01-22, request approval and acceptance of the deed for the Piilani 2.0 million gallon water tank lot and the right of entry.

Members of the Board, this item is general housekeeping, it's been ongoing to quite awhile. Rather than refer this to committee and further delay it, I would request that the Board approve it subject to the final review by Corp Counsel. Mr. Starr?

MR. STARR: I second. I'd also like to make sure that the Chair review it to its satisfaction as well.

CHAIRMAN RICE: Okay. Mr. Quinn?

MR. QUINN: Mr. Chair, there is in the Director's Report a dollar item of \$8,910, and upon Board approval that will come out of the facilities portion of the CIP budget for land acquisition.

CHAIRMAN RICE: Thank you, Mr. Quinn. Okay, there's a motion and a second that the request be approved subject to review by Corp Counsel and the Chairman. Is there any discussion on this? All in favor say "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

Motion carried. So moved.

CHAIRMAN RICE: The next 1, 2, 3, 4, 5 Director's Reports relate to the budget, and I will, unless there is objection by one of the Board members, refer those to

discussion under the budget portion of this meeting. Is there any objection to that? Very good, so ordered.

We are down to Communications, 01-21, request from Hans Michel for completion of the agreement from June 3, 1994. Is Mr. Michel present? He's not. I would refer that to the Finance Committee, unless there's some objection. So ordered.

Communication 01-22, request from -- it's really from Tom Welch on behalf of John Elder for a waiver of fire protection requirements. Is anyone here, John Elder, Tom Welch? No? I refer that to the Oversight Committee. Is there any objection? So ordered.

MR. CRADDICK: Peter, if I could interrupt for one second? On Hans Michel's I'm not quite sure what the financial ramifications are on this thing here. I don't think there's any financial implications on these. There's an agreement that we --

CHAIRMAN RICE: He's asking for some things to be done, is he not?

MR. CRADDICK: Yes, he is.

CHAIRMAN RICE: Well, we can leave it there for now.

MR. CRADDICK: Okay.

CHAIRMAN RICE: I don't hear any objections at this time. Okay, we have Communication 01-23 from Michele and Chris Reed regarding ownership of a water meter. Is anyone here? No one from that. We are going to refer that to Oversight also. If there's no objection, so ordered.

Okay, we have committee reports, Capital Programs Committee. The report is in your packet from Capital Committee Chair Howard Nakamura, and that committee -- Howard is on vacation. That committee is dealing with two Director reports, 01-14. I believe the Board might want to take these up separately, the recommendations of the Capital Improvements Committee.

01-14 is request approval of funds for the construction of Kapaakea Waterline replacement, Molokai, and the committee is recommending approval of an appropriation to be funded from the pipeline replacement. And then should the

funds not be encumbered, the committee recommends that the project be included in fiscal year 2002.

MR. TAGORDA: Mr. Chair, I move that we approve the committee recommendation on Director's Report 01-14.

MR. HELM: Second.

CHAIRMAN RICE: Any discussion, gentlemen? All in favor say "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

Approved. Director's 01-18, request for decision on service options for the Ulupalakua line. The committee is recommending that a consultant be retained to prepare a preliminary engineering plan.

MR. TAGORDA: Mr. Chair, I would like that this Board defer this item until Mr. Nakamura can attend, because I have a lot of questions about his recommendation.

CHAIRMAN RICE: Any other comments, Board members?

MR. STARR: Yes, I also feel that the Board should provide a little bit more direction if we're going to send it off to a consultant. I think we should give a little more direction on that because the consultant can go and replace a 2-inch or put in a 12-inch or whatever. I think we should give a little more --

CHAIRMAN RICE: Okay, then we will defer the action on this until the next meeting when Mr. Nakamura is present. If there's no objection, then so ordered.

MR. TAGORDA: Thank you, Mr. Chair.

CHAIRMAN RICE: Oversight Committee. Mike?

MR. NOBRIGA: Thank you, Mr. Chairman.
Communication 01-16 and Communication 01-17 were heard by the

Oversight Committee. The Applicant's two communications were asking for the department's assistance in setting up requirements in order to consolidate lots. The committee felt that the department would best determine what the appropriate requirements were for these two proposed subdivisions, and after receiving these requirements if the Applicant wishes to waive them at that time it would be appropriate for him to come before the Board to the request waivers of some sort. So there is no action required on Communication 01-16 or 01-17.

CHAIRMAN RICE: Okay. Counsel is recommending that there be a motion to file.

MR. NOBRIGA: So moved, to file these Communications.

MR. TAGORDA: I second.

CHAIRMAN RICE: Discussion? All in favor say "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

Okay, Mike.

MR. NOBRIGA: Mr. Chairman, Communication 01-19, request from Paul Horikawa on behalf of Mr and Mrs. Robert Fevella. The Department has withdrawn the requirements, and no action was required. Move that Communication 01-19 be filed.

CHAIRMAN RICE: Is there a second?

MR. TAGORDA: Second.

CHAIRMAN RICE: Discussion? All in favor say "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

MR. NOBRIGA: Communication 01-18, Request from Deborah A. Von Tempsky. The Applicant wishes to defer this item until the next meeting.

CHAIRMAN RICE: So ordered, deferred. Go ahead, Mike.

MR. NOBRIGA: Communication 01-11, request from a Katie Romanchuk. The committee deferred action on this matter, because we felt that there was no action required of the Board at this time. The Applicant has not actively initiated anything, and there is nothing that we can do for her at this time. So we respectfully move that Communication 01-11 be filed.

MR. TAGORDA: Second.

CHAIRMAN RICE: Discussion? All in favor say "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

Motion carried, filed.

MR. NOBRIGA: Communication 01-05, request from an Anthony Amaral, Sr., for a water meter for agricultural land. The committee felt that the request was for irrigation and livestock, and Mr. Amaral would like to proceed with the request to Waiakoa Road Homestead Association, which is a quasi-public-private system. The Waiakoa Road Homestead Association is limited by the department on adding additional users.

Your committee requests a legal opinion to be written concerning the department's jurisdiction with limiting use of a water meter. Since the department does not limit other users in this area on maximum thresholds for their meters, how could it be that the department discriminated against this case? This matter is deferred until there is time to discuss this with legal counsel.

CHAIRMAN RICE: Okay, any objection from the members of the Board? It's deferred. Okay, we are going to move on to the Finance Report. First, Director's Report 01-13, request approval to write off uncollectable accounts. The committee recommends approval, and it should be noted that the uncollectable accounts were substantially less than last year, which was already low. And I would just pass on the kudos to the department for their collection procedures. Mike?

MR. QUINN: Just to note that the dollar amount was \$9,644.72, for the record.

MR. NOBRIGA: Mr. Chairman, I move to accept approval of the request to write off uncollectables.

MR. STARR: Second.

CHAIRMAN RICE: Moved and seconded. Discussion?

All in favor say "aye."

(A chorus of ayes)

Opposed say "nay."

(None).

Motion carries. Directors 01-15, request for fiscal year budget amendments for electricity expense. The department is requesting a budget increase of \$700,000, which represents 13 percent over the current budget. The principle reason for the increase is the increase in fuel cost and pumping costs, and the committee recommends approval.

MR. NOBRIGA: Mr. Chairman, I move that the Board approve the recommendation to increase the budget to reflect this \$700,000.

CHAIRMAN RICE: Is there a second?

MR. TAGORDA: I second.

