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BOARD OF WATER SUPPLY
COUNTY OF MAUI
REGULAR BOARD MEETING
THURSDAY, NOVEMBER 17, 2005

Held at the Council Committee Room, 7th Floor, Kalana O Maui
Building, 200 South High Street, Wailuku, Maui, Hawaii,
commencing at 1:00 p.m. on Thursday, November 17, 2005.

REPORTED BY: GLORIA T. BEDIAMOL, CSR/RMR #262

A P P E A R A N C E S

CHAIRPERSON: MICHAEL VICTORINO

VICE CHAIRPERSON: KENNETH OKAMURA

MEMBERS: SALLY RAISBECK

RALPH JOHANSEN

KENT HIRANAGA

STAFF: ED KUSHI, CORPORATION COUNSEL

GEORGE TENGAN, DIRECTOR

MICHELLE SAKUMA, SECRETARY

HOLLY PERDIDO, FISCAL OFFICER

HELENE KAU, ASSISTANT FISCAL OFFICER

ALVA NAKAMURA, ENGINEERING

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BOARD OF WATER SUPPLY

TRANSCRIPT OF PROCEEDINGS

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CHAIRMAN VICTORINO: I would like to call this meeting to order of the Board of Water Supply, County of Maui, regular board meeting. Today is Thursday, November 17, 2005. We're starting at approximately 1:05 p.m.

In attendance, Kent Hiranaga, board member;

Vice-chair Kenneth Okamura; Member Sally Raisbeck; Member Ralph Johansen; and myself, Chair Michael Victorino.

At this time, I would also like to recognize our director, Mr. George Tengan, and our corp counsel, Mr. Ed Kushi.

Any announcements at this time? No announcements?

MS. RAISBECK: I hadn't heard before, we have a new board member, although he's not able to be here today.

CHAIRMAN VICTORINO: I was going to cover that later on under Unfinished Business.

MS. RAISBECK: Okay.

CHAIRMAN VICTORINO: Any other announcements? I would like to move the meeting into the budget part if we can. Do I have a motion to suspend the meeting agenda to move up the Director's Report 05-21, DWS financial -- fiscal report 2006 -- oh, no, I'm sorry. I apologize. Erase. Go back under Other Business. I'm sorry, I was on the wrong

place.

Discussion and possible action regarding approval to submit Fiscal Year 2007 Operating Budget to the Mayor. And also to discuss and possible action regarding and approving the submittal of Fiscal Year 2007 CIP Budget to the Mayor. Do I have a motion?

MS. RAISBECK: So moved.

CHAIRMAN VICTORINO: Do I have a second?

VICE-CHAIR OKAMURA: Second.

CHAIRMAN VICTORINO: It's been moved and seconded.

All those in favor say "aye."

(A chorus of ayes.)

Opposed?

(No response.)

Let the record show that it was unanimous. So

we'll start with item A under Other Business. Discussion

and possible action regarding approval to submit Fiscal Year

2007 Operating Budget to the Mayor.

Holly, would you like to come up and -- between

you and -- Mr. Kushi?

MR. KUSHI: I suggest you ask for public

testimony, Mr. Chair.

CHAIRMAN VICTORINO: That is correct. Sorry, I

skipped that, didn't I. Is there any public testimony that

needs or wants to be given? Sensing none, now I can move

on.

MR. KUSHI: Close public testimony.

CHAIRMAN VICTORINO: I will close public testimony

at this time. Thank you, Mr. Kushi, for reminding me in my

haste.

Now, would you young ladies like to come up?

Holly and -- Helene. I forgot your name Helene, I

apologize.

Is it all right with the board members that we first start with the operating budget and conclude with that, and then move on to the CIP?

MS. RAISBECK: No objection.

CHAIRMAN VICTORINO: Any objections to that, board members? Okay. Why don't we start with the operating budget, ladies, and then once that has been completed, then we'll move to the CIP. That way we won't get confused.

Ladies, would you like to start?

MS. PERDIDO: Basically, you have -- Holly

Perdido, fiscal officer, and this is Helene Kau, the

assistant fiscal officer.

MS. RAISBECK: Excuse me, Holly, would you spell that? I don't know her last name.

MS. PERDIDO: Helene, H-E-L-E-N-E, last name is K-A-U. She's our assistant fiscal officer and has done a lot of the legwork on the budget. It's nice to have help this year.

Basically, I guess we can start on page 68, this is what we're -- the projections, the revenues and expenses. And then following that is the actual line item budget of what we're planning on turning in to the mayor. There are a

few changes that we'll pass out right now, that have come about since we turned this in to you last month. So we'll pass these around.

CHAIRMAN VICTORINO: Let the record show that Holly did pass out a department summary for the fiscal year 2007, second draft to the board. Which, I guess, will suspend what the first one was?

MS. PERDIDO: Well, basically, it's to cover some of the changes that we have come up with since we turned this in last month. Unfortunately, there might be some more by the end the month. But this is basically what we're

hoping to go with.

CHAIRMAN VICTORINO: Okay, Holly.

MS. PERDIDO: I'm not sure if there are questions.

Do you want me to go over some of the changes? How do you

want me to proceed?

CHAIRMAN VICTORINO: I open to the board members,

what is their pleasure? How would you like to approach

this? Ms. Raisbeck, go ahead.

MS. RAISBECK: No, I just was saying that I assume

that she'd go over it than sort of jump around from question

to question.

CHAIRMAN VICTORINO: Okay. So kind of like

encapsulize (sic), review, and then we can have questions.

Is that okay with you?

VICE-CHAIR OKAMURA: Sounds good to me.

CHAIRMAN VICTORINO: Okay. Go ahead.

MS. PERDIDO: Okay. Maybe what we'll do is, on

page -- we'll just go down each section and I'll tell you

the highlights and changes on the increases or decreases of

what we're proposing for each of the different divisions.

And I think we have a few of our division heads here if

there are further questions.

First of all, the director's office is actually like a decrease in the budget -- well, actually, it's an increase of 34. On the detail, obviously electricity is one of the large increases. There was some cutting down in rental of building. We used to have a portion of the rental for the baseyard in the whole budget, and this year we have taken that out. We have not had to pay for rental of the baseyard. It's in dispute, I think, with corp counsel still.

One of the other big increases is dropping some of the board costs having a court reporter. Let's see, what

else. We are going to need to put in for a vehicle for the safety officer position. That hopefully will be filled this year, as Jacky will bring up when we come up to the personnel side part of it.

Do you want to say something?

MS. KAU: If you want to address questions as we go through each division --

CHAIRMAN VICTORINO: Yeah, I think that's probably the best way to do it. Thank you.

VICE-CHAIR OKAMURA: You can finish.

MS. PERDIDO: If you look at the changes, that we

moved 75,000 from the claims to the professional services.

And, Helene, maybe you can help me with what's
that going to be for.

VICE-CHAIR OKAMURA: Where is that?

MS. KAU: I'm sorry, yeah, we haven't -- I didn't
print another detail; we just provided on this what's titled
"Second Draft," that's just a summary of the changes. I
didn't resubmit the entire detail.

VICE-CHAIR OKAMURA: What are you talking about
now?

MS. KAU: So we're talking about moving \$75,000

from one line item to another. And so, essentially, we moved that \$75,000 from claims settlements and judgment up to professional services, and that is for an appraisal that we're going to be required to do.

CHAIRMAN VICTORINO: And that appraisal would be for?

MS. KAU: That appraisal is for --

MR. TENGAN: That's for the Wailuku Ag water system.

MS. KAU: Thank you, George.

MS. PERDIDO: Should we -- should I bring --

should we talk about wages and salaries now, or should we --

you have a separate listing of the vacancies, I think, in

here.

MR. JOHANSEN: Mr. Chair, if we could have the
page numbers.

CHAIRMAN VICTORINO: Well, this is -- okay, we're
on page 69, but we're also on the amendment they gave us
which has to be connected with that page. And that's page 1
of 3 that she submitted to us.

MR. JOHANSEN: They just talked about claims
settlements and so forth.

MR. TENGAN: Yes. If you look at the director's office, the budget for the director's office, the line item would be 6313, reduced that by \$75,000, and add to 6132 the 75,000, making it 400,000.

CHAIRMAN VICTORINO: Okay. You got that? Okay.

Any questions? Mr. Okamura?

VICE-CHAIR OKAMURA: What would be the reductions on the board's cost?

MR. TENGAN: Mr. Chair, that's for the reduction in the court reporter cost. And also, there's a portion that's being reduced for travel also.

MR. JOHANSEN: What's the deduction in the court reporter cost for?

MS. PERDIDO: We won't have a court reporter anymore; we'll have minutes done by the board secretary.

MR. TENGAN: Well, we're having that position reclassified, you know, the assignment of taking the minutes will be given to the position. That's the position that Cathy Howard was previously in.

CHAIRMAN VICTORINO: If I understand you correctly, whomever takes this position, part of that person's responsibility would be also taking minutes of our

meetings?

MR. TENGAN: Correct.

CHAIRMAN VICTORINO: And so now we're not going to

hire a court reporter in the future?

MR. TENGAN: We won't have verbatim minutes,

unless, you know, the board requires it, and that person

would have to go through the tapes and transcribe the

minutes.

MS. RAISBECK: Well, transcribe it or summarize?

