

County of Maui Water
Supply

BOARD OF WATER SUPPLY

COUNTY OF MAUI

FINANCE COMMITTEE

Held at the County Building, 6th Floor Conference
Room, Wailuku, Maui, Hawaii, commencing at 8:30 a.m.
on February 12, 2002.

REPORTED BY: LYNANN NICELY, RPR/RMR/CSR #354

IWADO COURT REPORTERS, INC.

A P P E A R A N C E S

COMMITTEE MEMBERS:

Howard Nakamura, Chairman

Mike Nobriga

Peter Rice

Kent Hiranaga

BOARD MEMBERS:

Jonathan Starr

STAFF PRESENT:

George Tengan, Deputy Director

Herb Kogasaka, Chief Engineer

Herb Chang, Engineer

Wendy Taomoto, Engineer

Mike Quinn, Chief Financial Officer

Ed Kushi, Corporation Counsel

Ellen Kraftsow

Fran Nago, Board Secretary

CHAIRMAN NAKAMURA: It's 8:30 in the morning

by my watch. This is a Finance Committee meeting of the Board of Water Supply, County of Maui, Tuesday, February 12, 2002. We're meeting in the 6th floor conference room of the County Building.

We have in attendance committee members Mike Nobriga, Peter Rice, and Kent Hiranaga and myself, Chair Howard Nakamura. Also in attendance is board member Jonathan Starr. Welcome back, Mr. Starr. And Deputy Corporation Counsel Ed Kushi, Jr., Deputy Director George Tengan, and others that would be duly noted by the board secretary.

I would like to mention that our director's father recently passed away and he's not here and I'm sure we all extend our condolences and we would like to put that on the record that the committee extends its condolences to the director on the loss of his father.

There have been some minutes circulated. We have the minutes of the meeting of November 3, 2001 and December 19, 2001 and January 9, 2002. What is your pleasure, gentlemen, on the minutes?

MR. NOBRIGA: Move to receive the minutes

after 30 days review. If there are no corrections,
additions, deletions, they should be filed.

MR. RICE: Second.

CHAIRMAN NAKAMURA: Seconded by Mr. Rice. Any
comments, questions? All those in favor, say aye.

[A chorus of ayes.]

CHAIRMAN NAKAMURA: Opposed?

[No response.]

CHAIRMAN NAKAMURA: Motion is carried.

Minutes will be placed on file for a 30-day review

period.

MR. STARR: Mr. Chair?

CHAIRMAN NAKAMURA: Mr. Starr.

MR. STARR: I have a point of order. This meeting was agenda'd for another location, not just, you know, in another room, but actually in another town. And I just wanted to ask corp counsel whether it's proper for it to be conducted or whether that would invalidate the notification process under Sunshine Law. I believe the change of venue was made on a very last minute basis.

CHAIRMAN NAKAMURA: Mr. Corporation Counsel?

MR. KUSHI: Mr. Chair, my understanding is a request from the department came up to our office. Two of the attorneys responded to the request from the department. The question was whether or not -- where should the board be meeting. And I think this was initiated, as you all recall, pursuant to a member of the public, Councilman Carroll's concern about the accessibility of the Wells Street building.

In any event, the charter does say specifically that boards and commissions -- and our

interpretation is that boards and commissions that are created by the charter shall meet in the county building or any other publicly owned facility.

That being the case, our understanding was that the department was going to try and lease or rent a private facility in the Kahului Shopping Center.

The attorneys in our office did respond to the memo in saying that we should meet in this building.

That's where it is right now.

In terms of the Sunshine Law, I know the agenda was posted, duly posted, I'm assuming. The

change of venue or change of location, to me as long
as the parties are notified, everybody on the agenda
is notified, but more so that efforts are made to
notify the public by media, and also I also advised
the staff to have somebody down at the Kahului
Shopping Center now in case members of the public show
up and expect to attend the meeting. So I think the
procedures that the staff took and are taking would
comply for this meeting.

CHAIRMAN NAKAMURA: Thank you, Mr. Corporation

Counsel. Any other questions or comments? If not, we'll move to Item IV, testimony from the public. We would receive testimony from any member of the public who wishes to speak on a matter before the committee or on any matter that they may so choose. If you are desiring to testify on a matter which is on the agenda, you can choose to testify at this time or you can choose to testify when the matter comes up on the agenda. Is there any testimony from the public? No?

Okay.

Let's move on with the agenda, V, Committee

Discussion/Possible Action. The first item on the agenda is the request from the Department of Hawaiian Home Lands to revise the Water Credit Agreement. I think there has been a little bit of confusion on this request. But before we get into the request specifically, I believe that there are a lot of new members, myself included, who really don't have a good background regarding the relationship between the Department of Hawaiian Home Lands on its various projects. So I wonder if, with your indulgence, I would like to ask the Deputy Director if he could

maybe give us a little bit of background on some of these projects.

MR. TENGAN: Our relationship with the Department of Hawaiian Homes goes back as far as I know back to the days of when Miss Billie Beamer was director. We worked closely with the department in getting cooperation from Hawaiian Homes as far as getting water for the Molokai system. Currently we serve as backup for each other. Hawaiian Homes has their own water system and we have a water system close by. So whenever we run into problems, all we

need to do is call Hawaiian Homes and they will provide the backup as necessary out on Molokai.

More recently we've been working with and we have worked with Hawaiian Homes regarding the Kahakapau project which provides a hundred million gallons of water storage on the Upper Kula line, the Lower Kula water treatment plant, and the Lower Kula reservoir. The department has been -- was instrumental in getting the appropriations necessary for this project.

The Kahakapau, we haven't heard much about it recently, but about three or four years ago we were having some problems with some of the lessees within the subdivision there and we worked closely with Daniel Wyatt, who is deceased now, but he helped us to work with the lessees that were not paying their water bills in that area. And as I stated, in Molokai we worked closely with them and more recently or most recently we've worked with the Department of Hawaiian Homes in the use of the drilling rig to drill monitor wells on Molokai and Keokea.

So as you can see, whenever it's necessary, they have a close working relationship with the Department of Hawaiian Homes and we cooperate as much as we can. We cooperate as much as we can with each other.

CHAIRMAN NAKAMURA: Okay. Any of the committee members have any questions to George about some of this background?

George, can you amplify a little bit more on the involvement regarding the Kula lands? You mentioned Kahakupau and Lower Kula. You're saying

that the Department of Hawaiian Home Lands assisted us
in working with the legislature to get state funding
for these projects, is that what the --

MR. TENGAN: Yes. And these projects were put
in with the intent of providing water to the Keokea
development that is being opened now.

CHAIRMAN NAKAMURA: So the specific projects
were what?

MR. TENGAN: Kahakupau, Lower Kula treatment
plant, and Lower Kula reservoir.

CHAIRMAN NAKAMURA: Okay. So the storage --

the two reservoirs total how much storage?

MR. TENGAN: Kahakapau is a hundred million gallons. Under the current construction plans, that water will not be able to get to the subdivision, but eventually for reasons maybe made within the water system to get water out there. I'm not an engineer, I don't know how we would do that. But it could be done, I assume.

The Lower Kula treatment plant was -- as you probably know, we're not -- it's not being used to

capacity or -- without the Hawaiian Homes development in mind, the treatment plant could have been built I'm sure with a lower capacity. I believe we can run up to seven or eight million gallons per day from the treatment plant. We're currently running on an average of about four to five million gallons a day. So to service the subdivision, I was taking into consideration when the plant was designed.

CHAIRMAN NAKAMURA: Okay. Thank you, George.

Any other questions? Okay. Mr. Soon, I wonder if from your perspective you could also let us know what

the projects you're planning up in the upcountry area
are and what your needs are and how you anticipate
working with us, if you don't mind, just as a general
background.

MR. SOON: In fact, if I can just add a bit to
what the deputy director said. I think the
relationship has been a supportive one over the years.
I've been at the department for 12 years now. And
overall I think it's been a good relationship. Like
any developer, we're always looking to build a system
as efficiently as possible and sometimes that perhaps

is in Department of Water Supply's minds cutting some corners. So there is often some tension as to exactly what improvements you put in and what works and what doesn't work. In the end, they're the regulators and we typically yield to them, but that doesn't mean we don't go in and aggressively state our case. And so on occasion I think we haven't always agreed. But I think the relationship has been a good one.

