

County of Maui Water  
Supply

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

Held 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 July 26, 2001.

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

A P P E A R A N C E S

BOARD MEMBERS:

Peter Rice, Chairman  
Jonathan Starr  
Kent Hiranaga  
Orlando Tagorda  
Adolph Helm  
Howard Nakamura  
Mike Nobriga

STAFF PRESENT:

David Craddick, Director  
George Tengan, Deputy Director  
Howard Fukushima, Corporation Counsel  
Ellen Kraftsow  
Fran Nago, Board Secretary

CHAIRMAN RICE: Good morning, everyone. I  
would like to call to order the regular meeting of the  
Board of Water Supply, County of Maui. It's July 26th  
and we're meeting in the David Trask Building, Room  
207. Present are board members Jonathan Starr,

Michael Nobriga, Orlando Tagorda, Kent Hiranaga, Adolph Helm, Howard Nakamura. Corporation Counsel Howard Fukushima, Director David Craddick, secretary Fran Nago.

I'm also pleased to announce we have with us today Honorable Mayor James Apana. I don't see the budget director. Assistant Planning Director Mr. Yoshida, Public Works Director David Goode, Finance Director Wesley Lo. And I see the Honorable Joanne Johnson from West Maui. Thank you, Joanne. Let the record reflect the members of the staff and public present.

We have first item on the agenda would be the minutes of the previous meeting. There are none.

Is there any testimony from the public at this time? Elliott Krash.

MS. KRASH: Good morning, Chairman Rice and members of the committee. My name is Elliott Krash. I'm speaking today on behalf of the Kula Community Association and I'm addressing several items on your agenda. In general, the upcountry water situation and more specifically additional source for the upcountry system and update on status of upcountry well. Those are items VIII (C)1 and IX(B).

I want to first of all thank you for your continuing attention to our upcountry water situation. The Community Association's policy and position statements on water call for a consistent supply of water for our ag and domestic use to meet our current population and projected populations. We also support development of groundwater sources provided that the environmental impact issues are addressed.

In the past two years, some of the major concerns of our residents have been addressed. Repair and replacement of our water system components have improved delivery to our previously underserved areas, the addition of well water to the system, and the practice of pumping water up from Kamole to the reservoirs has kept our water flowing and we haven't had mandatory cutbacks. In fact, just as I walked in here this morning, someone was saying, "Well, you know, the water situation has really improved in the

last few years, we haven't had any cutbacks." But we know that these are -- these improvements are not going to meet the long-term needs. We know that some of these are temporary fixes. Pumping water is expensive, it's not a cost-effective way to operate. We know that some of this well water can only be used in an officially declared emergency, which we're in now. And we know that some of this well water is designated ultimately for the central system. Now with a waiting list of over 750 people -- a meter waiting list of over 750, and with the commitments to supply Kula Malu and Hawaiian Homelands, as these projects are built out over the next few years, then we're not going to be able to meet the demand.

So based on these needs, we support the drilling of an upcountry well as well as other improvements, but specifically we're addressing a well today. And at the meeting of the Operations Review Committee last week, the 17th, there was discussion about drilling at Pookela. And a few of the reasons that they discussed why this looks like the way to go that I would like to highlight right now are that you've drilled other wells at similar elevation so we know that there is a high probability of water. The site is owned by you and there wouldn't be any lengthy acquisition proceedings. It's a level site, it's accessible to roads. There is other infrastructure there so that there wouldn't be a lot of that peripheral expense involved. You can serve both the lower, the upper Kula systems, also Haiku and that area. Elevation of the site makes it less likely there would be contamination. And we could lose the opportunity to drill if other private companies or others drill in that area, then we wouldn't be able to drill a well in the proximity.

So those are some of the reasons I'm sure that will be discussed today and were discussed at length in the meeting last week and we support proceeding with this and thank you for bringing this matter to the board today.

CHAIRMAN RICE: Thank you, Elliott. Any questions by the members of the board for Elliott?

Thank you, Elliott.

Mr. Sturtz.

MR. STURTZ: Good morning, Chairman Rice, members of the board, members of our executive branch, administrative branches. I'm honored to be speaking first. I would have deferred my testimony to later, but I have to leave.

Basically I wish to talk about the very same issues that Elliott Krash has talked about: Upcountry water supply and the request or the report from the operations committee.

CHAIRMAN RICE: Ron, just a second, would you identify yourself?

MR. STURTZ: Ron Sturtz, I'm vice president of Maui Tomorrow and speaking on its behalf and my own behalf.

I believe the mayor is going to be speaking -- if I look at the agenda, he's going to be speaking about our drought situation. Maui Tomorrow is very concerned similarly about our overall water situation on the island and involved in a number of water issues, as you're well aware.

In this particular case, I'm reminded of an old oriental saying that time doesn't exist but timing is very important.

I submit that the timing of this particular proposed well at Pookela is very propitious. We are aware that other entities are considering drilling immediately adjacent, and timing of getting this well in first could be quite crucial or the opportunity may be lost. So I would like you to listen carefully to reports of the operations committee and to take into serious consideration the opportunity to move in a timely way quickly to commit to this particular well drilling possibility and to announce it to the public so that as the state is reviewing the well drilling permits, they're aware that the county has some interest in doing this particular project.

I frankly think this should have taken place a couple years ago and for a variety of reasons that

some of us may be aware it's gotten delayed. I think this is our eleventh hour and this is the time to deal with it. So I thank you for listening to me and that's all I have to say.

CHAIRMAN RICE: Thank you, Mr. Sturtz. Any questions of Ron from board members? Thank you. Any other public testimony?

MS. JOHNSON: Good morning. Joanne Johnson. I'm speaking on my own behalf today. I don't speak for the council.

The mission statement of the Board of Water Supply is to provide clean water efficiently. And the objectives as stated in one of your annual reports, they go on to outline the various plans and strategies to be used in achieving this goal. Under the duties, obligations and goals of both Maui County's general plan and the various community plans your board is directed to assist in carrying out various plans as outlined in the County Charter. In view of the Waiahole ditch decision where water is deemed a public trust, the role of the board is even more critical in executing the directives contained in our county's governing documents.

The word "provide" as defined by Webster's dictionary is to supply something for sustenance or support. Inasmuch as the mission of the board is to provide clean water, it is necessary to support both distribution of water as well as supply water. This means developing new sources and properly maintaining them for the public benefit in accordance with the demands of the community.

This is not an easy task, but one which requires the full attention of the board at a time when Maui's citizens are expecting responsiveness to their needs.

The only logical option for Maui County is to develop our own water sources and to maintain the infrastructure necessary to support the system. In the case of Pookela, it is incumbent on the board to act in the best interests of the general public and not abdicate its responsibility for water source

development to any private provider. To do otherwise would be inconsistent with the directives and the best long-term interests of the people of Maui.

We are placing our full faith and trust in your board's actions to serve the needs of our people by going forward with the expansion of additional water sources now and in the future. Much like a parent will provide for the needs of their children, the board is being looked upon as a steward of this most valued resource. We are depending on the board to discharge its duties to distribute as well as provide water, the source of all life, to all of Maui's citizens, not just to those who can afford to pay to develop it. Thank you.

CHAIRMAN RICE: Any questions of Joanne?

Okay. Any other public testimony at this time?

MS. BLACK: Good morning, my name is Audry Antone Black and I would like to just briefly address the issue that Joanne Johnson spoke about. I'm not really prepared, so I'll try to just briefly speak.

The opinion in the Maui News by David Craddick actually led me to understand that the policy of the water department would be to develop water where the property taxes would probably pay a lot more money to develop the -- to send the water to the other side of the island where the property taxes would probably pay -- there would probably be a lot more property taxes being put into the county system as a home in Wailea would probably sell for about \$2 million, the property taxes would be very, very high. So from what I understand on this opinion, it meant that the water will go where we'll get the best return on the money. And if that's not so, maybe David can explain what the title "Policy Calls for Those Needing Additional Water to Foot the Bill."

My understanding is that this is probably a very prudent way to run government. After I thought about it for a really long time, I said, you know, that kind of makes sense. I mean, there is a lot of our budget is from property taxes and that's really a good way for the overall county to look at raising

money for this island. But then I thought, you know, to counterbalance that strategy, the water development in the wells upcountry, basically the people waiting would pay for it. I think I've said this about a hundred times already. I know people are tired of me saying it. But if you multiply the cost of a water meter times the amount of people waiting for water meters, which we surmised in last week's meeting is about 3,000 water meters because there is 900-something requests, but like I myself, I'm requesting two water meters and I'm one requestor. And I know my brother is requesting two water meters and he's one requestor. And so in my family, there is three people on the waiting list, but we're requesting six meters. And I think Mr. Craddick has said the number is closer to 3,000 water meters that is being requested upcountry. And if you multiply that times \$3,350 or whatever it is for the cost of a water meter, you will way exceed what it's going to cost to drill a water because Everett Dowling's well cost \$1.2 million. And I believe the county paid for all the upgrades, which were electrical upgrades, so therefore, you know, he got 500-something water meters which basically he just paid for his water meters. And I think that's all the people upcountry are asking for, you know. You can -- the county can probably float a grant -- I'm not really good with money, but I'm sure you can come up with the money to drill this well and then you're going to have all these people immediately paying for their water meters. So it really is no loss to the county to get this well drilled. It's not even going to cost you any money really and it's going to provide people with -- basically you're talking about low income housing. People already have their land, they're sitting on it, they can't use it, they can't build a house. So if you provide the well, they buy their water meter, you're not giving them anything for free, they can go down and get a permit to build a house. Low income housing, you know. I don't know.

One last thing I would like to say is I've spoke to many people in the community including a lot of the older people. My parents live at Hale Maha Olu

and I talk to a lot of the old timers because I'm really fond of the old people. And you know, the illusion is -- it's really, really sad that the vision or the illusion is that there is a definite control of development on this island and it's being controlled by water. And the larger corporations who want to put their houses on the market really don't want the smaller people developing their land because it's just too much competition at the time. And you know, when you have that kind of a thought going rippling through the community, especially amongst the old people, I think it makes for a really negative community, you know. The community starts looking at "these guys don't want to take care of us, you know, they're trying to control the market, keep the housing prices up." I just would like to destroy that illusion. I would like for you to do that today. Because I really have a lot more faith. Maybe I'm one of these people that dream a lot, but I really have a lot more faith that you guys are here to take care of the whole community. Thank you.

CHAIRMAN RICE: Any other comments?

MS. HEMMINGS: Good morning, my name is Christina Hemmings and I'm here speaking on my own behalf. I think this is a great opportunity for the county to drill its own well and actually to use a large portion of that well to satisfy the Hawaiian Homelands agreements in connection with their acquisition of funds I believe towards the sewer, if I'm incorrect, but --

I also wanted to thank everybody who spoke before me. I just wanted to support everything that they had to say, especially Ron Sturtz and Joanne Johnson.

It is not the county's burden to provide water to a developer such as Maui Land & Pine by missing out on the opportunity to drill its own well because they polluted their own land over the immediate lens of the water with their own pesticides and insecticides and the like.