MR. TENGAN: The minutes would be summarized;

however, if the board member needs something verbatim, then

that person would have to go through the tapes and transcribe those tapes verbatim.

CHAIRMAN VICTORINO: So starting next month we would have --

MR. TENGAN: I believe we're going to be starting July 1st of next year.

CHAIRMAN VICTORINO: July 1st, next year. Okay, I apologize. Yeah, this is for July 1st. Okay.

Yes, Mr. Okamura?

VICE-CHAIR OKAMURA: How do you anticipate the increase in electricity cost a month? Is it 50 percent?

MS. PERDIDO: If you look at FY '05, the actual cost came out to about 56,000, and we -- how much -- we got something down from the mayor's office, telling us we need to increase electricity by a certain percent. And we had already gone through an estimated of how much -- electricity should have been increased 15 percent, but we had gone through and figured out how much electricity would cost and came up with that amount.

VICE-CHAIR OKAMURA: The department pays its own electricity bill?

MR. TENGAN: It's prorated among the various

departments occupying this building here. We get charged
for one-eighth, although there are nine floors in this
building.

VICE-CHAIR OKAMURA: It's taken out of your budget
that --

MR. TENGAN: They charge us monthly when they
receive electric bills.

VICE-CHAIR OKAMURA: That's how it's always been?

MR. TENGAN: Yes.

MS. PERDIDO: So the director's office should
cover the fifth floor electricity expense.

VICE-CHAIR OKAMURA: I see. That's a lot, yeah?

CHAIRMAN VICTORINO: Yes. Okay, thank you. Any other questions regarding the director's program?

MS. PERDIDO: Just one more. The director's program did not ask for any additional employees. Currently the only vacancy is a safety specialist as well as the board secretary.

VICE-CHAIR OKAMURA: The safety officer is a vacancy, is that right, or a new position?

MS. PERDIDO: Correct.

MR. TENGAN: It's a new position and it's vacant.

CHAIRMAN VICTORINO: Okay. Any other questions

before we move on from the director's program? I guess --

let's move down to fiscal program.

MS. PERDIDO: What I'll do is just go -- let's go

to page 75, and I can go page by page. 75, 76 is our, you

know, our personnel. We are asking for two additional meter

readers and one customer service rep. These two meter

readers we are going to propose to start reading Hana and

Molokai in '07. Currently our -- I think it's the pipe

fitters who read those positions now -- or read our meters

on those areas now.

And we have had problems this past year in getting our meters read in these areas. So they also are very active in doing collections, locking meters, and all other work. So it's not just a reader meter's positions; it's like a multi-duty position, because we send them out to lock meters for collections.

We're also asking for another customer service rep. With 33,000 customers, we have three customer service reps right now and they cannot keep up. The workload has been just so much.

CHAIRMAN VICTORINO: So you'll expand it to four

customer reps?

MS. PERDIDO: Yeah. And currently, I think every one of our positions are filled now. We just got our other pre-audit clerk filled. So our positions are all filled.

CHAIRMAN VICTORINO: Any questions in regards to the fiscal program, from the board members?

MS. PERDIDO: No questions?

CHAIRMAN VICTORINO: Any questions? No? Okay.

MS. PERDIDO: Page 77 --

CHAIRMAN VICTORINO: That's the engineering, yeah?

MS. PERDIDO: No. It's still --

CHAIRMAN VICTORINO: Okay, I'm sorry.

MS. PERDIDO: This is the detail for the expenses.

The largest increase is for our water meter inventories; but basically, this is to get additional transponders. Our transponders are all dying out. And we looked at the different areas and came up with -- instead of going with a new system or trying to replace batteries, which has given us problems, we're going with the Orion transponders. They are less than what our current transponders cost also.

So we're going to have to go and basically change out everything as the old system is dying. And one of the

problems with the Trace (phonetic) is that it's hard to get them now and it's with a different company. So we looked at all the options and came up with the Orion to be our best bet to replace our transponders.

Molokai, we're almost -- I think we have 3- or 400 more to change out over there, and then that's going to be all Orion. So that will be our test again like they were with Trace. And this will also -- we're going to get the GIS all set up and get it really, hopefully, going well.

CHAIRMAN VICTORINO: So that's the increase of the difference of 200,000; right?

MS. PERDIDO: Yes. And the rest are basically
small changes.

CHAIRMAN VICTORINO: One question on the system.
None of that is under warranty? All those meters are --

MS. PERDIDO: The meters are all fine. The
transponders?

CHAIRMAN VICTORINO: Yeah, the transponders, none
of them are under warranty?

MS. PERDIDO: Any that are under warranty we send
back and get replacements. We still had some in our
warehouse stock which we traded out for the Orion. So we

had the system going -- since '95 -- over ten --

CHAIRMAN VICTORINO: Okay. Yeah, because I know that -- I had heard that there was old systems --

MS. PERDIDO: And the life is only, like, eight years on those.

CHAIRMAN VICTORINO: What about the new Orion ones?

MS. PERDIDO: The new Orion I think are warranted for 15.

CHAIRMAN VICTORINO: 15 years?

MS. PERDIDO: Yeah. So there will be a longer

life.

CHAIRMAN VICTORINO: Or at least a longer life

expectancy.

MS. PERDIDO: Yes. Correct.

CHAIRMAN VICTORINO: Good. Any questions for

Holly on the fiscal program?

MS. PERDIDO: We still have one more page.

CHAIRMAN VICTORINO: One more page, okay.

MS. PERDIDO: Page 78 is just our equipment

request. PCs. A vehicle, we need to get a

replace-the-meter-reader vehicle. They are driven every

day, five days a week. So a lot of mileage is put on them.

And then some more radio read hand-helds and a forklift for
the warehouse.

CHAIRMAN VICTORINO: Let me ask you, under
replacement vehicles, George -- I mean, Director Tengan, is
there a, like, every five years, or every seven years, or
does it go by mileage? How do you guys determine when
vehicles should be placed?

MR. TENGAN: By condition.

CHAIRMAN VICTORINO: By condition. So depending
on the condition --

MR. TENGAN: At one time we wanted to get into a program to change out at least every seven years; but due to fiscal constraints, they couldn't go by that program. And so now they are basically going by condition. As our vehicles get old and require a lot of maintenance, then they come up for replacement.

MS. PERDIDO: If you look on the other sheet that was handed out, we're also going to need another flatbed scanner which scans all our water system records. And that's \$9,000.

CHAIRMAN VICTORINO: Wow.

VICE-CHAIR OKAMURA: How come so expensive?

MS. PERDIDO: That's the system that we have,
and -- I'm not really sure why, but that's the cost of the
scanner that we need to scan all those records.

CHAIRMAN VICTORINO: It's a specialty scan?

MS. PERDIDO: It's a heavy-duty; it's not a
lightweight scanner.

CHAIRMAN VICTORINO: It's a specialty type
scanner?

MS. PERDIDO: Yeah.

CHAIRMAN VICTORINO: Okay. Is that it as far as

your report?

MS. PERDIDO: Yes.

CHAIRMAN VICTORINO: Now I open the floor to questions in the fiscal area. Ralph?

MR. JOHANSEN: Getting back to the director's office, this is something that we just learned so I haven't had a chance to reflect on it, but you say that you're eliminating the position of the court reporter. That position will be filled in a different manner by the clerk to the board; right?

MR. TENGAN: The court reporter is an outside

service that's --

MR. JOHANSEN: Contracted.

MR. TENGAN: -- that's contracted. Right.

MR. JOHANSEN: And this will be an in-department
function now?

MR. TENGAN: Correct.

MR. JOHANSEN: It will be performed by the clerk
of the board?

MR. TENGAN: Correct.

MR. JOHANSEN: And the clerk to the board is your
position WW-0188? This is page 72.

CHAIRMAN VICTORINO: You're going back now. 72,

please.

MR. TENGAN: 188.

MR. JOHANSEN: My only question would be, since additional functions are being imposed on that position, is there going to be an upgrade?

MR. TENGAN: No. As a matter of fact, we're downgrading the position. The work required -- the workload as been lessened somewhat since the board has become an advisory board, and so we're downgrading the position. The person in this position won't be sitting here taking

verbatim minutes.

MR. JOHANSEN: I understand. It will be a tape.

MR. TENGAN: It's just a matter of taping the
minutes, and if need be, then --

MR. JOHANSEN: And a summary will be prepared for
the board?

MR. TENGAN: What's that?

MR. JOHANSEN: Will there be a summary prepared
for the board?

MR. TENGAN: Correct.

MR. JOHANSEN: So that's part of that person's

function?

MR. TENGAN: Correct.

MR. JOHANSEN: Okay. Thank you.

CHAIRMAN VICTORINO: Okay. So, again, going back to the fiscal program, any questions in regards to the fiscal program as presented by Holly? I guess, hearing none, moving on to engineering program.

MS. PERDIDO: The engineering program for personnel, I might need Jacky's help or Alva's; but currently, I think we have four engineering vacancies?

CHAIRMAN VICTORINO: Alva, would you come up here?

MR. NAKAMURA: Sure.

CHAIRMAN VICTORINO: I think that's important.

And, Jacky, you want to join us? We might as well have everyone up here. That would be easier when questions come up.

MR. NAKAMURA: Right now we have four vacancies.

We just picked up in the last month or so, two new people joined our division. So we went from a vacancy of six down to a vacancy of four, and we're still in the process of trying to find additional personnel to fill.

