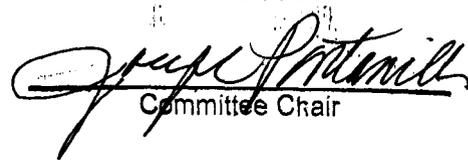


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M I N U T E S  
BUDGET AND FINANCE COMMITTEE  
Council of the County of Maui  
Council Chamber  
March 20, 2007

**APPROVED:**  
  
Committee Chair

1     **CONVENE:**         9:05 a.m.

2

3     **PRESENT:**         Councilmember Joseph Pontanilla, Chair

4                         Councilmember G. Riki Hokama, Vice-Chair

5                                 (in 9:39 a.m.)

6                         Councilmember Michelle Anderson, Member

7                                 (in 9:12 a.m.)

8                         Councilmember Gladys C. Baisa, Member

9                                 (out 4:17 p.m.)

10                         Councilmember Jo Anne Johnson, Member

11                                 (in 9:15 a.m.; out 3:03 p.m.)

12                         Councilmember Bill Kauakea Medeiros, Member

13                         Councilmember Michael J. Molina, Member

14                         Councilmember Michael P. Victorino, Member

15

16     **EXCUSED:**         Councilmember Danny A. Mateo, Member

17

18     **STAFF:**             Lance Taguchi, Legislative Analyst

19                                 Gayle Revels, Legislative Analyst

20                                 Yvette Bouthillier, Committee Secretary

21                                 Clarita Balala, Committee Secretary

22

23                                 Leinaala Khim, Executive Assistant to

24   Councilmember Bill Kauakea Medeiros

25

1    **ADMIN.:**       Frederick Pablo, Budget Director,  
2                           Office of the Mayor  
3                           Kalbert K. Young, Director,  
4                           Department of        Finance  
5                           Jeffrey K. Eng, Director,  
6                           Department of Water Supply  
7                           Holly Perdido, Fiscal Officer,  
8                           Department of Water Supply  
9                           Alva Nakamura, Engineering Program Manager,  
10                           Engineering Division  
11                           Eric Yamashige, Deputy Director,  
12                           Department of Water Supply  
13                           Wendy Taomoto, Civil Engineer, Engineering  
14                           Division, Department of Water Supply  
15                           Brian T. Moto, Corporation Counsel,  
16                           Department of the Corporation Counsel

17  
18    **OTHERS:**       Additional attendees (1)

19  
20    **PRESS:**        *Akaku: Maui Community Television, Inc.*  
21                           *Ilima Loomis, The Maui News*

22    . . . . .

23    **CHAIR PONTANILLA:** Good morning, Members, again. Today is  
24                           March 20th, 2007. The Budget and Finance Committee  
25                           meeting is in session, and the time is 9:05. This

1 morning we do have Member Baisa, Member Medeiros,  
2 Member Molina, Member Victorino.

3 COUNCILMEMBER VICTORINO: Good morning, Chair.

4 CHAIR PONTANILLA: Good morning. Excused are Members  
5 Mateo, Anderson, Johnson, and our Chair Hokama.  
6 Both -- all of 'em -- except for Danny. Danny is  
7 sick, so, Danny, get well soon.

8 Thank you, Members, for being here this  
9 morning. I know we had a lengthy discussion  
10 yesterday. Hopefully we can be more akamai in our  
11 questions, you know, come to the point asking  
12 questions and, you know, let's move forward.

13 Okay, I'd like to introduce the  
14 administration personnel that are here this morning.  
15 We do have the Finance Director, Mr. Kalbert Young;  
16 the Director of Water, Mr. Jeff Eng; the Fiscal  
17 Officer for the Water Department, Holly Perdido; and  
18 joining us is Brian Moto from Corporation Counsel.

19 I'd like to introduce the Staff that is  
20 supporting this Committee. We do have Legislative  
21 Analyst, both Lance Taguchi as well as Gayle Revels,  
22 and our Committee Secretary, Yvette Bouthillier.  
23 Good morning.

24 At this time the Chair would like to call for  
25 public testimony. No one signed up? Okay, again,

1           like yesterday, we'll keep public testimony open for  
2           a little longer, if there's no objections.

3 COUNCIL MEMBERS: No objections.

4 **ITEM NO. 4: FINANCE DIRECTOR'S QUARTERLY AND CIP REPORTS,**  
5 **FY 2007 (C.C. Nos. 06-294 & 07-74)**

6 CHAIR PONTANILLA: Thank you very much, Members.

7           This morning we have two items, the first  
8           item on the agenda is BF-4, the Finance Director's  
9           Quarterly and CIP Reports for Fiscal Year 2007. The  
10          Committee is in receipt of County Communication  
11          Number 06-294 from the Director of Finance,  
12          transmitting the Finance Director's Quarterly Report  
13          and the Capital Improvement Projects Report for  
14          Fiscal Year July 1st, 2006 to June 30th, 2007 as of  
15          September 30, 2006 as it pertains to the Department  
16          of Water Supply.

17          Second, County Communication Number 07-74  
18          from the Director of Finance transmitting the  
19          Finance Director's Quarterly Report and the Capital  
20          Improvement Projects Report for Fiscal Year July  
21          1st, 2006 to June 30th, 2007 as of December 31st,  
22          2006 as it pertains to the Department of Water  
23          Supply.

24          Members, for today's discussion I would like  
25          to focus on the report ending December 31st, 2006.

1 Before we get started, we will review -- the  
2 Committee will receive an overview from the  
3 Department highlighting their operations for Fiscal  
4 Year 2007. Let me again remind the Committee that  
5 the posted agenda for today's meeting does not allow  
6 for discussions on the Mayor's proposed Fiscal Year  
7 2008 Budget. We'll start the budget process on  
8 Thursday of this week, so, Members, please hold your  
9 2008 questions for that time.

10 At this time the Chair would like to  
11 recognize Member Anderson. Good morning.

12 COUNCILMEMBER ANDERSON: Good morning.

13 CHAIR PONTANILLA: At this time the Chair would like to  
14 call on the Director of Public -- Water Department  
15 to provide us with an overview of the Department.  
16 Mr. Eng.

17 MR. ENG: Good morning, Chairman Pontanilla. Good  
18 morning, Committee Members. At this time I'd like  
19 to give you a brief overview of our Department, and  
20 basically briefly explain the seven programs that  
21 comprise it. The first program is what we call the  
22 Administration Program, and this is a program in  
23 which myself as well as Deputy Director Eric  
24 Yamashige are involved with. This is involved with  
25 managing and controlling all the water systems in

1           the County on a day-to-day basis. It includes the  
2           overseeing of all functions, keeping staff focused  
3           on providing clean water efficiently, and properly  
4           serving our community.

5                   We also get involved with recommending rules  
6           and regulations for adoption by the Mayor and the  
7           Council. This program is involved with Human  
8           Resources, community relations, the technical  
9           interpretation of legal and administrative issues,  
10          and we also provide water education to the public.

11                   The Deputy and myself are highly involved  
12          with all six other programs on a day-to-day basis,  
13          and we basically assume pretty much a hands-on style  
14          of management.

15                   The second program I'd like to describe is  
16          our Fiscal Customer Service Program. And this  
17          program is managed by Holly Perdido, who's on my  
18          right. This program administers the affairs of the  
19          accounting section and the customer service and  
20          billing section. Under the supervision of Holly,  
21          the division provides the Department with financial  
22          information, budget development and control,  
23          customer service, billings, billings and reporting  
24          for our approximately 32,000 customers. It also  
25          handles central purchasing, vendor payment

1 processing, and payroll processing. It also handles  
2 all the financial summaries and reports for myself  
3 as well as for the Council and the Mayor. This  
4 particular program has approximately 31 positions.

5 The third program I'd like to describe is our  
6 Engineering Program. This division reviews the  
7 various subdivision plans, building permits, water  
8 service applications, basically reviewing them for  
9 our Department standards. They also administer and  
10 manage our capital improvement projects. They  
11 prepare plans and specs for capital improvement  
12 projects. They oversee consulting contracts. They  
13 prepare and administer agreements with public  
14 agencies and private developers. They develop and  
15 maintain water supply standards, and they do a  
16 number of support services, engineering support  
17 services for the other divisions. This program  
18 currently has around 27 budgeted positions, and as  
19 you well know, we have several vacancies.

20 The next program I would like to describe is  
21 our Water Resources and Planning Program. This is a  
22 real key program to the development of our water  
23 system. It handles a number of functions. It's  
24 involved with long-range planning, and as well as  
25 long-range planning, mid-range planning,

1 particularly in our capital improvement program. It  
2 does discretionary reviews of any kind of permit and  
3 permit applications, such as SMAs, special and  
4 conditional use permits, environmental assessments,  
5 well construction permits, and also it's involved  
6 with the resource management, which includes  
7 tracking water commitments, demands of anticipated  
8 projects. And an important function is that it  
9 participates in the development and implementation  
10 of watershed protection partnerships. This program  
11 has eleven funded positions. We also are  
12 experiencing a number of vacancies. We have  
13 currently six vacancies.

14 The next program I'd like to describe is our  
15 Water Treatment Plant Operations Program. The DWS  
16 has six surface water treatment facilities on Maui,  
17 three of them are located Upcountry, one is in  
18 Wailuku, and two are in West Maui. It's basically  
19 involved with complying with all the service water  
20 treatment rules and regulations. It's always  
21 ongoing, on an ongoing basis reviewing and  
22 evaluating pending service water regulations and  
23 preparing for their impacts. This program has  
24 currently 24 positions and we also currently have  
25 two vacancies.

1           The next program I'd like to describe is our  
2           field operations program. This is the division that  
3           is in charge of the water transmission and  
4           distribution system. It includes responding to  
5           consumer issues, installing, maintaining, and  
6           replacing pipelines, constructing, maintaining, and  
7           replacing water storage tanks, fixing main breaks,  
8           conducting the regular and ongoing flushing, and  
9           providing various support services like vehicle and  
10          equipment repair, repair of fire hydrants, replacing  
11          water meters and transponders. This is our largest  
12          program. It consists of 75 positions, of which  
13          there are currently nine vacancies.

14          And our last but not least program is our  
15          Plant Operations Program. And this particular  
16          program consists of four sections, plant  
17          maintenance, water quality and laboratory, the SCADA  
18          and telemetry program, and backflow prevention. The  
19          plant maintenance section, we currently are  
20          responsible for 29 wells and approximately 66  
21          booster pump stations, or booster pumps, and these  
22          are pretty much keeping the water flowing throughout  
23          our systems. The SCADA and telemetry section is  
24          involved with monitoring and controlling all of the  
25          pumping, the water treatment facilities, and storage

1 facilities within our distribution system.

2 Our water quality lab testing ensures that  
3 we're compliant with all of the requirements of the  
4 Safe Drinking Water Act, and our backflow prevention  
5 section installs and inspects backflow units, making  
6 sure that there's no contamination of our water  
7 system.

8 So that briefly gives you a summary of our  
9 diverse and broad Department, and I think at this  
10 time, Mr. Chair, we will be going into the  
11 operations report.

12 CHAIR PONTANILLA: Go ahead, Mr. Eng. Before you go into  
13 that, Members, I'm going to have Mr. Eng go  
14 through -- he just -- the first item that he covered  
15 was the -- some of the goals and objectives of the  
16 particular Department -- of the Department, as well  
17 as the number of vacancies and EP count for the  
18 Department. So he's going to go into the operation  
19 activity report in regards to the operations itself  
20 for the Water Department.

21 Mr. Eng.

22 MR. ENG: Thank you, Mr. Chair.

23 COUNCILMEMBER ANDERSON: Chair.

24 CHAIR PONTANILLA: Member Johnson -- Anderson.

25 COUNCILMEMBER ANDERSON: Thanks. I'm just trying to make

1           sure that I'm following along in the quarterly  
2           report -- the last quarterly report ending December  
3           31st, '06. It seems like he was following the order  
4           in that report.

5 CHAIR PONTANILLA: Exactly, yeah, page 89.

6 COUNCILMEMBER ANDERSON: Okay, and so are we going to get  
7           a chance to ask any questions --

8 CHAIR PONTANILLA: Yeah.

9 COUNCILMEMBER ANDERSON: -- on what he just presented?

10 CHAIR PONTANILLA: Yeah. We're going to cover the three  
11           items, because I think the next two is going to be  
12           very short, and then we'll go ask questions in  
13           regards to the goals, objectives, the operation  
14           activities, as well as the EP and vacancy report.

15 COUNCILMEMBER ANDERSON: Okay. So we're just going to  
16           wait until he's done with all of those?

17 CHAIR PONTANILLA: Yeah, I'm going to have Mr. Young also  
18           provide us with some financial information regarding  
19           the Department.

20 COUNCILMEMBER ANDERSON: Thank you, Chair.

21 CHAIR PONTANILLA: Thank you. Mr. Eng.

22 MR. ENG: Mr. Chair, so just for my clarification, then,  
23           we are going over the objectives for Fiscal Year '07  
24           or --

25 CHAIR PONTANILLA: You can complete your statements that

1           you want to provide us this morning, and then we'll  
2           go through -- soon after you're done with that, you  
3           know, I'll call with Mr. Young to provide us some  
4           comments in regards to the financing side, and then  
5           we'll go directly into Q and A, and then we'll take  
6           each item again, the goals and objectives first,  
7           operations, and cover your vacancy report. And the  
8           last item for this afternoon would be the capital  
9           improvement report.

10       MR. ENG: Thank you. I guess basically I -- if you'd like  
11           me to, I can just summarize our overall goals and  
12           objectives for the Department. And I'm just doing  
13           this in interest of not boring you folks to death.  
14           We're overall trying to look at improving the  
15           efficiency and operations of all of our various  
16           programs. You know, the Department is pretty much  
17           coming together as a team, and I've identified the  
18           areas that we need to basically fix. Fortunately we  
19           have such a great staff to deal with, and they're  
20           all enthusiastic about serving the community  
21           properly, that it's probably a simple thing to  
22           achieve.