CHAIRMAN RICE: Discussion? All in favor say "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

The next one is Directors Request 01-16 was to acquire an outside recruitment service for the position of Engineering Program Manager. The committee thinks there's other alternatives, and refers this back to the Director's office.

01-17, request authorization to provide leak insurance as a customer service to customers. The committee said there's definite interest in this, there was no action needed, and informed the department to move ahead to prepare information for the Board's review.

MR. NOBRIGA: Mr. Chairman, I would like to move that we file Director's Report 01-16 and Director's Report 01-17.

MR. STARR: Second.

CHAIRMAN RICE: Motion and a second to file those two Director's Reports. Any discussion? All in favor say "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

Motion carried. Next page, Director's 01-19, request approval of the Memorandum of Understanding for the Lanai Forest and Watershed Partnership and for the Board to agree to join the partnership. The committee discussed this. It does not commit the Department or the Board financially. We think it's important to continue to protect our watershed and be part of these organizations. We recommend approval.

Coincidentally with that is the request to accept \$50,000 as a pass-through grant from the State Department of Health for the Lanai Watershed Restoration Project, and again for the same reasons, the committee is recommending approval of both.

MR. STARR: Mr. Chair, I move for approval of Director's Reports 19 and 20.

MR. NOBRIGA: Second that motion, Mr. Chairman.

CHAIRMAN RICE: There's a motion and a second to approve Directors 01-19 and 01-20. Any discussion? All in favor signify by saying "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

Motion carried. Communication 01-14, request from Dale Merritt on behalf of Kea Lani Hotel for a billing adjustment. It appears that this has been resolved internally by the Department, or will continue to be discussed internally. No action is needed.

MR. NOBRIGA: Mr. Chair, move to file Communication 01-14.

MR. TAGORDA: Second.

CHAIRMAN RICE: Moved and seconded. All in favor say "aye."
(A chorus of ayes).

All opposed say "nay."

Motion carried. Request from David Meyer for a water bill adjustment. Is Mr. Meyer here? The committee reviewed Mr. Meyer's letter and spoke to staff and the Director. We checked for accuracy in the billing, meter problems, Scada problems, and it appears that there is no compelling reason for the water bill adjustment. The committee recommends denial of the request.

MR. STARR: Mr. Chair, I move to deny Communication 01-20.

MR. TAGORDA: Second.

CHAIRMAN RICE: There's a motion to deny the request for a water bill adjustment, duly seconded. Any discussion?

All in favor signify by saying "aye."

(A chorus of ayes).

All opposed say "nay."

(None).

Mr. Patel's request for ag rates, Communication 01-10, was deferred by the committee due to Mr. Patel being out of town, so it will continue to be in committee. We are going to move on to Operations Review Committee. Mr. Starr?

MR. STARR: I guess there are two items relating to the Water Use and Development Plan. The first relates to the facilitation and related services contract.

(Addressing Ellen Kraftsow) Is that why you're here? Can you refresh our memory about these two contracts?

MS. KRAFTSOW: There are two items that we brought. One was the facilitation contract, which is both through the facilitation services as we had been using them, and also for the increased public process requirements. Under the state IRP

framework, there's some large process requirements. This would not only be --

MS. NAGO: Ellen, would you come up and sit here, please?

(Brief interruption in the proceedings).

MS. KRAFTSOW: Okay, the first contract is a facilitation contract for helping to run the meetings as well as for helping to define and write up the public process to meet the requirements under the statewide framework. The second contract is also the subject of another request to the Board. They were expanded specs to improve and facilitate and expedite the Water Use and Development Plan.

So I guess the item that we are on is the first contract for facilitation, which would be facilitation services but also includes, as I said, write-up of the public process.

MR. STARR: What's the status of it?

MS. KRAFTSOW: The contract has been reviewed by Corporation Counsel, and it's before you for approval.

MR. STARR: So we are being asked to approve the contract. Now, is Corp Counsel satisfied with it?

MR. CRADDICK: Are we talking about item A or B? There is no contract with item A, that's just --

CHAIRMAN RICE: Item B.

MR. CRADDICK: That's Director's Report 01-26.

MR. STARR: Yes, item B.

CHAIRMAN RICE: That's the facilitation related services contract.

MR. CRADDICK: Which is Director's Report 01-26.

MR. STARR: 01-26.

MR. CRADDICK: For \$36,000.

MR. STARR: So we don't have that here in our packet, in today's packet?

CHAIRMAN RICE: We do.

MS. KRAFTSOW: It's item D(1), and it's also Director's Report 01-26 on page 33.

CHAIRMAN RICE: And the agreement is for a sum not to exceed \$36,000, and the funds would be appropriated from --

MS. KRAFTSOW: Professional services from the line item.

MR. STARR: Mr. Chair, I move for approval of this contract.

MR. TAGORDA: Second.

CHAIRMAN RICE: Okay, it's been moved and seconded that the contract that you have in your packet starting at page 33 for facilitation and related services for the update of the Water Use and Development Plan be approved. Is there any discussion?

MR. HELM: Yes, I'm just curious. The contract to hire a facilitator for this, I think part of what I read in here is it's his job to appointment a Water Advisory Committee?

MS. KRAFTSOW: No, we have one.

MR. HELM: It's already existing.

MS. KRAFTSOW: He's supposed to work with them.

MR. HELM: Thank you.

CHAIRMAN RICE: Any other questions? All in favor

signify by saying "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

The motion is carried. Okay, go ahead.

MR. STARR: Ellen, the second item, what's the status of it?

MS. KRAFTSOW: The second item the bid opening was postponed to the 15th because there was additional interest in bidding, so the bid opened on the 15th. We received three proposals from two consultants, and we reviewed each of the consultants and each of the proposals separately and came up with a recommended proposal, but we're still negotiating with the contractor to come up with a recommended contract.

And the recommended proposal actually is a proof our original budget, so there's another request before the Board to move the remaining funds under the professional services item from 2001 into the 2002 budget and augment it. So our request is actually just to make an allocation in the fiscal year 2002 budgets, and we'd like to bring the contract to you in the July meeting, hopefully.

MR. CRADDICK: That's item Director's Report 01-24, and that can be handled under the budget.

CHAIRMAN RICE: I think so.

MR. STARR: So we don't need a motion.

CHAIRMAN RICE: No, we will deal with it under the budget.

MR. STARR: That's fine.

CHAIRMAN RICE: Okay, thank you, Jonathan. Thank you, Ellen.

We had Other Business, and the first item is the budget. Actually, if there are no objections from the Board members, let's take a few of the other items and finish with the budget. There may be some substantial discussion.

Mr. Nobriga?

MR. NOBRIGA: Mr. Chair, the agenda is noted to say fiscal year 2001.

CHAIRMAN RICE: 2, yes.

MR. QUINN: It should be 2002.

MR. NOBRIGA: Sounds like a plan, thanks.

CHAIRMAN RICE: Okay. The legislative report is attached for your review. My comment, David, would be that the report be segmented so that it would be a little bit easier to understand. There is a bunch of proposed bills that were referred back to the next year's legislative session, and it's all mixed up with those that were approved. I think what's important for the Board is to see a recap of the legislation that was approved and sent to the Governor for signing, and ultimately at this point, if any have been signed, and that the information that we get about other bills as referred to next year be kept in a separate report.

That would be my recommendation for the future, because it's a lot of information here, and you really want to I think focus on those bills that have been passed.