MS. PERDIDO: If we go over to page 81, you'll

notice there's small increases.

MS. KAU: Excuse me, if I may interrupt. If we go back to page 79, it is not reflected here, nor is it reflected on what I provided as second draft. But it has been brought to my attention that there may be further changes to the engineering positions. There may be some position changes, reallocations. We have not yet finalized the schedule on those.

CHAIRMAN VICTORINO: When you say "reallocation"

and --

MS. KAU: For example, Civil Engineer 4, some of

them may become 5's. Another position may be downgraded to accommodate the change. Right now, Alva is pursuing that with Jacky. But as Holly alluded to earlier, we -- being that we are required to work on the '07 budget at such an early date, we're going to have to anticipate some of these changes.

CHAIRMAN VICTORINO: So what you're -- again, like any budget it's a budget and of course changes will occur. But right now that's as best educated at this point?

MR. NAKAMURA: Yeah. To be specific, what Helene is referring to is WW-0257, Civil Engineer 6 position, we're

looking at reallocating that down to a 5. And WW-0255 and 0256, which are Engineering 4 positions, we're looking at moving it up to 5. So that's creating three, 5 positions, one for each of the divisions.

CHAIRMAN VICTORINO: Just because I'm not sure what you mean by "moving" -- but what does that mean to move from 4 to 5, and 6 down to 5?

MR. NAKAMURA: Basically, the salary and responsibilities.

CHAIRMAN VICTORINO: Okay, thank you.

Ms. Raisbeck?

MS. RAISBECK: I may be jumping the gun here, but

I know there was talk by the water meter -- water -- the

rates committee, that in order to hire engineers, we needed

to pay more, and there was talk about working things out

with the personnel department or with the council or with

whatever needed to be done in order to pay higher than the

existing scale to engineers. Has anything happened relative

to that effort?

CHAIRMAN VICTORINO: Has any -- Mr. Tengan, or

Alva, either one can answer.

MR. TENGAN: Maybe I can provide some information.

Just last week we received a communication from the personnel department that they would be hiring -- a hiring incentive program, and that's being finalized right now.

And so this would be -- I'm not sure of the details; but as far as applying the incentives, I believe it's a one-time payment, like in the form of a bonus, I would think. That's pretty much, you know, what I know about it right now.

But the county or the personnel department is looking at coming up with this program so that we can use that to attract employees.

CHAIRMAN VICTORINO: Anything specific, or it's

just general conversation at this point?

MR. TENGAN: No, it's already in written form and being reviewed and commented on.

CHAIRMAN VICTORINO: Can you divulge some of that?

MR. TENGAN: As I said, I don't have --

CHAIRMAN VICTORINO: Oh, you don't -- okay, that's what I wanted to know.

MS. RAISBECK: If I can make a comment, Mr.

Chairman, I would think a one-time payment is nice; but what is really needed is higher salaries for these engineering positions that are in great demand in the private sector and

where the pay in the private sector is a lot higher than what the county pays. So I don't think that a one-time bonus is going to meet the need sufficiently.

CHAIRMAN VICTORINO: You may be correct, but at least it's an attempt to somewhat look for some kind of positive solution. But I would hope that maybe further research can be done as far as upgrading. I don't know all the procedures as far as how pay scales are set by personnel, and I'm not privileged to that.

But I would imagine you understand that a little bit better, Mr. Tengan.

MR. TENGAN: My only comment, Mr. Chair, as far as compensation to employees, we have very ridged rules that we have to go by, and there are civil service laws that we got to comply with. So we're not like in private industry where we can say, Hey, okay, what is the other guy paying you? We'll match that plus give you some more. We can't be doing things like that. That's the only comment that I have.

CHAIRMAN VICTORINO: Mr. Johansen?

MR. JOHANSEN: To follow up on that, maybe we could understand better how a change is made in the civil service rules which will accommodate a staff shortage in any

particular area.

MR. TENGAN: You might have a better chance going through congress. The one big, I would say, you know, stumbling block is that, you know, the civil service system applies to all the counties and the state and the university and the Department of Education. So you're talking about a massive coordination.

MR. JOHANSEN: Sounds pretty bleak.

MR. TENGAN: What's that?

MR. JOHANSEN: It sounds pretty bleak, getting additional engineers at anything like a competitive pay

scale.

CHAIRMAN VICTORINO: Yes, Paul? Paul, why don't

you come up and --

MR. SEITZ: I may be able to shed a little bit of

light on that.

CHAIRMAN VICTORINO: Paul Seitz.

MR. SEITZ: Typically, the hiring incentive that's

been done in the past -- I don't know specifically about the

one George is speaking of. Typically, in the past, what

they've done, they call them intensives, they call them

shortage differentials. They have a couple different names

for them.

Typically, what it is, is there will be a premium placed on the base pay. That premium is attached to that, on the base pay, until such time as a shortage or the incentive is taken off. Typically, the way it works, okay, in real round numbers, say that you're going to be getting a thousand dollars a month and they're going to give you a \$500 shortage or incentive, so that can bring some people in.

But typically, what happens, as the -- when the shortage is taken off, any pay raises in the future are

deducted from that. So if now you're getting \$1500, okay, and everybody gets a \$200 raise, well, now you're still going to be getting \$1500, but your shortage has dropped from 500 to 300. That's typically the way they do it.

MS. RAISBECK: That's not just the personnel department, that's statewide?

MR. SEITZ: That's within the civil service system. I hope that cleared it up a little bit. I know because my guys have had that for a long time.

MS. RAISBECK: Have had that differential?

MR. SEITZ: Yes.

CHAIRMAN VICTORINO: Thank you, Paul. That gives

us some light. Not much but some light.

Yes, Mr. Okamura?

VICE-CHAIR OKAMURA: I was wondering, you know,

the short -- the space problem, space shortage problem,

would you deal with it through this budgeting process?

Let's say if you needed more space, would you try to budget

some additional space into the budget for a particular

department?

MR. TENGAN: That's correct. What we would do is

include an account for office rental, as we did for the

planning division --

VICE-CHAIR OKAMURA: Is there a shortage in the engineering -- I think there was a shortage in the engineering department also.

MR. TENGAN: In space?

VICE-CHAIR OKAMURA: Space, yeah.

MR. TENGAN: Well, we got it in the fiscal division also. We're quite short of space.

VICE-CHAIR OKAMURA: Would the budgeting time be a good time to try to budget in for added space for these departments?

MR. TENGAN: Well, we do have a little space that we can play around with for a little while. Since the planning division has moved to the Hokama building, most of the former board room is available for use now. Except that in order to maximize use of it, that room, we would have to relocate the door between the conference room and the fiscal division. I believe the door has been placed -- restricts our use of, you know, getting maximum usage out of the room.

VICE-CHAIR OKAMURA: Would now be a good time for you guys to look at the space requirements and try to budget some money for someone in that department for -- to improve

their efficiency?

MR. TENGAN: I guess it would be a good time. Any time would be a good time. But to put monies in to pay for the additional space, this would be the best time.

VICE-CHAIR OKAMURA: Because people are aware of the problem and maybe we'll be able to get the money. It's just a thought, but maybe now would be a good time.

MR. TENGAN: One big question we got to resolve is, you know, do we get space for just -- let's say Alva needs four more engineers and we need space for them, do we go out and look for space for four engineers, or do we go

out and look for space for his entire division? Then that would create an excess of space on the fifth floor if we did that.

VICE-CHAIR OKAMURA: Or if you were to move one of the smaller departments out and readjust the space.

MR. TENGAN: The smaller division in the -- on the fifth floor right now is the administrative division.

CHAIRMAN VICTORINO: I don't know that's a good idea.

MR. TENGAN: I would be glad to move down to the Montana Beach Property.

VICE-CHAIR OKAMURA: Maybe now would be a good time, it's just a suggestion.

CHAIRMAN VICTORINO: Any more questions in the area -- or any more explanation in the area of engineering program so we can continue to proceed? Any other questions from the board members? Ralph?

MR. JOHANSEN: Well, you have said that using general engineering staff is not feasible because of -- because they're not familiar with the department functions. Have we ever talked about contracting engineering for some of these functions?

MR. TENGAN: Yes, we have discussed that with staff. Alva might have more details as to what the staff concerns are.

MR. NAKAMURA: Some of the concerns that we had was if -- well, let me say a couple of things. One is, there's concerns that whoever we hire would not really know our standards the way our staff people would know it. One approach that we thought about doing was to hire an outside person, a consultant or two, and bring them into the office and work with our people. But from what I understand in the civil service law, that can't be done, you see.

So then we thought about maybe looking at working -- having them work in their own offices and just come in for a short while; but I talked to the staff and they felt uncomfortable about that too, because these individuals would not be under the direct supervision of our staff people, to insure that whenever they review these drawings that -- that, in fact, they're picking up all the different mistakes that we find on these drawings that get submitted. That was the real big concern.

So as a result of that, it was decided rather than trying to hire an outside consulting firm to help us with

that, we try to do the best we can to try to hire outside people to actually be employees of the county and then train them accordingly and bring them up.

So far, like I said, we picked up two. So my vacancy rate dropped from six down to four. So we're still looking for more bodies to pick up.

MR. JOHANSEN: We're still having trouble with that \$25 million CIP budget.