23                        So basically we're looking at whatever we can  
24           to become efficient, to streamline our operations  
25           for you folks, to be more accountable in our CIP,

1           and I think we're pretty much all working on the  
2           same page at this time. So I'm real pleased, being  
3           on the job the past two and a half months, and I'm  
4           so enthusiastic of everything I've seen so far.

5                        Are there any questions?

6 CHAIR PONTANILLA: Are you going to go into your operation  
7           activity? I think you started mentioning about your  
8           operation activities, financials.

9 MR. ENG: Okay, we're going into financials right now?

10 MR. YOUNG: Mr. Chair.

11 CHAIR PONTANILLA: Mr. Young.

12 MR. YOUNG: Perhaps to assist the Water Department, now  
13           would be a good time for me to offer my general  
14           comments in terms of the operation on the financial  
15           expenses, and that would segue into the Department's  
16           discussion about their performance on the individual  
17           divisions.

18 CHAIR PONTANILLA: Okay, why don't you go ahead.

19 MR. YOUNG: I'm going to be referring to the Finance  
20           Director Quarterly Report for the period that  
21           concluded December 31st, 2006 for the Water  
22           Department, and more specifically I will be looking  
23           at the statement of appropriations and expenditures,  
24           operations by activity, which is presented near the  
25           rear of the report for the Water Department, for the

1 Water Supply.

2 CHAIR PONTANILLA: Can you hang on. Members, I know the  
3 pages are not numbered. It's --

4 COUNCILMEMBER ANDERSON: The top page is numbered.

5 MR. YOUNG: It's Section V. Expenditures, and it's V.A.  
6 Operations by Activities. It's near the rear of the  
7 report, and I'll be looking at page 10 and 11 of  
8 the -- it's -- it looks like it's a report that's  
9 printed out of a computer.

10 COUNCILMEMBER ANDERSON: They all do.

11 MR. YOUNG: And it's V.A. Expenditures by Activities.

12 Thank you. From a financial perspective, in  
13 reviewing the different divisions of the Department  
14 of Water Supply, the spending trends for the first  
15 six months of the Fiscal Year are restrained  
16 compared to what is remaining in the budget. For a  
17 number of the different divisions, we see ample  
18 funds available on a percentage basis to carry them  
19 through the remaining six months of the year. The  
20 Finance Department hasn't taken a look at the  
21 individual issues or reasons for the spending  
22 trends, but based on the first six months  
23 expenditures, we're confident that the Department of  
24 Water Supply is well positioned with adequate funds  
25 to take them through the remaining six months of

1           this fiscal year.

2                         With that, Mr. Chair, perhaps the Director  
3           can shed some light as to the spending trends thus  
4           far for the first six months and what are the  
5           anticipated trends for the last six months to  
6           conclude this fiscal year, Mr. Chair.

7 CHAIR PONTANILLA: Thank you, Mr. Young.

8                         Mr. Eng.

9 MR. ENG: Thank you, Mr. Chair. Yes, I concur with  
10          Director Young. As far as our expenditures to date,  
11          we look to be on track. The only issue we were  
12          facing a little bit earlier, as you are well aware,  
13          is our electricity expenses, and so we came before  
14          this body with our request for budget amendment the  
15          previous week. In my opinion, it looks like  
16          electricity costs or hopefully going to be somewhat  
17          more in control and more stabilized, and as I  
18          indicated earlier I constantly am looking at the  
19          price of a barrel of oil, and this looks like it's  
20          hanging in there below 60 bucks. I think we might  
21          be all right. So that was really the one area of  
22          concern we had. Again, everything else seems to be  
23          more in control to date and we don't anticipate any  
24          other issues for the remaining fiscal year.

25 CHAIR PONTANILLA: Thank you, Mr. Eng. That's it?

1 MR. ENG: Yes, thank you.

2 CHAIR PONTANILLA: Okay. Okay, Members, at this time the  
3 Chair would like to entertain questions. If you  
4 have any questions for either Mr. Young or the  
5 Department at this time. I know you guys are still  
6 flipping pages, and probably never find it. Okay,  
7 I'll give you some time to get to this page, but  
8 just a brief comment from the Chair with regards to  
9 their operation activity spending report, you know,  
10 they're on target. They spent already 46 percent of  
11 their budget, so they have -- I'm sorry, 44 percent  
12 of their budget. They still had 56 percent as of  
13 December 31st going into the last half of the year,  
14 so they're on target.

15 Okay, Members, in regards to the overview  
16 that the Department had presented us this morning,  
17 the floor is open for question. I'll start from my  
18 left to my right, two questions and then we'll go to  
19 the second round. Ms. Anderson.

20 COUNCILMEMBER ANDERSON: Thank you, Chair. On this chart  
21 on page 11 it shows that -- starting with Leeward  
22 Haleakala Forest Restoration, Maui Nui Botanical  
23 Gardens, Tri-Isle RC&D East Maui Waters, the West  
24 Maui Partnership with UH on watershed, East Maui  
25 partnership with Nature Conservancy, the East

1 Molokai Watershed Partnership, and the Miconia  
2 containment and removal. Basically all of the items  
3 underwater resources and planning -- I'm sorry, from  
4 item 70302 through 308, there's still a hundred  
5 percent of the amount budgeted.

6 So I see some of it has been encumbered.  
7 Could you give us an update on what's going on with  
8 that? Because I'm concerned, Mr. Chair, that  
9 Federal government is cutting watershed funding in  
10 the '08 budget, and how that will impact us and what  
11 the status is of these programs and why the money is  
12 still available?

13 CHAIR PONTANILLA: Department?

14 MR. ENG: Thank you, Mr. Chair. Unfortunately my water  
15 resources planning manager is not available to be  
16 here this morning to -- had a family situation, but  
17 I've been meeting with her regularly on this, and  
18 I'm fully aware that the contracts have not gone out  
19 on this to date, and my manager is certainly aware  
20 of it too. And these programs are really important,  
21 not only to the Department, in the community, but  
22 even to the manager herself, you know, she's very  
23 conscious of this. We're all very supportive of  
24 these programs. So I want to assure you that these  
25 contracts will be going out before the end of this

1           fiscal year. They're very important to this  
2           Department.

3   COUNCILMEMBER ANDERSON: Thank you for that. Is there any  
4           reason why they haven't gone out and -- and I'm  
5           particularly concerned about the \$250,000 for  
6           Miconia removal, because as the contract isn't going  
7           out, that Miconia is growing.

8   MR. ENG: You know, I believe some of these contracts in  
9           just recent weeks have gone out, so maybe this isn't  
10          reflective of the current situation, but, you know,  
11          basically, if it's resetting some of the priorities  
12          of that division to make sure that this is  
13          addressed, because we certainly want to support  
14          these programs, so it has a very high priority, let  
15          me assure you. Thank you.

16   COUNCILMEMBER ANDERSON: Thank you.

17   CHAIR PONTANILLA: Member Anderson, what we can do is  
18          write a letter to the Department in regards to the  
19          grants that the County provide these non-profit  
20          organizations and get a direct response from them as  
21          far as when this money is going to be distributed.  
22          The question that I have, though, is that these  
23          organizations here, how do they request for funding  
24          during the fiscal year? The request for the funding  
25          is done by -- you mentioned contract. So when is

1 the contract written out?

2 MR. ENG: Well, obviously they should have been done a lot  
3 earlier than now. You know, it's something that I'm  
4 going to have to focus on myself, and even this  
5 particular program is something that I realize the  
6 full importance to the community and the planning  
7 and the resource management and the environment, and  
8 I have a personal interest in that. So let me  
9 assure you that we've fallen behind a little bit in  
10 this fiscal year, but there's no reason why we  
11 should in future years. So, again, I'll give you  
12 those assurances.

13 CHAIR PONTANILLA: Member Anderson.

14 COUNCILMEMBER ANDERSON: Thank you, Chair, and I just want  
15 to let the Director know that I don't think any of  
16 us expect him to have all the answers. He's new on  
17 the job and he's still learning and getting input  
18 from his division heads, and so when we ask these  
19 questions, if he doesn't have the answer, no shame  
20 on him. It's just a way for us to earmark what  
21 we're interested in finding out about.

22 So my one other question before I pass on,  
23 Mr. Chair, is back when the Director was outlining  
24 the goals of the various programs within the  
25 Department, when -- I have several questions, but

1           the one that I'd like to ask now is under plant  
2           operations, there's no description in our quarterly  
3           report that breaks it down to the four different  
4           sections that you describe to us, and I think that  
5           would be helpful, because apparently each section  
6           has its own responsibility. And it would be easier  
7           for us to understand this program if we could see  
8           those four different sections described and what  
9           their actual responsibility is within each section.  
10          That could be helpful.

11   MR. ENG:   Member Anderson, where you can get descriptions  
12           of individual programs is either in Fiscal '07's  
13           Budget Ordinance or in the '08 Budget that just was  
14           distributed. If you go to the Water Department  
15           you'll see each of the individual...

16   COUNCILMEMBER ANDERSON:  It breaks that program down  
17           there.

18   MR. ENG:   Yeah, it will explain their duties, functions,  
19           and give you a little bit more background to what I  
20           was explaining.

21   COUNCILMEMBER ANDERSON:  Okay, thank you very much.

22   CHAIR PONTANILLA:  Thank you, Member Anderson.  Member  
23           Baisa.

24   COUNCILMEMBER BAISA:  Good morning, Director Eng.  In  
25           trying to -- excuse me -- make sense out of these

1 numbers without a whole lot of explanation as to  
2 what these funds are about or these line items mean,  
3 it gives a good picture -- an overall picture that  
4 I'm able to tell, because you're about, you know,  
5 halfway with you're spending.

6 My question is -- and I realize we should be  
7 keeping our remarks to the current budget and not to  
8 the budget that we're going to be working on for  
9 2008. Looking at your current budget, does this  
10 budget allow you the funds that you need to do the  
11 things that need to be done? Is it an adequate  
12 budget?

13 CHAIR PONTANILLA: Mr. Eng.

14 MR. ENG: Thank you. Yes, given the -- a lot of it is,  
15 you know, there's a lot of needs of the Water  
16 Department, and that's quite evident. And one of  
17 them is the area of personnel. And if we could  
18 adequately staff up, you know, I would come in with  
19 even greater requests in the areas particular of CIP  
20 and in new repairs, maintenance, and I'd even look  
21 at staffing up in the various programs to see how we  
22 can improve how we're serving the community. But  
23 given the circumstances of what we have to work  
24 with, I believe it is adequate and I think it  
25 requires us now to also operate as efficiently as we

1 can. So, yeah, I think we're fine in regards to the  
2 budget.

3 COUNCILMEMBER BAISA: Thank you. I would have to assume  
4 that from looking at your report that you're doing  
5 the best in managing with what you have, but because  
6 we hear so much about the Water Department and the  
7 concern community has about the Water Department, I  
8 want us to be aware of that as we go into the new  
9 budget session, and to look at what it would take  
10 for you to be able to do some of the things that I  
11 know you'd like to do.

12 MR. ENG: Thank you. And I think that's kind of intent  
13 of why we're trying to develop the relationships we  
14 have with this body. You know, we want you to know  
15 the challenges we're facing, and we're going to come  
16 to you for that support too. Thank you.

17 COUNCILMEMBER BAISA: Thank you very much.

18 CHAIR PONTANILLA: Thank you, Ms. Baisa. Member Johnson.

19 COUNCILMEMBER JOHNSON: Yes, on page 11, when I'm looking  
20 at the debt service, it's approaching, let's see  
21 here, your amended annual budget is approaching  
22 almost \$6,000,000 of annualized debt service. You  
23 spent down roughly half of that amount. What I'm  
24 curious about, and you may not have the answer, but  
25 because the debt service is I guess separate from

1           our overall budget, and it's your own debt service,  
2           how do you feel that that compares or that that is  
3           trending? If the debt service is continuously  
4           increasing or if it's trending downward, how does  
5           that I guess impact the ratepayers? Is it a good  
6           thing, a bad thing, or should the water rate  
7           increase help to reduce the level of that debt  
8           service?

9   CHAIR PONTANILLA: Department.

10   MR. YOUNG: Ms. Johnson, the debt service for the Water  
11           Department, because the Water Department is no  
12           longer autonomous and part of the County, their debt  
13           is actually issued as part of the General Obligation  
14           bond debt that the County issues and represents  
15           those projects largely funded for capital  
16           improvement projects. As you know, if you've had  
17           the opportunity to review the Fiscal Year 2006  
18           Comprehensive Annual Financial Report, you would  
19           have noticed that the debt service for the entire  
20           County as a whole has been reduced due to -- we  
21           didn't issue any debt in Fiscal Year 2006 and we  
22           also refunded a number of previous issues. All of  
23           those activities goes to reduce the overall debt for  
24           the County, and subsequently a lot of those issues  
25           that were refunded did include projects that were

1 funded for the Water Supply Department.

2 So I don't know specifically how much of a  
3 reduction the Department of Water Supply is seeing  
4 in debt, but I would be willing to venture that they  
5 are seeing less debt service now as a reflection in  
6 this report than in the past. With that being said,  
7 every time the Department -- when you're looking in  
8 the fiscal year budget -- every time when Water  
9 Supply or any of the other special funds are funding  
10 capital improvement projects that are identified to  
11 be funded via debt, they will of course have to  
12 assume additional debt service. And that debt  
13 service does get passed onto the ratepayers and is  
14 expected to be -- you know, rates may have to be  
15 increased if debt service reaches an expense level  
16 that they cannot fund through existing or current  
17 revenue or rate structures. I hope that answers  
18 your questions.