So I would like to just support the county to

make the right decision and drill the well and claim the water and distribute it in the way that it should be: Hawaiians first, and then the people on the water meter list who have been waiting the longest. And thank you very much. Aloha.

CHAIRMAN RICE: Thank you, Christina. Any other public testimony? At this time, seeing and hearing none, then we will proceed on the agenda to new business.

Mayor, thank you for coming again. We're going to have a presentation on the department's county-wide conservation program and then we can get into your letter. It seemed a fitting beginning to the discussion. Ellen.

MS. KRAFTSOW: My name is Ellen Kraftsow and I'm going to present a little bit about our conservation program to date. We're going to talk about supply side measures, demand side measures, education, and some program development issues.

So on the supply side, there are things that you can do to conserve water in your system including monitoring your flows and pressure, looking for leaks, installing meters that read more accurately, scheduling preventative and predictive maintenance of your system facilities, and having back-up sources so that you don't necessarily need new sources, you can connect to other ones, and reclaimed water use.

This is an example of flow and pressure monitoring. The picture on the left is a flow monitor at a meter in this case; we can do it on hydrants and pipes, too. And on the right is pressure monitoring in the line.

Flow and pressure monitoring help you to find lines where pressures are too heavy or meters that are meeting too fast for the capacity, so they help you limit unaccounted for water. And supply side measures like leak detection, we -- this year we did 26 sites and found five leaks based on preliminary flow and pressure monitoring that made us go look for those leaks.

Automated radio read meters. These we've been

replacing since -- that should say 2001. We have 21,500 or 97 percent of our meters have been replaced.

In terms of preventative and predictive maintenance, you look at the age of your tanks and pumps and hydrants and other system facilities and you look at what kind of condition they're in and you schedule maintenance in order to keep their life longer and that also helps you to prevent leaks.

The map in the center is the upcountry system by diameter and anything that's orange or red and a lot of what's yellow basically needs replacement just based on size alone. And on the right side, that's the same system by age. And again, anything that's red or orange probably needs replacement by age alone.

Then back-up sources. An example would be the H'Poko wells right now that are being used for drought emergency. And in Kaunakakai, the HHL connection where you have another back-up that you can use for emergency which reduces your need to develop additional water.

There is also reclaimed water use. Of course, we're not doing this; this is Public Works. But their total reclaimed water use estimate is 3.875 million gallons per day. And the amount of that that actually would have been potable water is much less, it's about 0.2 in Central Maui, for instance.

And then there are demand side measures such as distributing fixtures, conservation pricing and rate structures, regulations, education and behavior, outdoor conservation, and audits and retrofits.

This is a summary of our fixture distribution to date. We've given out -- these are just the fixture distributions that we've either funded or cofunded: 387 toilets, almost 21,000 shower heads, 6,100 bathroom faucet aerators, 3,900 kitchen faucet aerators, and 1,400 self-closing hose nozzles. And this graph shows how it's broken down.

These are some of the results of that. The blue is before and the pink is after. These are just looking at specific small groups of customers and you can see that it's hard to see this when there are other confounding factors like irrigation and precipitation and weather. Nevertheless, we are --

there is a demonstrable amount of savings happening total.

In this graph, the blue is the actual source use -- this is not Iao pumpage, this is all sources including surface water and treatment plant use. This is just an example from Central Maui.

The pink is what we would have -- that additional height of the pink is what we would have been using had there not been a low flow ordinance passed in 1992. The green is without our retrofit program and the low flow ordinance. And the cyan is without the potable replacement from reclaimed water.

So you can see that it is at least over half a million in Central Maui alone that we're saving and that's a very conservative estimate, actually.

We did some early retrofit trials to see how indoor retrofits would do. Luana Gardens we did in '92 and 152 selective flush toilets were installed and it looked like water came down by about 15 percent. In Kaunakakai from '95 to '96, 387 toilets, 251 kitchen aerators, and 317 bathroom aerators were installed, and there is more on that in the next slide. And then there were a few smaller ones -- Seabury Hall, St. Joseph School, and Haiku School. The last three were just too small and they were conflicted with added meters or irrigation, landscaping, so they really didn't show anything. But Kaunakakai gave a nice curve.

This is the Kaunakakai retrofit of single family homes. In the middle line -- it looks pinkish on this screen, it is purple there. The purply-pink line in the middle, that's the average of all customers per account thousands of gallons a day. The blue line at the bottom on the right, that's the people who participated. And the red line at the top, that's the people who did not participate. And this graph goes a year or two before and a year or two after. So you can see that it does start to spread out. It was -- when you do it systematically, it is demonstrable.

Another measure that's standard to have is conservation pricing and rate structure, which we have and as you're probably all aware this is our last year

of it. That is meant to encourage conservation and discourage water waste.

We also have some code requirements. Chapter 14 prohibits discharge of cooling water system which discourages single-pass cooling. Cooling is one of the largest water users that there is, especially in commercial, institutional, and industrial accounts.

Low flow fixtures, that was passed in 1992. They're required in all new development. And it specifies what kind of fixtures.

The reclaimed water ordinance requires reclaimed water at all new commercial properties within 100 feet of the R1 distribution systems and encourages the use of reclaimed and dust control.

Our rules also give us authority to forestall shortage in emergency by any reasonable method and to discontinue water use where use is negligent or wasteful and to control water during drought.

Under Education, there is media and handouts; permit review process, which we do utilize for education, too; activities and events; demonstration gardens; participatory learning. And these are some examples. These are newspaper and movie screen ads that we did for our conservation campaign. We have done 21 -- well, 21 movie ads and something like 18 or 27 different newspaper ads. This is a movie ad. They look a little clearer. Handouts, checklists for the home at fairs and stuff.

But also during our permit review process, we've had targeted checklists for specific uses and ways to conserve for those uses and those regularly go out for [inaudible] both for residences but also for condominiums, cooling, hotels, motels, schools and colleges, commercial buildings, restaurants, markets, laundry and linen services, food and beverage processing, and golf courses and large landscapes.

We also send out information on planting -- plants that are appropriate for the area and will use less water for the area with our permit reviews and at fairs, too.

This plant brochure is also -- portions of it are on the website and there is also a fair display which we use at events with real plants and plant

giveaways. Here's an example of that. This is -- I think this was two years ago.

This is from this year. We did nine classes. We have a model water treatment plant where kids can actually -- on the top left you see them actually looking at how to put the plant together from blueprints and then building it and operating it. This helps to teach them about the difficulty of delivering water and about the importance of saving water. And that's aimed mostly for fifth and sixth graders.

There are also -- we haven't had any acting or theater event education for a few years. We had the Drip Dudes a few years ago. But there is a magic school bus that goes through a traveling play that we've talked to them about. It's just a little expensive right now.

And then there is the bottom line stuff, the behind the scene stuff, which is probably the most important water conservation measure really that we're undertaking, which is developing the data, the appropriate data in order to [inaudible] that will be both cost effective and demonstrable. So database development, forecasting, design and cost benefit analysis, and then of course you have the ongoing monitor.

Here's an example of some of the data sets that we either maintain or compile or put together to get at the data you need to do that design. Things like developing flow duration curves of the ditches. And this is a base forecast based on econometric values, but it's not completed for the county but it does not account yet for end use -- potential changes to end use based on conservation. That's what we're trying to get at.

Here's part of what we need. You saw those flow monitors earlier. These are the demand patterns that you get out of it. The top one is a laundry and the bottom one is a school. You can see how different that is. When you get what your large users are doing, the large users in each class, and you put that information together and you look at what their end uses are, you're much better able to design a program

that will really target the most water. So we've been working on that.

We have this tool called IWR-Main. It's a forecasting model that will help us for forecasting for our planning, but it is also able to break down customer classes by end uses and evaluate the benefits and costs of various conservation programs both from the perspective of the utility and from the rate payer and from three other perspectives.

We're also -- these are just a few of the things that we have under development. That IWR-Main cost-benefit analysis tool which I just described.

The Maui Nui Botanical Demonstration Garden, which we have funded and which is about to start building, which will also provide us a plant source for more native giveaways. We've had several over the years, but we haven't in this past year.

We do have a landscape conservation rule/ordinance about 85 percent drafted that we drafted with a committee a few years ago. At that time the committee determined that there was not enough propagation information and not enough plant sources available to make it worth doing yet, but we have that in the wings ready to go pretty much.

And we've talked to some consultants about developing a student water auditor program with MCC where students who work for us would go out and audit the homes or businesses of volunteers in order to help them save water and replace fixtures. Those are some of the efforts that we're working on. And if there are any questions.

CHAIRMAN RICE: Thank you, Ellen. Any questions?

Mr. Mayor, we're in receipt of your letter and we're very happy to have you here with us today and we look forward to a close working relationship with the county, with yourself, and your staff.

The four main issues in your letter were the additional sources, the future water storage, protection of the watershed, and the use of nonpotable sources, and we can go ahead and talk about each one of those. You can take the lead on that.

Before we do, I would just like to add one

additional item to our request for assistance and that is we're going to appoint a committee on rules later in the meeting and it appears in my short time on the board that there are probably some rules that are antiquated or there is some conflict in some of the rules, for example, between state designation of agricultural land and the county designation and somebody can't get ag rates because our county designation differs. And we're going to ask the committee to review our rules in detail and make recommendations for changes. And I understand that they then have to go to you and be -- we would urge you to assist us in expediting any changes that are recommended by the committee.

MAYOR APANA: I'll give you one better. We can in fact even provide some staff to help you directly. The GIS system should make it a lot easier than ever before. We weren't capable before. Now I think it would be quite simple.

CHAIRMAN RICE: Great. Thank you, Mayor. You want to go ahead and go through your list and give us your thoughts?

MAYOR APANA: Thank you, board members, director, and everybody concerned. [Inaudible] asking for this meeting. I wrote you a letter July 5th. It was more than just about drought. It's about the water and everything in general. I phrased it under the drought so that we had a starting point.

With me here today are some of my top directors because it's a working meeting and I want to make sure that if you guys had any questions off the top of your head or some general directions, we can kind of hash out some things and move more expedient. With me to my right are the Director of Public Works and the Deputy Director of Planning Clayton, and Finance Director Wes Lo, my Senior Executive Brian Miskae, and also we have from Dane Kane's office is deputy assistant Jock Yamaguchi. So there are a lot of people within the county that are interested and want to help.

Many times the public see water and the county as separate, different, split. I mean, finger pointing, you name it, I don't think we it's -- we should always work one and the same.

As you looked at some of your slides and some of your testifiers, I think we're all on the same page. Just that we're here to make the commitment even more so, to give you from the horse's mouth that we're here to help and we want to help because I think we're at a critical point in our county, a time that a lot of major decisions need to make. A lot of it will be on philosophy and I think we need to really think about where we're going and what we want this place to be.

Many of the things, topics I have, you have addressed, such as a conservation. I believe a penny saved is a penny earned, that philosophy. I also wanted to come here to talk about, you know, there is a drought going on. It's going to prolong for many more years from the weather forecast that we see. Everyone hopes it will rain and, you know, somehow we don't have to think about this, but I don't think that's the case.