MR. NAKAMURA: True. But some of that -- we'll get into that later on. But part of the problem with that is that a lot of our bids that are coming in currently are

much higher than what we have in the budget. So then we have a problem with having to go to budget with other kinds of things, shifting monies around just to make up the difference. So that's a whole new area.

But we looked at trying to hire outside, but after much discussion and talking over, we decided not to go that route.

CHAIRMAN VICTORINO: Okay. Any more questions?

MS. RAISBECK: Mr. Chair, would it be possible -- when we transmit the budget to the mayor, to include some comments to the fact that we are disturbed that we don't

feel that current salary structure will support hiring a sufficient number of engineers to accomplish the work that needs to be done?

CHAIRMAN VICTORINO: I think something like that can be included in the transmittal to the mayor. But again, knowing what Mr. Tengan and Mr. Nakamura has said, you got to remember this whole civil service program is a statewide program, and that's where the real challenge is, because you have other counties.

And I speak because I have time to spend with and I spent time with the Big Island and Kauai, and some of

their situations are totally different than ours. And they don't want to spend or they're not willing to spend and they're not willing to change some of these things.

But let me not get into that issue. I will put in a transmittal of our concerns in that area, that we're gravely concerned in that area.

MR. TENGAN: Mr. Chair, I think I should mention one thing. Paul mentioned a shortage differential for his treatment plant operators, we could have done the same thing for the engineers; however, we are already hiring the engineers at the -- which is the highest step that we can

pay any engineer. And so the personnel office has taken the position that since we're already paying at the highest end, you know, that kind of takes care of the shortage differential.

Because in normal times, let's say we have a surplus of engineers out in the community and looking for jobs, they would be coming in at the lowest step, and so by us moving it up to the top step, we felt that, you know, that in itself is like the shortage differential. So to apply a shortage differential on top of that, my inquiry to personnel office, I got a negative answer.

MS. RAISBECK: Well, the mayor might have some influence with the personnel office.

CHAIRMAN VICTORINO: I don't think so. But anyway, okay. Well, we will put that under our concerns, and I'll forward a transmittal with that from the board.

MS. RAISBECK: Thank you.

CHAIRMAN VICTORINO: Anything else under the engineering program? Any more comments or questions for our staff here? All right, hearing none, moving right along to water resources and planning program. Ellen?

Jacky is right there in the corner. Ellen and

Jacky, why don't you introduce yourself just for the minutes purposes.

MS. KRAFTSOW: I'm Ellen Kraftsow with the water resources and planning division.

MS. TAKAKURA: Jacky Takakura, administrative officer.

CHAIRMAN VICTORINO: Thank you. Go ahead, Ellen.

What page should we start on?

MS. PERDIDO: Start on page 83, which is the salaries.

MS. KRAFTSOW: There aren't really any changes

there, it's just a matter of getting these full. Some of them have been upstairs now for a couple of years. There's one noted here as waiting for PD, where I did actually hand in a PD quite a while ago. I think that -- communication -- so the hydrologist is the only one --

CHAIRMAN VICTORINO: Which one is that?

MS. KRAFTSOW: The clerical tech. The hydrologist is waiting for my redescription, and the rest is -- and that's because we found somebody. We have difficulty -- I've had the experience of hiring a planner to one position, getting nobody on the list, hiring the only person on the

list, waiting while they went through all the medical, etc., and then the day before they were supposed to start they get offered twice as much somewhere else. And there's no way that we can compete with that.

I had another woman who was waiting for the 2, very good, very qualified Hawaiian, who actually has done contracts with us. Waited, waited, waited, waited, waited, and by the time they did the list, I called her and she said, "You know, I gave up, I took another job."

So we lose them both for salary and for the amount of time it takes to go through upstairs. You know, some of

these positions were handed in and approved as early as
2003.

MS. RAISBECK: Excuse me, Ellen, I don't see a
listing of which positions are unfilled. Is that on here?

MS. KRAFTSOW: It's on the same table that --

MS. RAISBECK: Where is it?

MS. KRAFTSOW: It's on page --

CHAIRMAN VICTORINO: Here. I think everyone --
they passed that out.

MS. KRAFTSOW: It's right here.

MS. RAISBECK: I didn't get it.

CHAIRMAN VICTORINO: Here it is. Did everybody

get one?

MS. PERDIDO: Page 65.

CHAIRMAN VICTORINO: There's another one. Okay, I

apologize.

MS. KRAFTSOW: I've also made inquiries several

times -- the planners do not get, right now, neither

shortage differential nor do we hire them at a higher step.

So there's no accommodation being made to help us recruit

planners at this time.

And I have made the request to personnel whether

it would be possible -- what we have to show to do that.

Because I have a person that would be very qualified for the

6, and it may help me keep the other guy, and it may have

helped me keep the 2. But I've never gotten any responses

to the inquiries. I mean, I've sent them informally by

e-mail several times. So I don't know.

So the, you know, the positions are there now,

finally, but the -- the funding is there now, finally, but

there's no list; there's nothing to hire from. There

doesn't seem to be any moving.

CHAIRMAN VICTORINO: When you say "no list," you

are referring to --

MS. KRAFTSOW: The way that we have to hire is we have to wait for them to recruit, and then they create this list, and -- you know, then, even this one person, I guess HRS was edited, and during the Cayetano administration, I think it was, the state legislature amended HRS to enable people who were born and raised here who wanted to come back, to come back to not have to meet the residency requirement in order to come back.

So I have a friend now, born and raised here, used to be a high level planner, lots of GIS skills, been doing

watershed modeling in Washington State, wants to come back, wants to be a 6. Two problems: one is, the price of living is really high and the salary isn't that great; and two is, it's just getting the list going.

So I'm only saying this to let you know that we're facing the same issues as every other division, and it's difficult to function when you just can't get people on board.

And when you do get people on board, more than once I hired people that, you know, they've done fine and they're fine, but where there were questions about if they

were as qualified as some other people that we -- the staff had -- let's say we've given chances to people, which can be good, out of lack of an applicant pool.

CHAIRMAN VICTORINO: In other words, what you're trying to say, you had somebody and that's the only body you had, so you wanted to give that person a chance? Is that what you're trying to tell me?

MS. KRAFTSOW: Right.

MR. JOHANSEN: Mr. Chair?

CHAIRMAN VICTORINO: Yes, Mr. Johansen.

MR. JOHANSEN: I have a question to Mr. Tengan.

All the counties must be having the same problem?

MR. TENGAN: Not necessarily so. When I asked someone from the Big Island about their engineering positions, they seemed to have filled all their engineering positions.

MR. JOHANSEN: Is that a function of lower growth?

MS. KRAFTSOW: Land is cheaper. You can't buy land on a salary that the county pays you here, but you can over there.

MS. RAISBECK: What are the comparable salaries on the Big Island and here?

MR. TENGAN: They're on the same compensation
schedule.

MR. JOHANSEN: The reason I ask, if that were the
case, then you could combine forces and approach the
executive and the legislative bodies as a group and present
it as a common problem. But apparently it's not.

CHAIRMAN VICTORINO: Okay.

MS. RAISBECK: Perhaps, Mr. Chairman, based on
what Ellen has been saying, we need to represent to the
mayor that we feel something -- somebody needs to look into
the length of time it takes to get and recruit and hire for

the positions.

CHAIRMAN VICTORINO: Now, may I ask, is this recruitment, this list, also mandated by civil service?

MR. TENGAN: That's correct.

CHAIRMAN VICTORINO: Okay. I'll put that as one more of our concerns.

MS. RAISBECK: Thank you.

CHAIRMAN VICTORINO: I will do that. Moving along, any other, you know, I guess, questions in the area of our -- yes?

VICE-CHAIR OKAMURA: You have your contractual

service and professional services --

CHAIRMAN VICTORINO: What page?

VICE-CHAIR OKAMURA: Page 84. 6112 and 6132.

What do those entail that you budgeted for?

CHAIRMAN VICTORINO: What was that again,

Mr. Okamura? I'm sorry, I didn't get the numbers.

VICE-CHAIR OKAMURA: Page 84, Nos. 6112 and 6132.

MS. KRAFTSOW: 6132, that's professional services,

that's itemized on page 61. And 6112, that's things like
maintenance of -- you know, we have five staff, four of
which have -- licenses and hydraulic modeling software, and

every one of those softwares has annual update fees. And, you know, they need to get updated. And so that's like the combination of all the fees for all the different software and Xerox maintenance and software maintenance, and all of that.

VICE-CHAIR OKAMURA: Thank you. You said page 61

or 62?

MS. KRAFTSOW: I have 61. 20-8.

CHAIRMAN VICTORINO: Wait, what was that?

MS. KRAFTSOW: 85 is grants. Oh, I'm sorry --

MS. PERDIDO: That's your grants. Professional

services.

MS. KRAFTSOW: Monitor and update Iao, Waihe'e and

Opana Tunnel at Kailili. That's actually combined.

Commission groundwater model, stream monitor and aquatic

ecology for the west side. The stream gauge -- a stream

gauging program. An information systems -- integration,

it's just an allowance. It's small.

Water use and development plan and demand model --

resource managing and protection allowance and research

facilitation -- and/or other well-head protection program.

That's been -- that's from the EPA grant, that's the

remaining amount for that and the hydraulic model. Those
are services to accommodate those --

VICE-CHAIR OKAMURA: Thank you.