As for the distant future, we are right now designing, hopefully shortly breaking ground, on a farm lot project in Keokea which is the second half of

the Kula home site project that comes under the Water Credit Agreement that we previously discussed. That's -- 68 leases are out and I think -- what's the total? Total number of lots, 75 lots up there. But 68 already have leases.

We expect to -- we in fact have an RFP out right now for another project in Waiehu. As you may recall in Waiehu we had a small 48-unit project about 10 years ago. We added another 108 units in the last couple of years and we're going to add hopefully

somewhere in the order of another 50 or so in the next year. The RFP is out, we'll break ground easily by June, and hopefully have people in homes a year thereafter.

We're looking seriously at some of the lands that Brewer is selling right now. They cut up a lot of it and so the price was more expensive than I think any of us was interested in. But there is some larger pieces that are still available and if we get those, then that will mean more development in the Waiehu/Waihee area.

Other pieces of property that we have on this island are in -- are really in very large pieces and not likely that we'll proceed with development in the near future. A thousand acres in Lahaina, 700 acres in Puunene, 700 acres in Hana.

The rest of our holdings -- Kula is problematic because Kula doesn't have enough water and we did drill a well searching for some water up in -- up above Pookela and we went down pretty far, 6,900 feet, and we got very, very little fresh water.

That's not to say another couple of holes might find

some high level water, but we certainly didn't. It was discouraging. And the cost of drilling a hole, I'm not sure when we're going to do that, take that chance.

Molokai, we probably have done the extent of the residential development we're going to do for now. There is quite a bit of vacant residential lots available and we don't see pushing ahead with any more. We do, however, see pushing ahead on some agriculture. But that shouldn't affect you. That water will come off of [inaudible] stream or will come

out of the MIS. And we provide our own residential water on Molokai.

Lanai, we are breaking ground shortly on a 35-unit subdivision. It's our first subdivision on Lanai. We got a 50-acre piece from Castle & Cooke in fact through the good work of the county. And we are going to break ground on 35 lots there shortly.

That's really what we know for sure. I think if the picture with the sugar industry changes and Puunene becomes more available, we may do something

there. That's not on the horizon. We have quite a bit of demand on Maui and we would like to build to it. But we don't have enough demand that we would take a 700-acre tenant or Lahaina, a 1,000-acre tenant and take them off to do 50 units here, 60 units there.

We did make an offer on the hundred lots at Leialii to [inaudible], the ones that have already been built. I don't think that's going to go anywhere. They want to recover costs and the costs are way above market and it's tied up in the ceded land revenue questions with OHA. So I don't think

that's going to proceed.

That gives you a picture of where we're at.

CHAIRMAN NAKAMURA: Okay. Any questions to

Mr. Soon on this -- some of these general issues that

he's identified? So you also have that existing

project, the residential project in Kula that you

called Waiohuli, is that it?

MR. SOON: That's right.

CHAIRMAN NAKAMURA: And that is how many lots?

MR. SOON: Three hundred and thirty or twenty.

CHAIRMAN NAKAMURA: And those have all been

assigned?

MR. SOON: No , not all of them, but about
290, 298. Almost all. 298.

CHAIRMAN NAKAMURA: So these are the -- these
are the beneficiaries that would be coming in for
meters in the foreseeable future.

MR. SOON: Correct.

CHAIRMAN NAKAMURA: They would be coming in
individually or --

MR. SOON: They will come in individually. We
have two ways of developing property. We act as

master developer in some cases as we did at Waiehu and we build the homes and we sell the homes to homesteaders. In other cases, we finish lots and we distribute vacant lots and people have the responsibility then to build their own homes.

Most of those in the second category really are a product of an effort in the middle '80s when Arioshi was leaving office and what he did was he distributed paper lots. We call them accelerated lots. They were accelerated distribution. We have

been trying now since then, so 15 or 16 years, to get the money to build the infrastructure to finish the lots. But people have leases. So in those cases, they receive a finished lot and they have the responsibility to build their own home. They do it on their own timetable, but they really have a year, maybe two years with some flexibility from the commission, to build their home after the infrastructure is completed. And the infrastructure shortly will be fully permitted to proceed. So essentially two years from now those 298 lessees have

a responsibility to build.

Our experience, however, is that people don't proceed at that quick a pace and I would expect that the demand will be more on the order of half to three-quarters of that over the next two years. It will take maybe closer to five years to build out that subdivision.

CHAIRMAN NAKAMURA: And the Keokea lots, that subdivision has been approved or you're in the process of --

MR. SOON: We're in the process of design.

But we're pretty far along. And that demand has been strong. We have a lot of people who are ready right now to get on and they're pushing us and we're pushing our engineers to try and get that done as quickly as possible.

CHAIRMAN NAKAMURA: Okay. Again, I think that's been very helpful at least to me. Any questions? Mr. Starr?

MR. STARR: Yes. I know there is a lot of people anxious to get on to the 290 lots. At the current time, what is the status, what if anything

will prevent somebody from being able to go and begin building their home?

MR. SOON: That's a good question. The last time I visited with you in the full board, you gave your approval to a final subdivision with the condition really that we cooperate on the construction of a 1,000-foot line. And we're proceeding on that.

That approval on your part was important. We also had a historic preservation requirement that we had to address. Both have been completed last week

Friday. Thursday, Friday we received final subdivision from LUCA. And the mayor very generously has said that in fact if people want to pull their permits, then he will use the final subdivision map as the base map to provide permits so people can proceed.

Typically what would happen is the final subdivision would go to the Bureau of Conveyances and be assigned TMKs, et cetera, before you got permits, the County has been willing to push the envelope on that so people can get --

MR. STARR: So people can get permits and they

can build?

MR. SOON: They can build.

MR. STARR: Congratulations.

MR. SOON: Thank you. It took the
cooperation.

CHAIRMAN NAKAMURA: Okay. Any other
questions? Okay. The issue before the committee at
this time, although we've taken a little while to get
to it -- thank you for your patience -- has to do with
the request to revise the Water Credit Agreement to
permit the credits for the county's share of the

1,000-foot line. Is that correct, Mr. Soon? That's my understanding.

MR. SOON: Yeah, let me talk about that for a bit. I think I would like you to step back and I would like you to be clear on what we're looking for so that you're not uncertain as to what we want. The Water Credit Agreement that we all signed in '97 allowed us 500,000 gallons per day commitment from the County as well as it said that both our transmission and our storage components of the facilities charge were satisfied. However, there was no credit at all

for the source and I can understand that, we weren't building any source.

There is also a \$1,561,000 approximately water credit for future Maui projects or for other Maui projects, not for this one. And that was fine. Now we fast forward -- oh, I'm sorry, also within a very short period thereafter, we had two other agreements, one was to extend an offsite line an extra distance and also to increase the capacity from 6 inches to 8 inches. Both of those were to in fact assist with the

Board of Water Supply's satisfaction of demand off of Hawaiian Home Lands. And in exchange, Board of Water Supply, Department of Water Supply agreed to pay for the increase in costs, which is fine. And I think that total credit is \$98,000 between those two credits.

We come up to last December when the department felt it was necessary to add an extra 1,000-foot line. And in our negotiation, what we agreed to and brought to your consideration was to split the cost of that. And that cost will be

somewhere on the order of \$200,000 -- \$330,000 total,
so maybe \$160,000. So if you add those three cash
credits, that is where you would end up paying us
money back, comes to about \$250,000. So we have a
\$1.5 million credit created by the improvements we put
into Kula, and about a \$250,000 credit cash back to us
from the Board of Water Supply. What we were
searching for was again first to try and figure out a
way to create our source -- what we want to do is we
want to pay our source component and we want to do it

through credits. And the easiest way to do that is to take that first \$1.5 million credit that is available for other projects, amend the water agreement to say that it's available for this and other projects. That way we can use that money for source. And David's uncomfortable with that because that sets a precedent that he's not comfortable with.

The other way to do it is to take those three cash credits essentially, which would be money you would be paying us, and just use that for source. Either way would work for us.

What we asked for, and, you know, that would help in a couple of ways. That would clearly set up a -- I'm sorry, in the second instant, which is take the cash credits, would allow us to document everything in a more consistent manner and would allow one source of money that the Department of Water Supply could go to. It also means that you don't have to come out of pocket with money. So we thought we were helping you there and we thought we were creating this account that we could go to.