19 COUNCILMEMBER JOHNSON: It does. I guess because I'm  
20 trying to look at the impact, particularly Water  
21 Department has -- just like some of our Public Works  
22 projects and sewer and what not, those really  
23 heavily impact our overall debt service, and in  
24 proportion I wanted to make certain that the amount  
25 or the level of debt service is not getting

1           inordinately high in any one department as a total  
2           percentage of the debt service, because that's going  
3           to impact our ability overall to be able to get  
4           favorable rates, and the bond rating agencies of  
5           course are looking at it.

6                        But you feel that there has been progress,  
7           then, Mr. Young, with regard to trying to reduce the  
8           debt service. Even though we have a lot of capital  
9           projects that are coming, you don't believe that  
10          that's going to in any way compromise our bond  
11          rating or our overall fiscal health?

12   MR. YOUNG: Right now my comments are related specifically  
13          to the County's debt as a whole for all departments  
14          in totality. As far as the Water Supply Department  
15          is concerned, though, this 5 to 6 million dollar  
16          debt service represents a fairly large portion of  
17          the overall debt service for the entire County. So  
18          the Water Supply's debt is actually evaluated as  
19          merely a portion of the County's overall debt, and  
20          the County's overall debt is at a very attractive  
21          level, where it's considerably low for other  
22          jurisdictions our size and well within the range for  
23          underwriter evaluation.

24                        The one benefit that the Water Supply  
25          Department -- and the other enterprise or special

1 funds has is that they do have the flexibility that  
2 if the County had wanted to or does want to in the  
3 future, that revenue bonds specific to these  
4 particular funds are available, revenue bonds would  
5 mean that the debt would match a future revenue  
6 stream. So it would be more closely tied to their  
7 income when we issue bonded debt.

8 Now, the County doesn't -- we haven't issued  
9 any revenue bonds, so we don't have any bonds that  
10 are specifically tied to revenue. They're all just  
11 General Obligation bonds, and in that way the Water  
12 Supply's debt is actually purely just encompassed in  
13 the overall County debt.

14 COUNCILMEMBER JOHNSON: You don't know offhand what that  
15 percentage is to the overall debt load?

16 MR. YOUNG: If you allow me just a minute, I can look it  
17 up for you.

18 CHAIR PONTANILLA: Mr. Young, you need a short recess?

19 MR. YOUNG: Mr. Chair, the -- for Fiscal Year 2007, I'm  
20 referring to the table graphs that are located in  
21 the front of the Finance Director's report. It's  
22 the Countywide expenditures graph, and it's on the  
23 one, two, three -- it's the fourth graph that's  
24 presented. There's a line that says, Bond Issuance  
25 and Debt Service, and as you can see on that line

1           the amended budget for debt service for Fiscal Year  
2           2007 is in the \$32,000,000 range. Water Supply's  
3           debt service of 5.8 is encompassed in that amount.  
4           So they -- basically their debt service accounts for  
5           decent sized -- close to 20 percent of the overall  
6           debt service.

7   COUNCILMEMBER JOHNSON: Okay. Thank you very much for  
8           pointing that out. And one other question, and  
9           that's in regard to the fringe benefits. Because  
10          this is a regular operating expense, this is not the  
11          amount that we were speaking about, I believe, the  
12          other day, which is because we had that additional  
13          money that has to be paid for employee benefits, is  
14          that amount reflected in any part of this -- of the  
15          3.869 million? So in other words, is the amount  
16          that we're looking at that we were underfunded, is  
17          any of that showing up within the budgeted amount  
18          for the '07?

19   MR. YOUNG: No, Ms. Johnson, because the unfunded  
20          liability hasn't been addressed.

21   COUNCILMEMBER JOHNSON: Okay.

22   MR. YOUNG: For the years prior to Fiscal Year '07 we  
23          essentially have been addressing it on a  
24          pay-as-you-go method. So, again, if I refer back to  
25          the Countywide graph that I referenced earlier,

1           you'll see the fringe benefits are roughly about \$45  
2           million for Countywide, and of that 45 million, the  
3           portion that's relative to the Water Supply is about  
4           3.9 million, and that is only for fringe benefits of  
5           existing -- existing benefits on a year-to-year  
6           basis for our employees.

7   COUNCILMEMBER JOHNSON: Okay. Because I could not recall  
8           whether or not we -- I know with had tried to  
9           reserve some of the money in anticipation, and I  
10          didn't know if it was contained in each budget,  
11          knowing that at some point in time we would probably  
12          have to take that charge, or at least begin paying  
13          on that charge. But none of those monies are  
14          included in this item?

15   MR. YOUNG: No, because this fringe benefit line here for  
16          the Water Supply and for Countywide purely  
17          represents --

18   COUNCILMEMBER JOHNSON: The actuals.

19   MR. YOUNG: -- a percentage portion of our employees'  
20          salaries.

21   COUNCILMEMBER JOHNSON: Okay. I guess we're looking at  
22          some big expenses. Anyway, thank you very much for  
23          your information.

24   CHAIR PONTANILLA: Thank you, Ms. Johnson. Member  
25          Medeiros.

1 MEMBER MEDEIROS: Mahalo, Chair.

2 Looking at the engineering program  
3 department, how are you doing -- I know when we  
4 talked in the previous meeting there was a lot of  
5 concerns about the processing time of application  
6 permits and plans. What's the status now? Have we  
7 been able to improve the processing? I know part of  
8 your dilemma was that you had a lot of open  
9 engineering positions, and where do we stand on the  
10 vacancies on those positions?

11 MR. ENG: Member Medeiros, the vacancies are still there,  
12 and apparently they're going to be here for a while,  
13 I think. You know, we're talking to other outside  
14 agencies, companies in the community and they're all  
15 struggling for the same technical type of people  
16 that we're seeking. But we are trying to still deal  
17 with that issue despite that, we have to, and one  
18 thing my engineering program is currently  
19 implementing is looking at the whole procedure  
20 processing plans, building permits, water  
21 applications as they come in. We are clearly  
22 looking at a way of streamlining it, making it more  
23 efficient. It will take awhile, even though we're  
24 implementing it immediately, and why it will take  
25 awhile is because we have such a backlog to date,

1 but I really believe over time, with this new  
2 procedure that we're putting in place, that we're  
3 all going to see the benefits, primarily the  
4 community, but, you know, I really want to try to  
5 make it a better working place for our employees. I  
6 can he see the frustration.

7 If any of you want to -- I can give you a  
8 tour of the Engineering Division. You'll never  
9 forget it, you know, it's -- it's quite an  
10 experience, and these people are really hard working  
11 people, you know, and that's what's always impressed  
12 me from the beginning is that everyone is churning  
13 out the work, and I think they're doing the best  
14 they can for the community. And not just doing  
15 their work, I think they're doing quality work. I  
16 think they're also, you know, protecting our  
17 interests.

18 And what I like -- and when I see them  
19 reviewing plans and dealing with developers, is  
20 they're not just processing the plan, but they're  
21 helping the customer, giving them options that, say,  
22 if they're trying to do something that doesn't  
23 comply with their standards, you know, they're  
24 trying to develop options for the public to look at,  
25 and they're also really protecting our interests in

1 all many ways. So I'm really impressed, and I'm  
2 hoping, again, the results of this new procedure  
3 will be even a better work environment for our  
4 employees. So I'm still pretty enthusiastic about  
5 it.

6 It's just that it's going to take quite a bit  
7 of time, you know, even though we're implementing it  
8 now, we may not see results for even several months,  
9 but we can at least say we're starting something.

10 COUNCILMEMBER MEDEIROS: Good. It's good to hear that.

11 In field operations program, what is the Water  
12 Department's relationship and partnership with  
13 providing potable water for the people of Kaupo?  
14 What is your partnership with Kaupo Ranch in  
15 providing this water?

16 MR. ENG: There is some kind of arrangement, and I'm  
17 actually looking into it. I need to really schedule  
18 a meeting with Mr. Moto and his staff to get a  
19 little bit more background and what we can do. As I  
20 understand it, we're serving water. We don't own  
21 the facility, the water system, and it's something  
22 that maybe we shouldn't be operating, you know, if  
23 it's serving interests of just a few out in Kaupo.  
24 There is some interest in that community to acquire  
25 that system and control it. That might be better

1           for all of us, you know, in the County. Again, I  
2           have to evaluate it still, and I'll be doing so  
3           hopefully in the near future.

4 COUNCILMEMBER MEDEIROS: Okay. So do you have, you know,  
5           in your budget, the current budget means to service  
6           that area?

7 MR. ENG: As far as our operational services and the needs  
8           if there's a repair, yes, that's incorporated in our  
9           field operations budget, yes.

10 COUNCILMEMBER MEDEIROS: Okay, thank you. And my final  
11           question is going to be in the -- let's see where am  
12           I? Oh, yes, in the appropriations and expenditures,  
13           and I want to follow up on Member Anderson's  
14           inquiry, the Miconia money, I too am concerned that  
15           that money hasn't been spent at all yet. And  
16           because Miconia is mostly in my district of East  
17           Maui, I want to be sure that we're expediting the  
18           contracts to spend that money. Because like Member  
19           Anderson stated, every day that goes by that we do  
20           not provide those monies for use in Miconia control  
21           and eradication, the more Miconia we're going to end  
22           up with. So what is the status of the Department  
23           now on this?

24 MR. ENG: You know, again, as I indicated earlier with  
25           Member Anderson, it is something that is real

1           important for our Department, and particularly for  
2           our Water Resources program, you know, again,  
3           there's been a delay in getting the contracts out,  
4           but, again, let me assure you that we are going to  
5           do so. It is important.

6                     You know, I don't recall, you know, what  
7           agency I met with just two weeks ago, but our real  
8           Water Resources program manager did bring this  
9           gentleman by who was heading -- it's a combination  
10          of Miconia, but also the fencing of the watershed in  
11          East Maui, and we are still going to support it. We  
12          find it's a very important work that they're doing  
13          for the watershed. So anything that protects the  
14          watershed, we are going to support.

15   COUNCILMEMBER MEDEIROS: Yes, I would encourage you to  
16          expedite the contract on the Miconia, because,  
17          right, the Miconia does affect the watershed and the  
18          watershed affects our water supply. Thank you,  
19          Department. Thank you.

20   CHAIR PONTANILLA: Thank you, Mr. Medeiros. Mr. Molina.

21   COUNCILMEMBER MOLINA: Thank you, Chairman.

22                     Good morning, Mr. Eng.

23   MR. ENG: Good morning.

24   COUNCILMEMBER MOLINA: My question -- first question would  
25          be centered around your opening remarks about the

1 Department is basically coming together. Can you  
2 elaborate a little bit more where have you seen a  
3 lot of improvement as -- you know, since you took  
4 over the directorship in early January until now,  
5 where have you seen some improvement, what specific  
6 areas of the Department?

7 MR. ENG: Well, it's probably difficult for me to quantify  
8 the difference, since I wasn't here earlier, but my  
9 personal observation is, you know -- and I'm glad to  
10 see this, as I really think that the Department as a  
11 whole and all the programs and their managers and  
12 employees are kind of coming together as a team, and  
13 I think they all understand my objective is trying  
14 to develop a team that will be working together.  
15 And, again, I don't know to what degree they did or  
16 didn't in the past, but I do find a lot of  
17 encouragement from the feedback that I'm getting  
18 from my staff members that I think they are on board  
19 with, you know, my mission, and, again, I feel  
20 really good and enthusiastic by what's progressed so  
21 far.

22 COUNCILMEMBER MOLINA: Uh-huh, and that's a good start. I  
23 think from, again, what I've heard out in the  
24 community in the past with the Department there  
25 might have been so morale issues or, you know,

1           this -- again, this is what I hear off the street.  
2           Because the Department has taken criticism in the  
3           past, that maybe some folks in the Department were a  
4           little down on things. So I'm glad to see that  
5           you've taken what I perceive as a very aggressive  
6           stance to, you know, boost up -- get everybody  
7           motivated, get everybody all on the same track with  
8           your vision.

9                     And, Mr. Chairman, my next question will be  
10           confined to the Administrative Program in terms of  
11           water education. You know, last term there was a  
12           lot of discussion of water in terms of water  
13           quality, and I was hoping to see from the Department  
14           a more aggressive stance in water education, at  
15           least from the Department's standpoint in getting  
16           out there in the community to counter any  
17           allegations that the water is poison or is not of  
18           high quality. I'm not a water expert, but I would  
19           have liked to have seen more aggressive action by  
20           the Department in this area.

21                     Now, you have sufficient funding for your  
22           water education programs, and please share with us  
23           your goals in terms of stepping up the water  
24           education.

25   MR. ENG: Member Molina, I'm in total agreement with you,

1           and I think everyone here is. I think that's  
2           something that we've seen in past years, is that the  
3           community has not been properly educated about their  
4           water quality and what the Department is doing. You  
5           know, unfortunately I sometimes have the opinion  
6           that everyone thinks that they're drinking poison,  
7           and unfortunately they don't realize that we're in  
8           full compliance with all the EPA and all the  
9           Department of Health standards, and our people are  
10          really vigilant in what they're doing too.

11                    Again, I'm really pleased that our staff are  
12          really experts in the water quality field.  
13          Unfortunately, yeah, we haven't delivered the  
14          message, and it is something that we have been  
15          deficient in. And as far as public meetings and  
16          whether we have money in the budget, they're  
17          probably pretty low cost items. It would probably  
18          just involve maybe renting a small room, you know,  
19          sending out some invitations and getting some of my  
20          staff members there. It's really a low cost item.  
21          It's something that I have as one of my goals when I  
22          took on this job, and unfortunately I haven't found  
23          any time to do that yet, but it's not something I'm  
24          going to forget and I think it's important,  
25          particularly, Member Molina, in Upcountry area that

1           you serve, and which I live also, is that there's a  
2           lot of confusion, you know, misunderstanding,  
3           misinformation up there, and, you know, there's a  
4           lot of answers that they need, and I'm hoping we can  
5           provide that in the future.