MS. KRAFTSOW: I guess professional services are
used to also include all those other --

MS. PERDIDO: Now they are itemized. On page 85
you'll see those. They used to be under professional
services, but they're now line items itemized on the county
budget.

CHAIRMAN VICTORINO: That's the Leeward Haleakala
Forest, that page?

MS. PERDIDO: Yes.

CHAIRMAN VICTORINO: So these are monies that we allocate and give to these various -- nature conservancy, the East Molokai watershed partnership service, etc., etc., that's monies that we grant them?

MS. KRAFTSOW: Right. To do the work.

CHAIRMAN VICTORINO: To do the work, okay. That's page 85, by the way.

MS. KRAFTSOW: I want to make sure -- this year we had a problem and we're going to actually have to go to council to amend it, because we asked for a hundred thousand

for the nature conservancy and the Waikamoe preserve and another hundred thousand for the East Maui watershed partnership and the adjoining preserve.

And they were both scheduled by the county under TNC, and that's not where the partnership runs the money through, and so we have to go back upstairs to make the change, and we have to go back and ask for a whole council amendment just to give them the money that we tried to budget. And the same mistake was made here, and so I would like to --

MS. PERDIDO: You need to let us know so we can

change it here.

MS. KRAFTSOW: Does this count as letting you
know?

MS. PERDIDO: No. You have this to review --

CHAIRMAN VICTORINO: It sounds something more
internal, and so if you can --

MS. KRAFTSOW: I thought it happened upstairs.

CHAIRMAN VICTORINO: Any more questions?

Comments?

VICE-CHAIR OKAMURA: One question, then.

CHAIRMAN VICTORINO: Yes, sir, Mr. Okamura?

VICE-CHAIR OKAMURA: You know, the council is looking at a conservation program, I don't know how soon, realistically how soon they're going to start. I think in the ordinance they are expecting the Department of Water Supply to carry out that.

MS. KRAFTSOW: What I saw was -- one of the ordinances said we should write a plan within 180 days, and the other one just had some enforcement of waterways prohibitions and -- water schedules. We actually have had a draft landscape conservation ordinance that went out with the Lanai water -- but we never got through that draft.

I don't know -- we budgeted some to do a toilet retrofit and do a pilot and to do some studies, but it's an increased budget, but it's not a full-blown budget yet.

VICE-CHAIR OKAMURA: So if you have to do it, how will you handle it in terms of resources?

MS. KRAFTSOW: If we come up with something that looks like it's going to cost more than what we have budgeted, then we would probably either take it elsewhere for professional services if we have enough or we would go to council for a budget amendment.

VICE-CHAIR OKAMURA: Thank you.

MS. KRAFTSOW: Based on benefit cost analysis.

CHAIRMAN VICTORINO: Anything else for Ellen in this area? Okay, moving right along, then. Water treatment plant program. I guess, Paul -- I'm sorry, hang on.

MS. KRAFTSOW: I just want to say that our conservation budget, which used to be 60,000, is 300,000. So it's, you know --

CHAIRMAN VICTORINO: Substantially increased.

VICE-CHAIR OKAMURA: What page is that?

MS. PERDIDO: 84.

CHAIRMAN VICTORINO: Right here, conservation

program, 6278. It went from 90,000 in 2005; 260, 2006; and 300,000 for fiscal year 2007.

MS. KRAFTSOW: And that's still not really a full-blown conservation program, but it's a major step.

CHAIRMAN VICTORINO: Seems like you're moving in the right direction. Thank you, Ellen.

Paul, I'll call you up for the water treatment plant program.

MS. PERDIDO: Page 65 shows the vacancies.

CHAIRMAN VICTORINO: For --

MS. PERDIDO: For treatment plant.

MR. SEITZ: We also have one more.

CHAIRMAN VICTORINO: One more page?

MS. PERDIDO: No, one more vacancy.

MR. SEITZ: One more vacancy. One of our workers transferred out.

CHAIRMAN VICTORINO: Yeah, went to Kapalua.

MS. PERDIDO: And then we can go back to 87 to start on this.

MR. SEITZ: Yeah, expansion positions.

MS. PERDIDO: 89 --

CHAIRMAN VICTORINO: Page 89 is your operating

budget.

MS. PERDIDO: One of the major increases is
electricity.

VICE-CHAIR OKAMURA: This is -- sorry.

CHAIRMAN VICTORINO: Go ahead. If you have a
question, please address it.

VICE-CHAIR OKAMURA: This doesn't include the
pumping cost, pumping cost between plants and --

MR. SEITZ: Some of it, yes, it does. Actually,
the Kamole water treatment facility is Maui Electric's
largest account. And that pumps water from the Kamole

facility, lifts it about 350-something feet up to Pookela.

And we use a series of high-lift pumps for that, a 700

horsepower, 600 horsepower, and two 400 horsepowers.

So the electric bill at that facility can be over
a hundred thousand dollars a month.

VICE-CHAIR OKAMURA: So that's what that \$300,000
is for, that 375 increase? It's mostly for that one --

MR. SEITZ: No, it's spread out amongst other ones
too. That's just the largest.

CHAIRMAN VICTORINO: Realistically speaking, I
mean, you guys are making the best estimate guess you can,

but none of us know what oil and utility prices could be a year from today.

MR. SEITZ: I don't have a crystal ball. If I did, I wouldn't be here.

CHAIRMAN VICTORINO: Yes, we understand that.

MS. RAISBECK: Mr. Chair?

CHAIRMAN VICTORINO: Yes, Ms. Raisbeck.

MS. RAISBECK: Can I ask Paul, the salaries as listed on page 87, are those including the shortage differential or not?

CHAIRMAN VICTORINO: 87.

MR. SEITZ: Yes. Actually, if you look down on the third column over where it says "S.R. & Step," if you look down on a lot of them, you'll see an SD after it, shortage differential.

CHAIRMAN VICTORINO: Oh, okay. So that's what that means.

MR. SEITZ: That's what that means.

CHAIRMAN VICTORINO: You learn something new every day.

MS. RAISBECK: So that would be true for fiscal 2006. So the jump is an actual real jump, not a difference

between a base and something --

MR. SEITZ: That depends on if personnel services reinstates the shortage differential every time they get a raise. If they don't reinstate it, then it's subtracted from the shortage.

MS. RAISBECK: They're the ones who decide if there's a shortage?

MR. SEITZ: The Department of Personnel Services, yes. It's not us.

MS. RAISBECK: Oh. Thank you.

CHAIRMAN VICTORINO: Paul, I would like to call

for a ten-minute recess, because this young lady has been going steady for a little over an hour. And if that's all right with the board, may I ask for a ten-minute recess?

Okay, I'll call for a ten-minute recess.

(A recess was taken.)

CHAIRMAN VICTORINO: I would like to reconvene the meeting. We were still in water treatment program. Any more questions in that area? Field operations.

MR. SEITZ: I don't handle field operations.

MS. PERDIDO: I think one point that maybe Paul should put up is, we're putting the replacement filters to

the main -- in the operating instead of the CIP. So that's

one change of --

CHAIRMAN VICTORINO: So in other words, we're

taking the money out of CIP --

MS. PERDIDO: No. We're not touching CIP. It's

coming out of operating for the replacement of membranes.

And they do have an eight-year life?

MR. SEITZ: Five.

MS. PERDIDO: Five-year life that we do

capitalize. But we are going to be taking it out of

operating and not CIP.

MR. SEITZ: In the past years, we've always had it in the CIP budget; so this year you won't see it in the CIP budget because it's now in the operating side.

MS. RAISBECK: How much is that?

MR. SEITZ: About \$300,000.

MS. RAISBECK: At over five years or each year?

MR. SEITZ: No, no, each year.

CHAIRMAN VICTORINO: Where would that fall under?

MS. PERDIDO: It's on page 91.

CHAIRMAN VICTORINO: I see it, okay. 360,000.

Okay. Okay, about 400,000, yeah?

MR. SEITZ: Yeah, I think we did up it.

MS. KAU: 363.

CHAIRMAN VICTORINO: Yeah, okay.

MS. RAISBECK: That sounds like a wise decision to
do it that way.

CHAIRMAN VICTORINO: Any more questions for Paul?

I know he wants to run away.

MR. SEITZ: I have to stay for the CIP.

CHAIRMAN VICTORINO: So you're not going to run.

Let me make all the board members aware, we have
this room until 4:00, we're going to lose Jacky at 3 and

Ellen at 3:30, so let's, if we can, if there's not a really
lot of questions, move on with operations -- I would like to
put field operations and plant operation program and
department water expenses -- I mean, unless there's a real
urgency, all three together. And if you have specific
questions. But who would like to cover those areas for
field operations?

MR. TENGAN: I guess we can.

CHAIRMAN VICTORINO: Just real quickly and then --

MS. PERDIDO: There's one expansion for field --

MS. KAU: Yeah.

CHAIRMAN VICTORINO: And that is page?

MS. KAU: It was added subsequent to this, but it is for a laborer. He's asking for a laborer, an additional laborer.

CHAIRMAN VICTORINO: And where is that? That's not put on the --

MS. PERDIDO: It's not put on this schedule.

CHAIRMAN VICTORINO: What would the cost of that laborer be?

MS. PERDIDO: It would be about 28,144, but usually they will half the salary, they will say six months

only. Because of the -- the council or mayor.

MS. KAU: Any other questions about the salaries
for field ops?