Again, though, the easiest way to do it and it's the way we first tried to do it and which is really the question before you, is just to amend the original water agreement that would allow the \$1.5 million credit to be used on this project.

A couple of weeks ago Howard called me and asked me if we wanted to still amend the water agreement and I apologize, however, I'm sure over the phone I was less clear than I am today. And he suggested I come in and we talk about it. At the time the only thing I really wanted to do was amend the

water agreement. My staff has convinced me that the other method of doing this could work, too. And it really is however you would prefer to approach it.

I think that when your water fees go up, the \$250,000 is not going to be enough so then we're going to have to find the money some place, whereas if we use the \$1.5 million, it's clearly enough money. If everybody came in for their water meters tomorrow, we can probably satisfy their need. But that's not going to happen. And you are going to raise your rates in

the not too distant future. And as I understand it, we cannot prepay that; the charge is the charge at the time of the application. So those rates are going to be higher. But to satisfy our initial need and our need right now, I think either method works for us and I'm suggesting to the board if you give us direction one way or the other what you would prefer, we'll work with the department to make it work.

CHAIRMAN NAKAMURA: I thought I understood this, but maybe I'm going backwards a little bit. Any questions from any of the board members or committee

members? Mr. Rice.

MR. RICE: I think you do understand it. When you explain it to me, it's the same way that Ray just explained it. I think I understand it and I would be a little hesitant to set a precedent in using the \$1.5 million for just opening it up to source credits. I think the other alternative number two where it's really cash that we would have to write you a check and then you would write us another check back, we might as well use that. I think that's a good solution. I'm sure I would be in favor of that --

supporting that.

CHAIRMAN NAKAMURA: Any other questions? What is the genesis of that \$1.5 million rate? I'm sorry.

MR. SOON: That comes from the 1997 agreement. What the credit is for are the improvements that we did both on and offsite for the water system. It's the water system that we're turning over to you.

CHAIRMAN NAKAMURA: But that was not source improvements.

MR. SOON: That's correct. That's correct.

CHAIRMAN NAKAMURA: And so that's why that

agreement dealt with storage and transmission.

MR. SOON: That's correct.

CHAIRMAN NAKAMURA: But as Peter points out,
the second portion of it which totals, what did you
say --

MR. SOON: \$250,000. Roughly.

CHAIRMAN NAKAMURA: Roughly \$250,000, that is
money that we basically owe you.

MR. SOON: Correct.

CHAIRMAN NAKAMURA: For --

MR. SOON: For your share of the upgrades.

CHAIRMAN NAKAMURA: For our share of different improvements that have been made by you.

MR. SOON: That's correct.

CHAIRMAN NAKAMURA: On our behalf.

MR. SOON: That's correct.

CHAIRMAN NAKAMURA: Okay. So I guess then it's just a matter of the number. And again, I'm in agreement with Peter and that was my position coming in is that if we owe you cash, then we cut you a check, you know, you have the ability to send that

check back to us for whatever assessments we are imposing, whether it's transmission, storage, or source. And so it doesn't seem as though that would be an unreasonable position to take.

I don't know if the mechanism is to amend the source agreement -- the previous agreement because that may have been what started the confusion.

MR. SOON: I don't think it is. In fact, if the direction is to look at the cash portion, I think it's to write in the agreement. We have already two agreements, one for the extension and one for the

increase from 6 to 8 inches. We don't yet have a written agreement on the 1,000-foot line. I think it's a matter of writing a new agreement that consolidates the three. And we can work with the department to do that.

CHAIRMAN NAKAMURA: Herb.

MR. CHANG: I have a little time issue I want to figure out. Raymond just mentioned that we don't have an agreement for the 1,000-foot or whatever. Normally we pay after it's installed and usually done on 5-year payments. But the board can always change

that. But I think the more important one is that the 1,000-foot line, which is the bulk of the money, is not going to be put in the ground until a year maybe.

MR. SOON: Yeah. And you know, if we couldn't tap that credit until that was done, that would be fine. Because in the rest of it we have maybe 50 water meter credits. And, you know, if we surpass the 50, I'll be real happy and we'll find a way to pay that.

As I said, I don't think the \$250,000 is going

to satisfy all the need. I mean, at your new rates that's \$2,000 for each one. On source, that's, you know, that's only 125 meters. So we're going to have to find money anyway. And whether we find it at the end of the 1,000-foot line or before it's finished, we'll find it.

MR. RICE: I think, Mr. Chairman, what's important is we can agree on the concept and move forward so that if we're agreeing to use those credits, cash credits for their source portion, then they, as Ray says, at least some people can start

right now and as the other numbers come together, it's going to take a while to get the agreement drafted anyway.

CHAIRMAN NAKAMURA: Okay. Is that a motion,

Mr. Rice?

MR. RICE: I would so move that we proceed to recommend to the full board the Option 2 where we transfer cash credits to source credits and begin to work out the agreements necessary for the 1,000-foot line.

CHAIRMAN NAKAMURA: Do I hear a second?

MR. NOBRIGA: Second.

CHAIRMAN NAKAMURA: It's been seconded.

Mr. Corporation Counsel?

MR. KUSHI: Mr. Chair, may I ask Mr. Soon, my

understanding of these credits, the second credit

section, is it true that it resulted as a compromise

between the department and your department?

MR. SOON: That's correct.

MR. KUSHI: In terms of the line, the

capacity?

MR. SOON: On the 1,000-foot.

MR. KUSHI: Right.

MR. SOON: That's correct.

MR. KUSHI: So if we settle this, the board settles this, it would settle this dispute?

MR. SOON: I mean, I think philosophically it's settled in our mind. I think philosophically it was settled when we came before the board and the board --

MR. KUSHI: So there will be no remaining outstanding issue.

MR. SOON: Not concerning those issues, no.

CHAIRMAN NAKAMURA: Okay. Any other

questions, comments before the question? All those in

favor, say aye.

[A chorus of ayes.]

CHAIRMAN NAKAMURA: Opposed?

[No response.]

CHAIRMAN NAKAMURA: Motion is carried. So we

will work with perhaps Mr. Kushi and the staff and

yourself, Ray, to put this into a final document. And

thank you, we appreciate your patience, we appreciate

your assisting us in clearing up what I think has been
a somewhat confusing issue.

MR. SOON: Thank you very much.

CHAIRMAN NAKAMURA: Thanks. Okay. Let's move
on with the agenda. Item B, Director 02-02, request
approval for \$200,000 contract with the Tri-Isle
Resource Conservation & Development Council, Inc., for
containment of miconia. Is there anyone here from the
Tri-Isle Resource Conservation & Development Council?

MR. VARNES: Yes.

CHAIRMAN NAKAMURA: Could you perhaps come

forward?

MR. VARNS: I'm Nathan Varns. I'm the

coordinator with Tri-Isle Resource Conservation &

Development. And our request I guess has been heard

several times, I know it was brought up at the last

meeting, and we're requesting \$200,000 to continue the

miconia eradication effort. And we've submitted --

there is a fairly detailed narrative of what has been

done in the request and what we're proposing to do in

the coming year with that.

We work with the Maui Invasive Species

Committee on the eradication of miconia and Jack

Peterson, who is the project director with Maui

Invasive Species Committee is also here. And so

between us, we would like to address any questions

about how the money has been used or will be used and

any other concerns you have about how the effort is

going against miconia.

CHAIRMAN NAKAMURA: Okay, thank you. Before I

open up for questions, Mike, this \$200,000 is

appropriated in the budget, is that correct, in the

current year's project?

MR. QUINN: Yes, under the watershed portion of professional services in the current budget, \$200,000 is appropriated.

CHAIRMAN NAKAMURA: Okay. Thank you. Any questions by members of the committee regarding the miconia project and the request for release of the \$200,000? Mr. Rice?

MR. RICE: I thought one of the issues with this was in the -- it wasn't so much the request for the \$200,000 because it's budgeted for the concept of

containment of the miconia, but the way you had listed your request it appeared that there was a purchase of vehicles involved in it and that was I think of some concern at the time.

CHAIRMAN NAKAMURA: Ellen?

MS. KRAFTSOW: Dave had me make a change to page 2 which I guess would go out with your full board agenda. But on page 2 where you see the \$45,000 for equipment including a car, the change has it be \$25,000 for a car and the other \$20,000 for equipment

and all reference to the large format print are taken out.