6   COUNCILMEMBER MOLINA: Thank you, Mr. Director. There's  
7           an increased presence from the Department in that  
8           area, and as I was looking through the Finance  
9           Director's report and your performance measures,  
10          you -- I guess the Department was looking at about  
11          500 -- approximate number of people attending public  
12          information meetings, the goal was 500, year to date  
13          it's only been a hundred, so I'm hoping that number  
14          increases by the end of the fiscal year, so I'm glad  
15          to see that you're taking that step in that area.  
16          Thank you. Thank you, Mr. Chair.

17   CHAIR PONTANILLA: Thank you, Member Molina. Member  
18          Hokama.

19   VICE-CHAIR HOKAMA: Chairman, thank you. I just have  
20          maybe two areas -- quick areas at this time,  
21          Chairman. I just listened to your response to  
22          Mr. Molina, and I would say that that is something  
23          you need to really work hard on.

24                    I think you're aware, as well as I am, that I  
25          think there was just a random national study done

1           maybe about a year or so ago where we were randomly  
2           picked 20 municipal local government water systems  
3           versus 20 randomly selected bottle water companies,  
4           and out of that independent test, 18 of the local  
5           water suppliers, the municipalities and counties  
6           outperform the bottled water companies, and that it  
7           was safer to drink the municipal's water than the  
8           bottled water. And I think people need to hear this  
9           type of third-party analysis, because I prefer to  
10          drink tap water than bottled water myself, and it's  
11          interesting when we go to workshops, the majority of  
12          those that go to municipal water conferences tend to  
13          all drink bottled water.

14                 So what is the message you're sending to the  
15          resident consumer? So I would say that is something  
16          I would ask the Department to refocus on, which is  
17          the educational part, but let's get to the money.

18                 I would like to know, Mr. Director, because I  
19          want to know the lists of every Department. The  
20          amount of projects that have been completed where  
21          now I have concern about arbitrage, on those  
22          projects that we borrowed money for, basically  
23          closed out, and yet there's still a balance and  
24          comes a point where, depending when we borrowed and  
25          at what interest rate, it may not be to our

1           advantage not to have those projects closed out and  
2           reassigned to another project that the County  
3           Council believes is worthy of consideration.

4                   I'll be honest, I'm asking this question of  
5           all the departments, because I can do it and I can  
6           go through every project of every department. I  
7           consider that your job, to come and inform us. Do  
8           you have any response to this Committee this  
9           morning?

10   CHAIR PONTANILLA: Department.

11   MR. ENG: Member Hokama, may I have...

12   CHAIR PONTANILLA: Ms. Perdido.

13   MS. PERDIDO: Good morning. Basically we're now with the  
14           County -- the only bond fund we have left is the  
15           1998 GO bond fund, and of that I put -- there's  
16           131,000 cash left in there, and of that 106,000 is  
17           encumbered or a payable, accounts payable. I put in  
18           the 9th -- or for 2008 I think that's 75,000  
19           reallocation, and we are analyzing those last few to  
20           get that totally cleared out. From now on we'll be  
21           doing our bonded projects with the County so we  
22           won't run into that problem.

23   VICE-CHAIR HOKAMA: Okay, good. I'm very pleased to hear  
24           your Finance Officer make that comment,  
25           Mr. Director.

1 I've heard the comments and concerns of my  
2 other colleagues this morning, and that would be our  
3 responsibility to make those hard decisions on what  
4 we would borrow for and what not, but I'm going to  
5 just end with a short statement. We need the  
6 Department to perform the capital improvements. If  
7 we need to borrow it to make sure that we can  
8 deliver, transmit, distribute safe drinking water,  
9 then I believe you're doing your job and we're doing  
10 our job, and so we need those improvements. We need  
11 it on a timely delivery scheduled so that -- you  
12 know, I'm going to tell you, I still feel  
13 embarrassed every time we talk about Pookela, and  
14 that is not an understatement, my embarrassment.  
15 It's a shame. You know how local people feel about  
16 shame, it's got to be one of the worst things.

17 So that was under a different watch,  
18 Mr. Director, but we're looking forward to your  
19 ability to help move this Department forward in the  
20 delivery of safe drinking water, so I appreciate  
21 your efforts. Thank you.

22 Thank you, Chairman.

23 CHAIR PONTANILLA: Thank you, Mr. Hokama.

24 Mr. Victorino.

25 COUNCILMEMBER VICTORINO: Thank you, Mr. Chair, and I echo

1           the sentiments of our Council Chair Hokama in what  
2           he has reiterated. I think part of the other aspect  
3           I would like to add to this is the fact of storage.  
4           I mean, I think the Upcountry situation has been  
5           gravely under utilized with the area of storage, and  
6           we all understand if we can get adequate storage in  
7           that area, we can do all the things. Pookela Well  
8           was one of supposedly the answers, now has moved  
9           into a reserve role, which is still, in my mind, not  
10          the right way to go, however, it's been done.

11                   Most importantly I'd like to echo one more  
12          sentiment, is the area of water resource and  
13          planning programs, the vast amount of money that has  
14          been not used, you know. These are programs that  
15          are so very important and my other colleagues have  
16          talked about it. When I was on the water board we  
17          constantly discussed it. They've come in and asked  
18          for more monies for certain special projects. And  
19          to see all this money still sitting there, whatever  
20          the reason, whether lack of a contract or lack of  
21          ability to put a contract, really concerns me,  
22          because without our water resources, without our  
23          watershed areas and all the other things that we so  
24          desperately need to continue to have water for our  
25          consumers, to me that's an injustice that has no

1           rationale. And again, I forgive you because you've  
2           only been on the job two and a half months.  
3           However, I won't be so forgiving next year when you  
4           come before me and this is the same way, so, please,  
5           let's see that you make sure that that gets done  
6           ASAP, okay, and I think that's so important to Maui  
7           County all around. Thank you.

8 CHAIR PONTANILLA: Thank you, Mr. Victorino.

9                         Just a comment from the Chair. I think a  
10           couple of days -- sometime last week we passed  
11           through Budget and Finance Committee some amendments  
12           regarding the acceptance of grant monies, and I  
13           think one of them was the East Maui -- not East  
14           Maui, but East Molokai Watershed Partnership that  
15           now needed to be redirected to I think the Nature  
16           Conservancy on Molokai. So, you know, there may be  
17           some issues in regards to the particular non-profit  
18           organization that want to do this work. So it's a  
19           matter of providing the funds to the proper grantee.

20                         So we're going to start our second round.

21           Ms. Anderson.

22 COUNCILMEMBER ANDERSON: Better get my bottled water out  
23           of the way. I'm assuming you're going to do one  
24           more round on what we just heard, Mr. Chair, and  
25           then we're going to do operations -- I mean CIP?

1 CHAIR PONTANILLA: Capital improvements, yes.

2 COUNCILMEMBER ANDERSON: Mr. Director, when you were  
3 talking about water treatment plant operations  
4 program, you described that we have six water  
5 treatment facilities, and the newest of that -- of  
6 those is the facility in Wailuku; is that correct?

7 MR. ENG: Yes, that is.

8 COUNCILMEMBER ANDERSON: And so have we -- have we hired  
9 more water treatment plant operators?

10 MR. ENG: We have in the '08 Fiscal Year Budget for  
11 additional personnel for water treatment. We did  
12 request three, and I believe we ended up with one,  
13 what we're trying to achieve, and that is we've had  
14 somewhat difficult time attracting licensed  
15 operators from out of state. And so we're trying to  
16 develop a program to train in-house and get the  
17 years of experience to qualify to take these  
18 certification exams. That would be a pretty nice  
19 route to go at this time, but yeah, we're fully  
20 aware of that staffing of these plants are  
21 important.

22 We're fortunate, though, in the water -- in  
23 treatment plant operations in that it's one of our  
24 divisions that has very few vacancies. It probably  
25 has the best track record right now as far as full

1 employment, so...

2 COUNCILMEMBER ANDERSON: You said you 24 positions and two  
3 vacancies.

4 MR. ENG: Yeah, that's pretty darn good.

5 COUNCILMEMBER ANDERSON: Yeah, and are those vacancies  
6 water treatment plant operator vacancies?

7 MR. ENG: Let me check real quick, please. Yes, in fact  
8 the two are vacancies as water treatment plant  
9 operators, one is a grade IV and the other is a  
10 grade II operator.

11 COUNCILMEMBER ANDERSON: And of all 24 -- are the 24  
12 positions, are those all water treatment plant  
13 operators or they're different? I mean...

14 MR. ENG: Yeah, there's various positions. There's also  
15 like mechanics, maintenance mechanics.

16 COUNCILMEMBER ANDERSON: You know, what I'm trying to get  
17 at -- I don't want you to go off listing all of  
18 them. I'm trying to get at how many treatment plant  
19 operators there are, and of the total number that  
20 are currently on the County payroll, how many of  
21 them are certified, licensed operators, certified by  
22 the State or Federal program?

23 MR. ENG: As I understand it, in order to have this  
24 classification as water treatment plant operator,  
25 you do require to be certified. Right now it looks

1           like we have 13 grade IV certified operators. We  
2           have one -- I'm sorry, we don't have that. That's a  
3           vacancy in the grade II. We have one grade I  
4           operator.

5   COUNCILMEMBER ANDERSON: Okay, I think you should check  
6           into that, Mr. Director, because, you know, you  
7           don't need to be certified necessarily to be an  
8           operator. You have -- you can have one person  
9           certified and then the other people still not  
10          certified working underneath his direction, and it's  
11          my understanding the last time I checked into this  
12          that not all of the operators were certified, so.

13   MR. ENG: I'll confirm that. Thank you.

14   COUNCILMEMBER ANDERSON: Okay. And so my question -- the  
15          other question I wanted is when did the Wailuku  
16          Water Treatment Plant come on line and where was the  
17          funding for that?

18   MR. ENG: I'm sorry, I might have to get back to you with  
19          that information.

20   COUNCILMEMBER ANDERSON: Okay, I'd appreciate that,  
21          Mr. Chairman.

22   CHAIR PONTANILLA: Thank you, Member Anderson. Member  
23          Baisa.

24   COUNCILMEMBER BAISA: Yes, comment and a question. I  
25          wanted to comment on the contract on the Miconia

1           that was just issued. Having had a lot of  
2           experience with County contracts, it is not unusual  
3           that work begins and you get money a whole lot later  
4           down the road. Having been in the non-profit  
5           business, you know, usually our contracts would  
6           start in July and we'd be lucky to get a contract in  
7           September, but, you know, the work continued. And I  
8           don't know if it's the case with the Miconia  
9           contract. I would hope that they're continuing to  
10          work and hoping for a contract and reimbursement.  
11          Is that the case?

12   MR. ENG: You know, I suspect that that's true too,  
13          particularly with ongoing contracts from year to  
14          year. I believe the work is continuing and they're  
15          probably waiting for our funding, and I do know that  
16          a couple of agencies have contacted my program  
17          manager requesting payment, so, yes, they're on  
18          going and continuing.

19   COUNCILMEMBER BAISA: Thank you, very much.

20          Unfortunately, that's the way much government  
21          business is done. It's simply a process and how  
22          long it takes to get anything through the system.  
23          So those of us who are familiar with it, operate on  
24          faith.

25                 But another question I wanted to raise with

1           you, Director Eng, is, you know, we talk a lot about  
2           water and where we're going to get it and how we're  
3           going to use it and who should have it and all of  
4           that stuff, and my focus is on the best use of the  
5           water we do have. And I have a real issue with  
6           conservation, and I was wondering if your Department  
7           is making any efforts in that arena?

8   CHAIR PONTANILLA: Department.

9   MR. ENG: Thank you. We do try to send out our messages  
10           as best we can. It seems like we're currently -- we  
11           have programs like going into the schools, but our  
12           message right now is particularly when we're  
13           submitting comments for various environmental  
14           assessments, SMAs, any proposed developments where  
15           we give the opportunity to comment, we're clearly  
16           sending out the conservation message, both in our  
17           response to the project as well as we're enclosing  
18           various publications, but it's a very strong message  
19           of conservation.

20                    We should expand that, obviously, because I  
21           believe conservation is really kind of an ongoing  
22           message. It's something that -- it's like a lot of  
23           campaigns, like, you know, stop smoking, you know,  
24           you've got to keep hounding people, and I think  
25           that's where we're going to do a better job in doing

1           that.

2   COUNCILMEMBER BAISA: I think it's like water on a rock.

3           You just have to keep doing it. You know, I am such  
4           a conservation person because I was educated that  
5           way and the tree -- the twig was bent by my mother  
6           who was always saying, you know, be careful about  
7           how you waste anything. And I see it in my own home  
8           that people leave faucets dripping or will fill up  
9           the washing machine to the top when they want to  
10          wash two pieces, or, you know, that kind of thing,  
11          and I think that message needs to be given over and  
12          over and over so that people get it. Because as  
13          long as we don't conserve, we're going to always be  
14          chasing more and more and more.

15                 And the other thing I was hoping is that we  
16          as a Council -- and I know Member Anderson is  
17          working really hard in the Water Resources Committee  
18          on trying to find ways to use things like gray water  
19          or possibly talking about more reservoirs on  
20          individual properties, or, you know, catching the  
21          water from the roof or whatever it is that we can  
22          do, because we waste an awful lot of water.

23   MR. ENG: Yeah, I totally agree with you. Another thing I  
24          didn't mention earlier is as you review our '08  
25          Budget, you'll come upon our new rate structure,

1 water rate structure, and this coming year we have  
2 developed what we feel are conservation rates for  
3 the single family class of customer. I think that's  
4 going to be an important message to the community,  
5 and hopefully it's going to be quite successful.  
6 But we'll observe it closely and we'll tweak it as  
7 we need to, and hopefully in the future years we'll  
8 be able to expand conservation rates into other  
9 classes of customers. So, yeah, we're fully focused  
10 on that effort.