We were very fortunate in the beginning of my term when the water upcountry was going to go into a drought situation that we could get rights to some wells so that we could protect the County of Maui and its people and its resources. Especially our agriculture.

My goal is to keep ag alive. Several reasons why. That's why we choose to live here, that's why people choose to visit us, that's why we're the number one in the world island, but more so it's just the right thing to do. It's our heritage. And in order to keep farming alive, you have to have cheap water, cheap land, and a market to sell your products.

That's how come I'm here today to talk about several things that we really need to think about. One of them, some of the testifiers today talked about drilling a well. They mentioned Pookela. It's up to you and your experts to tell us where, but I think wells should be drilled by the County of Maui, the Board of Water Supply, some government entity.

Recently in the past history a private developer, because of the inactivities of government, using the rules which I think are fair, decided to drill their own wells. They hit pay dirt. They got to get their project ahead and they even have some excess capacity. So the general question is if they could do it, why can't we? "We" meaning government. And take care of the first hundred or so on the top of the list. So you say 900 -- about 3,000. Nine hundred applicants, 3,000 meters, whatever it may be. Because many of these people have been waiting there for years. Then the private developer came in, they took the risk -- and there is a risk. They hit air, you lose a million dollars. They did take some risk. That's the facts. But that's government's role to do things that a single individual cannot do. No one of us can drill a well for our house for one or two meters. That's just not possible. And this is the role of government. And I think the Board of Water Supply, County of Maui, one and the same, we should drill a well. If it's about money, we should sit down and talk about it. Because I think we should be in the driver's seat and we should have the control of water. That's only one.

The other thing is, you know, drilling well is one source of water, ground water, clean, inexpensive. You get it, but you still pump it. But there is other resources that we need to look at which I call surface water. And you know, when it rains, it pours. When it rains, it floods. When it rains, it's our one chance to grab cheap water for our farms. And the only thing stopping us is capacity to store. And that's reservoirs.

Farmers want what they call sweet water, which is untreated, there is no chlorine or whatever chemicals you guys use to coagulate the dirt out. They don't want expensive water that's good for drinking because at that point their product becomes very expensive and they can't compete.

We have worked on the dual line since I was a council member. I just talked to the state ag, where are they, they're on Phase II. So that's coming on line. But it's going to be about storage. Storage,

storage, storage. I'm here to say that if you guys want to build a large storage, let's work together. I looked with the water board and the farm bureau to have the state of Hawaii on the reclamation list. We need to put a few federal dollars there. But it's about telling us where you want the storage and let's designate it so if anyone builds a house there or shopping center and later on we find out that was the best place but since we allowed zoning we got to find the next best place and now we got to pump it -- that's going to kill farming. If we say we want a storage, let's put it on the map, let's block it off, and that's storage. If not today, we'll build it tomorrow, but it's in place. Even easements for water lines and dual lines. These are the things that we need direction from you to work on.

The other things that we really need to work on and we have a once in a lifetime opportunity. Several of our land -- our large land companies that have watershed areas, water rights, are going out of business. Or they want to go out of business, whichever way. I think we should step in and protect these water resources, the watershed for life. You know, these people are part of the Big 5. They have a long history here. But now they are going to sell to someone from who knows where. Do they really care about the long term of Maui County? I don't know. But I'm not willing to take that chance. I think we as taxpayers want to make sure that we leave something behind for our children, something that's long lasting, something that's permanent, and something we can sleep at night. And we have two areas, West Maui as well as Wailuku, with large land owners going out, has intentions to sell it to the highest bidders. I think working together with your direction of what you guys want and my -- the clout that comes with the mayor's office, I think we can strike a deal that will be beneficial to all concerned. It's better than putting our lives in someone else from Chicago or somewhere else. I think that's something we should work on.

I think we should also work on things when people ask for water rights from the state watersheds

and other areas, that we become a party. We become a party to protect Maui County's water in the area that water rights should not be so. If they want to do agriculture, hey, I'm all for it, as I said earlier, we protect ag, it recirculates water, keeps the place green, keeps the dust down, and employs people, it brings visitors here, it makes me happy when I don't have to see concrete. But it should be for ag. If they have any other intentions, it should be the people of Maui County, the State of Hawaii, determines how that water is going to be used outside of ag. And some day I think the County of Maui and the water board should be a party to all water licenses.

You know, we have worked well in the past, the Board of Water Supply and the County of Maui. You talked about your conservation with the toilets and the showers. We're that other partner that Ellen talked about. And we have shown time and time again we're willing to work with the water department. We have. We got access for wells for you and other things. But we need to do more.

In the very near future, in the very near future, Maui County is going to go on a program that's aggressive in the area of road paving. We have not paved hardly any roads in the several last several years because of money constraints. This year we have set aside quite a few dollars because our infrastructure is lacking. But I don't want to pave a road, six months later you guys come through and dig it up. You're not going to believe how many calls I have of people saying mayor, I go to -- da, da, da, and we find out a cut is this wide. We know who it is. So I'm saying if you guys know of road repairs -- not road repairs, but of lines you guys wish to put in the ground ahead of time -- emergencies, we can not help. But those that you guys have in your replacement program, let us know so we don't pave that area or maybe we will reprioritize and take money other place. As soon as you guys path the road, pave it one time. And I know we're working on projects on Molokai with this very same intent. I think it will make the taxpayer's dollar go a lot farther.

The other thing I'm worried about is that I

want to go on an aggressive program to regreenify Maui County, to take all of our existing roadways, our major roadways, plant trees and greenery, because I have a personal feeling that -- you know, I drive to Hana, it takes me two hours. And I drive 30 miles an hour. It's the greatest drive of any life. I drive to other parts of this county, might take me 15 minutes, and I consider that a chore because it's just not a great experience. And this is what we want to change for our residents and our visitors alike. I think something that it's long overdue but it's going to take a lot, a lot of water because plants don't just grow from dirt with no water.

So with that in mind, I think we need to find ways to have more sources, conservation, and we also need to work together as new development comes on line. We really need a strong policy that will allocate X amount of portable water and X amount of recycled water per project. Because I don't think using potable water to plant -- to water grass and other things is good use of the resources. Especially when we have excess water allocation today that we could give away if somebody wanted it.

These are the things that I wish to talk about. These are some of the decisions that we need to think about very shortly because we are at a crossroads. And this is why I appointed six of the seven of you guys that are sitting on that board to get these things done. If we fail, there is nobody else to point to than myself. I appointed all you guys, pretty much. And if we can't do it, then best we let somebody else. And that's why I brought my directors here, that's why I'm here, and I'll shut up for now and see what you guys think about what I said.

CHAIRMAN RICE: Thank you, Mr. Mayor.  
Jonathan?

MR. STARR: Mr. Mayor, I want to really compliment the vision that you've shared with us. I feel that not only does it present the highest possible ideals and the best possible direction, but it's also practical and real world. And I want to

thank you for helping to give us some direction that we can continue to move on. And I really think that you're right on with all of the points. So thank you for coming with that.

And I would like to take it one small step further, since you were kind enough to bring your department heads here. And that is one of the things that's really excited me in the last few weeks or month is the smart planning and smart growth initiative that you've begun. And I know it's got a long ways to go, but I know it's something you're really committed to and I know that it's something that a lot of us in the community are really happy to see and know that it will create a much better community in the future.

And I feel that one of the tools that we as one entity that sort of exists in a little bit of a vacuum can use is help from the other departments and from the people who do the smart growth planning in knowing what the needs are going to be, the real world needs in the different areas of the county, year by year. And I know that that's getting into the world of projection and guess work and all that, but, you know, the concept that we're supposed to provide water to the community plans, in theory that's a good concept, but it's not -- it's not really practical because that would be an enormous, enormous amount of water and a lot of it will never get used where it's wanted. So if a mechanism could be created where between Planning and Public Works or whatever other entity you choose can work with us and say well, we're going to -- we foresee probably between 200 and 300 residential services here this year and so many in another year, then it will give us a target that we can aim for and we can adjust year by year. But at least it will give us something real to try to design our system for.

MAYOR APANA: Can I make a small comment? Two points. The way we do community plan and the way we see the future I think is going to change the way we think. Instead of thinking we don't know what it's like in the future, we're going to do just the

opposite. This is what we would like to see happen. And pretty much that's it. So it's no more guessing work. We're going to know exactly. Even down to the details of what it might even look like. Right.

Now it's just we block off a subdivision and that's it, as long as you meet the setbacks, the height, build anything you want. That kind of things is going to stop. We have visions of making broad statements like on this road, we will not see a parking lot on this whole road. If you bury the car underground, you put it in your building, you hide it behind, it's up to you, the developer. But we will not see a car parking space in front of a building on this road.

And these are the kind of visions we have planned. We pulling all different departments together. And sometime during mid August, we think we'll have something to tell the public of the direction we're going, kind of -- it's going to change a whole lot of thinking. And that's our way here.

I would like to tell you more, but we try to package it in a way that it's understandable and people get deathly afraid of what we're thinking of. Because it's going to change the way we do business. Because every place I go through the community plans, through the charter commission, everybody is saying this community plan doesn't work, it's a guideline, people pick and choose, the elected officials or people that are stewards of this piece of document is not held responsible, and that's true because there is no report card. A lot is enabling, do it if you want or if you can, you should work towards this, and there is no like accountability because they don't put any measures built into this thing.

The way we see the new community plans is after we finish it, it will get instituted or it will get done. And it's none of this like, why, it wasn't on the past two plans, nobody is doing it. That's not the way it should be. That's how come we have a whole lot of disgruntled residents because one person see it this way, the community plan, another person sees it this way. We needed to take the gray out so when we finish it, everybody is very clear what we just done.

I mean, that's why you spend years doing it. But even though we spend years doing it, our final document is so gray that one attorney says this, that attorney says that, this next attorney says this, everybody start building their allies and we start dividing the community. That's not good for the long term of Maui County.

And I forgot what my second point was. I get so passionate about this point. But yes, in the other departments, that's why we're here. Not only for today, but as we move forward from every day on.

MR. HELM: I would just like to compliment Mayor Apana on his vision and more or less I would like to recognize his sincerity on the issues that not only concern Maui but Molokai. Just to inform that he -- we initiated the mayor to come to Molokai to help us with a drought problem there with not a Maui County system but a state-managed system which basically is our primary irrigation source for agri business and homesteading on Molokai. It was through his efforts, you know, he came on Molokai, he talked with the grass roots people, the agri business farmers, the homesteaders, and made a promise to initiate something through the state government to get -- to get something moving in the state legislature to provide monies to help support our drought problems over on Molokai. Just like to compliment him on that and appreciate it very much.

CHAIRMAN RICE: Thank you, Adolph. Mr. Nobriga?

MR. NOBRIGA: Thank you, Mr. Rice. I would like to thank Mr. Mayor for allowing me to have an opportunity to have a much more exciting life. I've learned a lot. Of course, I do have my dad to talk to, but he's never around anymore. So most of my information is through Mr. Craddick.