CHAIRMAN VICTORINO: What about shortages? I know
that the page -- are we really --

MS. PERDIDO: There are seven vacancies.

CHAIRMAN VICTORINO: Seven vacancies, okay. And
they are? Real quickly, Jacky.

MS. TAKAKURA: On page 65, two water service
supervisors, who left us due to retirement, one is in
Lahaina; one is Molokai. A Pipe Fitter 2, who also retired,

that one is Hana; three pipe fitter helpers and an expansion position Pipe Fitter 1 in Lahaina, which we're presently interviewing in-house. And that should be filled soon, No. 266.

MR. TENGAN: We'll be losing another supervisor come December 1st.

CHAIRMAN VICTORINO: Kapalua, I told them to stop doing this. Any questions? I don't think there's much to be discussed. I mean, you know, we know what we need. Seems like we're trying to recruit and expand. Plant operations and department -- well, the plant operations.

MS. PERDIDO: Plant operations, there was no expansion -- no, no, one expansion, a mechanics supervisor, that's on page 99. And there's five vacancies.

MR. TENGAN: Mr. Chair, the position for the mechanic supervisor, right now the mechanics and the electricians work under the same supervisor. And the intent here is to break up the two functions. So that right now there's an electrician that heads that function and he's not as well-versed on the mechanical side, you know, to kind of provide -- so what we want to do is split up the two functions and put a mechanic in charge of the mechanical

section and an electrician in charge of the electrical side.

CHAIRMAN VICTORINO: Any questions on the plant
operation programs?

MS. RAISBECK: Yeah, the Water Microbiologist 1 --

CHAIRMAN VICTORINO: What page, Sally?

MS. RAISBECK: This is the vacancy report, WW-222.

That's been vacant a year, and it says position reallocated.

Where did that go?

CHAIRMAN VICTORINO: Is that W --

MS. RAISBECK: On the vacancy report.

CHAIRMAN VICTORINO: WW-0245?

MS. RAISBECK: No. WW-222, on the vacancy report,

under plant operations.

CHAIRMAN VICTORINO: I don't see 222.

MS. TAKAKURA: I believe Sally is looking at the

one as of June 30, 2004.

CHAIRMAN VICTORINO: Oh, there's another one.

MS. RAISBECK: Oh, I'm sorry.

MS. TAKAKURA: It would have been reallocated.

Because it's not on the current vacant positions listed, it

would be filled by now.

MS. RAISBECK: Okay.

CHAIRMAN VICTORINO: Okay.

VICE-CHAIR OKAMURA: Plant operations, you have water treatment plant, water treatment facilities, the earlier -- where do you make the dividing line?

CHAIRMAN VICTORINO: I think, you know, for sake of time, that kind of question, can you maybe later on, you know, you can kind of make your own question on that one.

MR. TENGAN: Mr. Chair, one statement to clarify that. Paul represents the water treatment division, which handles all the water treatment plants; the plant operations handles all the wells, the pumps, and the electronic

controls within the distribution and transmission system.

And the lab also.

CHAIRMAN VICTORINO: The final two is plant operations -- oh, we did that -- and department-wide expansions, which includes debt services, insurance, and overhead charges, employee benefits, which is a big one.

Okay. I guess a real quick encapsulization (sic) of that.

It's pretty much self-explanatory.

MS. PERDIDO: Yes, it's pretty much self-explanatory. Overhead is what the county charges us for our share of expenses like the attorney fees, the

personnel fees, and all -- they charge us that amount, you know, monthly fee. Benefits include all the insurance benefits, the -- everything.

CHAIRMAN VICTORINO: That would be retirement, medical benefits, and whatever. Okay.

MS. PERDIDO: Refund from mainlines is what we offer to our -- to refund our consumers who put in mainlines and we share the expense with them and refund it over five years. This debt service, you know, I want to point out does not include any additional debt if we need to issue any debt for CIP.

CHAIRMAN VICTORINO: Any questions for Holly in

the area of debt-wide expenses? Okay. Any more -- I'm

going to, if it's all right with the board, close operations

and now move into the area of CIP. So we will move into

Discussion and Possible action on the approval to submit the

Fiscal Year 2007 CIP budget to the Mayor.

MR. TENGAN: Mr. Chair --

CHAIRMAN VICTORINO: Who wants to take this and

get it rolling? Thank you, Director Tengan. What page?

You have to speak up, Ellen.

MS. KRAFTSOW: Your table A starts on page 104 and

table B starts on page 115. And I guess table B is really the summary. The assignment to funding sources is not final; this is the default from the computer. Some of that funding gets adjusted when we find out the actual anticipated funds based on lapsing and everything.

But, basically, things that we know up front are made to the expansions are -- and underwater sources development -- things are capital or mix of capital and expansion usually start out and move to capital -- and design. So this breaks it down by community plan area. And source of funding -- a total amount right now is 25.6

million.

And then as far as table A goes, I don't know if you want to go over every project by project, or if you have specific questions, we could try to address those.

CHAIRMAN VICTORINO: I think I'll open the floor to questions on the specific projects if that's what the board members so desire.

MR. HIRANAGA: Question, Mr. Chair.

CHAIRMAN VICTORINO: Yes.

MR. HIRANAGA: Hamoa-Koali --

CHAIRMAN VICTORINO: What page?

MR. HIRANAGA: Page 106. Could you briefly

describe that? I know there's -- you didn't bring any maps?

MS. KRAFTSOW: I didn't bring maps today, no. But

I do have the description on page 106.

MR. HIRANAGA: I'm not that familiar with Hana, if
you could --

MS. KRAFTSOW: Okay. Past Hana town, where the
Hamoia well is, from there to the Kaupo end of the system, it
doesn't go all the way to Kaupo, but to the Kaupo end, that
whole line is substandard. And towards the end of that
line, the Koali region, that wholly depends on this

substandard line. And it depends on that pump and line for their -- it's like their sole source of water.

And the line, I guess, needs to be fixed every week or every other week. Often. And it's causing a lot of overtime, and it's also causing -- the whole system is substandard. So the whole segment is a long multiyear project. And the segment that we would be proposing to work on during the fiscal year 2007 goes from standpipe 23 to standpipe 48.

MR. HIRANAGA: This line runs along Hana Highway?

MS. KRAFTSOW: Basically, yeah.

MR. HIRANAGA: Second question. The Keanae

waterline improvements, is that the entire waterline for the entire peninsula all the way to the end?

MS. KRAFTSOW: Peninsula section, yeah, it looks

like it would be.

MR. HIRANAGA: It goes past the church all the way

to the river mouth?

MS. KRAFTSOW: The river mouth at the bottom or on

the side --

MR. HIRANAGA: End of the road and past the

church, it turns into a dirt road and it dead-ends to a

river mouth.

MS. KRAFTSOW: I think I measured it to take the whole thing. But if they decided they didn't need the whole thing, they wouldn't do it. When they go into the actual project design phase, which I guess they have done, but I didn't check with them, this is the original scope, they would -- if they would take off a few hundred feet, because that last couple hundred foot segment is just for service and not fire protection, that would be the difference between --

MR. HIRANAGA: But you would bring up the entire

peninsula?

CHAIRMAN VICTORINO: You know, the last one that

Member Hiranaga asked about, from standpipe 23 to standpipe

48, how far is that? How many miles?

MS. KRAFTSOW: About 3500 feet.

CHAIRMAN VICTORINO: About 3500 feet total, as it

says over here?

MS. KRAFTSOW: Uh-hm.

VICE-CHAIR OKAMURA: That's from where to where?

Is that to Hana or the other way around?

MS. KRAFTSOW: It's past Hana, that's between

Hamoia and Koali. And this is sort of towards the beginning of that -- I think it's within the first third of that segment where Hamoia wells are.

VICE-CHAIR OKAMURA: And then the other segment would be the opposite direction?

MS. KRAFTSOW: It would keep going. It works its way from upstream to downstream. From the well towards --

MR. HIRANAGA: I have another question.

CHAIRMAN VICTORINO: Go ahead, Member Hiranaga.

MR. HIRANAGA: I'm just curious, Kihei-Makena,

page 109. You only have one project planned for the

Kihei-Makena area this fiscal year?

MS. KRAFTSOW: Kihei and Makena is much newer, in general, in terms of when it was built, than much of the rest of the system, so it doesn't have the same replacement needs. And it is part of the Central Maui system, so a lot of times -- there was a Kihei -- but I think that got moved out. Yeah, that's the one there. That's the one we have right now. That line actually happens to be our biggest overtime cost. Single handedly the line that causes the most overtime.

MR. HIRANAGA: That's the section beyond the Sonny

Vick subdivision?

CHAIRMAN VICTORINO: You know that one?

MS. KRAFTSOW: It's all in --

VICE-CHAIR OKAMURA: They had the agreement to do
it themselves; right?

MR. HIRANAGA: I believe there's a private
waterline agreement. It makes the people who are receiving
service responsible for maintenance.

MS. KRAFTSOW: We gave you guys that agreement, it
didn't cover fixing the line like this.

MR. HIRANAGA: What does it cover?

MS. KRAFTSOW: I think they were responsible for
if they're -- are they up above the line, the pump --
themselves?

MR. TENGAN: I don't recall in terms of where they
are.

MS. KRAFTSOW: I remember we had to pull it out
for last year's budget.

MR. HIRANAGA: And the previous year.

MS. KRAFTSOW: Yeah. It didn't cover that.