11 COUNCILMEMBER BAISA: Thank you very much. I think that's  
12 a real bug with me also because, you know, my  
13 husband was the water cop at one time during the  
14 drought, and we might want to not be as -- maybe as  
15 forceful, but it wouldn't be a bad thing to have  
16 somebody paying attention to water wasters. Thank  
17 you.

18 CHAIR PONTANILLA: Thank you, Member Baisa. Member  
19 Johnson.

20 COUNCILMEMBER JOHNSON: Yes, going back, again, to page 11  
21 in our '07. I have -- let's see, on page 11 you've  
22 got water engineering program, I guess balance  
23 available is about 1.1 million, which is 63 percent.  
24 You have water resource and planning, 78 percent is  
25 available. Water field operations, line 70401, 63

1           percent of that is available, which is roughly --  
2           it's just under 4 million, and then I think down at  
3           line 70310, which is water resource planning, that's  
4           the 250,000, I believe, that Member Anderson had put  
5           as line item to help accelerate some of your efforts  
6           for the -- I think it's the water use and allocation  
7           plan.

8                        Because I know you're down in personnel in  
9           terms of your engineering and your staff support, is  
10          that largely the reason why these programs still  
11          have so much money left in them? Or are there  
12          different reasons?

13   MR. ENG:   There's probably a variety of reasons, Member  
14           Johnson, but one of them is staffing and the amount  
15           of work that we're trying to deal with on a  
16           day-to-day basis, so that is a fact, and I have to  
17           be conscious of that when I'm at times frustrated  
18           and demanding why aren't things being done as they  
19           should be. I have to sit back and realize that  
20           overall I think people are working really hard and  
21           they're working efficiently, and we're looking at  
22           areas in which we can help them. That's basically  
23           my job is to go in there and see how we can fix it  
24           and if it's fixable.

25                        This particular line item is -- I believe it

1 is the Water Use and Development Plan additional  
2 appropriation, and just for your information my  
3 program manager and the consultant, they're  
4 currently renegotiating his contract with the  
5 Department. They know that is of utmost priority,  
6 so we'll all be bird-dogging that one.

7 COUNCILMEMBER JOHNSON: So we should expect to see the  
8 250,000 at least starting to come down as far as the  
9 percentage?

10 MR. ENG: Yes.

11 COUNCILMEMBER JOHNSON: And with regard to -- I know some  
12 of the issues regarding these contracts. Is one of  
13 the problems the lack of staffing for the  
14 Corporation Counsel? Because I know that  
15 contracts -- you don't have an in-house contract  
16 person, do you?

17 MR. ENG: Yes, basically there is a Corporation Counsel  
18 assigned to our Department and reviews contracts,  
19 but it's no fault of theirs. It basically lies  
20 within my Department.

21 COUNCILMEMBER JOHNSON: Okay, okay, so it's not -- I know  
22 we have -- sometimes we were short because we had no  
23 physical place to expand positions, and so some of  
24 the contracts in the other departments are backing  
25 up, and I just was curious to know if that was a

1 similar problem, because, you know, we may have to  
2 do RFPs, then, for some of these things.

3 MR. ENG: We're being serviced on a timely basis by  
4 Corporation Counsel, so we have no complaints in  
5 that regard. The blame kind of falls with us at  
6 this time.

7 COUNCILMEMBER JOHNSON: Okay. All right. I'm not happy  
8 to know that, but also I do understand. Part of  
9 your problem too is your water engineering, when I  
10 looked at your functions of what the jobs are that  
11 they do, it's basically you need people who are  
12 engineers to review a lot of the plans for  
13 subdivisions and...

14 MR. ENG: That's correct.

15 COUNCILMEMBER JOHNSON: Okay. And that's where we have a  
16 shortfall.

17 MR. ENG: Yes.

18 COUNCILMEMBER JOHNSON: Okay, thank you.

19 CHAIR PONTANILLA: Thank you, Member Johnson. Before we  
20 continue, the Chair is looking at the time, and  
21 maybe this is a perfect time for our morning break,  
22 but before we go into our morning break, is there  
23 any objections by the Members if the Chair closes  
24 public testimony at this time?

25 COUNCIL MEMBERS: No objections.

1 CHAIR PONTANILLA: Thank you very much. Okay, Members,  
2 we'll take a 15-minute break. If we can come back  
3 by 10:35, the Chair would be okay with that.  
4 Recess. (Gavel).

5 **RECESS: 10:26 a.m.**

6 **RECONVENE: 10:41 a.m.**

7 CHAIR PONTANILLA: (Gavel). Thank you, Members, for that  
8 recess. Members, I understand that some of you have  
9 made early appointments. The Chair would like to  
10 continue the Q and A. We're into second round, and  
11 I think we left off at Member Johnson. Before we  
12 continue, though, again, if you do have any  
13 questions regarding the second quarter report ending  
14 December 31st, 2007, if you can send that  
15 information to the Chair and then we'll forward it  
16 to the Department for some response.

17 So, Members, we'll go through the second  
18 round and then, you know, as the Chair indicated,  
19 we're going to go two rounds, and if there's more  
20 time that's available, you know, the Chair would,  
21 you know, entertain more questions, but the  
22 intention is that I know some of you have some  
23 appointments that you guys need to go to, so we'll  
24 try to see if we can accommodate those appointments.  
25 So let's go.

1 Member Anderson, before we start.

2 COUNCILMEMBER ANDERSON: Yes, thank you, Chair, is it your  
3 intention to go into the capital improvements after  
4 lunch?

5 CHAIR PONTANILLA: Yes.

6 COUNCILMEMBER ANDERSON: Okay, thanks.

7 CHAIR PONTANILLA: Yes. My intention is to go to CIPs at  
8 1:30 this afternoon. Thank you. Member Medeiros.

9 COUNCILMEMBER MEDEIROS: Mahalo, Chair. Yes, I have more  
10 questions, but it is for CIP, but I do have one  
11 question I want to follow up on for the Department,  
12 and that's, again, regarding, you know, Kaupo. I  
13 know it's not a very clear relationship that the  
14 Water Department has with the Kaupo Ranch and the  
15 Kaupo community. However, what I want to say about  
16 that is I want to be sure that you have the  
17 resources in your budget to deliver the service that  
18 they -- that they deserve, and I'm saying that  
19 because recently, you know, we read front page *Maui*  
20 *News* about the administration's trip to Kaupo to  
21 discuss their -- the frustrations people are having  
22 out there following the October earthquake.

23 And one of the frustrations they're having is  
24 because the road is closed, they do not have service  
25 or have limited service now on some of the things

1           that we take for granted that don't live in Kaupo,  
2           and that's, you know, water, their mail service,  
3           their school bus service, those kind of things are  
4           frustrating them. So I want to be sure that the  
5           Water Department -- and I must say that under  
6           mandate of our County Charter we are to provide  
7           these services to people all over the County, and it  
8           doesn't matter on how many people live in that area.  
9           It's our mandate to provide the services.

10                        So being that the road is closed at Kukuiula  
11           in Kipahulu, how is the Hana field operations  
12           delivering repairs and service to Kaupo? Are they  
13           driving all the way around or are you delivering  
14           service from your NASKA base yard?

15   CHAIR PONTANILLA: Department.

16   MR. ENG: Thank you. Yeah, I'm not quite certain how  
17           they're getting out there. I imagine they have to  
18           go the long way, like everyone else, but they are  
19           serving whatever maintenance requirements are needed  
20           out there. I probably believe that they don't go  
21           out there that regularly, due to the remote  
22           location, but if there is something that is called  
23           for that we need to respond to, we will be there,  
24           but obviously we're taking the long route around.

25   COUNCILMEMBER MEDEIROS: I would recommend you assign your

1 district that is closer now to Kaupo, through either  
2 your Upcountry operations or your Kahului  
3 operations, because that's a long distance from  
4 Hana. From Hana to Kaupo is a seven-hour round  
5 trip, and I don't think you want your personnel  
6 doing that, seven hours just traveling and having  
7 one hour to do work. So you may consider using your  
8 other operations in other districts to cover that  
9 area while the road is closed. Thank you, Mr. Eng.  
10 Thank you, Mr. Chair.

11 CHAIR PONTANILLA: Thank you, Mr. Medeiros. Mr. Molina.

12 COUNCILMEMBER MOLINA: Just one question under planning,  
13 water resources and planning program, the leak  
14 detection program, just a question on the fixtures  
15 that you distribute. In looking at your numbers as  
16 far as monies that you have to spend, can you just  
17 up date us on that, if you have that information  
18 now, what type of fixtures, you know, you plan to  
19 distribute to the public. I don't know, I guess  
20 showerheads would be one and any type of enhancement  
21 of the -- I guess the leak detection program where I  
22 guess a department Official would go into the home  
23 and -- or is it more the owner of the home is to be  
24 provided with instructions to look for any leaks,  
25 toilets and other plumbing fixtures.

1 MR. ENG: Thank you, Member Molina.

2 COUNCILMEMBER MOLINA: That was sort of a loaded question.

3 MR. ENG: It's quite all right. As far as the fixture  
4 distribution, most of those are going to entail that  
5 those inserts that are put in into the aerators to  
6 restrict flow, so they're not the entire plumbing  
7 fixture itself. Usually they're very simple  
8 apparatus that you would take off the shower head,  
9 put something like a disk in there with a puka, put  
10 it back on, so it's more of a flow restriction  
11 device, very inexpensive, but it works.

12 And what was the other area that you wanted  
13 to...

14 COUNCILMEMBER MOLINA: I guess the -- was it the leak  
15 detection and showerheads?

16 MR. ENG: Yeah, the leak detection is -- probably a lot of  
17 it is related to the toilet bowl dye tablets that  
18 are utilized, and those are the simple in-house,  
19 anyone can do type thing. Any major leak detection  
20 would require more of our contracting that type of  
21 work out, because it requires special apparatus to  
22 detect any of the leaks from water mains, and there  
23 are at times various contractors that come to Hawaii  
24 that will serve that service on that type of  
25 program.

1 COUNCILMEMBER MOLINA: And the distribution of I guess the  
2 conservation -- showerheads and leak detection  
3 material, typically you folks do that at the County  
4 fair?

5 MR. ENG: Yes, normally County fair, some kind of public  
6 venue. We'll go out to the schools. Another thing  
7 that is really important, when you can reach, you  
8 know, the youth and they can in turn educate their  
9 parents, I think that's quite an effective program.

10 COUNCILMEMBER MOLINA: Thank you, Mr. Director. Thank  
11 you, Mr. Chairman.

12 CHAIR PONTANILLA: Thank you, Member Molina. Member  
13 Hokama.

14 VICE-CHAIR HOKAMA: No questions.

15 CHAIR PONTANILLA: Thank you. Member Victorino?

16 COUNCILMEMBER VICTORINO: No questions at this time,  
17 Mr. Chair. I think my colleagues have covered most  
18 of the subject matter, so thank you.

19 CHAIR PONTANILLA: Thank you very much. Members, you  
20 know, that was the second round of questioning, and  
21 I'm going to go ahead and, you know, ask if you have  
22 any more questions. I think Member Baisa had  
23 question. Member Baisa? No questions?

24 COUNCILMEMBER BAISA: No, I thought you were going to go  
25 with writing. It's okay, I can submit it in

1 writing. Thank you.

2 CHAIR PONTANILLA: Member Anderson, you got any questions?

3 COUNCILMEMBER ANDERSON: Shoots, if you have time. I'm

4 already working on CIP. I'm just wondering if --

5 you know, I don't want to get into questions that

6 have to do with the '08 Budget --

7 CHAIR PONTANILLA: Okay, fine.

8 COUNCILMEMBER ANDERSON: -- but... and, you know, maybe

9 some of the questions we have will be answered by

10 the time we get into the '08 Budget, but I'm just

11 looking at the performance measures under

12 engineering, and, you know, I know the Director has

13 said that he's trying to reorganize so that they can

14 prioritize certain permits, application requests,

15 but I'm looking at page 91 in the quarterly report,

16 and the numbers here in regards to -- I know we're

17 only in the second quarter, but the subdivision

18 applications that were projected to be received were

19 140, and it shows that they've only received 19. So

20 if we're halfway into the fiscal year, I would

21 assume that they would have received 70, but they've

22 only received 19, so -- and I'm just wondering, it

23 sort of looks the same thing with the building

24 permits received. This is received, not approved.

25 So I'm just wondering if there's an explanation with

1           that.

2   CHAIR PONTANILLA:   Mr. Eng.

3   MR. ENG:   If you don't mind, I will have to get back to  
4           you with my response.   The numbers do seem somewhat  
5           low for that first half of the fiscal year.   Given  
6           the amount of workload that I see in that division,  
7           it's kind of surprising.   I don't think things have  
8           declined as far as application and plan submittals.  
9           They keep oncoming in daily, so it is a relatively,  
10          you know, lower number than I would assume, but I  
11          will get back to this body.

12   COUNCILMEMBER ANDERSON:   And so, Mr. Director, can you  
13          also look at all these numbers then, because, you  
14          know, any of them seem out of sorts, it would be I  
15          think good for us to know why they are.   Number of  
16          building permits approved, you folks projected a  
17          thousand, which would mean that we'd be at about 500  
18          right now and we're at 270.   You know, I'm assuming  
19          that the purpose here in our discussions today,  
20          Mr. Chair, is to evaluate the performance measures,  
21          and so, you know, I think that that's something that  
22          we probably should get some feedback on if possible.

23                 And then the other question I had is when we  
24          were looking at your operations, you felt secure  
25          that there's plenty enough money to get you through

1           the rest of the fiscal year on that -- on those  
2           appropriations alone, and so I guess my question  
3           is -- because we know that there's some rate  
4           increases coming that you folks -- I don't know if  
5           you've sorted it out yet. The last time we met  
6           about this in the Water Resource Committee, you were  
7           still reviewing the rate study. But -- and I'm --  
8           you know, I'm just asking if operations are fine and  
9           CIP, as best as I can see there's a lot of money  
10          that hasn't been spent in CIP, so are you still  
11          anticipating a rate increase and for what purpose?