MR. TAGORDA: Mr. Chair, in addition to what you just said, in this legislative report if the department or the Director does want to give a written testimony on these legislative items, if we can, I'd like to request a copy of those written testimonies.

CHAIRMAN RICE: Sure.

MR. TAGORDA: Thank you.

CHAIRMAN RICE: Absolutely. Yes, David?

MR. CRADDICK: Does that affect future legislation, or are you talking about the ones on this past one?

MR. TAGORDA: Those that you provided testimony on

this legislative item. I don't think you did all of these items. You provided testimony -- only those legislative items that you provided, I need a copy.

MR. CRADDICK: Okay.

CHAIRMAN RICE: I think that's probably a good practice, that as we provide testimony that the copies be sent to the Board members, just in case they are approached by legislators, or in any other capacity, they have an opportunity to discuss something. It might be good to be aware.

MR. CRADDICK: I guess what's been happening, we were working with Clark because he was the legislative liaison, and what he did with the information, we didn't go on from there. But we basically worked with Clark.

CHAIRMAN RICE: Okay, anything else on the legislative report? Possible amendments to the County Charter. On page 100 there's a draft of a letter that was prepared by David. Following that draft is the request from Terryl Vencl, who is the Chair of the Charter Commission of Maui County, asking for the Board's comments with regard to the Charter review. I felt that it was important that the Board have a chance to review this letter and to have any other comments be made. Are there any comments about this? Mr. Starr?

MR. STARR: Yes, Mr. Chair and members. I have very strong feelings on this point, and I understand that there's a strong possibility that my own feelings are those of a minority, possibly only one member. But I actually feel that the way the Board is structured now is not a good way of doing business. I feel that the responsibility has grown so large, because in a sense what we're doing is almost controlling all of the future growth and development on the island, even though we don't want to be doing that. But the ramifications do cause that to happen, yet we don't have the authority to be able to go and do what we need to do to be able to afford to build the systems and maintain the systems in the shape that we want.

And frankly, we are amateurs at doing this. We're volunteers, and a lot of us are putting in quite a bit of time. And there's certainly a lot of smart people and

dedicated people on the Board putting in time. But I really feel that we're doing -- we tend to be doing jobs that are maybe best left for the people who are professional in nature.

And so my own real feeling is that the Board should -- either one of two things should happen. Either it should be under the administration so it's handled as an administrative department, with the Board there more for oversight and for advisory capacity the way other boards and commissions are, but there's still the accountability chain up through the administration, or else it should be made a separate say like a government corporation model.

At the recent convention, I was at several seminars where they discussed several models, and there were governmental corporations where it's handled as a corporation, even though it's still government owned, and there were professional directors and they have almost complete say over their budget. And they get, you know, they're paid for their time and they're responsible directly for their actions. And they would be able to set rates under PUC control, as would a department under the administration.

But as I say, you know, I don't know if this is any other -- if any other members share this belief or not, but those are my own feelings on this matter.

MR. TAGORDA: Mr. Chairman, I would be talking as a Board Member. When I too make my recommendation to the Charter Commission I will talk individually, because I think there's a need for this department to be, like I say, to serve as a public utility. My experience as a Board Member for four years now, I believe the structure should be changed. My thinking is that I would like to recommend that this department doesn't go under the Mayor, but it does go under our elected officials, like the Councilmembers and the Mayor, in equal footing, thereby there's more accountability.

I'm not trying to say that the Board members should not be created, it should be created to share decision making with the Councilmembers. And I am not through yet with this concept. But as soon as I get to that structure I will share my idea with my colleagues, Mr. Chair.

CHAIRMAN RICE: Thank you, Orlando. Do you want to say something, David?

MR. CRADDICK: Well, there's a number of points here, and I think the points that Jonathan brought up and Orlando are really covered in here. I don't think we're taking any position one way or the other, we're just saying that, first of all, it needs to be clarified when it says the water department is in charge of all water in the County, it needs to be clarified what "all water" means, because we've got wastewater, storm water, the parks running their system.

CHAIRMAN RICE: Let's take them one at a time. Does anybody have any problem with that? Okay, then the next paragraph, David, Charter.

MR. CRADDICK: This one goes into the revenue and how you get that approved, and the suggestion is also in there that you could have PUC approval of it, but it would require a change of state law to do that. So just by putting it in the Charter I am not certain you could change state law. So you would have to change the state law along with it.

CHAIRMAN RICE: Does anyone have a problem with that?

MR. NOBRIGA: Yes. I don't believe the PUC is a nonpolitical group. I think even we as a board and body are in some way connected to politics. Politics is just a way of life already. Right now the revenue structure of the department under the current situation, any fees we level still has to go back to the Mayor and to the County Council, being semi-autonomous. To be really effective as a utility we would need to be the sole decision makers. I would recommend looking at an autonomous system. That's one possibility. It's a good discussion.

MR. CRADDICK: I think this covers that also. It's covered either way, saying that these are just the things that need to be looked at. We are not actually advocating any position in these comments here, we are just saying that these policy issues need to be discussed.

MR. STARR: I don't like this letter, I feel it's vague and kind of meandering.

MR. CRADDICK: It is vague, it's meant to be vague.

MR. STARR: It doesn't really serve any purpose. I think if we do put in comments they should be decisive comments, and whether we can come to a decisive direction, you know, I'm not sure. But I don't like to just throw something in their lap that's just going to kind of wiggle around and not, you know, really say anything.

As far as the paragraph one though, I do feel that the department should be in charge of wastewater, and in most municipalities, most places around the US and the world it's one department that handles water and wastewater. And as technology improves and as water becomes scarcer, the two systems are showing a trend of actually growing closer together.

I do feel that we would be in a much better position to market wastewater and to integrate it into the use of the system, and maybe at some point even be involved with the agricultural water systems, you know, and the ditch water and so on throughout the County. So you know, if we did have something like this paragraph one, I would go for a strong statement that the Department of Water Supply should be the entity that is responsible for all different varieties and qualities of water treatment and supply, and that includes wastewater treatment and wastewater distribution as well.

MR. CRADDICK: How about the storm water?

MR. STARR: I haven't really thought about it, but that's a good point, because it is a source of water that other municipalities do tap and use. Water is going to get a lot scarcer and, you know, those alternative ways of collecting storm water might be something we might want to do at some point.

CHAIRMAN RICE: Okay, does everyone agree with that? Back to paragraph one, we change to be more assertive in terms of --

MR. NOBRIGA: I think each one of us has the opportunity and the responsibility to communicate directly with the Charter Commission. I think as a board and as an entity our own house is not totally in order. So unless we can

straighten our own house, we should be very careful of how much stones we throw at the other glass house across the way, huh? We have enough stuff for us to worry about. Our rules are antiquated, we're unable to deliver water to customers now. We have serious demand capacities in the Central area, yet most of our attention on drought has been focused on the Upcountry area, and we have actually more water Upcountry than we have in Central to give out. So we have a whole mess of stuff that we have to take care of ourselves. So I'll be very reluctant in making this draft from the department too specific.

CHAIRMAN RICE: Okay. Mr. Starr?

MR. STARR: I think there's a lot of validity in what was just said and perhaps, you know, the best thing for us to do is, I know I certainly am going to go and put my comments in as a private individual, you know. And if they take it that I have some expertise in this matter, or maybe that I don't, that's up to them. But I know I'm certainly going to put my two cents in, and it sounds like some other Board members are going to as well.