CHAIRMAN NAKAMURA: Okay. Any other questions?

MR. RICE: I guess the concern was is that typical of our funding that -- who is the vehicle for?

MS. KRAFTSOW: For the crews to go up into the watershed.

MR. RICE: Who is going to own the vehicle?

MS. KRAFTSOW: It will revert back to us after the project, but in the meantime it will be owned by

the [inaudible].

MR. RICE: So Tri-Isle Resource Conservation & Development Council will be the owner of the vehicle?

MR. PETERSON: If I could help, actually the monies are routed through the University of Hawaii, so it will be registered by the state, owned by the University of Hawaii.

MR. RICE: Then at the end of the project we get the vehicle back?

MS. KRAFTSOW: Yeah. Assuming there is an end to the project.

MR. RICE: Assuming there is a vehicle to get back. Is that typical of this kind of a --

MS. KRAFTSOW: No, but the situation is miconia is such an emergency and they needed the vehicle to do the work, so.

MR. RICE: I can understand that. Is that the right way to do the vehicle?

MR. QUINN: This is a first. If we do go that route, we have had a lot of success with these government -- what do they call them -- surplus vehicles. We've gotten some very good vehicles for

\$10,000, \$7,000.

MR. RICE: That's kind of what I'm thinking, too. And maybe if we can get a vehicle for \$10,000 that does the job, I would rather see the money spent on the miconia eradication and containment.

MR. PETERSON: Might I briefly just provide briefly some background and put this in context? My name is Jack Peterson. I'm the coordinator for the Maui Invasive Species Committee. And we want to thank you guys -- I want to give these to you guys, too,

because I never want to pass up the opportunity for a good chance at education. This is our -- came hot off the press about three or four weeks ago, to help you appreciate the scale of the problem and it's going to be with you all. This watershed is definitely impacted. I have maps here for anybody that would like to see maps showing the area of helicopter work, maps showing distribution of miconia in the watershed, maps showing even groundwork that's been done. I do, if anybody is interested later, I do have large-scale maps which are essential in our work, too.

But we've got a real budget crunch and you guys have come through and stepped up to the plate and actually proportionately offered more money than both the state and the federal government to this point and it's really a big help. This money that you folks are going to be giving us hopefully along with the money that's going through the Office of Economic Development is allowing us to about triple our helicopter operations which is essential on this thing. The growth curve on this thing, the dynamics of the spread of this invasive pest in the watershed

is a very geometric kind of thing and the window of opportunity is only about five years here. The experts up at the park, Dr. Lloyd Luke, Dr. [inaudible] and so forth have told us if we don't contain and slow this thing down, it's basically spreading at an explosive rate right now. If we don't stop it within the next five years, we won't be able to. It's going to drastically affect the quality of the watershed. The understory will be basically destroyed. It will just be dirt, it will look like a thousand pigs are running around in every acre. And

there is all kinds of problems that will result from
that.

But in any event, your assistance is going to
be very helpful. We have in the last month had to
cancel I think five full days of helicopter control
operations because of a money crunch here. It's a
cash flow problem, the money is not coming through.
But more importantly than the vehicle is just that we
do get the monies moved through. It's kind of a
flowering season right now, a lot of trees out there

especially in the Hana area are flowering and going to seed very quickly.

The vehicle thing, we would prefer to find a used vehicle, late model vehicle in good shape. That would be great. It makes more sense economically.

But the reason I think -- we only listed \$25,000

initially because we have a problem, our money goes through the university and to purchase a money through the university purchase order process usually takes up to two months. We have to get approval for the vehicle and then we have to get purchase order

approval, et cetera, and when we've got a used vehicle sitting there on a lot out here, by the time two months rolls around and we've finally got our money, he has already sold it to somebody else. That's why we put that in. But the last vehicle we bought, we bought a crew cab, a four-wheel-drive crew cab. We sent out letters to 28 different vendors on both Maui and Oahu to get the quotes and we found one vehicle, a used vehicle, and the guy was able to hold it down here at Truck City for the two months. It was an ordeal for him and we did get it. But that's not so

important. We'll work out the vehicle problems with whatever you decide you're willing to fund budget for the vehicle. That's not the main thing. The main thing is that we get these other funds to increase the helicopter operations and get moving again on miconia.

MR. RICE: Mr. Chairman, I don't want to give anyone the wrong impression about our desire to help you because there isn't any hesitation. It was just a question about the vehicle, quite honestly, I think.

So we're convinced that the money needs to be spent, so that's not the issue. So maybe, Mike, if you've

got a pipeline to a vehicle, maybe we can --

MR. QUINN: Is the vehicle absolutely essential to this deal?

MR. VARNS: We're kind of short right now. We bought -- when we initially started the project, we bought two used vehicles from the national park, one for \$8,000, a Ford Bronco, and one for \$6,500, I think a van, and we've already put about that much money into the Bronco on various problems. It's served us well, but the used vehicles are -- and so we're a

little bit limited right now.

MR. QUINN: So how many vehicles do you have
now?

MR. VARNS: We've got three. Those, and then
we purchased a new Chevy 4 X 4. We've got a crew --
we've got a crew of 12 right now and then with the
emergency environmental work force that we're
administering right now, we have an additional 12
people. So we actually have about 24 people working
right now. And we're limited right now, we've got
some -- we're doing some work out in the Hana area on

that infestation. We would rather get down to more peripheral areas which are more important, but we've got a vehicle problem, we don't have the proper -- unless we're going to fill the bed of the truck up with a bunch of guys sitting there, which is a little bit risky going down Hana Highway with a bed full of guys --

MR. QUINN: I was just thinking it would be better to allocate that money towards the helicopter. You said you've been short on the helicopter side of the eradication process and that's actually a key

element, isn't it, to the --

MR. VARNS: Yeah. We have the money coming from the Office of Economic Development that will hopefully -- almost ready to sign --

MR. RICE: Maybe we can move forward on this subject to working out the vehicle thing because maybe a lease is easier and Mike may have something that we can get less expensively.

CHAIRMAN NAKAMURA: Because if time is a constraint, you know, we could possibly acquire it ourselves and lend it to you or lease it to you or

whatever. I'm sorry, Mr. Deputy Director.

MR. TENGAN: I just wanted to ask

Mr. Peterson, what's the process in dedicating a

vehicle to the university?

MR. PETERSON: The process?

MR. TENGAN: Of dedicating a vehicle to the
university for use.

MR. VARNS: I'm sorry, for our use?

MR. TENGAN: Yeah, giving a vehicle to the
university for your use. What's the process to do

that?

MR. VARNS: Well, it's pretty involved. They have to get -- first you have to get approval for the need for a vehicle and then the second step is you have to get that particular vehicle approved and then you have to submit -- this being a high ticket item, you've got to get approval of all the quotes and like I said, last time we had to send out 28 different requests for quotes. And then the purchase order is approved and then there is -- and then finally when you get the vehicle and it has to be registered, you

know, to get the title and so forth --

MR. TENGAN: My question is more like if we were to go out and acquire a vehicle and look at our need for a vehicle that we could give to you, what's the process in getting the vehicle over to you?

MR. VARNS: Nothing. We are sort of an informal partnership of 15 different agencies, state, county, federal and private, and we can do -- we sometimes borrow a vehicle from the Nature Conservancy. We would just use it.

MR. RICE: And insure it.

MR. TENGAN: Well, we'd like to -- what I'm thinking is if we wanted to get a vehicle, we could acquire that vehicle and turn it over to you and you accept ownership to the vehicle and all liabilities that are related to the vehicle

MR. VARNS: That would be probably a little more involved because of the -- right now all of the insurance on all of our vehicles is carried by the state, the university. We're not set up yet as a nonprofit organization, but that's in the works and that will be happening soon. So actually, sir, I

would have to look into that to see how we could take that vehicle and as you originally asked, you know, dedicate it through the university if they were going to carry the umbrella coverage on that.

MR. TENGAN: Mr. Chair, I would suggest that we keep this alternative as an option and look into the question of insurance on the vehicle if we were to dedicate one to them.

CHAIRMAN NAKAMURA: I think that's a good approach. We should -- it may save you time and it

may make it more logical from our perspective.

MR. VARNS: We would be perfectly happy with that if then we took that vehicle money and put it toward the helicopter work as you folks had mentioned. That could work.