12 CHAIR PONTANILLA: Mr. Eng.

13 MR. ENG: Thank you. Yes, we do have a rate increase  
14          factored in in the Fiscal Year '08 Budget. A lot of  
15          this is entailed both in our debt service, personal  
16          payroll expenses, and particularly for electricity.  
17          So these are forecasted increase in expenses that we  
18          have based the new rates on, and as we get into the  
19          '08 Budget review we will provide this body with a  
20          presentation and walk you through the complete  
21          study.

22 COUNCILMEMBER ANDERSON: Okay, I find that a little  
23          disturbing, Mr. Director, that we're going to be  
24          asked to increase rates to pay off old debt service.  
25          That's sort of like, you know, asking current users

1 to pay for old improvements, but I guess we'll leave  
2 that discussion, Mr. Chair, when we get into that  
3 portion of the budget.

4 MR. ENG: Excuse me, Member Anderson, in the rate study  
5 it's basically pretty much based also and mostly on  
6 our new obligations, debt obligations. It's pretty  
7 much the old obligation is already factored in, so  
8 these are the new anticipated forecasted --

9 COUNCILMEMBER ANDERSON: I see.

10 MR. ENG: -- expenses that we're facing.

11 COUNCILMEMBER ANDERSON: Thanks for that clarification.

12 CHAIR PONTANILLA: Thank you, Member Anderson. Yes, we'll  
13 be having a presentation with when we bring back the  
14 Water Department again. I got a question for the  
15 Department. You know, dovetailing with Member  
16 Anderson's earlier questioning regarding  
17 performances, and I'm looking at the one that she  
18 cited, page 91, the number of subdivision  
19 application received. Projection is 140. Year to  
20 date is 19, and number of subdivision application  
21 approved, projection is 25 and, you know, right now  
22 you're at 21. In regards to the performance level,  
23 is there any kind of a level that, you know,  
24 specific time frames that are met? In other words,  
25 if I'm going to receive -- my projection is 140

1 applications. Then is there a time frame in regards  
2 to having these applications move forward or  
3 approved by, you know, percentage. In other words,  
4 I received 140 applications and 90 percent will be  
5 completed or approved within a specific time frame,  
6 you know, 30 days, 60 days.

7 MR. ENG: Chairman Pontanilla, I understand your question  
8 and, yeah, your concept of performance measures is  
9 certainly something that I can relate to. I've  
10 usually had to personally face performance measures  
11 based on fair and reasonable standards, but also,  
12 you know, with indication that we can achieve these  
13 measures and standards.

14 From what I can gather in our Department, you  
15 know, it's really difficult to -- in fact, when I  
16 look at these performance measures, they're not  
17 really very realistic or applicable to the situation  
18 because our staff is involved with so many different  
19 types of reviews, not only the very difficult  
20 subdivisions, but also the building permits, water  
21 service applications. It's really a matter of  
22 juggling -- and they all require time. They're all  
23 of various complexities. Some can be very simple,  
24 some can take really literally years, and that's  
25 what we're trying to address. I don't know how

1           realistic these numbers currently are or how they  
2           can be related to our future performance, because we  
3           are looking at measures to improve our process.

4                       Hopefully we will be able to, you know,  
5           improve on these numbers, but that's not really the  
6           case. It's more improving service and being more  
7           responsive and more timely. We may not even see big  
8           changes in these numbers. It's how the feedback we  
9           get from the community is really going to determine  
10          our performance.

11                      So when I first looked at this budget when I  
12          first took the job and realized they're kind of  
13          meaningless numbers. You know, I mean, I can show  
14          great numbers and a lot of complaint calls that you  
15          don't know about. So my personal measure is, you  
16          know, the feedback I'm getting from the community.  
17          And even if they can sense that there's an  
18          improvement, I'll be real happy, even if we don't  
19          totally satisfy the public, but they know that we're  
20          trying and I can have this feedback that they do see  
21          some kind of difference. I mean, that's an  
22          important standard for me. I won't even be able to  
23          quantify that, but -- so, yeah, I'm not really kind  
24          of -- really hooked on these numbers, but I do want  
25          to look to see how they were determined and confirm

1           the year-to-date performance, but, again, personally  
2           I'm not that hooked on them.

3 CHAIR PONTANILLA: Thank you for that comment, and you and  
4           I know, we come from almost the same environment.  
5           In regards to goals and objectives, one of the  
6           things that we measure is customer satisfaction. I  
7           don't think -- well, I don't know if the Department  
8           have a survey in regards to how satisfied your  
9           customers are, not only external but internal, yeah,  
10          if such a thing would be beneficial for the  
11          Department, at least to get a perception, like you  
12          say, from both customers, internal as well as  
13          external.

14 MR. ENG: Chairman Pontanilla, I agree with you. Down the  
15          road I would like to come up with some customer  
16          satisfaction surveys. I'm kind of afraid to do it  
17          right now, find out what I'm going to get, but it is  
18          something once we get our programs in place, it's  
19          something that that would be in the performance  
20          measure, is how our -- the customer satisfaction  
21          surveys, that really determines everything, not the  
22          quantification of how many, you know, applications,  
23          you know, we're looking at every year.

24                    So it's something down the road I would kind  
25          of like to achieve and have better, you know,

1           meaningful type of performance measures for all of  
2           us.

3   COUNCILMEMBER ANDERSON:  Chair.

4   CHAIR PONTANILLA:  Thank you.  Member Anderson.

5   COUNCILMEMBER ANDERSON:  Yeah, if I could just ask another  
6           question while we're on the performance measures.  
7           Because, you know, I can appreciate the Director's  
8           feelings that he's not so hooked on these numbers,  
9           because, you know, a projection is only a  
10          projection, but I think it's important to understand  
11          that we have a performance-based budgeting system  
12          here, and that is really the indicator that the  
13          Council uses in making decisions to appropriate more  
14          money.  And, you know, there's not a whole lot of  
15          constraint on the departments once they get their  
16          funding and their appropriation.  And we see this  
17          all the time, where they move money back and forth  
18          from one area to the other.

19                 And so for the Council, the performance  
20          measures are important because that's the one  
21          indicator we have that the department's performance  
22          or its projected performance based on the  
23          appropriations that they receive from the Council  
24          have been met.

25                 And so I do think it's important, and I just

1 want to ask one question. Back on page 99, under  
2 performance measures we have \$700,000 projected for  
3 use in designing surface water -- new surface  
4 water -- in the design and development of new  
5 surface water sources. We have \$650,000 projected  
6 for '07 to design -- for the design of new  
7 groundwater source development. And then there's a  
8 million seven from '06 that was allocated for  
9 construction of new groundwater sources, and then  
10 under replacement of inadequate or deteriorated  
11 transmission and distribution systems, for '07 there  
12 was \$4.2 million encumbered for -- projected to be  
13 encumbered for construction projects under this  
14 heading of inadequate or deteriorated systems, and  
15 then also \$800,000 for design.

16 None of these allocation have been  
17 encumbered. And so I'm just wondering if the  
18 Director has an explanation? And no need to get  
19 into detail, because I'm assuming that a lot of this  
20 will come up in CIP, but I just think it is  
21 important that we look at these performance measures  
22 when we have the opportunity in these quarterly  
23 report reviews, Mr. Chair. And on a good note,  
24 there is 1.4 million of 1.6 million projected that  
25 has been encumbered for construction projects under

1 tank replacement. I'm assuming that's the Kamole  
2 Weir Clearwell tank.

3 So if there's any comments the Director would  
4 like to make about these four areas that I mentioned  
5 where no money has been encumbered.

6 CHAIR PONTANILLA: Yes. This is on page 90?

7 COUNCILMEMBER ANDERSON: Yes.

8 MR. ENG: Yes, Member Anderson, I -- some of them I can  
9 respond to, some I cannot, to be honest. As far as  
10 the first item, the surface water sources, and we  
11 haven't encumbered any funding there, this was  
12 related to the expansion of the Mahinahina surface  
13 water treatment facility, and right now we're  
14 currently in early negotiations with Maui Land &  
15 Pine for additional water from the Honolua Ditch.  
16 We need more water, new water sources out in West  
17 Maui desperately, and right now we're hoping we can  
18 negotiate for an additional 2 million gallons. So  
19 that's why no funding for the -- and that's for the  
20 design of the expansion. Nothing has been  
21 encumbered to date.

22 COUNCILMEMBER ANDERSON: Thank you.

23 MR. ENG: The next would be the 650 ,000. Okay, these  
24 were design projects for groundwater sources, and  
25 there's a couple of projects that are involved. One

1 is this -- this projected south Waikapu Well, and  
2 that was the design for some exploratory drilling.  
3 That particular project we're currently also dealing  
4 with the USGS and, Member Anderson, you'll probably  
5 understand, they're working to finalize the head and  
6 shoulders model. And we just met with them last  
7 week to kind of continue on for a little longer into  
8 around September, because we have a serious interest  
9 in the Waikapu aquifer, as they've indicated to a  
10 lot of us is that there may be some additional water  
11 in that aquifer that hasn't been accounted for.

12 So they are going to be plugging some of  
13 these potential well sites into their models and you  
14 can kind of see where it comes out. So that's why  
15 we haven't encumbered anything towards the design of  
16 that, because we haven't even determined the exact  
17 site and we want to have some confirmation if that's  
18 the direction we want to go. On a personal level,  
19 that is the direction that I would want to go,  
20 because the source is nearby to our existing system,  
21 and so it hopefully will be as promising as it  
22 sounds.

23 The second aspect of that groundwater design  
24 project, 650,000, is for a project in Kaunakakai,  
25 and this is for well development, and we're awaiting

1           some responses from DHHL regarding the well site,  
2           and so we can't really go too much further until  
3           they communicate back to us, and they owe us a  
4           response for that.

5                     The next large item is...

6 VICE-CHAIR HOKAMA: Chairman, point of information.

7 CHAIR PONTANILLA: Mr. Hokama.

8 VICE-CHAIR HOKAMA: Can you, Mr. Eng, just a quick follow  
9           up. I know you're responding to Ms. Anderson. How  
10          long have you been waiting for this Department of  
11          Hawaiian Homelands response, please?

12 MR. ENG: I don't know personally. My engineer that  
13          handles the CIP section, Wendy Taomoto, will be --  
14          she'll be here shortly and I can ask her to respond  
15          at that time.

16 VICE-CHAIR HOKAMA: Okay, thank you.

17 CHAIR PONTANILLA: Thank you. Go ahead, Mr. Eng.

18 MR. ENG: The next large budgeted item is the four and a  
19          quarter million dollars for various construction  
20          projects. These entailed basically waterline  
21          improvements in Kula, along Lower Kula Road, in  
22          Wailuku, in Vineyard Street, Papohaku, and Pano and  
23          Puili Place, and I believe that's on Molokai. Of  
24          those three, I think the only one that I'm aware of  
25          right now is the Papohaku waterline project, and

1           that's for 850,000. I believe on that particular  
2           project we revisited that project because -- for a  
3           number of reasons. For one, we thought we could  
4           save some money by doing it in-house, designing the  
5           project and doing the waterline replacement. So I  
6           know for that particular 850,000 appropriation we're  
7           going to allow that to lapse in 2007, because we  
8           budgeted it in '08 at -- I think it's 200,000. So  
9           this will be a \$650,000 cost savings if we can do  
10          that project in-house.

11                        And that's something that my deputy and I  
12          discussed quite a bit, and we feel we have the  
13          capabilities to do things more in-house and save  
14          money, and particularly because of the -- you know,  
15          the bids that are coming in from contractors.  
16          They're so sky high that where we can do projects  
17          in-house, we're going to really take a closer look  
18          at that too. So -- but as far as the other  
19          projects, it could be just a timing issue that we  
20          have not gone out to contract for the design on  
21          those contracts.

22                        The next projects are for \$810,000, and that  
23          was for the design of -- it indicates three tanks,  
24          the Kahului tank, the Omaopio tank, and the Kawela  
25          tank. Again, we were revisiting at least the

1 Kahului and Omaopio tank, because originally in '07  
2 we were looking at designing brand-new reservoirs in  
3 Kahului and Omaopio. We took a look -- took another  
4 look at that because we know that the replacement of  
5 those tanks would be -- could have been in order of  
6 \$5,000,000 each.

7 When we looked at it, the immediate need is  
8 really replacing the roofs. The entire integrity of  
9 the tank is fine. The Kahului tank is the one by  
10 the hospital with the clouds, and I think that paint  
11 job was done in-house also, but it's -- so we're  
12 visiting that, so those funding that we have for the  
13 design of the Kahului and Omaopio tank will probably  
14 lapse. We budgeted roof repairs in '08, and I think  
15 it's in order of about a half a million dollars  
16 each. But it was something, rather than going for  
17 the \$10 million full tank replacement, we realized  
18 our real needs is the roof replacement, so that's  
19 the direction we're going on.

20 The Kawela tank, I'll have to get back to you  
21 on that and get the progress. It could be something  
22 that we just haven't gone out to contract yet for  
23 design.

24 The last item is the 1.6 million for the  
25 Piliwale Omaopio tank, and that one is -- still

1           hasn't gone out for contract yet on the design. The  
2           other item is the Kaupakalua tank. It's a brand-new  
3           tank in Kaupakalua, and that has been encumbered and  
4           right now the contractor is getting the building  
5           permits for that project and should be starting very  
6           soon.