Perhaps the best thing would be for us to simply send a letter saying that the Board members will be commenting as individuals, rather than taking a joint position. I think that may make more sense.

MR. TAGORDA: I agree. I think it's futile, Mr. Chair, especially I just told you that I am not going to advocate anything as a Board member. I will put my two cents on the Charter Commission as an individual.

CHAIRMAN RICE: Mr. Craddick?

MR. CRADDICK: This letter that's in here is a request directly to me to respond to the Charter Commission, not from the Board. I know the Board got a separate letter on their own, and if that's the Board's decision, if they can come to any decision here today. I know it would be much more powerful to go as a group with some recommendation, but I still need to respond to this letter from the Charter Commission myself.

That's specifically why I made my letter a little

bit more nebulous. I didn't really want to take a position, if the Board took some other position. I'm just saying these are the items that need to be clarified in the Charter, and I don't say one way or the other, up or down, I just say they need to be clarified.

MR. HELM: Chairman Rice, what's the timeline in this, are we required to --

MR. CRADDICK: Monday.

MR. STARR: Mr. Chair, I certainly think that Mr. Craddick should be welcome to submit his own personal views on the matter, as the rest of us will, but I think he should make them clear that they're his personal views as one individual, and not representing the Board or this entity as a whole.

CHAIRMAN RICE: Okay, I seem to be hearing some consensus as to the right to express individual opinions on this, and we will not be writing a letter from the Board. Is that right? Do we need any motion to that effect, David?

MR. STARR: I think we should out of courtesy write a letter saying that we're not writing a letter.

CHAIRMAN RICE: Of course, that we expect individuals to testify or communicate individually.

MS. KRAFTSOW: Yesterday I was in Molokai at the Planning Commission, and the Deputy Director of Planning mentioned that the Planning Commission was also invited to submit their comments, and the Molokai Planning Commission, and he mentioned that he thought the deadline was going to be extended.

CHAIRMAN RICE: Well, that is somewhat irrelevant if we're going to testify individually. Mr. Craddick?

MR. CRADDICK: I think this is an important enough item to where the Board should as a whole take some position, whether they supply that July 2nd or not. I mean I would hope

maybe you could carry it on or refer it to one of the committees or something for more discussion. But I really think that it's not going to go over very well if you have got the Board all scattered.

I think there should be some discussion, maybe in the Committee of the Whole with the Board on this item. And the items that you can't come to a consensus on, just don't come to a consensus. But if there are any that you can come to a consensus on, I think you would do well by the Charter Commission if you could come to a consensus on anything. Because if they see disarray, then what Mike is talking about is probably correct. If they see some consensus that comes out of the Board, then I think that has a very substantial affect on them.

MR. STARR: Well, I will comment that I don't think there's that much disarray. I think that a lot of our feelings are running in the same direction, but I think that, you know, I for one would prefer to have the ability to express it in my own voice, which I then can do in a way that, you know, is stronger and unfettered, and I don't have to worry about stepping on anyone else's toes. I'd like to continue in the direction we discussed. And do we need a motion on that?

CHAIRMAN RICE: No, I don't think so. What do the rest of the Board members think?

MR. TAGORDA: Well, I'd like to go individual, Mr. Chair, not as a Board Member.

CHAIRMAN RICE: I think it's important that if the members of the Board testify, they're testifying as individuals. And I mean actually I agree with David in some respects. If we had some agreement on issues, it would not be bad to communicate those as a body, and there could be a discussion in the future with a committee. We are not going to have any discussion or a committee meeting before July 2nd. So to the extent that comments, the deadline for comments is extended, then possibly that could happen.

MR. CRADDICK: Mr. Chair, I understand the process to be that if they have sent these out to the various County

departments, once they've got that, they're going to go to the community input to whatever was put in. So again, whether the July 2nd deadline is really that, or you got them in when you could, it still wouldn't preclude any individual Board member to go talk as an individual. But if there's anything that you can come to a consensus on, I think it would help.

CHAIRMAN RICE: At this point we are going to leave this issue with, the Board members will be making testimony as they determine is appropriate for themselves as citizens, and that we will consider another meeting to talk about issues that we might be able to agree on as a whole. Okay? No objection? So ordered.

Okay, the Iao Aquifer data for the quarter ending March 31, 2001 is included in your packet. I think there's a lot we just got for people to read. Is there any interest -- let me say one thing. Unless there's an objection by the members of the Board here, Jacky, I would like for you to present at the next Board meeting no longer than 10 minutes on what we have done and what we plan to do countywide in regards to water conservation for the Board's review and input.

MR. CRADDICK: That's not with Jacky, that's with our planning section, and Ellen has a very substantial report on that.

CHAIRMAN RICE: Well, whomever.

MR. STARR: I would prefer that Jacky made the presentation, she's really good at it.

CHAIRMAN RICE: It's a matter of getting it from the appropriate staff so we know what the conservation plan is for Maui County and we have a chance to give our input and direct it or redirect it as we feel is appropriate, because I am not sure I know what's going on personally.

MR. NOBRIGA: I, too. If I know Ellen is more versed on the subject, then I would rather hear it from the horse's mouth than from second in command.

MR. STARR: Okay.

CHAIRMAN RICE: Okay, we will see that at the next meeting, and at that point if you have questions about the data that's presented today, we will raise those questions then. Everybody in agreement?

Okay, discussion, action regarding Upcountry water.
Mr. Starr?

MR. STARR: Yes, Mr. Chair. I have a few items regarding Upcountry water. One is that we're still in a drought emergency, and I have tried to go out of drought emergency several times and I know I've lost the vote on that. But I do feel that we should only be in drought emergency when we're kind of in extremist. I believe that there has been enough water to keep the ditches full. So if the ditches are, you know, averaging 60 to 100 million gallons a day, you know, and the treatment plants are operating, it's hard for me to understand that we should be in drought emergency, since you know if we need to go into drought emergency at any time we can call it, you can call a special meeting and we can do it on a couple of days' notice. So I don't know if I have any other support on the Board, but I would prefer not to remain in drought emergency. Does anyone else see it that way?

MR. TAGORDA: Jonathan, I do monitor the ditch once in awhile, and I chuckle sometimes because it was my amendment to that drought declaration that when the ditch is about 55 million gallons, that H'Poko well is down. So that's what the department is doing. And because of that Wailoa Ditch being up and down, I think it's just prudent for us to be on a drought emergency, especially we have some report that we get one more year of really drought conditions.

MR. STARR: Let me ask a question operationally. Do we need to be in drought emergency and use Hamakuapoko or can we -- or have we been in a position where we can operate successfully without it for the last few months?

MR. CRADDICK: I believe we've started it up once in the last month, and last week the ditch went down to 44 million one day. So within this last week the ditch has gone down to that level one time, and two more days of that we will have

started up Hamakuapoko.

MR. STARR: So in other words, we have been kind of close to where we would really need it?

MR. CRADDICK: We have been. It's been relatively dry, I would say. The El Nino Southern Occilation quarterly report is again still forecasting for dry weather for another year.

MR. STARR: I know I feel concern about that, and perhaps we should stay in emergency then, if we're that close to needing Hamakuapoko. But I do want to remind us all that Hamakuapoko is a borrowed source, and that ultimately when the legal challenges are settled out, it will be going into the central system. Under the way we're operating now, there's no mechanism for it to be put into long term Upcountry use. So since we're borrowing it, it means that we have, you know, our Upcountry system is deficient and if we didn't have it, you know, as would be the case once we put it into the central system, then the Upcountry system will not be able to cope.