I do have some challenges for you and maybe Councilman Johnson. There seems to be a disservice in the amount that we charge for sewer which just happens to be billed by the Board of Water Supply, so we get blamed a lot for the sewer rate. And all I know is

that water going in does not necessarily mean water going to the sewer. So please take a look at that. Appreciate it.

MAYOR APANA: Let me just talk about that comment. It's just a bill. And if the water department is having -- you guys getting heat because it's a water bill. Because of our new computers coming on line, if you wish, we probably could bill it from our side. But it's the same price. I mean, that is the cost to environmentally and legally get rid of our waste stream. In that waste stream that's toxics, there is metals, there is many things that we don't want in our environment, so we clean it the best we can, we compost it so we can recycle it. The water we want to put back on the properties. I mean, basically almost 100 percent -- I think it would be 100 percent recycled just about, right? And it costs money. But I think this is a cost that we as residents are willing to pay to protect our island.

I'm sorry you guys catch the flak. If that's the major issue, you know, we'll bill it. But we -- from our side, I worry about you guys. And the reason is because as a council member, I always had the problem, we give you the task of do a job, but yet we kind of cut your legs because we control all your rates, your borrowing power, your rule making. And it shows that it doesn't work. It doesn't work well, I should say.

The Charter Commission is going around and, you know, people are talking about make the board -- put the board under the county. All we know is that they're not real happy. I shouldn't say real happy, but they're not totally happy with what is there. And if it's about, you know, working under the current rules, if you can convince me, well, convince him, that your rates does not account for your operations, you should let us know. I mean, we want to make sure you guys are viable. But, you know, again, when we raise rates, we go to the public and tell them why. And they say yes or no. And you guys would have to go through the same scrutiny. But you know, I know as council members people would say we don't want to

raise rates in an election year and all this. But the worst is you do nothing. And that's where we are today. And I think if you can convince the people money well spent, there is something to show them why you need these dollars, I think we have a very educated population here that they can think for themselves and come to their own conclusions. And if your presentation is one that is sound, I think you will get what you need.

CHAIRMAN RICE: Mr. Mayor, that brings up another good point because we have a lot of our water system that is old. And we have recently conducted a study with an outside firm, came in and evaluated our system and in effect created a report for us that says this is how much money you need to have in the bank starting now on an ongoing basis in order to fund the replacement of the system. And that alone is going to require us to come in and ask for a rate increase and you will be seeing us approaching you in that regard.

And that also ties in to the comment you made about what road are you going to dig up next. Because we want to have -- we want to take that report and transfer it into a methodical way of replacing --

MAYOR APANA: We are in the same position like the water department. We want to make sure that we have replacement costs or depreciation funds so that as the asset depreciates, we have money to replace it. We have never had much of those kind of accounts. We're going to start them. So that whatever mayor comes in after me, they're not stuck with all old equipment and no money to pay for it. We're going to start putting it away, the same way you run a business or your house. And it's one and the same.

But we don't think we can achieve the total depreciation costs in a very short term. So I hope you understand what I'm saying is that if we need a hundred [inaudible], we're going to amass that over a year. We're not going to say we need it today to meet the criteria. Just tax the people and get a hundred million, that's crazy, I won't support that. But if you guys have a plan where you guys are going to

systematically put away, up to so many years, I think that's something I could accept.

CHAIRMAN RICE: And I think that's all of our plan and I think that it's probably typical of a municipality almost anywhere in this country at this time that has failed to provide for that kind of depreciation fund. And we'll have a plan that we'll present to you on how to fund it.

But I think more importantly I think is the education process that needs to take place with the community. Because it's not just water; it's everything. And we have to pay for it.

MAYOR APANA: Some of the shortcomings of previous water boards or previous rate increases and I was a council member and asked a very simple question. You want to raise the rates X amount of dollars. And you probably need the money. Show me. And then they showed me about these studies and things. We do it for wastewater, landfill, et cetera, we do it all the time. Professionals come in and give us a third eye.

But the question that the department could never answer me was what are your top 10 pipes you guys want to fix? And they said up to us. And from that point of view, we as a taxpayers, elected, taxpayer said you know what -- hey, I would not give -- like my father would not give me ten bucks if I just said dad, give me 10 dollars. And he say what for? And if I can't convince him it's good use of the 10 dollars, there you go. But that was a question that was never answered to us. And just word to the wise that if you guys plan to do this, at least say we intend to fix this system, this tank, this is the way we -- the systematic way we're going to do it. Nobody going to hold you to it if you got to adjust. We're looking at paving roads. It's based on traffic flow, the deterioration of the road, we have a list. But now I come to you and say you guys going to do this, we going to shift money. It's flexible, but yet we have a sane methodical thinking. And that's all the public want to know. Is this money being used for the water board and its members purpose, or is it being

used for greater community? And when they feel comfortable with that, I think they will agree with the direction. Right now a lot of people in the dark.

And I have the same problem within the county. Because sometimes we're so close to it that we just say trust me, that's my job, let me do my job. But half of our job is letting the people know what we're doing because we're hired by them. We should tell our bosses what we're doing.

CHAIRMAN RICE: Mr. Nakamura?

MR. NAKAMURA: Mr. Mayor, I would like to thank you for coming. I think it's important your openness and working together I think is something that's very important.

One quick question perhaps to you and David. Overall, where is the county in terms of this issue of perhaps reuse of effluent for nonpotable uses?

MAYOR APANA: I could answer that, but I'll let Dave. I was there when we drafted the bill.

MR. GOODE: Mr. Chair, members of the board, Member Nakamura. We are every year spending a little bit of capital, a little bit of money on expanding our system. Presently all five plants exhibit some reuse, some as high as a hundred percent as the case on Lanai, and some very little as in Kahului. And our intent is over the years -- in fact, we foresee a time when we will have our available reclaimed water all used up and people will be knocking at our door asking to get in. It's just a question of time.

We found that we've had a lot of success with those that are hooked up. They really like it. They have cut back on fertilizer use. They have educated their customers or their residents on the water. And so we're finding it's very beneficial. So we are slowly adding our system, you know, similar to what we were talking about before in terms of we can just do so much per year and that's been our focus.

CHAIRMAN RICE: David, is it true you're using

almost all the Kihei plant water for some other public use? Is that --

MR. GOODE: I think somewhere around 60 percent of the water right now is being utilized. We just hooked up Kihei School, Lokelani School. Drive by Lokelani School, it's gone from brown to green in the last six months. So now those schools are utilizing. That was potable water. That was a direct replacement in those particular cases. And that was good because it's schools. So there are instances where we have new projects coming on line, but we also replace potable.

CHAIRMAN RICE: But the pipeline then becomes an issue, a secondary pipeline for the distribution of this water.

MR. GOODE: Right. We're water purveyors, too, so we face the exact same issues. We have storage issues, distribution issues, flexing the bills.

CHAIRMAN RICE: So where we are all -- whether we are digging up some pipes to replace them or doing some work where we can coordinate while we've got the hole in the ground, it may be the right time to put in another pipeline.

MAYOR APANA: Chairman, you got the plan.

CHAIRMAN RICE: I got the message, Mayor?

MAYOR APANA: I didn't say that. I just said you catch on. The most expensive part is digging the trench.

MR. NAKAMURA: Because I think it's important just as you've offered to help us with development of source, it's storage. Perhaps there are ways in which our resources could be best utilized in working with you folks to utilize some of that nonpotable water for nonpotable uses.

MAYOR APANA: When new development come on line, if in reach or near reach of our existing effluent line, we should require it. And we figure out what their flow is and we take a percentage out and require them to use effluent.

CHAIRMAN RICE: That's how you get your highway beautification going.

MAYOR APANA: That's right. You catch on very quick.

MR. TAGORDA: Mr. Mayor, I would like to thank you personally for sharing with us your precious time and the major topics that you discussed with us are all favorable to me. I'm not one of your appointees, but I am committed to work with all the six people that you put in this board and let's make Maui green.

MAYOR APANA: Well, I may not have appointed you, but I did confirm you.

MR. TAGORDA: Thank you. Mr. Chair, before Mr. Mayor leaves the room, can we have a short recess so we can at least give him a handshake?

CHAIRMAN RICE: Absolutely. I believe we have some more comments here.

MR. STARR: Since we're kind of sitting talking informally and everyone is here, I wanted to ask the Public Works Director whether -- he's running a water system and we're running a water system, whether he thinks it would make sense for there to be ultimately one water system that had more different products to distribute or there are efficiencies in keeping it the way it is. I know this is something that's come up before the Charter Commission and I was curious to hear about it from kind of the other entity, someone running that.

MR. GOODE: Mr. Chair, if I could answer that question by asking a question first. Are you

suggesting that we mix waters or just have two systems under one entity?

MR. STARR: Just looking outside of the box, whether it would make more sense to have one entity that dealt with all different kinds of water rather than two entities --

MR. GOODE: I think we should never put walls around ourselves and say this is the way it is because it's always been like this. So speaking for the department, we're certainly open to that.

We're in the water purveyance business by default. It wasn't something we set out to do; it's something we've kind of grown into. We enjoy it, the people that work in that area for wastewater really enjoy their work. In fact, they're leaders in the state of Hawaii with what they do. Whatever they work, whatever department there may be, I'm sure they will want to continue to do that. Doesn't matter to me where it fits, as long as we can provide the water.

CHAIRMAN RICE: I want to recognize Council Member Mike Molina who arrived here. Mike, thank you for coming to our meeting.

Mayor, you mentioned additional source and in today's meeting we're going to take up the topic of a well at Pookela or at some site, I believe it's Pookela. And there seems to be a general feeling -- a good feeling to move forward on that.

We are going to take up the issue of meters upcountry at our next meeting, I promise. There are some disturbing inconsistencies and we're going to review that and get that corrected so hopefully we will have dealt with two of the major issues upcountry here in the next -- this meeting and the next meeting.

As I said earlier, I think the rule situation is another important issue for us to review and I think it will free the board up to deal with some of these other larger important issues.

MAYOR APANA: Just one last comment. A person stopped my wife and my wife asked me to say something

in front of you guys and I promised her I would. I not even sure what this guy's name is, but he works at the jail with my wife. He's assigned as a social worker. And he was given a letter to come to the department, you got a meter. He came in, they told him no. He was kind of upset. He said he wanted me to mention his name; in fact, I forgot what his name was. But the policies sometimes are very unclear to the public. And yet they would go down the road and see a new subdivision with three meters and go, wait, what's going on here?

And I think this person even told my wife -- I can't confirm it, but she told me that he was a number on the list, and now he's a lower number and he's on two different lists. And I think, you know, these kind of things -- if there is a list, it is public, it's something you're working off of, publish it, make your rules very clear. The worst thing -- and, you know, I find it in my life, if people do not know the rules and regulations, they make up their own stories. And the next time I go in Tasty Crust, somebody tell me how come they're doing all of this. I don't know the rules. And to me it doesn't seem reasonable, be yet you guys must have a rhyme or reason what you're doing.