MR. RICE: Mr. Chairman, I make a motion we move forward with the recommendation of approval of the \$200,000 contract subject to us working out the vehicle thing.

MR. NOBRIGA: Second.

CHAIRMAN NAKAMURA: It's been moved and

seconded. I have one quick question before we take a vote. On this \$481,000 from other sources, is that all cash or is that a combination of cash and in kind services?

MR. VARNS: Jack, you know a little bit more about that. We don't handle all the money through Tri-Isle and so I know we have national park, Nature Conservancy. There is some in kind in there because there is a national park crew that has been of course working in their areas. So I don't know exactly --

CHAIRMAN NAKAMURA: I guess my point in asking

that question was that from what I've been reading,
this is becoming a greater and greater concern and as
I think you mentioned, you're nearing a point of no
return, if you will, and it seems as though there
might be a need to try to tap some other cash sources
and I don't know what those might be, but you know,
the county council, legislature, you know, other
sources that might be able to come up with big chunks
of cash. Because it seems that that's what you're
going to need. Mr. Quinn?

MR. QUINN: Mr. Chairman, if I could ask, how

much has the county contributed to this project?

MR. VARNS: This current fiscal year?

MR. QUINN: Well in total. Each year, fiscal
year.

MR. VARNS: Okay. Up until year, the county
-- like last year we had a CDBG grant that was
\$100,000. And the year before, the water department
had given \$100,000.

MR. QUINN: Because I show that we -- this
water department has contributed \$200,000 so far and

this will be another \$200,000.

MR. VARNS: That's right.

MR. QUINN: Are we the largest contributor to
the project?

MR. VARNS: So far, yes.

MR. QUINN: I just wanted to put that on the
record. Because I think there is some -- there is not
a clear understanding out there as to how much this
board has actually contributed to this effort and I
think there is even some thought in the county that
they have done more and we haven't done as much and I

think that's absolutely --

CHAIRMAN NAKAMURA: That was my concern, too, that if as you say we're one of the larger contributors to this effort, it seems as though there needs to be an concerted effort to go out and get some other people involved. It is apparently a very significant problem. Mr. Starr?

MR. STARR: Being an East Maui resident, I feel very strongly on this issue and I see it kind of creeping more and more toward my own area of Kaupo and that's scary. So I'm certainly very supportive of us

giving these funds. But I've gone on -- I've testified through a number of different bodies that the real funding for most of this project should be coming from another source. And in a perfect world, the water licenses which are awarded now on a month-to-month basis for, you know, the water taken from East Maui, they have been kept at a very, very low amount, about \$160,000 a year for over 165 million gallons per day of water use. And if those licenses were to be awarded not -- certainly not by us but by the state, by the land board, at a closer to market

value, then that would give the state certainly the funding necessary to maintain and protect the watershed. So to my mind, that's the correct way that the program should be funded. But it's not and so I know I'll certainly be happy to support the board again helping. I wish we were in a financial position to help more because it's needed and I just want to thank you for doing the hard work because I know how important it is and I wish you luck in the battle.

MR. VARNS: Thank you.

CHAIRMAN NAKAMURA: Okay. Any other questions

or comments? Ready for the question? All those in

favor, say aye.

[A chorus of ayes.]

CHAIRMAN NAKAMURA: Opposed?

[No response.]

CHAIRMAN NAKAMURA: Okay. The committee will

recommend approval of the \$200,000 to enter into a

contract with Tri-Isle Resource Conservation &

Development Council with the understanding that we'll

look at the car situation to see if the funds can't be

perhaps adjusted in such a way that you can have more money for your direct field operations.

MR. VARNS: Thank you.

CHAIRMAN NAKAMURA: Thank you for coming.

Moving on, Item C, Director 02-03. This is to request approval of \$30,000 for matching funds for USGS monitoring of streams in northeast Maui. Mr. Deputy Director?

MR. TENGAN: The department is requesting

funds for \$30,000 for [inaudible] program between the Board of Water Supply and USGS to fund the first year

of a two-and-a-half-year program between the Board,
State Water Commission and USGS to monitor and report
on the status of selected streams in East Maui. If
there is any questions, Ellen is here to address
those.

CHAIRMAN NAKAMURA: Okay, Ellen, do you have
anything you want to add?

MS. KRAFTSOW: I guess it would be just if
there are any questions about the purpose or the
proposal itself.

CHAIRMAN NAKAMURA: Okay. Mr. Quinn, this is

also a budgeted item.

MR. QUINN: Yes, under the current fiscal year 2002 budget, it's under the watershed protection portion of professional services. We appropriated \$30,000.

CHAIRMAN NAKAMURA: Okay. Any questions from members of the committee? I have one question. Ellen, is this in any way going to be helpful to us in the context of the East Maui EIS? Is there any relationship?

MS. KRAFTSOW: You know, I don't know the answer to that. It's a two-and-a-half-year study, though, and I'm going to try to probably get more baseflow data. But whether or not -- I mean, the EIS I'm hoping will be done in a shorter time frame than that.

CHAIRMAN NAKAMURA: So they identified the specific areas that they are going to be monitoring this first year?

MS. KRAFTSOW: They have identified areas that are candidates. I don't know if they finalized the

decision. They're working with the State Water Commission and EMI as well.

CHAIRMAN NAKAMURA: Okay. So the lead agency here is going to be USGS?

MS. KRAFTSOW: Yeah.

CHAIRMAN NAKAMURA: So our funds would be turned over to them.

MS. KRAFTSOW: Yeah.

CHAIRMAN NAKAMURA: Okay. I'm sorry, you have to -- my peripheral vision isn't very good. You're going to have to pound the table.

MR. STARR: I think once again this frankly should be a state-funded item, but, you know, I'm happy to support it since the state is not being proactive. What I believe this is is the beginning of the process of creating in stream flow standards. And that ultimately based on the Waiohole ditch decision, every stream in East Maui where there is water taken, which is just about all of them, by the ditch system, is going to have to be examined and then a decision made over how much water should be allowed to remain inside the stream for the ecology and the rights of

Native Hawaiians to be protected. And then based on that, the amount of water that can be taken by the ditch system can be judged. And that does affect us with the EIS. It's possible that the current version of the EIS will go through, but it will probably be contested over the years. And it's very much tied in with the in stream flow standards of the streams. So I do believe it's in our best interests to do it. But once again, it should be coming out of the income from the major water diversion of which we only get about 5

percent or so. But we're paying most of the

environmental costs.

CHAIRMAN NAKAMURA: Okay. Thank you. Ellen?

MS. KRAFTSOW: I don't know if somebody else

is more familiar with the agreement for the EIS, maybe

the active agreement to participate in this study may

have been a factor. But the state is also

contributing funds to this.

MR. RICE: Mr. Chairman, I move we recommend

approval.

MR. NOBRIGA: Second.

CHAIRMAN NAKAMURA: It's been moved and seconded that we recommend approval, the use of \$30,000 in matching funds for USGS monitoring of streams in northeast Maui. Any further discussion?

MR. NOBRIGA: Yeah, I think we're a couple years too late. Now it's still raining, they got more water than they had before. So your basal amount going to be higher than what we just came out of in drought, but we should go ahead with the study.

MR. RICE: It's going to be a multiyear study.

CHAIRMAN NAKAMURA: Okay. Any other comments

or questions? Thank you, Mr. Nobriga. Okay. If not,

all those in favor, say aye.

[A chorus of ayes.]

CHAIRMAN NAKAMURA: Opposed?

[No response.]

CHAIRMAN NAKAMURA: Motion is carried. Next

Item D, director 22-06. The Chair would like to

request that we defer this matter primarily because of

the fact that there are two new appraisals, one that

was requested by the department and the second that

was provided by the landowner and copies of the

appraisal were just received and I don't think it's really fair to the members of the committee to proceed without having an opportunity to review the appraisals.

Just as a matter of background, you will recall that this matter that had come before the board I think approximately a year ago. And the situation is that Mr. Yonahara's property has a major water line running through it. I believe it's the Lower Kula line, Upper Kula line, George, do you recall?

MR. TENGAN: Lower.

CHAIRMAN NAKAMURA: Lower Kula line running

through the property and there is no easement. He has

requested that he be compensated and that a formal

easement be granted. We did have an appraisal done.

Our appraisal was for approximately \$6,000. Initially

Mr. Yonahara was not too pleased with that appraisal.