CHAIRMAN RICE: Well, I think, Jonathan, I think that you're probably right on that, and that issue begs the question of dealing with the Upcountry situation. I do think, however, that everything we see indicates that we have drought conditions continue, and they're going to continue, and I think our current practice is the prudent one. I'm hearing from the other Board members.

MR. STARR: I'm willing to go along with that. Where I do want to keep moving though is in finding a permanent solution in terms of the Upcountry well.

CHAIRMAN RICE: I agree.

MR. STARR: You know what I'd really like to see is, is there a way that we can move ahead with an Upcountry well? I know I'm sounding like a broken record. I think 24 meetings in a row I've brought this up, you know. You know that in my opinion, Pookela tank would be an ideal location for it. I don't know, what is the status of our Upcountry well program,

David? Is it okay if I ask that?

MR. CRADDICK: I think we've asked for or we've had reports with the consultant, and I think we've had a selection of one and we're currently negotiating.

MR. KOGASAKA: We're requesting proposals for the end of the month.

MR. STARR: We're requesting proposals from --

MR. KOGASAKA: The consultants.

MR. STARR: From the consultants.

MR. CRADDICK: Yes.

MR. STARR: What are the proposals, what's the scope of the proposals?

MR. CRADDICK: To make a study and make a recommendation where to put a well.

MR. STARR: What will that time frame be on that?

MR. CRADDICK: Herb?

MR. KOGASAKA: We haven't seen the proposals yet.

CHAIRMAN RICE: I think we need to have it updated at the next meeting, a concrete update on where we're at with the situation, from the Director.

MR. STARR: I want to move this forward as fast as we possibly can. I feel we're still foot dragging here.

CHAIRMAN RICE: Okay.

MS. BLACK: Mr. Chairman, may I address this?

CHAIRMAN RICE: Do you want to talk about Upcountry water?

MS. BLACK: Yes. I just want to address something that came up.

CHAIRMAN RICE: Your name?

MS. BLACK: My name is Audrey Antone Black, I live Upcountry, and I'm on the waiting list for water meters. My family has been Upcountry for 50 years, and we're patiently waiting for water meters. Something came up at the last committee meeting that I thought needed to be addressed in full committee. It was brought up that when Mr. Dowling's 500 names is removed from the waiting list, then there will only be 500 people left on the waiting list. And I was quite shocked that that was an understanding of the Board, because it is my understanding that Mr. Dowling is not on the waiting list that is in the department's office, and I'd like to clarify that for all the Board members and everyone here.

If that is misinformation that somebody has, please be corrected that there is 1,000 names on the waiting list, some of which, like myself, are requesting two water meters. So you can quite easily double the requests. I would say that there are probably 3,000 water meters that people are waiting for, like myself, to simply subdivide family property so that my 24 year old daughter when they comes home, as she calls me very often and says, "Mom, is there water meters available? Will you be able to subdivide the property? Can I look at coming home in the next two or three years or do I not come home? Do I find work elsewhere, do I live elsewhere?"

And this, you know, I come to all these meetings and I come over and over and over, and I appreciate some of the humor, I do. I appreciate, you know, the scope of your work here. But I have said this, and I will say this, and I will come to every meeting. I will come as a testimony to the people waiting, that this is a serious, serious matter. Peoples' lives depend on this water meter situation.

People don't have houses to live in because you can't get a building permit without a water meter. And I don't know if you, if the people serving on this Board really understand that. I really question that. I really question whether you really understand that. You can't build a house without a water meter. And if you sit on land that you have

owned for 50 years while your parents slaved in the pineapple fields and the pineapple cannery to get that land, and you can't do a thing with it except dedicate it to agriculture and put a horse on it, that is disgusting. Thank you.

CHAIRMAN RICE: Thank you, Miss black. I'm not sure who talked about Mr. Dowling having 500 meters.

MS. BLACK: It was a misconception.

CHAIRMAN RICE: Excuse me. You said you attended a committee meeting, and it was represented that Mr. Dowling had 50 names and --

MS. BLACK: 500.

CHAIRMAN RICE: 500, and if they were removed there would be 500 names on the list. I am not aware of that committee meeting, but that's my question.

(Addressing Mr. Nobriga) Was it your meeting?

MR. NOBRIGA: Yes.

CHAIRMAN RICE: Maybe you can enlighten us.

MR. NOBRIGA: We were speaking about Jonathan's motion some meetings ago about allotting meters to fulfill I think it was 250,000 gallons?

MR. STARR: We were going to issue meters off of the list to the tune of 200,000 gallons.

MR. NOBRIGA: At which point Corporation Counsel proposed a rule which basically deleted the current rules that we have.

CHAIRMAN RICE: Yes, all right, I understand all that. My question is, what's with the 500 names of Everett Dowling, that's my question.

MR. NOBRIGA: It was the feeling that either the Director or my personal assumption that the 250,000 gallons that Mr. Starr had proposed would satisfy about 90 to 95 percent of the people waiting on the list. If that be so, then a lot of the large developments, like Kulamalu and those other large tracks that were originally on the list, I mean mathematically you know --

CHAIRMAN RICE: Well, wait a second. I'm trying to answer this lady's question. The large developments were or were not on the list?

MR. CRADDICK: They are on the list, but they're listed as one request on there. Hawaiian Homes for 400,000 gallons is one request, Dowling is one request for his subdivision, which he subsequently supplied his own water. Both those names probably should be deleted from the list. But as I said before, we are not deleting anything until some decision is made that we're going to go through it, so we know how many are on the list.

CHAIRMAN RICE: So this ladies impression of the list being reduced by 500 is not correct?

MS. BLACK: That was not my perception, it was your perception.

CHAIRMAN RICE: But you represented that, okay. To answer your question, it's not correct.

MS. BLACK: Right, thank you.

MR. CRADDICK: One thing she is correct about is if you take those I think it's around 800 names on the list, Herb, something over 800, that could translate to around 3,000 meters, like she says.

CHAIRMAN RICE: That's a different issue. If someone is on the list who wants five meters, we haven't decided, first of all, to go to the list, and we haven't

decided if that means somebody gets five meters or somebody gets one meter. So there are 800 names on the list that may represent more than one meter each. That's clear. The fact that some number of those people on the list representing Mr. Dowling are 500 is not true.

MR. STARR: There may be a request for several hundred meters by Mr. Dowling, and I'm sure that that was a request that he put in before he drilled his own well. Remember, the list goes back some time. So there are some very large entities on the list, along with people who have been looking for a single five-eighths meter for their own homestead, so the list is a mixed bag.

CHAIRMAN RICE: So making a blanket statement about the list is inaccurate and misleading, okay. And we are not making any statement about the list because it's just come to light that there are different situations. There may be only 800 people, that may be representing 3,000 meters.

MS. BLACK: Can I say one more thing? This is my biggest concern, what you have just said, "It has just come to light." People have been waiting ten years.

CHAIRMAN RICE: Don't take words out of context. It just came to light to me, okay.

MS. BLACK: That is what is so perplexing to me, that you're the Chairman. You need to be aware.

CHAIRMAN RICE: We are not issuing meters Upcountry. At the point where we decide that that's something that this Board will do, then --

MS. BLACK: But how can you make decisions if you don't know how many people are waiting?