Just get out that process or the procedure. I mean, if everybody said this is the rules, this is the way it is, hey, so be it, that's the way it is. When they see things moving, then they start questioning our integrity. And that's when we ask for things in the future, they are very leery to be, you know, taking us by word of faith. It becomes hard. It's building a trust over time. And I think in certain areas, yourself and as well as myself, have some strides to make.

CHAIRMAN RICE: I think so. We're going to attack the upcountry meter issue very quickly once we get the well issue solved.

MAYOR APANA: So is there any message I can tell my wife so she --

CHAIRMAN RICE: Ask her to have her friend write a letter to the chairman of the water department. Is he here?

MAYOR APANA: I don't know what he looks like.

MR. CRADDICK: Tell him look under our website, mauiwater.org, under Engineering is the list, the priority list.

MAYOR APANA: Of everybody's name?

MR. CRADDICK: Everybody's name.

MS. KRASH: With tax map key.

MR. CRADDICK: Yeah, with tax map key.

MAYOR APANA: Do you guys have a priority where farmers come before lots that are subdivided versus new subdivisions versus -- there must be a hierarchy.

MR. CRADDICK: It's first come, first served.

MAYOR APANA: So shopping center has the same privileges as a farmer?

MR. CRADDICK: That's right. Unless there is a rule made.

CHAIRMAN RICE: Mr. Mayor, I would probably hesitate to make a comment about what's going to happen at this point because there seems to be enough confusion even amongst ourselves that we want to review it and solve the problem and get people meters if we can do that.

MAYOR APANA: I'll just have them call you.

CHAIRMAN RICE: Write a letter to the chairman. Just add it to the list.

MAYOR APANA: Well, chairman and board members and directors, counselors, I think although this was a short meeting, it's a starting. We have to start somewhere. I know a lot of people wish we started many years ago, but that's in the past. We start today and look in the future.

We have an opportunity to set Maui County in motion for many, many good years. We also have the potential of locking her up for life. And you know, I'm very concerned when it comes to money, especially my finance director. But sometimes you got to bite the bullet. One generation will have to make a statement or commitment. And then many years to come. Imagine if we bought Big Beach in the '60s or '50s. We'd be the smartest guys on earth today. But we didn't. And I think we are at that crossroad I mentioned earlier that now is the time, the window is very short, and we need to work together to get it done to get the best price and the best conditions for the County of Maui. And this is where I said we need to work together. You need to let us know your needs. I need to let you know my needs. And more important, we need to work together to get things done. Because alone I don't see it happening.

CHAIRMAN RICE: Thank you, Mayor. We'll take a short recess.

(Brief recess.)

CHAIRMAN RICE: I forgot to recognize some important people who are here. These young gentlemen with the Boy Scout uniforms are part of Troop 14 and they're here because they're working on their community service merit badge. They had a rare opportunity to see the mayor.

If there is no objection from the members of the board, I would like to take this agenda out of order slightly and move to Committee Reports. I know there are people who are here for the well issue and if we can expedite that issue, then we can go on to other business of the day.

Committee reports. These are left over from the last meeting, either were deferred at the request

of a board member or because a board member was not present who was involved in the recommendation.

The first one, A, is from the Oversight Committee.

MR. NOBRIGA: Thank you, Mr. Chairman.

Mr. Wayne Arakaki had requested that we defer this action at the last meeting. At this time I would like to move that we waive Rule 2-12 to amend the 1994 modification of subdivision requirements agreements to allow Ms. Von Tempsky to construct an ohana dwelling on Lot 3.

MR. TAGORDA: Second.

CHAIRMAN RICE: There is a motion and a second to approve the requested waiver. Is there any discussion? Okay. There is no discussion. All those in favor of the motion, say aye. Opposed, say nay. Motion is carried.

The next item, Capital Programs Committee.

Mr. Nakamura, there was a question from one of the board members and so we deferred action on that.

Mr. Tagorda I think was --

MR. NAKAMURA: Mr. Chairman, the improvements to the Ulupalakua system were originally funded by the board in the prior fiscal year. The project had not been initiated and it is funded again in the present fiscal year. There have been some options presented by the director relative to the nature of the improvements.

The committee was concerned that the scope of the project needed to be clarified and that perhaps the most appropriate way of doing that was to have a consultant do a preliminary engineering plan. There is a variety of issues which include the size of the line, the location of the line, the location of the storage, whether the project should serve existing users or what long-range plans should be. And one of the problems is that the Ulupalakua area, as I recall, is not really included in any of the community plans.

So the committee's recommendation was to

undertake a preliminary engineering plan to define the scope of the project and estimated costs and phasing, submit that back to the board for the board to sign off on before we proceed with the actual design of the system. And so I would move that that recommendation of the committee be approved.

MR. NOBRIGA: Second.

CHAIRMAN RICE: A motion and a second.  
Discussion? Mr. Tagorda.

MR. TAGORDA: Mr. Chairman, thank you, Mr. Nakamura for all the information and facts about Ulupalakua. But my questions will probably be answered by you or by Mr. Craddick. These three options that -- service options that the director presented to the committee, are these options for our -- made by a consultant or the department staff, engineering staff?

MR. NAKAMURA: That was the department's options.

MR. TAGORDA: And any of these options based on your study and discussion on your committee are not suitable to at least give an immediate relief to the problem, ongoing problem at Ulupalakua?

MR. NAKAMURA: I think any one of the options could be suitable in terms of immediate relief, but I think the committee did not feel that it was in a position to make an actual decision as to which was the best option and that's why it preferred to have the input of a design consultant.

MR. TAGORDA: And if we do get input from a consultant, what time frame you think, Mr. Nakamura, it's going to take for this project to be ongoing?

MR. NAKAMURA: I would think a preliminary engineering design study would take a couple of months, two or three months. I think it would take a while to get the consultant, to go through the process

of consultant selection, but I don't know, David may have some thought about that.

MR. CRADDICK: Well, depending on the scope of work. I think for this scope of work, I think that's a reasonable amount of time once you got the contract signed and notice to proceed issued.

MR. TAGORDA: Because I was just thinking, if we get the storage tank, that storage tank is not going to need some consultant's review and things like that where you put it in a better place to remedy the situation right now. It's going to be still used long-term. Because my problem is Ulupalakua, like you mentioned, there is no general and community plan involved there. So how are we going to attack the problem of solving their, you know, inadequate lines?

MR. CRADDICK: Well, that would be in the report.

MR. NAKAMURA: I think the consultant would have to take into consideration all of the appropriate factors, try to make some -- try to make some projections based upon the current zoning, state zoning, county zoning.

MR. TAGORDA: Is there no immediate relief right now, Mr. Nakamura, to help those customers that we have there, been waiting for many years for the transmission line to be fixed and low pressure areas?

MR. CRADDICK: I mean, if the board wants to pick one of those options and go with it, that's as quick as we can get to putting something in. And any one of those three options will relieve the situation.

MR. TAGORDA: And you said you have to phase it through --

MR. CRADDICK: Yeah, I think if you want to do some longer range planning, to just go and put a line in and not look at a longer range situation, you know, may be shortsighted. So we fully concur with the

recommendation to do something --

MR. TAGORDA: I have no problem with the committee's recommendation, but my problem right now is immediate relief for the problem that's ongoing for many years at Ulupalakua. Because if you will base your actions on community plan, general plan, those areas don't have. It's just a common sense approach to our problem that we need to address. Would putting up tanks there would help their problem?

MR. CRADDICK: Our problem up there is just many, many line breaks. You know, we'll have a break in the line and a tank will go empty out there and we hear about it when they start complaining. That's our problem up there.

The line is an old plastic line. Used to be an old galvanized line, it was changed to plastic. Now the plastic is deteriorating away. And there has been no what I would call permanent solution out there, just one band-aid after the next. And it takes a lot of staff time changing those band-aids.

MR. TAGORDA: Mr. Chairman, I would really like for this board to pursue whatever necessary -- whatever means necessary to help those people up there. And probably we need to have some time frame because I don't want to get out of this board and Ulupalakua is -- since I came in in '97, it's been a problem at Ulupalakua. And up to now, it's been four years, it's still in the making, planning, design.

MR. CRADDICK: This is a start.

CHAIRMAN RICE: I think everybody understands your point. I think that the recommendation is that before we spend any money, at least we do it in such a way that it may have a future benefit for us rather than to go in and spend money and find out we have to throw it all away again.

And I agree with Mr. Tagorda, if we can get a reasonable time frame on this, then we should -- we are taking action by passing the motion.

MR. TAGORDA: Thank you, Mr. Chairman.

CHAIRMAN RICE: Any other comments? Okay.  
Then we'll call the question. All in favor, say aye.  
Opposed, say nay. The motion is carried.  
Okay. We're moving on, Operations Review  
Committee. Mr. Starr.

MR. STARR: Yes, Mr. Chair. Operations  
Committee met on July 17th. We had a very exhaustive  
site inspection of possible water source locations and  
after a lot of deliberation, we came up with a  
recommendation that the board drill a well upcountry  
looking for community support and that it be in a  
place close to our existing infrastructure and  
unlikely to be contaminated by DBCP, a likely location  
for this being the Pookela tank site.

Now, at the meeting there was a desire to have  
some hydrological opinion on this and so I contacted  
Gordon Tribble, who is the district chief for the  
USGS, and he came back with a very favorable report on  
the site. It probably is as favorable as you can  
expect. He did also have some comments about the way  
the well should be drilled in case for resource  
protection.

There is also favorable comment that was  
received from a number of parties. Kula Community  
Association had some testimony. Council member Bob  
Carroll had favorable comments. He also mentioned  
that he would have liked to attend this and more of  
our meetings but the access up here is a little bit  
difficult, so, you know, that's a separate issue,  
something we should keep in mind long term. Council  
member Honorable Charmaine Tavares had comment, Hugh  
Starr, who's here, Grant Howe from Commercial  
Properties is an upcountry resident, and Mark Sheehan  
who's the president of Maui Tomorrow also was in  
support.

And with this all in mind, I would like to  
move that we proceed as rapidly as possible to drill a  
well at the Pookela tank site and to make sure that  
all regulatory requirements are followed in this

process.

MR. TAGORDA: I second, Mr. Chair.

CHAIRMAN RICE: Okay. There is a motion and a second. Comments? Yes, discussion? Adolph.

MR. HELM: I would just like to say mahalo to Jonathan and this committee for the effort and work put into this and appreciate it very much. I'm sure whole Maui County does.

But I've got a question for our director there. Based on this proposal, what's your view or your opinion on the requests here that's before us?

MR. CRADDICK: Well, I think the board probably needs all the water that it can get upcountry, all available groundwater, and it certainly makes sense to locate it as close as you can to existing infrastructure. So which one goes first -- I think you could make USGS's report on any well site. The higher up you go, the less chance you're going to get DBCP. But if you are looking at all available groundwater sites and all available sites closest to our infrastructure, it's just your own decision on which one you do first. And we fully support, if that's the decision of the board that we need all available groundwater, to go ahead.