7 CHAIR PONTANILLA: Thank you, Mr. Eng. Member Anderson.

8 COUNCILMEMBER ANDERSON: Yes, thank you, Chair. Thank you  
9           for that overview. That's helpful. On the  
10          Kaupakalua tank, you know, I guess you'll have to  
11          refresh my memory. I don't recall us ever  
12          allocating for this or discussing it. And how big  
13          is the tank? Is it a brand new tank? Is it a  
14          replacement tank?

15 MR. ENG: If you don't mind, may I request one of my staff  
16          engineers to the table, please?

17 COUNCILMEMBER ANDERSON: Yes, please. Mr. Chair, can he  
18          bring down a staff member?

19 CHAIR PONTANILLA: Oh, yeah, please.

20 MR. ENG: Thank you. Chairman Pontanilla and Members,  
21          this is Wendy Taomoto. She handles our CIP section,  
22          so she's kind of like our walking encyclopedia of  
23          CIP projects.

24 COUNCILMEMBER ANDERSON: My question is on the Kaupakalua  
25          tank, of the 1.6 million, it looks like 1.45 has

1           been either encumbered or spent up to December of  
2           last year, and I'm wanting to know is that all on  
3           the Kaupakalua tank? Is it a brand-new tank? Is it  
4           a replacement tank? If you could tell us something  
5           about it.

6 MS. TAOMOTO: Let me see. Where are we on that one? That  
7           tank was budgeted in Fiscal Year '07 and we  
8           contracted it with Goodfellows, and we just gave  
9           them notice to proceed on March 1st. That tank I  
10          believe is 300,000 -- two or 300,000. I can bring  
11          down that information when we do the CIP status  
12          report, the exact size, but -- our status sheets  
13          doesn't show the sizes. It's two or 300,000.

14 COUNCILMEMBER ANDERSON: Is it a new tank or a  
15          replacement?

16 MS. TAOMOTO: It's a new tank next to the existing  
17          Kaupakalua Well tank that was built by Dowling. Oh,  
18          wait.

19 COUNCILMEMBER ANDERSON: And so will this be used to give  
20          us -- let's say it's 300,000 gallons per day, to  
21          store water from that one particular well and then  
22          service Upcountry with an additional 300,000 gallons  
23          a day?

24 MS. TAOMOTO: It's not going to provide additional source.  
25          It's going to provide additional storage to bring

1           the system closer to the storage needs for fire  
2           protection, not additional source. Because the well  
3           is capable of producing more water than that  
4           existing tank that was required by the Dowling  
5           project. So this was a planned additional tank that  
6           was planned into the Dowling project. We  
7           anticipated that the Department would build this  
8           second tank. When Dowling came in, we can upsize or  
9           we can build at the same time, but we lacked the  
10          appropriation in the budget to do it at that time,  
11          and that's why we're doing it now as a separate --  
12          totally separate project.

13 COUNCILMEMBER ANDERSON: And it's for backup water  
14          source -- I mean fire?

15 MS. TAOMOTO: Fire protection, not backup. Storage for  
16          fire protection and distribution.

17 COUNCILMEMBER ANDERSON: Okay. And so of the 1.45 that we  
18          show here being encumbered and/or spent, how much of  
19          that is towards this tank?

20 MS. TAOMOTO: That is the tank. That is the amount.

21 COUNCILMEMBER ANDERSON: The total amount is for this  
22          tank?

23 MS. TAOMOTO: Contract to Goodfellow Brothers for that  
24          tank is 4.742.

25 COUNCILMEMBER ANDERSON: 4 million?

1 MS. TAOMOTO: That includes two tanks, and the actual  
2 towards Kaupakalua was 1.250 that I show. The total  
3 contract involved two tanks, and the portion toward  
4 this Kaupakalua Well was 1.250 million.

5 CHAIR PONTANILLA: Member Anderson and Department, in  
6 regards to the original appropriation back in -- for  
7 the '07 Budget, we had appropriated 1.5 million for  
8 the Kaupakalua Well storage tank. It's in the CIP  
9 report.

10 COUNCILMEMBER ANDERSON: Okay, thank you, Chair.

11 CHAIR PONTANILLA: Thank you, Ms. Anderson.

12 COUNCILMEMBER ANDERSON: Thank you, Ms. Taomoto.

13 CHAIR PONTANILLA: Members, any more questions for the  
14 Department at this time? Seeing none.

15 VICE-CHAIR HOKAMA: Chairman.

16 CHAIR PONTANILLA: Mr. Hokama.

17 VICE-CHAIR HOKAMA: I would just ask a few questions I  
18 guess for the Director.

19 CHAIR PONTANILLA: Go ahead.

20 VICE-CHAIR HOKAMA: I'm hoping you can get ready a  
21 response to this Committee regarding the inventory  
22 and assessment of your personnel and equipment that  
23 you utilize to I guess do your smaller in-house  
24 projects, because we are hearing not only from your  
25 Department but other departments of the lack of

1 progress to move important projects for this County  
2 forward because of bids.

3 So while -- gee, what, 70 years ago or so, 60  
4 years ago, you know, the federal government moved  
5 towards Tennessee Valley authority and a few other  
6 work type of projects. The time has come for us to  
7 reverse this and consider moving toward having the  
8 County do its own construction. And I think we are  
9 aware of Parks' abilities to perform certain levels,  
10 Public Works, and your Department. We may already  
11 have on payroll enough manpower in various, you  
12 know, important journeyman positions as well as  
13 equipment to see whether or not an assessment should  
14 be done so we can make a determination whether or  
15 not certain projects should be done in-house by the  
16 County for the County. You have that ability to  
17 respond to us, Mr. Director?

18 MR. ENG: Yes, Member Hokama. I can provide you with  
19 inventory of personnel and equipment, whatever you  
20 might need to determine our capabilities, but most  
21 of the in-house projects that we're looking at are  
22 pretty much focused like on waterline replacements.  
23 Our crew down in our field ops base yard basically  
24 replaced and repaired a facility, a building,  
25 reroofed it, renovated the entire building with a

1 significant savings. I don't have the dollar  
2 amount, but -- and that was a pretty nice project to  
3 see accomplished.

4 We have the people, capabilities. You know,  
5 whether or not we have the staffing, because a lot  
6 of these projects we know we can design in our  
7 engineering department in-house, so we clearly have  
8 that capabilities. We have the manpower and  
9 equipment in our field ops division, but we have to  
10 be selective to be efficient too, because they have  
11 so many ongoing other operations. But in an ideal  
12 world, that's what we would like to do. We would  
13 like to design in-house and build as much in-house.  
14 And so that is something that I think we're all on  
15 the same page about. But basically because it would  
16 give such a significant cost savings to our  
17 taxpayers and rate payers, so, yeah, we're all for  
18 that.

19 VICE-CHAIR HOKAMA: Hearing your response, Mr. Director, I  
20 would ask our Chairman -- it might make sense,  
21 Chairman, to maybe expand the scope a little, so if  
22 you would please consider sending a letter to  
23 Department of Management, the Managing Director to  
24 see if they can provide us with a response,  
25 assessment, inventory of all County agencies that

1           can or could be considered whether or not we want to  
2           create a division, a department of construction.

3 CHAIR PONTANILLA: Thank you, Mr. Hokama. We'll forward  
4           that letter to Management.

5 VICE-CHAIR HOKAMA: Thank you, Chairman.

6 CHAIR PONTANILLA: Thank you. Members, any more  
7           questions? Member Baisa.

8 COUNCILMEMBER BAISA: Just one brief question, since we  
9           have a little time here. It was brought to my  
10          attention when we were talking about conservation  
11          that we are expecting a water conservation plan that  
12          was due on January 5th of this year. Can you give  
13          us a status update?

14 CHAIR PONTANILLA: Department.

15 MR. ENG: Thank you. Member Baisa, I believe the plan was  
16          to have been provided by the Board of Water Supply,  
17          and I haven't heard of any progress on that to date.

18 COUNCILMEMBER ANDERSON: Chair.

19 CHAIR PONTANILLA: Member Anderson.

20 COUNCILMEMBER ANDERSON: Yeah, just to give everyone an  
21          update. They've requested more time, and so we  
22          extended their time frame on that. And hopefully  
23          before Budget is over they'll have something to us.

24 CHAIR PONTANILLA: Thank you.

25 COUNCILMEMBER BAISA: Thank you.

1 CHAIR PONTANILLA: Thank you, Member Baisa.

2 Members, any more questions for the  
3 Department?

4 VICE-CHAIR HOKAMA: One more, please, Chair.

5 CHAIR PONTANILLA: Mr. Hokama.

6 VICE-CHAIR HOKAMA: Chairman, thank you. You know,  
7 basically, Mr. Director, you've been around a long  
8 time. We all have. So we definitely know that  
9 there's been a lot of -- the system that's been in  
10 place, like for Lanai from the '20s, and we're  
11 dealing with reasonable life expectancy of  
12 transmission lines, distribution lines, forced  
13 mains, what have you. You know, Molokai they have  
14 their own challenges, because it's an island served  
15 by many different systems, whether it be the Ranch,  
16 Hawaiian Homes, the County system, I guess there's a  
17 State tunnel, what have you, so -- besides private  
18 systems.

19 I would hope in the near future you could  
20 maybe respond to either this Committee or Water  
21 Resources Committee how we are going to -- you know,  
22 I guess in the rate studies it will come out, but  
23 it's broken from a Countywide perspective, the rate  
24 study. What might be helpful for us, particularly  
25 like with the Molokai system, because it's one

1 component of many components, for us to understand  
2 better to give Molokai the appropriate attention and  
3 resource it deserves, we might need to better  
4 understand how what you want to do fits within the  
5 County's component but when it's part of an inter --  
6 multiple component system, how are we then  
7 fulfilling our ability to perform for the community  
8 of Molokai?

9 We hear enough horror stories about inability  
10 of the lines so that certain residential mini  
11 subdivisions cannot go forward because the  
12 Department is asking them now to replace a whole  
13 transmission line, a portion of, and whether or not  
14 that is fair or not, you know, it's questionable,  
15 debatable. But I think it makes sense maybe for us  
16 to be given the big picture and then break it down  
17 by components, only, because, again, we're a special  
18 County with multiple islands with multiple needs  
19 with multiple circumstances. And we have come to  
20 terms at times where one size fits all is not the  
21 best option for the County.

22 So I would just put in this request, because  
23 we know there's many places that has never had the  
24 ability to either resources or the determination to  
25 make it or there's portions of our system that, how

1           can I say it well, deserves attention now, if I  
2           could say it that way. So I would ask for your  
3           Department's assistance. And if you believe it is  
4           better or financially feasible and we can do it  
5           quicker to have a third party assist you in getting  
6           this assessment out or analysis done, then please  
7           make us aware so that we could at least have a  
8           sincerest consideration of whether or not we want to  
9           follow through on what we're doing. Because I think  
10          we have enough Members in this Council that's  
11          willing to do the walk besides just do the talk, and  
12          I would ask the Department to take that into  
13          consideration when you come up with some requests.

14                         Thank you, Chairman.

15 CHAIR PONTANILLA: Thank you, Mr. Hokama.

16                         Members, if there's no more questions, the  
17          Chair would like to defer this item. If there's no  
18          objections.

19 COUNCIL MEMBERS: No objections.

20                         **ACTION: DEFER pending further discussion.**

21 CHAIR PONTANILLA: Thank you very much. Members, we'll  
22          reconvene this meeting at 1:30 and we'll take up the  
23          BF-5, which is the CIP portion this afternoon. So  
24          we have a whole afternoon in regards to CIP, so have  
25          a good lunch, Members. This meeting is in recess.

1 (Gavel).

2 **RECESS: 11:28 a.m.**

3 **RECONVENE: 1:38 p.m.**

4 **ITEM NO. 5: CIP IMPLEMENTATION REPORTS**  
5 **(C.C. Nos. 06-293, 07-69 & 07-90)**

6 CHAIR PONTANILLA: (Gavel). Good afternoon, Members.

7 COUNCIL MEMBERS: Good afternoon.

8 CHAIR PONTANILLA: Hope you had a good lunch. This is the  
9 Budget and Finance Committee meeting reconvening.  
10 The time is 1:39.

11 Members, we do have one more item on the  
12 agenda this afternoon. It's BF-5, which is the CIP  
13 implementation report. The Committee is in receipt  
14 of County Communication Number 06-293 from the  
15 Budget Director transmitting the Capital Improvement  
16 Projects Implementation Report for Fiscal Year 2007,  
17 first quarter as of September 30th, 2006 as it  
18 pertains to the Department of Water Supply. Also in  
19 receipt is County Communication Number 07-69 from  
20 the Budget Director requesting a time extension to  
21 submit the Capital Improvement Projects  
22 Implementation Report for the Fiscal Year 2007  
23 second quarter. And lastly, County Communication  
24 Number 07- 90 from the Budget Director transmitting  
25 the Capital Improvement Projects Implementation

1 Report for Fiscal Year 2007, second quarter as of  
2 December 31st, 2006 as it pertains to the Department  
3 of Water Supply.

4 Members, for our purposes, you know, we're  
5 going to be looking at the December 31st, 2006 as a  
6 starting area, and this is the second quarter report  
7 that we'll be looking at. At this time the Chair  
8 would like to call on the Public Works -- I'm sorry.

9 COUNCIL MEMBERS: Wrong department.

10 CHAIR PONTANILLA: I've been with Public Works two years.  
11 Cannot get rid of Public Works. The Water  
12 Department, Mr. Jeff Eng, please, for some comments  
13 before we start.

14 MR. ENG: Thank you, Chairman Pontanilla. You know,  
15 before I start I have one question. In this letter  
16 that I received from you earlier dated March 12th  
17 you indicated interest in the capital improvement  
18 projects of a value greater than 500,000. Is that  
19 what you'd like to work with at this time?