CHAIRMAN RICE: We can make a decision based on water availability right now.

MS. BLACK: Don't you think if you knew that that

many people were waiting you would take Mr. Starr's advice and start making some concrete decisions?

CHAIRMAN RICE: We appreciate your comments, thank you.

MR. STARR: I'd just like to comment that I know everyone on the Board takes this very, very seriously, you know. I think you think there's some levity or lack of will on the Board. The Board is trying to find a way to legally issue some meters and also a way to make our system adequate, and everyone, you know, I know for sure everyone sitting here is equally committed to this. So, you know, it's not something we take lightly.

CHAIRMAN RICE: Thank you, Mr. Starr. Anything else on the Upcountry water?

MR. NOBRIGA: Mr. Chairman, the department is issuing meters Upcountry, as displayed in writing in our report. The department has issued 57 meters Upcountry, and it has not actuated anybody on the list, that alleged list, and that's what is frustrating.

CHAIRMAN RICE: Mr. Craddick?

MR. CRADDICK: May I add to that?

CHAIRMAN RICE: Yes, please.

MR. CRADDICK: Jonathan's committee meeting that he held Upcountry about this water meter issuance, I had said there's existing family subdivisions where we have agreements with people where if they put the improvements in they get meters for them. And those agreements were taken under the Kula rule. So we can't go and comply with what we told them to comply with and say, "Sorry, you are not going to get any meters."

The other ones are things, like I'll use the example of Pukalani itself. There are very many empty lots in Pukalani that have never been built on, but they put in all the improvements, storage, things like that. I believe it's Corp

Counsel's position that if all those requirements were put in, that we cannot now deny them a meter if the system is adequate, it's adjacent to their property.

The last issue is just in quotes an empty lot by itself, no subdivision involved. As long as the line is adequate and adjacent to the property, we are giving meters for those types of properties also. And the only reason we do that is because we have been doing it -- since the Water Department was started we have been doing that. Even when the Kula rule was in place, that was going on. Now, it did get limited to a five-eighths inch meter, and we are still going along with that.

And I suppose if somebody challenges us on that we would even have a difficult time on that, saying why they could be limited to a five-eighths inch meter, because there are no rules, but that's what we do. Those three classes of people are still getting meters. They're ones that have done things and are relying on being able to get a meter, and they're doing it prior to the shortage situation arising.

MR. STARR: I don't want to say anything further than that I've long had a problem with this policy. I think it should be anyone or no one. I don't really want to say much more about it today. I do know people who have been getting meters, and I feel for those people who haven't been, and we have been looking for a solution for awhile.

MR. HELM: Just a comment respectfully to Audrey, and I respect your opinion and your concerns, and my compassion goes out to you and your family. But I think each Board member here, when we came on board a lot of what we came to we inherited, and we are trying our best to try to take care of all of those things that is necessary to make the system better Upcountry. I'd just like to say we're doing our best.

MS. BLACK: I'll be watching.

MR. STARR: I'd like to know where we're at with the rule making, because I believe that if we can get that through, that will be somewhat of an equitable, partial solution.

CHAIRMAN RICE: We are going to have the Rules

Committee, which Orlando has agreed to serve as co-chair on, and I'll make those announcements at the next meeting. I want an agenda first so that it's clear.

MR. STARR: Does it have to wait for a full rule meeting or can we proceed without one?

CHAIRMAN RICE: We will see what they come up with.

MR. NOBRIGA: In respect to the motion that we approve as a board, I do not believe a rule is necessary, because our current rules currently state that we can provide meters, and the rule that we currently have before us negates our current rules. Once we look at our rule, yeah, the rule got to come through us, through the Mayor, through the County Council. I mean we will be at this another three or four years by the time we put another rule through. I mean that's just frustrating.

MR. STARR: That was my feeling at the time we did it as well, and then Corp Counsel came back to us and said we need a rule and we said okay. But the rule that I saw come back didn't do what we were trying to do. You know, it did some other things that I, along with Mr. Nobriga had some concern about. So I don't know if this is a venue for discussion on it, but how can we move on?

CHAIRMAN RICE: I think the Chair would be interested in hearing a recommendation from that committee. If the committee has a need to propose something or it goes along with it, that's fine. I do think though the process whereby all the rules are reviewed is also a valid one, and whatever time frame it needs to take, it needs to take, okay. But if in the meantime the committee thinks there's a way to deal with some of the issues, I'm sure this Board will be happy to take up those recommendations.

MR. STARR: Mr. Chairman, my committee was responsible for that, and I'd be happy to reconvene it and come back with another recommendation. And I certainly invite all the Board members to join in that meeting, and we will try to schedule it as soon as we can.

CHAIRMAN RICE: Now, that was with regard to your suggestion?

MR. STARR: Yes, regarding --

CHAIRMAN RICE: Well, we have Rules Committee in existence.

MR. STARR: I'd be happy if Rules Committee were there.

CHAIRMAN RICE: If these guys have no objection, Mike, to participate?

MR. NOBRIGA: I have no objection. I think we need to notice the creation of committees at the next meeting so we can do that.

CHAIRMAN RICE: We are.

MR. NOBRIGA: Sounds good.

MR. STARR: I mean can we have some kind of meeting between this and the next?

CHAIRMAN RICE: Sure.

MR. STARR: I don't care whose committee it is or what it is. Let's do a Committee of the Whole.

CHAIRMAN RICE: Well, you had that in your committee then. You can go ahead and keep it and come back and make a recommendation. Do you want to do that? Include Mike and Orlando.

MR. STARR: And hopefully some other Board members as well.

CHAIRMAN RICE: Sure. Okay, anything else? Update

on water issues at public meetings. We had a hearing on the budget; testimony was received from Maui Meadows Homeowners Association, Kula Community Association, Elliot Crash, who was Kuulina Association, Michael Walker with regard to Maui invasive species and Miconia, and the honorable Miss Johnson from the Maui County Council speaking about Miconia, and the water treatment plant improvements for West Maui.

Let's move on to the Operating Budget, CIP budget. Jonathan?

MR. STARR: Just a public meeting, I wanted to give a couple of comments. Probably Mike and Orlando have some stuff too. I'll do it at the very end.

CHAIRMAN RICE: We will take a five minute break before we start on the budget, number 10.

(Whereupon a brief recess was had).

CHAIRMAN RICE: Back in order. We are taking up the budget, the proposed budget CIP and operating for 2001 and 2002 fiscal. They're referring to the Director's Reports 01-23, 24, 25. We dealt with 26, facilitation is already done, and 27. Those are amendments being requested to the budget that relate to modifications to the Lahaina Water Treatment Facility, appropriating funds for the Water Use and Development Plan, an additional \$100,000 for Miconia control, and an increase in the appropriation for main line extensions from \$350,000 to \$450,000. We've had a public hearing, we've had a work session.

Before we go any further, are there any other questions of Board members to the Director or staff regarding the proposed budget and CIP? Mr. Starr?

MR. STARR: Yes. First of all, I want to complement the staff and also the committee on creating what I feel is a good, rational budget and improving the process. When we had discussions before in committee meetings recently, though Mr. Quinn wasn't available for some questions that I had, and I wanted to be able to ask him about one item, and especially in relation to whether we're handling it in the best way and with generally accepted accounting practice, and that regards the

transfer to Capital Replacement Fund item.