We suggested that he get his own. However, he wanted

to get it resolved quickly and so he agreed to \$6,000

for the easement.

He apparently was under the impression that

the matter could be resolved quickly and that his

money could be obtained quickly. However, it took

from what I understand approximately a year to have

the necessary easement documents prepared and the

necessary title search conducted, at which time

Mr. Yonahara felt that the compensation was inadequate

given the delays.

And so the department initiated a new

appraisal because of the time that had elapsed.

Mr. Yonahara also went out and conducted his own

appraisal. Our appraisal is for approximately \$7,000.

His appraisal is for considerably more. And so he is

now coming back to the board to request the matter be

resolved or the matter be reopened and hopefully

resolved. So that's the background.

As I said, the appraisals have not been

provided to the committee members yet, so I would like

to ask Fran if we could do that and that we defer this

matter until the next committee meeting. Any problems

with that, committee members? Mr. Nobriga?

MR. NOBRIGA: Don't we have a mechanism for

arbitration in such matters or would it really need to come back to this body for reapproval since the intent of the transaction was already voted upon by the body?

CHAIRMAN NAKAMURA: I think we could request that we mediate the process. However, if the recommendations are that the amount to be paid to Mr. Yonahara in compensation for the easement is in excess of \$6,000, we would have to come back to the board because the board specifically approved the amount of \$6,000, as I recall. Is that right, Mike?

MR. QUINN: That's my understanding.

CHAIRMAN NAKAMURA: There are other

mechanisms, the most extreme being condemnation of the

easement, which --

MR. NOBRIGA: I have no objection.

CHAIRMAN NAKAMURA: Okay. So no objection,

we'll defer the matter. Okay.

Moving on, Item E, just very briefly, the

matter of Mr. Michel. At the last board meeting,

based on the report of the finance committee, the

staff was requested to prepare a work plan and cost

estimates to implement the necessary actions to comply with our obligations under the agreement. Do we have anything to report, Mr. Deputy Director?

MR. TENGAN: The only thing we have to report is the question of Mr. Michel's legal ability to grant the easement has come up and therefore it's been referred to corp counsel for research.

CHAIRMAN NAKAMURA: Okay. In addition to that, though, there are probably certain work items as I recall that we need to look at, I believe.

MR. RICE: Yeah, maybe we need to hear from

corp counsel as to the -- I know you just got into it,
but the magnitude of the potential problem.

MR. KUSHI: Well, Mr. Chair, Board Member Rice
is correct in saying I just got into it because I just
looked at the file yesterday.

Just a brief overview -- I mean just a brief
review of the documents that I saw, which are two, one
the deed for Pioneer Mill to Mr. Michel and this
agreement that this board entered into in 1994, I
believe. I think the question is did Pioneer Mill or
did the Pioneer Mill reserve or still owns that

easement area which our facilities are on, or does the state own it. It definitely seems from the deed that Mr. Michel doesn't own it.

However, the agreement that the board entered into and everybody signed off back in '94 seems to feel that he conveyed to us and in return we would have to do all these things. So I'm not really sure where we are at this point.

MR. RICE: Are we talking about the pump site or the tank site or both?

MR. KUSHI: Both of them.

MR. CHANG: The pump site and the easement to
the pump number 2.

MR. RICE: But not the tank site.

MR. CHANG: The tank site is separate lot.

MR. RICE: That was his lot that --

MR. CHANG: With the state or with Lahainaluna
schools, I'm not sure which.

MR. RICE: Okay. Well, I think, Mr. Chairman,
we need to certainly have corp counsel dig into it.

But I think we still need to have an estimate of what

it costs -- it's going to cost us to do the things that are in the agreement. If it was an honest error -- and knowing Hans as well as I do now, I don't think the man would have purposely misled us. He's not like that. And the things that he's getting aren't -- you know, it's not like he's get some huge monetary settlement or he got some other land that might lend you to think that he did this on purpose. So we still I think need to know what the cost of our obligation is. We may have some obligation even though he maybe didn't understand he didn't own the land or whatever.

We certainly went through his property to get to access these facilities, right? So let's -- we still need to know what it's going to cost, I believe, Mr. Chairman.

CHAIRMAN NAKAMURA: I think that's a good approach. If there are no other questions or objections from members of the committee, recommend that while these legal issues are being reviewed by corporation counsel, that the staff should proceed to identify the actual work items and develop a cost estimate. So if we could do that, Mr. Deputy

Director.

MR. RICE: Mr. Chairman, also, the staff probably knows but the committee needs to know that that intake is -- when we have a heavy rain and the rocks get washed down to the intake, we have to send equipment up there, a big shovel, and we dig it out, right, and because there is no road, we need the track machine to go up there, right, which is difficult and expensive in itself, but we haven't had to do it very much in the last four years because of the drought

conditions. But now that it has been raining a lot, we probably have to go up there more.

The problem that's occurring is all that fill that washes down is getting piled up on the side and now there is a lot of it and I think we need to, from a planning standpoint, we need to think about going in there and deciding where we're going to move that stuff out. Because we've built this huge mound up next to the stream. The machine goes down into the base of the stream and it now has to climb this steep hill. It actually has to pull itself up to get up to

where it's shoveling out the intake. We built this ramp as we pushed the stuff away. I think it's a project that we're going to need to address because if we have consistently steady rain pattern, we're going to be up there a lot and I don't know where all that stuff is going to go. We may have to helicopter in some equipment or something. I don't know.

Of course, Hans thinks he knows how we should do it, but that's another story.

CHAIRMAN NAKAMURA: Okay. Let's move on to

Item F, status report from staff on the Pauakukalo

Water System Improvements, Lilihua Street. This is the project that the department was going to implement in-house because of the concern over burials. Anything to report on this either Mr. Deputy Director or Herb?

MR. KOGAHARA: I don't believe we have anything to report yet. We recently completed -- we got the archeologist and we just need to set up to have our own forces proceed with the work.

CHAIRMAN NAKAMURA: Just so everyone can hear, you said you had the agreement with the archeologist

finalized but you haven't actually started any work
on-site yet.

MR. KOGAHARA: That's correct.

CHAIRMAN NAKAMURA: Is that right?

MR. KOGAHARA: Yes.

CHAIRMAN NAKAMURA: So if you can continue to
keep the committee apprised as to your project.

Next, Item G, status report regarding the
informational meeting with residents along Haneo
Street on the proposed waterline replacement project.

I understand a date for the meeting has been set and

that is?

MR. TENGAN: February 20th.

CHAIRMAN NAKAMURA: February 20th at?

MR. TENGAN: The county office in Hana.

MS. TAOMOTO: At the Council Services office

in Hana at 8:30 a.m. February 20th at 8:30 a.m.

MR. NOBRIGA: Anybody going to be there?

MS. TAOMOTO: Me.

MR. NOBRIGA: From the residents I mean. They

no work, these guys?

MS. TAOMOTO: Apparently this meeting is being put together through Councilman Carroll's office since he was the person who brought up the, you know, the problem that the residents felt that staff needed to address some concerns they had in order for them to take a position on whether they supported or didn't support the project. So he has set it up and we've gotten -- I've gotten like three or four phone calls from residents and it seems like they are going to be there.

MR. NOBRIGA: I'm sorry, I forgot it was Hana.

Excuse me. Certain places you can go, you can have a meeting any time of the day, people going to show up.

MS. TAOMOTO: So the meeting is scheduled from 8:30 to 2:00, both at the office with the explanation and any questions -- I would answer any questions, and then we're going to follow up with a site visit so we can address each individual property concerns that they have and look at the situation that they're personally concerned about.

I was -- I had a question about the video that you guys kind of requested or was that a request? I

need clarification.

CHAIRMAN NAKAMURA: I believe there was a
request for video.

MS. TAOMOTO: The department doesn't own a
video camera, so I don't.

CHAIRMAN NAKAMURA: We'll take it from the
miconia funds.

MR. HIRANAGA: You could rent one on a test
case basis.

MS. TAOMOTO: For now the only staff that is
planning to attend is myself, field crew, and the

director.

MR. HIRANAGA: Practice up on that videotape.

You don't want to be panning too quickly.

CHAIRMAN NAKAMURA: Okay. Obviously if any members of the committee or the board would like to attend, I'm sure they're more than welcome, right?

MS. TAOMOTO: Uh-huh.