I will say the transformer would have to be changed there. I've said before the electricity requirements would be low, but the transformer would have to be changed. It's right now a 500 KV transformer. It would have to add on about another 800 horsepower capacity to that transformer, which would be probably another 600 to 700 KV, doubling the size of the transformer there.

MR. FUKUSHIMA: I just wanted to remind the board that the selection of a site would not be final, that we still have to notify the defendants in the DBCP case and they would have so many days to get back to us as to whether they approve of the site that we're drilling at or whether they would like us to

look some place else, based upon the terms of the settlement agreement in that case.

CHAIRMAN RICE: Everybody understands that.  
Mr. Nakamura?

MR. NAKAMURA: One quick question,  
Mr. Chairman. The committee report talks about criteria which I'm fully support of and it also says and the likely location being Pookela tank. And just for clarification, is the motion to be specifically Pookela tank or is it to look for a location with the priority being Pookela tank? And if for some reason there is a better location in the process, that that is considered?

MR. STARR: The motion as made was to proceed with the process at Pookela tank. If through any regulatory or because of the legal issue that corp counsel mentioned it, you know, would become necessary to move it, then that would have to come before us.

CHAIRMAN RICE: Okay. Everybody understand that clarification? Kent?

MR. HIRANAGA: I guess being relatively new to this board, I agree that there is a need for an upcountry well. It just seems to me that we don't -- I'm not convinced that Pookela is the right location. It's not that I'm against that location, it's just I haven't been convinced that it is the right location based upon the need, location, infrastructure. It just seems that we have people urging us to select this site, but I would think that the capital expenditure going to be involved and the time to process it, that we would want to be sure that we're going to actually find water and it's the appropriate volume.

So it would appear to me that you would want to select a consultant to help us determine if Pookela is the appropriate site. And if there is additional needs for water, it would appear to me that you would want him to somehow prepare some type of a master plan

that could be implemented over the next five to twenty years, identifying appropriate sites for additional well sites so that it's a coordinated effort versus just saying let's pick this site here, you know. It appears to me that there is a lot of lay people expressing a desire to pick this site, but for me I guess I feel uncomfortable authorizing such an expenditure without professional -- at least a professional recommendation.

MR. TAGORDA: I have a comment, Mr. Chair. I really strongly support the committee recommendation on drilling a well close to Pookela, not probably exactly Pookela tank, but close to that area for many reasons. Like we got electric power there, okay. We got two storage tanks that are in good condition that we can utilize. We got those transmission lines that are close to that area. And I guess if we get pump or well way up in that area, the department might be able to save some electrical pumping from Kamole to Pookela. I base my judgment on those criteria.

And looking at the USGS letter attached to Mr. Starr's letter, I'm really kind of sure that -- my gut feeling is that we need to pursue that avenue.

CHAIRMAN RICE: Mr. Starr?

MR. STARR: I would like to make a few comments. One is that I feel that this is a -- you know, we're really at a turning point. This is the first opportunity that this board has to really add source to the upcountry system since we've been on it. And there has hardly been a meeting gone by when we've not had the community coming to us crying to rectify this situation. And I think we could hire some consultants and delay it for a few more years and maybe, you know, put it on a back burner, but we have the money in the budget, it is our stated intent to do it, we've certainly heard the community speak with one voice to do what's needed to make the upcountry system sufficient. We've heard the mayor say it today. I really feel that it's up to us to be bold.

And it's true, drilling for water is never a

sure thing. But, you know, we have a favorable report and this well is bracketed by two wells that have gone in, one at Haliimaile, one at Kapakalua, which both produce large amounts of very pure, good water. And USGS feels that we'll have 8 to 12 feet of head above sea level. So it seems to me that it's our duty to proceed and to try to do what's necessary to make the upcountry system sufficient.

We have a golden opportunity here and I really beg my fellow members to allow us to proceed with this as fast as possible and maybe a time will come very shortly when we'll be able to end the problems that we've been having upcountry with water shortage for many, many years to come.

CHAIRMAN RICE: David?

MR. CRADDICK: Maybe to help Kent there, this is in my professional opinion. The 1992 Water Use and Development Plan identified about four and a half million gallons a day just for Hawaiian Homes upcountry, just for Hawaiian Homes. So when I said -- and I don't know if everybody appreciated what I said, but if you used all the available sites next to our existing infrastructure, Malahia tank, Pookela tank, further down the system, and you got a million and a half at each one of those, it would only equal four and a half million gallons.

So again, if you're reasoning is you need all the available water you can get as close to our existing infrastructure, it makes sense to move ahead at this point now. Because USGS's letter could quite frankly be said for any location you went to along our existing infrastructure. So I don't know if that helps you at all, but, you know, for the short term anyways, we need all the available water that we can get.

CHAIRMAN RICE: And in your opinion, we might even want to drill another well at another one of our nearby sites, not necessarily all of them because they might compete with each other, but --

MR. CRADDICK: Maybe, yeah.

CHAIRMAN RICE: Mr. Nakamura?

MR. NAKAMURA: Mr. Chairman, just -- I'm in full support of everything that's been said by Jonathan and others in moving ahead quickly. I wonder if it might be possible, in light of Board Member Hiranaga's concern, to have the consultant that's going to be preparing the plans and specs for this well site to also include in the scope the identification and location of other potential well sites for future development. Because we know that we're going to need more wells besides this one. In case something happens, we have to come back and say well you have to move, at least we won't have to go through this exercise again, we'll have some other potential sites located. And if we can proceed at Pookela, we'll have additional sites located for another well. And I think that would be helpful.

CHAIRMAN RICE: Good suggestion. Kent?

MR. HIRANAGA: Just to get a better understanding of water source. So site selection is not that sensitive as far as determining the probability of success to tap --

MR. CRADDICK: No, it is. But as Jonathan said, we have the Kapakalua well on one site at about 1,300 foot elevation. This Pookela site is about 1,800 feet elevation. The Haliimaile one is about 1,100 foot elevation. Both those wells have good water. The likelihood that you're not going to get good water in between is pretty remote.

We know that Kapakalua well produces water at slightly over one and a half million gallons a day, so we would expect this one to give at least that amount of water.

Now, you can get into the things that USGS is talking about here, the dike formations and things like that. But so far, we haven't seen anything like that. It doesn't mean we're not going to hit them and

have some effect. We could do that. But you're not going to find that out without drilling.

In the drilling program, when we're doing exploratory wells, we always have the option of cutting the well off after we do our pilot hole. So if we do a pilot hole and we find out we're in some sort of an odd formation, we don't complete the hole.

CHAIRMAN RICE: And gentleman, that's the risk we take with whatever site we choose.

MR. HIRANAGA: What is the capital investment involved in drilling a well?

MR. CRADDICK: How fast do you want to go?

MR. HIRANAGA: Reasonably prudent fashion.

MR. CRADDICK: Okay. Reasonably prudent, I would expect it to be what we have budgeted, somewhere around a million dollars to drill the well. And that would be giving probably 150 days to complete the work.

MR. HIRANAGA: But the initial investment for an exploratory well is approximately how much?

MR. CRADDICK: Oh, if you cut it off, it would probably be half of cost, if you cut it off at the pilot hole. Because all the mobilization and demobilization costs are there, regardless. You just don't have to open the hole or case it.

CHAIRMAN RICE: Yes, Mr. Nobriga.

MR. NOBRIGA: Thank you. While I support this initiative, it is not and should not be construed as the last answer like everyone is saying.

I hope Mr. Starr and his committee will revisit efficient uses of current sources that are not part of this report. But there is a lot of sourcing that we do now that is not evident by his committee report or the discussions at hand. And I just would implore Mr. Starr to take a look at those

deficiencies.

CHAIRMAN RICE: I think Mr. Nobriga's point is a good one and that is that we shouldn't be looking at this as the one well that we have to drill. This is just the first step in source development. And the question is, is it the right first step? And it appears that it is because there is a lot of -- there is indications of source and there is economies by using our own property and our own infrastructure that's nearby. So I don't -- I haven't heard a negative yet.

MR. TAGORDA: Call for the question, Mr. Chair.

CHAIRMAN RICE: All in favor, say aye.  
Opposed, say nay. The motion is carried.

Mr. Craddick, could you provide for the board a time frame for the next meeting that shows how we're going to proceed with this?

MR. CRADDICK: Yes.

CHAIRMAN RICE: And we have the money in the budget, so we're moving ahead. And we will of course include in that time frame corp counsel's admonishment that we provide that opportunity for the DBCP defendants.

Okay. I'm going to go back to the agenda, Director's Reports. Director's reports section of the meeting, the first one is 01-28. Mr. Craddick, we're going to -- where issues seem to need some investigation, I'm going to appoint -- I'm going to refer them to a committee. If it appears that it's something that the board is satisfied with your explanation on, there may be action taken. So if you could talk about number one.

MR. CRADDICK: Okay. I believe the arbitration is scheduled for next month for this second phase of the arbitration. The contract requires arbitration, so we don't have a choice in that when there is a dispute on the contract. It was

written into the contract that we go to arbitration. This was one of the last contracts the county did like that, but that's the way it is.

The dispute is over labor charges and delay at the job. We have counterclaims for liquidation damages on them. But the arbitration is required. We've paid a \$1,500 portion already. This other portion is coming up in August, it's my understanding. And that's why we put it on the agenda, \$7,500 is our estimated share.

CHAIRMAN RICE: Howard, do you want to make any comments on that?

MR. FUKUSHIMA: Just a small correction. I believe the arbitration is set for September, if I'm not mistaken.

As Mr. Craddick was saying, this is a provision in the contract for binding arbitration and the contractor has requested that provision be enforced and so we are going to arbitration on these claims as well as the liquidated damages owed to the county.

CHAIRMAN RICE: Board members have any questions? Do you have sufficient information on this item to make a decision? Mr. Craddick?

MR. CRADDICK: It might be a good idea to do like we did with the Kamole one, maybe assign some board member to watch while the negotiations are going on so they can report back to the board. That seemed to work pretty good in the CDI --

MR. FUKUSHIMA: These aren't really negotiations, if I may, Mr. Chair. It's an arbitration hearing. It's akin to a court case.

CHAIRMAN RICE: Okay. That may be a suggestion we want to take up. But the question of approving the expenditure is the one on the table, I believe. Mr. Starr?

MR. STARR: I have no problem approving the expenditure, but I do feel that Mr. Craddick had a good point and I think that that will help when it comes back to the board for one of the members to have been through the process and fully understand it as Mr. Nobriga had done previously. And I don't know if he would be interested in doing that again, but I thought he did a good job the first time with that.

CHAIRMAN RICE: Okay.

MR. FUKUSHIMA: If I may, in consideration of a board member perhaps attending the arbitration, I believe we have it scheduled for four days, so it isn't going to be a real long arbitration. It may be boring, but it won't be that long.

CHAIRMAN RICE: Mr. Nakamura?

MR. NAKAMURA: Mr. Chairman, since it appears that we have no real choice in the matter, I would move that the expenditure be approved.

MR. NOBRIGA: Second.