And you know, just correct me if I am wrong, but my understanding is that we have knowledge based on the Brown and Caldwell model, which I personally believe to be a very good model, that we should be putting aside and spending approximately \$8 million dollars, or \$8.2 million dollars a year to replace pipeline and other infrastructure. Only if we do that will we be able to maintain solvency, and at the same time keep all of our pipelines from degrading. If we put less aside, the quality of our system will degrade. We will have more and more pipeline breakage as the years and decades go on.

However, we don't have the \$8.2 million dollars to put in there so, you know, I personally felt that we should actually put \$8 million dollars in there and show a deficit of \$4 million dollars for the year, but I understand that that's not -- that may not be the best or the proper way of doing it. And what we've done is put \$4 million dollars in there, which is approximately half, and then we have a footnote that says, "Based on a consultant's system for placement study, the current funding level is inadequate for future replacement needs."

You know, I can't express strong enough my feeling that somehow we have to find a way to get the funds to maintain the system properly, otherwise we are not doing our job. And I think we have taken a first step in acknowledging it, doing the study and putting it forward. But I'd like to open this to Mr. Quinn to explain the legal and accounting ramifications of that consideration, and then just putting a footnote like this.

MR. QUINN: I think, Board Member Starr, with respect to this budget, which is essentially a cash budget, that's what it reflects, cash that we have available to us and how we are going to spend it. That footnote is appropriate. In the current financials that this department produces, if you look on your monthly financial statement or your year end audited financial statement on the income statement, that's where depreciation comes into play, and our depreciation levels now are on the order of a little over \$8 million dollars. And it has a dramatic affect on our income statement when you look at that.

In addition, I think I mentioned this to the Board before, but there's a new ruling that was promulgated by the

Government Accounting Standards Bureau, and it's called Gatsby 34 (phonetic), which is going to require in this upcoming fiscal year 2002 of both us and the County, and us being considered a component of the County, to address in a tremendous amount of detail our infrastructure assets, and what those assets are worth, and whether we are properly funding for replacement of those assets, and that's where the Brown and Caldwell study is going to help us a lot.

So I share your concerns. In fact, the only thing that saved us is the five year increase that we negotiated several years ago, and now we are going into our fifth year, and my concern would be not so much for this coming fiscal year 2002, but 2003. I think we are going to be faced with some very real challenges, and I am not at all sure that we will be able to transfer even \$4 million dollars into the CIP reserve fund.

So the answer to your question is it is reflected in the income statement, but it is very much of a concern. And I think as we develop the financials for this upcoming fiscal year you are going to be addressing that issue very seriously. And in addition to not only reporting, we have to have in the management discussion portion of the annual report a very forthright presentation of how well we are positioned to not only handle our infrastructure replacements, we will also be required to make comments regarding the budget, which we have not yet -- have not had to do prior to this in the annual report. So we will be working with our auditors, our outside auditors very closely on this. It's perhaps the biggest change that's taken place in government accounting history.

I attended a conference in Philadelphia, a Government Finance Officers Association Conference, and that was probably a topic that involved 50 percent of the seminars. There's tremendous concern about it. We're in pretty good shape to handle that since we have been depreciating our assets all along. There are many governments that have not, and they don't even know what their infrastructure is. So I think the Brown and Caldwell study has helped us a long way towards that goal, and I hope that answers some of your questions.

MR. STARR: My concern is that, you know, by only putting 4 in this year, are we getting behind the eight ball?

CHAIRMAN RICE: We don't have more than that. I

think we agreed, Mike, that we would have a workshop with the Brown and Caldwell study again with the model, again for the Board members, so that's something we can do maybe in the next month, and talk about how we're going to work through the problem.

MR. QUINN: The Gatsby 34 is a monumental change that all governments, including this county, are spending an awful lot of time and energy on trying to prepare for, and we will be required to conform to that, as I said, in fiscal year 2002.

MR. STARR: I have just one other question, which is I am not, I'm really not familiar with, you know, governmental finances, you know, but I know in business if you have investors and so on and if you have a balance sheet and you show a footnote like this, and then you take it to your auditors, a giant red flag goes up and you get all kinds of strange phone calls and it's a big problem. I'm just wondering is this going to be any -- what's going to be the ramifications of having a footnote like this when it goes to our auditors?

CHAIRMAN RICE: I think that's what Mike is saying Gatsby is going to be a footnote anyway.

MR. STARR: No, I mean for this year.

MR. CRADDICK: It applies to this year, Jonathan.

MR. STARR: As far as Gatsby goes, it's better that we're recognizing it, perhaps.

MR. QUINN: It's a little nebulous for future replacement. If you look at the Brown and Caldwell study, \$4 million dollars is adequate for this upcoming fiscal year. If you remember those graphs, four years of \$4 million, and then we have a fairly steep increase to somewhere approaching the \$8 million dollar figure that you are talking about. So future needs may be -- it's true, just how you define future needs.

CHAIRMAN RICE: I think that's why we wanted to have

the workshop. Any questions, any other budget questions, Board members?

Okay, I just want to point out, Mike, that we agreed that we would segregate payroll as it related to the unfilled positions, and I don't see that in this budget, but I'm sure that's something that you can do in terms of reporting.

MR. QUINN: For the purposes of this report we didn't do that, but we will track that separately for the Board and perhaps monthly give you a status report.

CHAIRMAN RICE: I want to make sure we have that understanding. I also want to make sure that we have an understanding that we are adding, and with no objection from the Board members, that we are adding to the CIP the Lahaina Water Treatment Facility adjustment, and it is understood in the CIP that we will again be recommending a lump sum pipeline replacement. That the staff will come back to the CIP committee, as we did this year, as projects come up. That we will lapse projects that are not moving forward, right?

CIP, Mike, you had a copy of Howard's memo with regard to CIP?

MR. QUINN: Yes.

CHAIRMAN RICE: Okay. That the budget will reflect the funds for the Water Use and Development Plan, but that any expenditure of that money needs to be approved by the Board, and at this point this is not a Carte Blanche for any plan or any consultant at this point. And we're adding the \$100,000 for Miconia so that we will be contributing \$200,000 as requested, and we are going to adjust the main line extension budget. Does everybody understand and agree with those amendments?

MR. STARR: Procedurally, would you like a motion to add these items?

CHAIRMAN RICE: Okay, let's do it that way, and then we can have a motion to approve the budget.

MR. STARR: Okay, I will move that to the existing

budget document be added approval of items 22, 23, 24, 25, 26, and 27, as shown on page 2 of our handout.

CHAIRMAN RICE: 22 we did. 26 we did. So the others, 23, 24, 25 and 27.

MR. STARR: Yes, okay, I'd like to change that to 23, 24, 25 and 27.

CHAIRMAN RICE: Is there a second?

MR. NOBRIGA: Second?

CHAIRMAN RICE: The motion as made and seconded is to add to the budget Director's Report 23, which is Lahaina water treatment facility, 24, which is the Water Use and Development Plan, 25, which is \$100,000 for Miconia, and 27, which is the increase in main line extension from 350 to 450. Discussion? Mike.

MR. QUINN: Mr. Chair, the request for additional, to appropriate additional funds for the Water Use and Development Plan, I am assuming that will be the \$328,000 will be appropriated subject to further approval by the Board?

CHAIRMAN RICE: That's correct. Mr. Craddick?

MR. CRADDICK: The Miconia also is assuming it's subject to matching funds.