MS. RAISBECK: Mr. Chair?

CHAIRMAN VICTORINO: Yes, Ms. Raisbeck.

MS. RAISBECK: I would like to make a suggestion, Ellen, that it would be helpful to me if we had a summary sheet where you sort of for each water system, you know, that we have, you would list the summary demands in the different categories, like replacement versus, you know, replacement, and then just very briefly a summary value for how much you're spending for replacement of pipes or replacement of tanks or -- and so on. You know, we got a given area --

MS. KRAFTSOW: By project classification, you mean? Sort of like Table B, except instead of being broken

down by community plan, broken down by project

classification?

MS. RAISBECK: Yeah. So that you could -- we could sort of -- and if it were possible, which I don't know that it is, but I remember so well the Brown & Caldwell study that looked at all the infrastructure that we had at that time, which is maybe five or six years ago, and came up with a figure for replacement as is.

I mean, you know, placement, not expansion in any way, and have somehow the comparison to the figure so we could sort of see how much progress are we making in

replacing what was told at the time that needed replacement.

For example, how much are we making progress in the
different regions.

I realize that's extra work, which you don't need
right now, but that kind of thing would be very helpful. I
think also when you go before the council.

MS. KRAFTSOW: Right. I guess you brought up a
good point that I don't want to forget, so bring me back to
it about budget. But about mileage of pipe or -- tanks --
replacing, things like that, this is actually a pretty hefty
replacement oriented budget. There's a lot of tank

replacements, especially.

But what that Brown & Caldwell model actually did was -- if you spent this kind of money this way and did this much per year, this is how your financial picture would move. It didn't actually say this is how much you have to replace a year. What we need to do is -- even if we catch up, you know, at the other end there's something getting older. So we should keep doing it every year. It's not like we're going to catch up and be done.

MS. RAISBECK: No, I didn't mean that. I just meant that if we're in a process of putting in new stuff and

replacing old stuff, what kind of gauge can we have about how much, you know, how much we're doing a year compared to the need. That's what would be helpful to me.

MS. KRAFTSOW: We can do that, yeah. It would take a while, but if it's important --

MS. RAISBECK: Well, I'm just saying it might be useful next spring when you're going through the budget with the council.

MS. KRAFTSOW: I did that last year and it was less. I don't remember if the target was -- how many miles the target was. I would say we have -- I don't remember.

MS. RAISBECK: Thank you.

CHAIRMAN VICTORINO: Okay.

MS. KRAFTSOW: But about budget, we usually have a meeting every year during budget preparation season, where I get the engineers to help me and they look at recent prior projects and what it costs. We had that meeting in April of 2004 to do the 2005 and 6 -- we were already working on 6 by then, the budget, and that was a little more than a year ago.

And we went over, again, as I think Alva mentioned to you, projects are coming in consistently over budget. So

it went over more recent -- recently, again, with the engineers again, and the cost factors have gone up by, like, three times what they were. I mean, it's not just your usual annual 5 percent increase. It's, like, a huge increase.

And I haven't had a chance to recost every project in the database. And it's not set up to do that automatically for various reasons right now. So you're looking at this 2007 budget that's before you, it has been recosted. But you're looking at even more difficulty reaching the correct mileage.

CHAIRMAN VICTORINO: Ellen, if you were to give me, and if I were to ask you this question, how much more of an actual percentage increase on what you're actually showing me here to keep up with what you're originally anticipating?

MS. KRAFTSOW: What we used to do, what we normally used to do is assume it's going to be about 5 percent a year, and then we would, like, start out one year and we would do -- make it almost on the expensive side and then just not change the cost factors every year -- change them -- but lately we change them more because the prices

are changing more.

CHAIRMAN VICTORINO: So what kind of a percentage?

MS. KRAFTSOW: It was, like, 20 percent a year for the last couple of years. That can't continue. I mean, that's -- if that continues, we're all --

CHAIRMAN VICTORINO: Mr. Okamura?

VICE-CHAIR OKAMURA: Most of these you contract out to CIP, what percent did you contract out and what percent did you do in-house?

MS. KRAFTSOW: For construction, they mostly have contractors.

VICE-CHAIR OKAMURA: 90 percent of this is

contracted out on CIP?

MR. TENGAN: I think all of this is.

VICE-CHAIR OKAMURA: A hundred percent?

MS. KRAFTSOW: Except where it says -- how many
times some things were designed in-house.

MR. TENGAN: The in-house projects are very small.
Practically speaking, you can say all of it is done --

VICE-CHAIR OKAMURA: Have you ever thought of --
increasing the capability to do in-house --

MR. TENGAN: Yes. We just talked about it

yesterday, because the prices were getting --

VICE-CHAIR OKAMURA: You might save money.

Because the contractor's price is not only material, but everything, labor and everything else. Insurance.

MS. KRAFTSOW: One thing that went up a lot was steel, the price of steel.

MR. TENGAN: Construction climate is such that, you know, even if we were to go on that basis, we would have a difficult time finding steelworkers.

VICE-CHAIR OKAMURA: Yeah.

MR. TENGAN: Back to the engineering problem.

VICE-CHAIR OKAMURA: Unless you do it and -- going to be a period when construction is slow and you get all the workers, and then you find a way to keep them. But it's more work for everybody.

CHAIRMAN VICTORINO: I think that would be the ideal world, but I think we have to realize that today the climate is the way it is and not going to get much better.

MR. TENGAN: I can remember when I first came back to Maui and started working for the board, the department was chastised for doing a project in-house, by one of the board members.

CHAIRMAN VICTORINO: None of us here.

MR. HIRANAGA: Me?

CHAIRMAN VICTORINO: No --

MR. HIRANAGA: I don't work for the union.

CHAIRMAN VICTORINO: Okay. On the CIP, any other
board members have questions? Now is our time. Ralph?

MR. JOHANSEN: No.

CHAIRMAN VICTORINO: Sally?

MS. RAISBECK: No.

CHAIRMAN VICTORINO: Mr. Ken?

MR. HIRANAGA: No.

VICE-CHAIR OKAMURA: I have a hard time with this

whole thing in a -- wherever it falls in the big scheme of things compared to, say, last year. Sally might have had a good suggestion, she sort of put it in some --

CHAIRMAN VICTORINO: Graphic form?

VICE-CHAIR OKAMURA: -- context. I'm not -- I mean, it's hard to grasp this whole thing, you know, and compare to what was requested last year and what was done last year.

MS. KRAFTSOW: Last year, I don't know -- last year I think I gave you an additional report like what Sally

requested. And I also gave you a thing where it had a picture of each -- yeah, I never really felt like it got used, so I kept it simple. Sorry. If there is something specific --

VICE-CHAIR OKAMURA: I've got a question. So what's the general process, like, say, all these budget projects, let's say you pick, A, B, C projects as opposed to X, Y, Z projects?

MS. KRAFTSOW: The original CIP is put together by a few things, first, inventory, like these are all the tanks, these are all the pumps. So, you know, if -- it used

to be 87 pumps, it's a little bit more now, but you want to replace about -- through 10, 15 years. We've been slow on that. The tanks are by condition and it's by age and it's by the field, who says whatever.

Miles of pipe -- pipes, we prioritize everything that is under 6 inches right away, and then even 6 inches -- and then we also did an overlay of the zoning. This was by hand before we had GIS, by literally drawing markers on the map -- of the zoning and some places were substandard for the zoning or community plan. Front Street had one; Upcountry had one.

Then you hear what's breaking from the district supervisors, both in engineering and in the field. And so it all just comes under one big list, and then based on age, you give a rough priority. Then you start sitting down with people and we'll know this is breaking a lot more than this, or this is a bigger problem than that. And so you have sort of the candidate list there, then the real priorities are based on how it's performing.

MS. RAISBECK: Mr. Chair?

CHAIRMAN VICTORINO: Yes.

MS. RAISBECK: I just wanted to say, when we were

at the conference in San Francisco, I heard a fellow talk about planning for replacement of, you know, pipe and things like that. And his philosophy seemed to be that if a pipe broke, you weren't doing the job right, that you had to replace before breaking. Is there any feeling in our department that you should replace before it breaks?

MS. KRAFTSOW: Sure, Sally, but we have literally, you know, a 30-year backlog or 40-year backlog of systems not being properly maintained and replaced. We don't have the money to keep up with it. While there's the feeling, it won't happen in reality.

CHAIRMAN VICTORINO: Holly?

MS. PERDIDO: I just want to put a damper on it.

She has budgeted 25.6 million in CIP, we do not have that

kind of money to fund this. So we would, as I was telling

George, like my capital reserve fund, which Wendy has

estimated is going to lapse for '05, we're looking at

300,000, 400,000 left. And then we did get a settlement

from DBCP monies for about 900,000, so that gives us, like,

1.2 million available. Now, these are rough amounts because

they are based on estimates.

Water system, we're looking at 3.2 million. So

we're looking at maybe 5 million of that 20 million that we have available. So we would probably have to issue a bond to fund the rest of it. That's something to keep in mind.

VICE-CHAIR OKAMURA: The council may not go along with that.

MS. KRAFTSOW: And this is the problem with budgeting far in advance, you don't really know for sure what you have, and you have to just say, okay, the committee said 20, 25 million, we'll prepare that, then we'll see how much of it we can do.