CHAIRMAN NAKAMURA: Okay. Item H, progress report on CIP projects. The spreadsheet has been passed out at the last meek. I thought that we might have a little bit of time and we could review some of

the more important projects. So Herb, perhaps you can come up to the front so that we can hear you.

MR. STARR: Does Fran have an extra copy I can borrow?

MS. TAOMOTO: Can I make a comment and go back to Paneoo? If any board members are going to attend, could they let Fran know because I believe Councilman Carroll's office is providing lunch. So I think he would want you guys to let him know who's coming so that he isn't embarrassed when there is not enough

lunch.

CHAIRMAN NAKAMURA: Herb, perhaps, we're not going to have time to go through everything and some of these are relatively small projects, but perhaps you could start from the first page and we could at least talk about SDWA compliance project, source project, and the drought project. So why don't you just start from the top and go quickly through the list and if the committee members have any questions, I'm sure they'll be --

MR. KOGASAKA: The Honokohau water project is

the pipeline from Kapalua wells to the Honokohau source intake area. And what we are doing is looking for a pipeline alignment. We've recently found an alignment that looks more favorable. We need to do a CDUA amendment and that will be much more advantageous to us. We're pursuing that new approach. The land would be somewhat decreased, but not by very much. That's pretty much a straight run. We gain advantage of we don't have to go over a bigger hill. And that would increase the flow capacity.

CHAIRMAN NAKAMURA: So this is where we're

presently trucking water; is that right?

MR. KOGASAKA: Yes. Yes.

CHAIRMAN NAKAMURA: So when this project is completed, this would be a pipeline and a storage tank?

MR. KOGASAKA: Yes.

CHAIRMAN NAKAMURA: That would then provide adequate service to the residents.

MR. KOGASAKA: Yes. That would be purchasing water from Kapalua and I think Dave is working on an agreement on that agreement.

CHAIRMAN NAKAMURA: Okay. Any questions?

Okay.

MR. KOGASAKA: Kamole water treatment plant is trying to -- it's on the list, just trying to do the -- what kind of work is that -- the punch list items to complete the project.

Lahainaluna treatment plant, the pre-sed modification was bid. The bids were excessively high.

We are looking at ways to proceed with this project.

We need to reevaluate the bids and we'll be able to

report back probably on the next meeting.

CHAIRMAN NAKAMURA: What was the estimated
cost?

MR. KOGASAKA: \$1 million.

CHAIRMAN NAKAMURA: And the bids were?

MR. KOGASAKA: \$1.6 million.

MR. RICE: So where are we going to put the
pre-sed in that, down below the tanks?

MR. KOGASAKA: The pre-sed basin would have
been below the --

MR. RICE: Because you come up the road like

this and you come around.

MR. KOGASAKA: The plan was to put a roof over

the pre-sed -- existing pre-sed basin to cut down the

algae growth potential over there and hopefully reduce

the amount of time that we need to clean out the

pre-sed basin.

The other thing is was to build a lagoon to

get rid of the -- or to assure a more positive way of

getting rid of the algae growth without getting into

the NPDES permitting -- industrial permitting

requirements. That's what we need to evaluate a little bit more, possibly coming out with a movement of the lagoon to a -- closer to the other basin that we have down below for the finish water. Anyway, there are other avenues we need to look at on that one.

MR. NOBRIGA: So you're going to replan the whole thing and rebid it or --

MR. KOGASAKA: We're going to reevaluate the bids that we have and see if we can come up with some kind of a comprehensive solution to this project.

Initially we would like to move ahead with the roof
over the pre-sed basin now and then look at possibly
rebidding the other portion. But we haven't
formulated an approach at this point yet. We're still
working on that.

A VOICE: Mercy is asking us for more funding.

MR. KOGASAKA: Possibly. We haven't concluded
yet.

CHAIRMAN NAKAMURA: All right. Thanks.

MR. RICE: Is that because in that basin there

should have been rigs for that?

MR. KOGASAKA: No.

MR. RICE: No?

MR. STARR: How much is the roof?

MR. KOGASAKA: I believe it's on the order of
about \$400,000, 300-something-thousand.

MR. STARR: Do you know how big that is? A
hundred by a hundred?

MR. KOGASAKA: I think it's probably bigger
than that, but I would need to check the plans to
verify the accuracy on the amount. I cannot recall.

CHAIRMAN NAKAMURA: Okay. Proceed.

MR. KOGASAKA: Mahinahina Water Treatment

Plant is also on there, which I think we need to do some other punch list items on there as well. There was an arbitration settlement that needs to -- Bodell.

CHAIRMAN NAKAMURA: That is in process or has been resolved?

MR. KOGASAKA: There was an arbitration decision made, I think.

CHAIRMAN NAKAMURA: So is that going to require additional funding?

MR. QUINN: The settlement, is that your
question?

CHAIRMAN NAKAMURA: Does it require additional
funding?

MR. QUINN: We would typically take --
probably take that out of our claims account. We
budgeted \$100,000 for that this year. So we may have
to amend that portion of it because we have some other
claims that are going to exceed that \$100,000 this
year.

MR. RICE: I think we have a few claims.

MR. QUINN: Several that came up I think at
the last board meeting, actually.

CHAIRMAN NAKAMURA: Well, it would be nice to
take away --

MR. RICE: Mr. Chairman, just a quick question
of Mike. Claims that are of an employee nature are
not paid out of that same fund, are they?

MR. QUINN: I believe they are.

MR. RICE: So all kinds of claims, that's --

MR. QUINN: Yeah, we have had to pay claims

out of -- one year we had a very bad accident out

towards Hana way and I believe that claim was well in

excess of \$100,000. That came out of there.

CHAIRMAN NAKAMURA: Okay. Next, Mr. Kogasaka.

MR. KOGASAKA: Napili A GAC plant, the

construction is progressed 95 percent. We still need

to test the equipment and we need to install the pump

or get the pump tested and we're close to the end of

completion of the project.

CHAIRMAN NAKAMURA: Okay. Questions? No?

MR. NOBRIGA: That was related to the GBCP --

MR. KOGASAKA: DBCP.

MR. NOBRIGA: What you call.

MR. KOGASAKA: Yes.

CHAIRMAN NAKAMURA: Thanks.

MR. KOGASAKA: Hamakuapoko well development,
we are trying to close out that contract and finalize
that out to the portion that's been completed. This
has to -- for work related to getting the pump
installed and for that emergency pumping situation
that we had during the drought.

The transmission line from H-Poko to Baldwin

Avenue is pending the resolution of the EIS for the

entire project.

The supplemental EIS and exploratory well, the

construction has been completed. We are awaiting the

Mink & Yuen report on that.

CHAIRMAN NAKAMURA: Okay. So can we spend a

little time on this, Herb? The exploratory well which

is a portion of the supplemental EIS, the well has

been completed. The well has been drilled.

MR. KOGASAKA: And tested, yes.

CHAIRMAN NAKAMURA: And tested. And so now

it's a matter of obtaining a constant flow of
information from that well, is -- what is the status?

MR. KOGASAKA: The information obtained from
the well will be used to finalize the supplemental
EIS.

CHAIRMAN NAKAMURA: So the information -- the
necessary information has already been collected?

MR. KOGASAKA: I believe so, yes.

CHAIRMAN NAKAMURA: So there is no ongoing
data collection occurring at this point.

MR. KOGASAKA: I guess we need to take another sample of the water quality for additional testing. That is a one-time occurrence. That has nothing completed yet, but as I understand it they took the sample, I thought.

MS. TAOMOTO: We don't have the results. Once the results are back, John Mink, our hydrogeologist who is on the project doing the construction, should be able to complete a draft EIS in a form that is I would consider like 90 percent complete. So to date we haven't received a draft supplemental EIS, but once

we have this data from the well, his company, Mink & Yuen, should be able to produce a document which we would call the draft EIS.

CHAIRMAN NAKAMURA: Which you would then finalize and then submit to the state.

MS. TAOMOTO: Yeah.

CHAIRMAN NAKAMURA: So that process is nearing completion. Is there a timetable for that draft to be submitted?

MR. CHANG: We don't have a formal --

MS. TAOMOTO: The water quality test I believe

was only done last week or so -- only last two weeks or so. So I haven't really discussed now the revised schedule of the draft EIS preparation process and how much work is actually involved in them completing a draft EIS. Once we have all that data, I think I need to go back and sit down or talk over the phone with Mink & Yuen and get a revised time schedule to get to the final EIS.