CHAIRMAN RICE: We already had 100 in there which was subject to matching funds. We're just increasing it to 200. Orlando?

MR. TAGORDA: Mr. Chairman, thank you. I would like to have a better understanding on that request of construction edification to the Lahaina Water Treatment Facility, Mr. Craddick, for \$1 million dollars. It says right here there's a changed proposal attached. I do't see it attached.

CHAIRMAN RICE: Sorry, Orlando. We had several

presentations on this, and we have a problem with the Lahaina Treatment Facility as it relates to algae, and it's kind of an essential thing. It's not a change order, it's a plan modification.

MR. TAGORDA: Would this plan modification, the original contract was not included in this, Mr. Craddick?

MR. CRADDICK: I don't think we realized how much of a problem it is. The sun is pretty hot over there. The water comes out pretty clean from the watershed. There's not I guess a lot of activity back there where that water comes in, so it comes in very clean. So when the sun hits it, the algae starts growing. So we are putting a roof over it. That's not the big cost, the big cost is we are adding one more tank.

MR. TAGORDA: And your current practice to prevent this problem?

MR. CRADDICK: We just have to clean out the tanks a lot, and we are having problems doing that because when you clean them out a lot there's only so much space we have on our sedimentation base.

MR. TAGORDA: So you need \$1 million dollars to solve that problem from occurring now?

MR. CRADDICK: Yes, and add more capacity to the pre-sedimentation tanks. That's the bulk of the cost, is the adding of that tank. You have been up there and you can see how those tanks are. On one end of it you see these knobs sticking out, and what it is, it's just concrete wrapped around rebar, and it was planned that way, the plant was planned that way so that you could add on more to it fairly easily, and that's what we're doing, is adding on to it.

MR. TAGORDA: And how is this problem now of having to flush that sedimentation basin will affect the stream? Where is this area located at?

MR. CRADDICK: When Pioneer Mill was in operation the water would go down their ditch system. They're not in

operation, the ditch is closed, and the water goes into the stream. Our NPDS permit doesn't allow that dumping directly into the stream. There's still a little investigation going on over that with the EPA. But we're now doing what our NPDS permit required, but if we have to start dumping that tank all the time our sedimentation or our -- what do you call it, Herb, our percolation little pond there cannot handle that much water, it can only handle so much water. So we need to stop the algae from growing, and our feeling is if you cut the sun off you are going to stop it from growing.

MR. TAGORDA: I would like to see for myself that change proposal, although you said to the Mr. Chairman you said that you folks have entertained this item already.

CHAIRMAN RICE: Orlando, I think what we're saying is we are going to apply these monies to the budget, and they will have to come back to the Board when we get project approval and initiate the contract. So you will have a chance to look at the whole scope of work beforehand. We are not giving a Carte Blanche to go ahead and do any of this stuff.

MR. STARR: I just want to comment that I have been out there and walked through this and, you know, I have no problem when it was built that they tried to save money by not putting the roof and additional basins on, but made the provision so we could add them later, and operated it for a number years and found that it's necessary. Maybe we're pushing the plant a little bit harder than it was originally envisioned, too. I believe it's necessary and I don't want to, you know, we shouldn't have the feeling that it's a defect, you know, because they didn't put it in initially. It's something that they left provisions so it could be added if it's needed, and they tried to save some money up front. So I do feel it's a good project.

CHAIRMAN RICE: We have got a motion on the table and a second to add these items to the budget. All in favor say "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

We have a motion then to approve the budget.

MR. NOBRIGA: I'd like to entertain the Board's indulgence in adding to this budget provisions to obtain a general obligation bond to increase source capacity and transmission in the Upcountry area to include all the areas of Awailoa, Waikamoi, Pookela and Akapao (phonetic).

CHAIRMAN RICE: Don't we have them in the CIP budget for source development Upcountry?

MR. STARR: There's a million bucks in there.

CHAIRMAN RICE: Is that not acceptable?

MR. NOBRIGA: No.

CHAIRMAN RICE: You want to do what?

MR. NOBRIGA: I want to give the people water.

MR. STARR: Me too.

CHAIRMAN RICE: But we have the appropriation capital. If it's not enough money --

MR. NOBRIGA: I would like to see this Board take affirmative action and settle something that has been brewing for longer than any of us has been on the Board. It's just a very emotional situation, and it's a very sticky wicket. I think everyone is appreciative of Miss Antone Black's comments today. It's not something that we're surprised about, it's just we've never taken any action on it for ten years. There's people on the list that have already died and they're still waiting for their water meter.

CHAIRMAN RICE: May I suggest that the committee that you are on with Jonathan with regard to that issue can make a report at the next meeting and we can handle it within the budget.

MR. NOBRIGA: I don't think the budget is sufficient to handle the proposal, I just don't. And I hate to go another year and continue not to do anything about it.

CHAIRMAN RICE: David?

MR. CRADDICK: The Board can already do something about it. They're just deferring action on it trying to get this rule passed. There's already sufficient water Upcountry to give out additional water to people. So until the Board takes action on that item that I sent to the Board January 2000 saying that we had sufficient capacity to give out more meters, we are not giving out, we are not going through that list. Now, subsequent to that time the Board said they wanted to restructure how we go through that list, which I guess is the Board's prerogative, but that's the only thing that's holding up giving out additional water Upcountry.

CHAIRMAN RICE: That discussion doesn't relate to the budget. We are talking about the budget right now, and Mike's request is to add additional funds to deal with the source development, okay.

MR. NOBRIGA: It is not a motion, it is not a motion.

CHAIRMAN RICE: It's a request, I said.

MR. NOBRIGA: It's a request.

CHAIRMAN RICE: But we need to define it. And what I'm suggesting, Mike, is that there is adequate funds and that the action that you require is in your hands with the committee that we pointed earlier, and that action can be taken at the next meeting. That's my suggestion.

MR. NOBRIGA: Thank you, Mr. Chairman.

CHAIRMAN RICE: Are you going to be happy with that?

MR. NOBRIGA: Yes.

MR. TAGORDA: For water Upcountry, Mr. Chair, I will support Mike's contention.

CHAIRMAN RICE: What I had said to Mike is that there needs to be unity on the Board, and if in their committee discussions, and it's also your committee, the Board wants to take that action and the committee can have a recommendation on the agenda for the next meeting, then we will do it at the next meeting. Mr. Starr?

MR. STARR: Mr. Chair, I just want to comment that I'm also absolutely committed to solving that in the next year with action within the next month or so. And there is a million dollars there. If that's not enough, I would certainly be there to help allocate whatever else is needed. I believe that a million will get us an Upcountry well, though.

CHAIRMAN RICE: Mike, are you happy with that?

MR. NOBRIGA: I move that we approve the amended fiscal year 2002 budget.

CHAIRMAN RICE: Is there a second?

MR. STARR: I second.

CHAIRMAN RICE: Okay, any other discussion? All in favor signify by saying "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

Very good. If there's no other business -- David?

MR. CRADDICK: The organizational chart.

CHAIRMAN RICE: We have got a motion on the floor to approve.

MR. TAGORDA: Move to approve.

MR. NOBRIGA: Second.

CHAIRMAN RICE: All in favor say "aye."

(A chorus of ayes).

Opposed say "nay."

(None).

Okay, approved. The meeting is adjourned.

(The proceedings were concluded at 10:45 a.m.)

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