CHAIRMAN RICE: Motion made and seconded. All in favor, say aye. Opposed, say nay. The motion is carried.

Okay. Director's Report 01-29. David?

MR. CRADDICK: On that item there, when the board had approved hiring legal assistance and getting an attorney, I said it wasn't going to cost the board anything. Corp counsel has since I believe entered into a contract with an attorney and this is the money to pay for them.

CHAIRMAN RICE: No comment from anybody?

MR. NOBRIGA: Move for acceptance.

MR. STARR: Second.

CHAIRMAN RICE: Motion made and seconded.

Any discussion?

MR. NOBRIGA: This is that Natalie Powell, yeah? She has been spearheading this project.

MR. CRADDICK: It's the association where she used to live.

CHAIRMAN RICE: Any other discussion? All in favor, say aye. Opposed, say nay. Motion is carried. David, Director's Report 01-30.

MR. CRADDICK: Okay. This item here, we were doing -- we had a waterline on our schedule for doing a small waterline that our staff did. Somebody was wanting to speed the project up in order to get a building permit. Because it only involved a building permit and not a subdivision, I think we brought to the board before that Ulupalakua issue and that it involved a number of people and we could do a replacement of three lots, made a subdivision.

Well, I think the board's decision was no, that wasn't a subdivision. And here even though it helped to [inaudible] more lots, his particular action was for a building permit, not a subdivision. So he wasn't able to get the 50 percent reimbursement.

He offered that if we speeded the job up, he would give the commission to us afterwards if we wanted to take it.

Now, he also did some title search work because we had an existing line in there, small line, that we didn't have the right-of-way on for the line. He provided that title search. I still don't know if we have the easement, but we have at least the title search and we're moving forward on that.

So this is basically just 50 percent of the project that he said he would give and he's done it. That's all.

MR. NOBRIGA: Move to accept.

MR. TAGORDA: Second.

CHAIRMAN RICE: Any discussion? Kent?

MR. HIRANAGA: Just question for clarification. Could you explain this 50 percent reimbursement as it relates to subdivision?

MR. CRADDICK: In our rules, if offsite improvements are required by somebody, they're able to get the 50 percent reimbursement for everything that they need. And when I say offsite, it's assuming that somebody else is able to use the improvements, that it's not just for them.

And then also there is a provision where if we require the line to be upsized, we pay for 100 percent of that to whoever the developer is. This particular case it's not a subdivision; it's just a building permit.

MR. HIRANAGA: So it's a 50 percent reimbursement from the county to the subdivider.

MR. CRADDICK: Right. Over five years. Spread over five years. Twenty percent a year.

CHAIRMAN RICE: Mr. Nakamura?

MR. NAKAMURA: So just to clarify, the project has been completed, this is half of the cost of the completed project, and we would have no further or any kind of obligation to the person providing the funds.

MR. CRADDICK: No, no further obligation. I mean other than the continued water service.

CHAIRMAN RICE: Any other questions? There's a motion and second to accept the donation as requested. All in favor, say aye. Opposed, say nay. Motion is carried.

Director's 01-31, participation in Best Practice Study. Mr. Craddick?

MR. CRADDICK: This item here, at the AWWA national conference in Washington, Paul Seitz was able

to attend one of the sessions there where the American Water Works Association Research Foundation is doing a best practices for energy study and asked if we could participate in that because of our system where we've got groundwater, surface water, and we deliver water up to such a high elevation. And I thought it would be good for us to participate in this. We told them that we would be interested, subject to board approval.

CHAIRMAN RICE: What's the pleasure of this body? Jonathan?

MR. STARR: Mr. Chair, I think it's a good program and I'll move to accept the director's report. I would, though, like to make sure that we get a presentation on the findings so that we may -- we as board members may be able to learn from it and utilize information gained in the future. The motion is to proceed.

CHAIRMAN RICE: Motion to proceed.

MR. NOBRIGA: Second the motion for discussion purposes.

CHAIRMAN RICE: Okay, gentleman, let's hear it.

MR. NOBRIGA: Well, while the amount may be rather small in nature, I'm not comfortable with -- I'm not comfortable with us going into this partnership. There is questions at our baseyard, if our baseyard efficiency office -- the office is going to stay over there or move our office or -- I'm not sure what we can actually learn from this best practice energy management. Is it just pumping?

MR. CRADDICK: Yes. It has nothing to do with where the office is located.

MR. NOBRIGA: So we already know we pay too much for pumping. We already know that we got to pump because water got to go uphill. I mean, I don't understand.

CHAIRMAN RICE: Mr. Starr?

MR. STARR: Well, if there is concern, I wouldn't mind if, you know, if we want to kick it to a committee. But I know I attended some seminars at the national this year related to this and there are a lot of strategies as far as conserving electricity regarding types of pumps, hours of pumping, different types of agreements with utilities, efficiency in power transmission and efficiency in water transmission. You know, does it make sense to increase a pipe size so that you don't need -- you can use a smaller pump. I think those are more the type of issues that are being discussed of ways to make the system operate more efficiently. And I think that's something we're all in favor for. But, you know, if there is any dissention, maybe we should kick it to a committee.

MR. NAKAMURA: Mr. Chairman, my own personal feeling is that I think we should refer it to a committee unless there is some particular urgency.

CHAIRMAN RICE: Okay. I'm going to refer it to Operations Committee, if there is no objection. Wait, wait, wait, sorry, procedural. We've got a motion and a second on the floor.

MR. STARR: Can I withdraw my motion?

CHAIRMAN RICE: Yes, you can. Withdraw your second?

MR. NOBRIGA: Yeah.

CHAIRMAN RICE: Refer to Operations.  
Director's Report 01-32, amendment to the agreement with Chris Mamiya. I don't know. The Chair's feeling is --

MR. CRADDICK: We would recommend to refer this one to committee.

CHAIRMAN RICE: That's what I'm thinking.

Capital Improvements, Finance. So referred, unless there is any objection. Thank you.

MR. CRADDICK: Is that a joint committee?

CHAIRMAN RICE: It will be in the coming appointments. Director's 01-33, extension of a contract. Mr. Craddick, quickly, is everyone -- I don't mean to rush you.

MR. CRADDICK: This is just a contract that had in it a provision that should it not be able to move forward, that we would be able to get the plants back. And in order to be able to do that, they had to have access to the land, they had to have the right of entry for the land. And the time we signed this until just a few months ago, we're going to have to get an agreement from the parks department to get access to the land. And the contract ran out -- it is only I believe for \$5,000. And because it ran out totally and we didn't get it extended before it ran out, I felt it was appropriate to come back to the board.

MR. STARR: Mr. Chair, in light of the quality of the project and the hard work that the people putting it together have gone through, knowing the hoops they have had to go through to be able to finally get the permission to operate, I would like to move that we approve the extension of this contract.

MR. NOBRIGA: Second.

CHAIRMAN RICE: Discussion?

MR. TAGORDA: How long is the lease for this property?

LISA: Five years.

MR. TAGORDA: And this was approved by the previous board for the same amount of money that was paid back in what year? '98? And they still asking the same amount of money, \$30,000.

MR. CRADDICK: Well, that's all -- we're not changing any provisions in the contract other than giving them a time extension.

MR. QUINN: The money was encumbered back in '98 and it's still encumbered. So you're not asking for additional money. The money is already encumbered. You're really asking to approve the extension of the contract which is -- the contract is what has lapsed.

MR. TAGORDA: And the extension is only for six months now, David?

MR. CRADDICK: I would expect that if it was for five years, the expansion, since we're just starting, would be for another five years.

CHAIRMAN RICE: Everyone's questions answered.

MS. KRAFTSOW: I would just like to add that I was looking over that contract and that's actually a lot of services for \$30,000. Minimum of 500 plants a year and all kinds of free advertising and there is a lot in that contract that we'll gain.

CHAIRMAN RICE: Okay. Ready for the question? All in favor, say aye. Opposed, say nay. Motion is carried, approved.

Okay. We're moving on to Communications. 01-24, Mr. Robert Chapman, requesting waiver of subdivision requirements. Mr. Chapman here?

MR. NAGO: No, he's not.

CHAIRMAN RICE: I'm going to refer that to Operations. Communication 01-25, request from Sandra Takahashi for an adjustment of the water bill. Is Sandra here? I'm going to refer that to Finance.

Okay. We're moving on to Other Business. I'll wait on the ethics one.

Status of upcountry well. We've basically handled already.

In the next item is discussion/possible action regarding Upcountry water situation. Mr. Craddick, as I said during the meeting with the mayor, I want to resolve the meter issue at our next meeting. I would like it to be on the agenda and I would like from you a report to be prepared in advance for the board's review on the current situation with meters Upcountry that includes the formation of the list and why and where is it, what is it, the meters, the reasoning behind and the meters that we are giving out Upcountry as we discussed at the last meeting. And should there be need for consultation on legal as to why or when we're doing those things, please include that. Prepare the report in sufficient time so that corp counsel can review it and comment on it. And then I would like the board to -- we'll then discuss it and take action if necessary or as desired at the next meeting. Thank you. Any other --

MR. STARR: I agree with Mr. Nobriga. But I think that there was also some documentation regarding possible rule wording and changes and I just want to be sure that that gets into the packet. So maybe a few options, if corp counsel can give us a couple options with it.

CHAIRMAN RICE: What I was -- let's separate the two for a second. What I was asking from Mr. Craddick was a factual report for us to review.

In terms of implementation, I think that might be another issue.

Okay. I'm going to leave ethics last because we may need to have executive session.

MR. FUKUSHIMA: Can I make a comment about that, about the ethics?

CHAIRMAN RICE: Would you like to deal with that now?

MR. FUKUSHIMA: If I may, Mr. Chairman. There was a request by the ethics -- Board of Ethics to meet with three members of the board and to -- and there

was a request for certain information. Upon further consideration, I don't believe there is any action that this board has to take with respect to this inquiry by the Board of Ethics. It's directed to three members or they're asking to interview three members. There is a question about one of the members' participation in the negotiations with the Joint Source Venture.

Because this item deals with one of the board members, I don't believe that this inquiry or the information that's being supplied to the Board of Ethics needs approval from the rest of the board. It's merely a factual recitation of what occurred. So I don't believe there is any action required by the board, but it is for the board's information.

CHAIRMAN RICE: Okay. All right. I'm going to move on. Any other comments, any questions?

MR. STARR: I do have a question with that. The document that we were made aware of, is that in the public domain or is that confidential?

MR. FUKUSHIMA: What document are you referring to?

MR. STARR: There was something in our packet today, and the request for it as well.

MR. FUKUSHIMA: I don't particularly think that it's private.

CHAIRMAN RICE: Okay. Appointment of committees. I guess before I get into the appointment of committees, let me say this. The reason that committees are needed is to help keep our meetings at a reasonable time frame, to help the other board members learn about an issue that's being raised by having a small number of board members do the research and communicate it to the rest of the board so that might help in making decisions. And also so that we can -- in the near future I think we have a lot of very important items to deal with for this board. And so I think if we try to do them all as a group

together, we might get bogged down and everybody has a lot of other work to do. So those are the reasons for the committees.