CHAIRMAN NAKAMURA: Okay. I think this is an

important issue and so we probably need to get an

updated report to the board as to where we are and

what the timetable is and what our planned course of action is. Perhaps at some point it might even be appropriate for Mr. Mink and Yuen to come to the board and make a report. Okay. Any other questions or comments from -- I'm looking at Jonathan because I'm assuming he's going to be waving his arms. Mr. Starr?

MR. STARR: The part of the well that was of concern to the EIS took place in the actual drilling of it and that was to find out if water was in the hole at different stages of drilling. And that was

what the courts were interested in. So I think we should definitely push Mr. Mink because I know he's gotten that and he had told me that virtually the whole thing was complete except for, you know, what he would need to get from this well, you know, that was months ago. So we should definitely push him and demand a status report because he could have it out for us right now if he would sit down for an hour and finish it up.

CHAIRMAN NAKAMURA: We'll leave it to the

board chair to perhaps decide whether or not we want

to have Mr. Mink make a presentation to the full

board.

MR. RICE: I think that's a good idea.

CHAIRMAN NAKAMURA: I'm glad to hear that

that's moving along. Any further questions on that?

Okay. Maybe let's move ahead to Iao. Herb?

The intent of the Chair is to adjourn at 10:15 so that

the rules committee will have a chance to set up.

MR. KOGASAKA: The Waikapu exploratory well,

the intent was to put in a pump into the well to get

it into production, pump water into the Waikapu tank

and also include the Wailuku Heights system. We have been in negotiation with the developer in the area, but at this point we're planning to move ahead and put in the pump, motor control and a booster pump to tie back to make that system operational. We will proceed with soliciting for a consultant to do this additional line of work.

CHAIRMAN NAKAMURA: So what is the scope of work that needs to be accomplished? You need to put in -- need to put in a pump as well as the necessary controls and lines and storage, the whole works, or

the only thing there right now is a hole?

MR. KOGASAKA: Yes, it's next to the Waikapu tank. The intent is to get the water from the Waikapu well into the tank and then also to be able to boost water from the Waikapu tank back into Wailuku Heights. This would involve installation of a booster pump station and the related control, electrical control for the booster pump and the well at the site location.

CHAIRMAN NAKAMURA: So what are we trying to

negotiate with the developer?

MR. KOGASAKA: Initially I think the developer will be putting in the booster pump and the controls.

CHAIRMAN NAKAMURA: He will be or that was the desire but now we're going to proceed on our own?

MR. KOGASAKA: That's correct.

CHAIRMAN NAKAMURA: And we have the funding to do that.

MR. KOGASAKA: Not at this point.

CHAIRMAN NAKAMURA: Well, I think, you know, it's important that we move this project forward

because we've talked about spreading the pumping in Iao aquifer and this is -- the well has been there for a long time and we haven't really been able to put it into operation. So it seems as though if we have, you know, if for some reason this project is stalled, I think it needs to be brought to the attention of the board and if the board needs to make a decision as to either sitting down with the parties and getting it done if there is going to be participation or to appropriate the necessary funds to do it ourselves.

Mr. Starr?

MR. STARR: I've been kind of bugging David about every two months to try to get a pump in that well and he kept saying that he's waiting for the developer, and now the developer is out of control of the situation because the property has been foreclosed on by Bank of Hawaii. So there is no issue of the -- of working out a deal with the developer, at least not until that whole bankruptcy is resolved. So we should definitely proceed and get the thing on line and also, you know, the same thing goes with whatever we're going to need to do with Shaft 33. And I just want to

put in a plug for my committee site inspection which is set for next -- for the 19th where we're going to be visiting sites and can actually see it and get a better understanding of it. I hope that not just my committee but a number of board members will take the opportunity to see all the well, tank, pump, and other water facilities that feed Central and South Maui on the 19th.

CHAIRMAN NAKAMURA: Okay, make a note of that.

I think this whole matter of the sustainable yield of

the Iao aquifer is an important issue and this is certainly a key element and I think we need to move forward expeditiously. And if there are circumstances which are holding it up, then we need to figure out a way to get around it.

Okay. Why don't we finish up North Waihee and then we'll adjourn for the day and maybe you can briefly take care of North Waihee since that's related.

MR. KOGASAKA: Wailuku shaft is also part of that negotiation with the developer and that's also --

we're going to proceed with some decision on that, we need to discuss that in-house to proceed.

CHAIRMAN NAKAMURA: Okay.

MR. KOGASAKA: As far as the North Waihee, development of Kanoa 1 and 2, the project is operational. We need to finalize that -- close out the contract with some punch list items and other clean up work that we need to do over there.

Kupaa well development, plans are being reviewed and it's back to the consultant for revisions. That's right, we need to do the

environmental assessment on that.

MS. TAOMOTO: It is going to be published
February 19th or so on that, end of February. It was
submitted to OEQC and should be publicly published the
end of February.

CHAIRMAN NAKAMURA: This is Kupaa 1?

MS. TAOMOTO: Kupaa 1, including the
transmission line from Kupaa to Kanoa is in the EA.

MR. KOGASAKA: The design for the Kupaa 1 Well
Development is the one that's been reviewed. And the

transmission line from Kupaa 1 to Kanoa 1 is -- we need to get approval from the landowner on that agreement based on that North Waihee agreement with the Wailuku Agribusiness, but we need to get concurrence over there and that's holding up the project.

Maluhia Exploratory Well is --

CHAIRMAN NAKAMURA: Just backing up a little bit, Herb, again, this is an important project. If there is any kind of impediments to moving ahead

expeditiously, you need to bring it before the board.

MR. KOGASAKA: We are having some difficulty getting the alignment accepted by Wailuku Agribusiness.

MR. RICE: I suspect the difficulty will continue for a short while.

CHAIRMAN NAKAMURA: Mr. Rice has that well in hand. I'm sorry. Maluhia Exploratory Well.

MR. KOGASAKA: The Maluhia Exploratory Well, we have preliminarily selected a site, but we're getting some input from our hydrogeologist that they

wanted to look at another possible location and we are pursuing that at this point.

CHAIRMAN RICE: Who is the hydrogeologist?

MR. KOGASAKA: John Mink.

CHAIRMAN NAKAMURA: Okay.

MR. NOBRIGA: What was the reason that he gave for looking at another site?

MR. KOGASAKA: He would like to move the well further to the north, more into the North Waihee aquifer. He preliminarily selected a site area to look at and we need to do that at the next chance we

get.

CHAIRMAN NAKAMURA: Okay.

MR. KOGASAKA: The other is there, but that
will be dependent on the exploratory well.

CHAIRMAN NAKAMURA: Okay. And the
transmission line, that will just be pending the
ultimate --

MR. KOGASAKA: That is correct.

CHAIRMAN NAKAMURA: -- resolution of the
location. Okay. I think that's been helpful. Any
questions of what we discussed up to date? If not, I

think the intent is to at the next meeting if we have

some time to continue to --

MR. RICE: I think it's good.

MR. NOBRIGA: Thank you, Howard.

CHAIRMAN NAKAMURA: No other matters to come

before the committee? Oh, I'm sorry.

MR. STARR: Can I just ask one more question

relating to this?

CHAIRMAN NAKAMURA: Sure.

MR. STARR: What's happening with Pookela

well? Are we going to get an update on that while

we're --

MR. KOGASAKA: We're preparing the bid

documents and it's back to the consultant for some

revisions at this time.

MR. STARR: Do you have a date when we'll be

able to put it out.

MS. TAOMOTO: I didn't submit the construction

plan revisions to the consultant, but I did submit the

specification revisions and that would be working on

submitting the construction plan revisions probably

today. The specification revisions involve some heavy discussion with staff to clarify the drilling process, so that's why it took longer than we expected. But we thought that it was necessary in order to avoid change orders during construction.

MR. STARR: I noticed we were getting behind on it and I hope that we're tackling that one as well on an urgent basis because we need the source.

CHAIRMAN NAKAMURA: My recollection is that the schedule was to be out to bid at the end of February. I think that was what we had talked about.

So that seems like that may still be reasonable.

Okay. Meeting is adjourned. Thank you very much.

(WHEREUPON, the meeting was adjourned at 10:20 a.m.)

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