MS. RAISBECK: In presenting to the council, I

think it would be very important to point out that the only way of living up to what the rates committee felt was necessary is to do bonding. I mean, you know, really point it out forcefully.

MS. KRAFTSOW: Yeah. When it comes to replacement, though, I mean, this is just my opinion, I think some people agree -- I mean, it used to be Dave's opinion too, if you start bonding too much replacement, eventually you do debt service -- it makes everything you do more expensive than it needs to be.

If you can fund your replacement out of your

revenue stream to -- at least to upkeep it and expand out --

if you have to bond to expand, that's a different story,

then you get additional revenue money. But we're at a point

where we're going to be looking at bonding -- replacement.

To me, it worries me. I guess some people understand

finance better than me --

MS. RAISBECK: Even housewives can understand that

you shouldn't mortgage your house for your current living

expenses.

CHAIRMAN VICTORINO: Exactly.

MR. HIRANAGA: Question.

CHAIRMAN VICTORINO: Yes.

MR. HIRANAGA: Page 107, Pihani Road. Is that the road past Happy Valley, going up the mountain?

MR. TENGAN: No, it's the road going down.

MR. HIRANAGA: There's a baseyard at the end of it, it's like the last road on the right, as you exit Happy Valley?

MR. TENGAN: Before you start going up the hill.

MR. HIRANAGA: Yeah, okay.

CHAIRMAN VICTORINO: Okay. If there's no other questions, I guess at this time I would like to entertain a

motion that we send this proposed budget before CIP and
operating to the mayor's office. Do I have any -- do I have
a motion for that?

MS. KRAFTSOW: May I ask a question?

CHAIRMAN VICTORINO: Sure, Ellen.

MS. KRAFTSOW: I didn't prepare it in the county
format, so the one that you have -- the county has their own
little Excel spreadsheet. It's the same information, but it
takes up a lot more pages. So what you would be sending
would be the same information, but not the same format --

MR. TENGAN: Approving the numbers.

MS. KRAFTSOW: Just the numbers, okay.

CHAIRMAN VICTORINO: That's all we're doing here,
exactly -- what format do you --

MS. KRAFTSOW: I just wanted to make sure.

MS. RAISBECK: Well, I will move that we forward
this budget to the mayor, with a comment that we remain very
concerned about the ability of the department to pay for the
engineers it needs, and for the planners that it needs, and
with a recommendation that the personnel department move
more quickly on the applications from this department.

CHAIRMAN VICTORINO: I can draft a little letter

to that extent.

VICE-CHAIR OKAMURA: What was the motion? I'm

sorry.

CHAIRMAN VICTORINO: To approve --

VICE-CHAIR OKAMURA: CIP and operating budget?

MS. RAISBECK: Yes. To forward this to the mayor

with those comments.

CHAIRMAN VICTORINO: A letter regarding that.

Ralph?

MR. JOHANSEN: It seems to me that -- I asked the

question, are other counties having this problem, and you

said the Big Island is not having this problem, they seem to be able to fill their category of engineers without any problem. And it was suggested that the problem is lower property rates, lower cost of living.

It's obvious that the civil service rules do not peg salaries on the various islands to their costs of living. And I think that's a problem. And I don't know that there's any way to address it, but I do think it's a consideration and somebody should be dealing with it.

That's just my comment.

And if that were part of the recommendation to the

mayor's office, depends on whether the people thinks that's appropriate. Certainly, if that is the main stumbling block to accomplishing what the water department is seeking to accomplish, then there must be some way of addressing it. That's all I'm thinking.

CHAIRMAN VICTORINO: You make a good point. I'm not sure how I would present that. Sally's one is a little more, you know, to the point. You're talking overhauling a system that may need overhauling, but --

MR. JOHANSEN: It's not really -- I would call it a major tweaking, but not overhauling.

CHAIRMAN VICTORINO: Okay. I have a motion, but I

didn't have a second.

MR. HIRANAGA: I don't know how to say this, but I

was looking at the next agenda item, which is one of the

agenda items which is the first quarter program performance

report. I thought if we looked at that before we did the

recommendation of the budget, then there's --

CHAIRMAN VICTORINO: We cannot -- the only reason

I stop you at this point, in about five minutes we're going

to lose one board member and we're not going to do any more

business, so either we accomplish this right now or we're

not going to accomplish anything at this point. So I hate to put the pressure on, but I was informed by another board member that they need to leave at three, and that's the end of the board meeting.

MS. RAISBECK: We got six here now.

CHAIRMAN VICTORINO: Five. Ellen is not a board member.

MS. RAISBECK: Oh, yeah, sorry.

MS. KRAFTSOW: I can volunteer for five minutes.

VICE-CHAIR OKAMURA: I was interested to know what

Mr. Hiranaga wanted to say about the second item on the --

MR. HIRANAGA: We don't have time to go into it if we're going to lose a quorum in five minutes.

VICE-CHAIR OKAMURA: Yeah, but you wanted to look at this because why? Before deciding on the budget.

MR. HIRANAGA: There's a report that shows projected number of subdivision applications received, of projected number of subdivision applications approved. And 1 they are only projecting to approve less than 10 percent of the applications. So the fact that the work is not coming out of the department is impacting the economy.

And so I thought that would give Sally more fodder

to express our concern about the lack of staff. We're talking about affordable housing, if housing doesn't come out, it just drives the price up because the supply is strict. We have three minutes left.

CHAIRMAN VICTORINO: It's a dilemma, and I apologize. Today has been one of those unique situations, so I apologize. But I would --

MS. RAISBECK: Mr. Chair, I think Kent is making a very valid point, that the performance would -- review of performance would give us a better standpoint from which to recommend or not, the budget; on the other hand, I don't

think that the department can afford to wait until December.

I don't know.

CHAIRMAN VICTORINO: No. I think we have got to a point where I got to ask either we, you know, make the motion and approve this, at least to send it up. Because, again, it's not the end. Now, these other items, you know, definitely got to be put off to the next meeting, and it would be of grave concern, you know, so we can pass that on to the mayor, your recommendations.

MR. HIRANAGA: I guess we could always do a communication at the next meeting, you know, regarding the

budget. We can approve the budget, and then just have the chairman send a communication later, because we're expressing our concern about the lack of, you know, staffing, lack of staffing and lack of output.

MS. RAISBECK: May I revise my motion, which so far has not been seconded?

CHAIRMAN VICTORINO: Yes. You have to revise it and make a new one.

MS. RAISBECK: What I would -- what Kent has said is, if we could say to the mayor that we're very concerned about the lack of the ability of the department to obtain

sufficient staff and that we see that, therefore, as

affecting the entire county and the economy that the

Department of Water Supply is not able to handle the work

that the development on Maui is making necessary.

And therefore -- well, however you want to phrase

it.

CHAIRMAN VICTORINO: Let's try to stick to the

budget itself. Do we want to approve to send on to the

mayor the 2007 fiscal budget for both operating and CIP?

That's what I'm trying to get approval on, or some motion to

approve that. All the rest, Sally, I will work on and with

your help, and maybe Mr. Hiranaga's help, and even you,
whatever suggestions e-mail me and I'll put a letter
together, then forward it to you guys for your review.

MR. HIRANAGA: We can discuss it at the next
meeting.

CHAIRMAN VICTORINO: Okay, discuss it at the next
meeting. Okay.

MS. RAISBECK: I'll strip down the -- excuse me.

MR. JOHANSEN: Go ahead.

CHAIRMAN VICTORINO: Go ahead.

MS. RAISBECK: I'll strip down the motion and I'll

just say, the board votes to forward these numbers from the department to the mayor.

CHAIRMAN VICTORINO: For the 2007 fiscal year.

MS. RAISBECK: Yeah. For the --

CHAIRMAN VICTORINO: Proposed budget for CIP and operating budgets for the fiscal year 2007.

MR. JOHANSEN: Do you state that to the board -- recommends to the mayor -- approval -- is that what you want to say? You said votes, it doesn't compute.

MS. RAISBECK: Sorry. Well, if I can say to meet a -- I mean, this is now discussion. To meet deadlines,

this has to go to the mayor's office. I think they are saying there will be changes before -- maybe before it goes to the mayor, there will be changes in the numbers. We have comments we want to make about overall --

CHAIRMAN VICTORINO: Again, Sally, I don't mean to cut you off, okay, I'm being very gentle about this, but I know Ralph has to go. I guess what I'm asking for before I adjourn this meeting, I would like to hear a motion recommending approval of the operating and CIP budgets for the fiscal year 2007, so that it may be forwarded to the mayor.

MR. JOHANSEN: So moved.

CHAIRMAN VICTORINO: I heard "so moved." Do I
hear a second?

MR. HIRANAGA: What's the motion?

CHAIRMAN VICTORINO: Approval of the operating and
CIP budgets for the fiscal year 2007, so that it may be
forwarded to the mayor.

MR. HIRANAGA: Second.

CHAIRMAN VICTORINO: All those in favor say "aye."

MS. RAISBECK: Aye.

CHAIRMAN VICTORINO: Aye.

VICE-CHAIR OKAMURA: You know, I was going to say

that I have no problem --

CHAIRMAN VICTORINO: You cannot discuss it.

VICE-CHAIR OKAMURA: No.

CHAIRMAN VICTORINO: Okay, then it doesn't go.

Okay. Budget cannot be forwarded. Okay, meeting adjourned.

(The proceedings were concluded at 3:00 p.m.)

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