The committee is simply a fact-finding group of the board. Decisions are made by the board in all cases. So representations otherwise are confusing to the public and to everybody else. So we all understand that, I think. I just thought I wanted to make it clear that when we do all this work and we make recommendations, it still needs the board's approval and it shouldn't be looked at as a rubber stamp. And if you have questions, you should feel free to ask them.

What I did today with some of the issues that were on the agenda, I'm going to try to do -- and if we can take the issues off the agenda and we can deal with them without controversy or without a lot of questions or research, then we should deal with them. The advantageous part of that is that the public gets questions answered and the staff gets questions answered more quickly. And Board Member Hiranaga expressed to me some concerns about things taking a while. And I know things take a while. And I'm going to meet with Fran between now and the next meeting and try and dredge up every little request that we ever had that we didn't act on that's sitting out there. And I know some of them I've gotten some recent correspondence from the public about certain things. So I want to try to clean up a lot of that stuff.

Now, having said all that -- and I've tried to give a lot of thought to this. One of the committees that I think is really legitimately a standing committee -- I shouldn't say legitimately because I think they're all legitimate, but is an important standing committee is Finance and Capital Improvements. And while we had two separate committees, we always kind of met together. So I think that the -- at this point the Finance/Capital Improvements committee will be co-chaired by myself and Mr. Nakamura, with the intention that the Chair will back out of that committee assignment once we look at who the new appointee is.

MR. CRADDICK: Peter, could I get some clarification on this, just to make sure we're understanding each other.

CHAIRMAN RICE: That's always a good thing, Mr. Craddick.

MR. CRADDICK: Okay. In the money process, there is appropriation with the budget, encumbering by signing a contract, and expending the money while you're doing the job that's an ongoing job. And I'm quite certain you don't want to be approving each expenditure.

CHAIRMAN RICE: Okay, you're reading this resolution. Might I say that I'm not sure we're going to actually pass this particular resolution today. I want to outline -- I tried to outline in general terms what I thought the duties of the committees would be and I think that it probably needs a little work yet. So let's don't get bogged down on that at this point.

The Committee of the Whole is the Committee of the Whole and I think it's traditionally chaired by the vice chair. So Mr. Nakamura has additional duties.

Legal and Public Relations committee, it's kind of -- we had Legal and I think to the extent that the legislature is in session and there is legislation pending or being proposed or that we would like to propose, that that is an important committee. Outside of that, I think we don't do any public relations from a board standpoint. I know that the department does and I think my intention in requesting the presentation we had this morning was to understand more about what public relations kinds of things we do and educate the public as to what the board intends and wants to do I think is important. So Clark Hashimoto co-chair with Adolph Helm, and I think it's important that Adolph is part of that committee because he's our Molokai man.

Rules committee, very, very important committee, and I've spoken about this before, the co-chairs being Mike Nobriga and Orlando Tagorda. And

as I said, I think everything I said to the mayor is pretty much indicative of how I feel about the rules and I think you guys need to be the expert for the board on the rules. Not that anyone else shouldn't know the rules, but I think you guys are going to be our eyes and ears and to the extent that we need changes, let's propose them and let's hold the mayor to his word in terms of support.

If there happens to be a particularly onerous issue that needs more immediate attention, I would certainly expect you guys to bring that to us in a more immediate nature. Enough said.

Water Use and Development Committee, I'm going to ask Kent Hiranaga to chair that committee. And Jonathan was previously working with Ellen on that. And the committee that I don't have on here is Operations Review Committee which I want to keep and I want Jonathan to be the chair of that committee.

So having identified the chairs and co-chairs, what I would ask you to do is to come back to the next meeting and report to the board as to who your committee members will be. I don't want to assign committee members. I think -- we certainly can't have a committee of one and there are other people interested in helping serve on the committees and the chairs will be contacting you and asking for your assistance.

MR. FUKUSHIMA: Excuse me, Mr. Chairman. Do you want the board to approve a list of committees and committee chairmans at this meeting?

CHAIRMAN RICE: I don't know that -- well, I'm going to defer to your advice, but I believe that the appointment of committees is at the will of the Chair.

MR. FUKUSHIMA: The rules say that the board chair does appoint the committee or chairman. However, it is with the approval of the board by a majority.

CHAIRMAN RICE: So it says that the approval of the entire committee.

MR. FUKUSHIMA: No, approval of the chairs.

CHAIRMAN RICE: Chairs. Okay. So we can take action on that at this point.

MR. STARR: I have a question. Mr. Hiranaga's committee, that's going to be more a planning committee, really, dealing with the water use and development plan?

CHAIRMAN RICE: Right.

MR. STARR: We still have outstanding the strategic plan which Mr. Nakamura was heading. Will that be a separate committee or will that be combined into this new planning committee?

CHAIRMAN RICE: Well, in my mind there are a lot of overlaps, almost the same to me. I think -- I don't really see the sense in that being separate -- Mr. Nakamura?

MR. NAKAMURA: I think the strategic planning committee was kind of an ad hoc committee that worked on that and I think if Kent has no objection to having to assume the responsibility for appropriate followup, that it would be a logical place for that to go.

CHAIRMAN RICE: Right. And I think it involves the overlap of the community plan and as the mayor spoke about whatever ideas he's going to appeal to us.

MR. STARR: And perhaps "planning" might be a better name so that then it becomes a larger umbrella.

CHAIRMAN RICE: I like that. Planning.

MR. HIRANAGA: No objection.

CHAIRMAN RICE: But in any event, I defer to the corp counsel. So if someone could move that those

committee chairs be appointed.

MR. NAKAMURA: Mr. Chairman, one quick question. Is it your intention that -- we have a lot of requests over time for either waivers or variances from rules. Is that -- is it the intention that that would go to the rules committee? Previously they were going to Mr. Nobriga, so-called oversight committee.

CHAIRMAN RICE: Well, I'm hoping, and I'm confident, that when the rules committee delves into all the rules and they make their recommendations for changes or additions or deletions to rules, that a predominance of those variance requests will cease. And my philosophy, and certainly my philosophy as to the operation of the board is that it's our decision, not my decision.

But for your information, my personal philosophy is that once we have established good rules, then we should expect people to adhere to the rules. And allowing variances generally speaking I think would not be a good thing. But given that we have some rule problems, I think we need to deal with the rules first.

MR. NAKAMURA: I think that's a very worthwhile goal. But in practicality, it's going to take a while to amend rules and so, you know, I think there is going to be an interim period where we'll continue to get these.

CHAIRMAN RICE: And then the rules and operations I'm going to count on to deal with a lot of that stuff. I think some of the issues that we get might be solved -- might, I don't know for sure, but might be solved as we work through the meter issuance issue upcountry. Because I'm not so sure that a lot of these requests aren't people trying to be creative in terms of how to get a meter or something. And I applaud them for those efforts, but we get bogged down in them, right? Mr. Starr.

MR. STARR: We need a motion which I would

like to make to accept the committee structure.

CHAIRMAN RICE: There is a motion.

MR. TAGORDA: Second.

CHAIRMAN RICE: And a second. Any other discussion?

MR. HIRANAGA: Clarification. Who is the vice chair for the planning committee?

CHAIRMAN RICE: There isn't one at this point. You're the chair and -- some committees have co-chairs and some have chairs.

MR. HIRANAGA: How many members per committee?

MR. FUKUSHIMA: I think, if I may, Mr. Chairman, that hasn't been determined yet. I believe the Chair is looking at the board members discussing among themselves who wants to participate on each committee and see how that works out. Hopefully there will be sufficient members interested in each committee to fill out that committee.

CHAIRMAN RICE: And if there is not, at the next meeting we'll deal with it. I think -- and the reason I like that method of proceeding is because I hope the committees become effective. And my philosophy is that you're going to join somebody's committee because you're interested and you're going to help make it effective. If I say you, you, and you are going to be on that committee, we might not be as effective.

MR. FUKUSHIMA: And if I may, Mr. Chairman, I also would believe that the minimum number on a committee would be three, and the max, nine.

CHAIRMAN RICE: Where the co-chairs were appointed, I know those guys get along very well. Okay. There is a motion and a second. Is there any other comment? Yes, Mr. Starr.

MR. STARR: Just to make a comment that I would like to invite any board members who would like to join my committee and can make meetings most of the time, to join it. And also make the statement that if any member comes to -- attends one of the meetings even if they're not a committee member, what they have to say will certainly be listened to and taken into account and they will be given most opportunity to participate.

CHAIRMAN RICE: Thank you. I think that should apply to all committees, actually. All in favor, say aye. Opposed, say nay. Motion is carried. Any public meetings held recently? Mr. Craddick?

MR. CRADDICK: The details of the resolution are going to be handled at another meeting.

CHAIRMAN RICE: Yeah, we need to work on that. I was a little bit late in getting the info to corp counsel. I apologize. And he will --

MR. STARR: I have a point of order. Can I have a committee meeting this month?

CHAIRMAN RICE: Yeah.

MR. FUKUSHIMA: I don't see why you couldn't.

MR. STARR: I mean, does the board have to acknowledge who the members are?

MR. FUKUSHIMA: The rules don't go into that. Just goes into the appointment of the chair. Of course, you could have the meeting, but remember to comply with Chapter 92, Sunshine Law.

MR. STARR: Okay.

CHAIRMAN RICE: Have your committee meetings. I expect that.

Mr. Craddick, you've got some good news for us? Or some news? Some information for us in public meetings?

MR. CRADDICK: I don't know. I did get one report. One public meeting at the Rotary Club. We got from the American Water Works Association an award here presented to the Maui Board of Water Supply for 50 years of support of the programs and goals of the American Water Work Association.

And one for the board's participation in the benchmarking clearinghouse founding member Maui Board of Water Supply, presented in recognition of leadership with the development of benchmarking services for water and wastewater utilities, and they wish us the best in our request for customer satisfaction through continuous quality improvement.

CHAIRMAN RICE: Okay. Are there any other issues to be brought up before the board at this time? I think we've covered everything on the agenda. Yes, sir, did I miss something?

MR. FREEDMAN: Hello, my name is Carl Freedman. I'm interested in knowing with the new committee structure, which committee will be reviewing the water use development contract that's before you in committee now and I think previously it was in operations and now you don't have a committee that may be seeing that.

CHAIRMAN RICE: Mr. Hiranaga.

MR. FREEDMAN: Does that have to wait until after the next board meeting or can that proceed immediately?

CHAIRMAN RICE: The board did not approve the contract, so nothing can proceed until -- we have to wait for them to have a committee meeting? No. Mr. Hiranaga can be brought up to speed and he can make a recommendation at the next meeting.

MR. FREEDMAN: So I should talk to him about it.

CHAIRMAN RICE: Thank you, Carl. Any other business to be brought up at this time?

MR. NOBRIGA: Troop 14, you guys have anything you want to talk to us about?

BOY SCOUT: We're learning about water.

CHAIRMAN RICE: Meeting is adjourned.

(WHEREUPON, the meeting was adjourned at 11:40 a.m.)

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