20 CHAIR PONTANILLA: What we're going to do is we'll take  
21 the 500,000 and above first, and if we have time  
22 we'll go -- especially the 2007 numbers for anything  
23 below 500,000, and if we can't get through with the  
24 rest of 2007 as well as '06 and so forth, then I  
25 would like to ask the Members if you do have

1           questions regarding the CIP for Water Supply that  
2           you route it to the Chair and then I'll forward it  
3           to the Department for some answers.

4                    So, Director, we'll take the projects  
5           \$500,000 and down. And as far as your opening  
6           comments, you know, brief opening comments and the  
7           Chair will direct the Members to each individual  
8           project or projects that are over \$500,000 and we'll  
9           have Q and A on each project that -- as we go along.

10                   And, Members, you know, we will give each of  
11           you a question that can be presented to the  
12           Department with a follow-up question to that  
13           question.

14                   So, Director, if you have a brief comment to  
15           make to the Committee in regards to BF Item 5.

16   MR. ENG: Well, basically I don't have a lot of comments  
17           at this time, but I would like all you folks to have  
18           an understanding -- a clear understanding of the  
19           status of these various projects. I know they're  
20           all of much interest to you, and we want to make  
21           certain that you understand what we're doing and  
22           what we're trying to achieve. So if I can -- I  
23           think you're looking again at the CIP Implementation  
24           Report, and that particular report has all the CIP  
25           projects of various values. And so I'll direct you

1 to what I believe is -- and I have a little bit  
2 different list that I'm going on, but I'd first like  
3 to talk about the Kamole Weir water treatment  
4 facility Clearwell replacement project, if I can  
5 find that for you.

6 CHAIR PONTANILLA: Page 2 of the information I passed out.

7 MR. ENG: Okay, that project is currently ongoing. It's  
8 about 25 percent completed. The total amount  
9 encumbered to date is correct there, \$8,071,000,  
10 and, again, notice to proceed was issued back in  
11 September of '06. And it's ongoing. It seems to be  
12 moving quite well and -- yeah, and it's on schedule.

13 Are there any questions on the project?

14 CHAIR PONTANILLA: Director, when you say on schedule,  
15 when is the estimated completion date on that  
16 particular project?

17 MS. TAOMOTO: 9/19/07.

18 MR. ENG: Okay, yeah, the estimated completion is  
19 September 19, '07.

20 CHAIR PONTANILLA: Thank you. Member Anderson, questions  
21 in regards to a particular project?

22 COUNCILMEMBER ANDERSON: Why not. Thank you, Chair. So  
23 we're looking not that long down the road that  
24 you're going to have this finished, September?

25 MR. ENG: Yeah, I'm pretty pleased about that myself.

1 COUNCILMEMBER ANDERSON: And what that will do will allow  
2 greater storage somewhere in the neighborhood of 3  
3 million gallons, or 300...

4 MR. ENG: Yeah, 3 million gallons storage. It will go to  
5 3 million, and not only having some storage at the  
6 plant there, but it even allows us to -- as we pump  
7 the high lift pumps to move the water up to Makawao,  
8 it allows us to operate those pumps a bit more  
9 efficiently too, because you have adequate storage  
10 to pump from. But, yes, it will be basically  
11 facilitating the storage issue Upcountry.

12 COUNCILMEMBER ANDERSON: And so it's my understanding that  
13 the real constriction up there is the amount of  
14 water that can be treated in the treatment plant.

15 MR. ENG: Yeah, that's probably the primary constriction.

16 COUNCILMEMBER ANDERSON: And so do you have folks -- I do  
17 know that there is an agreement with A&B that you  
18 can take more water from the Kamole Ditch, but  
19 there's no point in taking the water if you don't  
20 have expansion at the treatment plant to treat more  
21 water.

22 MR. ENG: That's correct, yes.

23 COUNCILMEMBER ANDERSON: So is there an anticipated  
24 expansion of the treatment plant or...

25 MR. ENG: Yes.

1 COUNCILMEMBER ANDERSON: There is.

2 MR. ENG: We have a plan in '08 Budget to refurbish the  
3 filters, and you'll see that in our '08 Budget. And  
4 later on another way to improve that facility is  
5 eventually we'll be changing the high lift pumps so  
6 they're more automatic and efficient.

7 COUNCILMEMBER ANDERSON: And then what's going to happen  
8 with the current tank?

9 MR. ENG: The current tank?

10 COUNCILMEMBER ANDERSON: The Clearwell.

11 MR. ENG: Clearwell?

12 COUNCILMEMBER ANDERSON: Yeah, the current tank.

13 MR. ENG: I imagine, and I'll verify that, that it will be  
14 interconnected somehow. So we're not going to keep  
15 it idle, you know.

16 COUNCILMEMBER ANDERSON: You're going to continue to use  
17 it?

18 MR. ENG: I would think there's going to be some kind of  
19 piping to continue to use that capacity.

20 COUNCILMEMBER ANDERSON: Okay, thank you, Chair.

21 CHAIR PONTANILLA: Thank you, Ms. Anderson. Ms. Baisa.

22 COUNCILMEMBER BAISA: Thank you, Chair.

23 Mr. Director, I'm very excited to hear about  
24 this. This is good news. However, could you  
25 translate increased production and increased

1 treatment into more water being available,  
2 particularly in the Upcountry area?

3 MR. ENG: Well, my hope is the same as yours in regard to  
4 particularly the Kamole Weir treatment facility.  
5 That's probably our most expedient bet for  
6 additional supply. Again, there's some limitations,  
7 like in '08 we will plan for the design and  
8 construction of new filters to increase capacity.  
9 We do have that agreement with EMI. I believe it's  
10 currently up to 12 million gallons per day, and I  
11 think with one-year notice we could request another  
12 4 million gallons per day. But, again, that's all  
13 subject to the levels in the ditch, and recently,  
14 until we had the rain just this past weekend, those  
15 ditches have been running pretty low, probably in  
16 order of 50 million gallons per day, which is --  
17 becomes a problematic level at that time.  
18 Fortunately we've got the rains, but there will be  
19 times during the year that even though we have the  
20 capacity to produce, there's just not the water  
21 source.

22 So at that point, again, it's really managing  
23 the reservoirs, encouraging conservation Upcountry,  
24 but we're going to really have to pay attention to  
25 what's happening in the future.

1 COUNCILMEMBER BAISA: Thank you.

2 CHAIR PONTANILLA: Thank you, Ms. Baisa. Member Johnson.

3 COUNCILMEMBER JOHNSON: Yes, Jeff, in this particular

4 situation, is there any advantage cost-wise to

5 constructing this and also having some capability to

6 reduce the cost for electric?

7 MR. ENG: In regards to operational costs, yeah, I think

8 what we're doing, expanding Kamole and continuing to

9 pump it up to the Pookela tank, is more cost

10 effective than, say, developing an additional deep

11 well. Just for an example, the Pookela Well is at

12 1,800 feet, so we're lifting water 1,800 feet --

13 1,800 feet just to get it to the surface. The

14 elevation lift from Kamole to Pookela is 700 feet.

15 So it's about two and a half times less expensive in

16 electricity. There's other electricity within the

17 treatment plant itself. Just to pump the water is

18 about two and a half times less expensive. And I

19 did a rough calculation last week, Member Anderson,

20 I think Member Pontanilla in your Committee had a

21 question regarding the cost to pump 9 million

22 gallons per day from Kamole, and so I went back and

23 I figured a cost about -- from Kamole to Pookela

24 Tank, per million gallons per day, it costs a

25 thousand dollars. So to pump that equivalent amount

1 of water from Pookela would be about \$2,500 per  
2 million gallons. So the cost savings is there for  
3 further development of Kamole.

4 COUNCILMEMBER JOHNSON: That's great and is there any  
5 potential that because it does have the capability  
6 to perhaps reduce costs in one area that it could  
7 come on line any time sooner, you know, or is it  
8 just...

9 MR. ENG: Well, we're awaiting approval of the budget  
10 first, but we're ready to move on that.

11 COUNCILMEMBER JOHNSON: Okay.

12 MR. ENG: Because we're doing the retrofit currently at  
13 Olinda, we'll have a better understanding of the new  
14 technology membranes that are also more efficient,  
15 there's less down time for maintenance and cleaning,  
16 and I know my water treatment plant personnel are  
17 really prepared to move on it.

18 COUNCILMEMBER JOHNSON: Okay, great. Thanks very much.

19 MR. ENG: You're welcome.

20 CHAIR PONTANILLA: Thank you, Member Johnson. Member  
21 Medeiros.

22 COUNCILMEMBER MEDEIROS: Mahalo, Chair. Just a short  
23 question. Member Anderson brought up the  
24 possibility of requesting more water from A&B, and  
25 I'm assuming that's from the East Maui ditch system?

1 MR. ENG: That's correct.

2 COUNCILMEMBER MEDEIROS: What's that ditch system called?

3 MR. ENG: That's taken from the Wailoa Ditch.

4 COUNCILMEMBER MEDEIROS: Wailoa?

5 MR. ENG: Wailoa.

6 COUNCILMEMBER MEDEIROS: Okay.

7 MR. ENG: Right at the point of the Kamole facility.

8 COUNCILMEMBER MEDEIROS: I'm just wondering if you have a  
9 contingency plan or a plan B? Because groups are  
10 moving with their efforts to restore more water to  
11 the streams, which would mean there will be less  
12 water in the ditches. So I'm hoping that we're not  
13 depending on a lot of water from East Maui to  
14 resupply, you know, like the Kihei area, because,  
15 you know, what happens when we don't get it? We  
16 just do without or do with less? And so I just want  
17 to bring that point up, because like the Na Wai Eha  
18 streams, you know, groups -- their efforts are to  
19 restore water to the streams, and so are groups  
20 moving in that direction for the East Maui streams  
21 to restore the ecosystems in the streams and in the  
22 oceans. So I just want to make that point. Thank  
23 you. Thanks, Chair.

24 CHAIR PONTANILLA: Thank you, Member Medeiros. Member  
25 Molina.

1 COUNCILMEMBER MOLINA: Thank you, Chairman. One quick  
2 question with regards to the projected completion  
3 date. Is that the actual operational date or is it  
4 just the date where you -- you know, I guess where  
5 the treatment facility -- when the treatment  
6 facility will be completed?

7 MR. ENG: Yes, I would think that that date is when we've  
8 completed the construction, we've completed the  
9 punch list items, it's been tested, and it's  
10 operational.

11 COUNCILMEMBER MOLINA: It will be operational.

12 MR. ENG: Yeah.

13 COUNCILMEMBER MOLINA: Thank you. Thank you, Chair.

14 CHAIR PONTANILLA: Thank you, Member Molina. Member  
15 Victorino.

16 COUNCILMEMBER VICTORINO: No, all the questions have been  
17 asked.

18 CHAIR PONTANILLA: Thank you. Thank you very much. Okay,  
19 the second item that's over \$500,000 is the Lower  
20 Kula Road from Ka to Kimo in Waokele Street  
21 waterline improvements. Director, comments.

22 MR. ENG: Thank you, Chairman. If I may ask Ms. Taomoto  
23 to comment on this.

24 MS. TAOMOTO: This project is a rebid. We did open bids,  
25 if you remember in '05, October of '05, and that was

1           one bid received at 1.3 million. That was  
2           insufficient for the budgeted appropriation at that  
3           time of only 625,000. So what -- as a part of this  
4           project it was discovered during the bid process  
5           that we would need a modification of the plan to  
6           install pressure-reducing stations at two locations  
7           and about 70 feet of eight-inch waterline on Lower  
8           Kula Road. And so what I'm doing is amending the  
9           design contract to provide additional design  
10          services for that installation, and once we have  
11          those plans, we're going to repackage it and rebid  
12          it hopefully in June. That's what I'm aiming for,  
13          you know, and of course, depending on the Public  
14          Works approval process, because of the additional  
15          road work on Lower Kula. I need to go to get a  
16          rereview or reapproval of the construction documents  
17          from Department of Public Works.

18 CHAIR PONTANILLA: Thank you. Member Anderson, question?

19 COUNCILMEMBER ANDERSON: Thank you, Chair. Ms. Taomoto,  
20          can you remind us, since this has been since '05,  
21          what the waterline improvements actually are, what  
22          necessitates the improvements?

23 CHAIR PONTANILLA: Department.

24 MS. TAOMOTO: I didn't bring the project description, but  
25          my recollection is the waterlines on Lower Kula Road

1           are I want to say four inch, which is substandard  
2           for almost anywhere. So what we're doing is  
3           reinstalling about 2,977 feet of eight-inch  
4           waterline to bring it up to our water system  
5           standards for fire and distribution. And this is  
6           between Ka Drive and Kimo Drive, and it also  
7           includes makai of Lower Kula Road, there's a Waokele  
8           Place. It also includes replacement of that pipe on  
9           Waokele to eight inch.

10       COUNCILMEMBER ANDERSON: Is there anyone in the Department  
11           that is looking at the water meter requests for  
12           Upcountry that are on the priority list who may be  
13           in this area? In other words, I think a lot of the  
14           problems that we have, Mr. Chair, in delivering  
15           water meters to people Upcountry is that their  
16           waterlines and the transmission lines are not up to  
17           standard, and so the Department, when the person's  
18           number comes up, the Department is then asking them  
19           to upgrade the transmission lines in the system, and  
20           that's an unexpected expense I think for most people  
21           and something that they can't afford so they have to  
22           pass on it. And then they lose their position in  
23           line for water meter.

24                        But here we have a case where the Department  
25           is upgrading the line to system standards, and it

1           seems to me that there should be some way that those  
2           people that are waiting for water meters who may be  
3           in this area can take advantage of this once it's  
4           done. And then the other question I have on this is  
5           if the Department -- do you have an overall plan  
6           where all these upgrades are needed? Because I know  
7           it's extensive Upcountry, and probably throughout  
8           the County, where we need to go from four inch to  
9           eight inch.

10   CHAIR PONTANILLA: Department.

11   MR. ENG: Mr. Chair, in regard to the situation of  
12           upgrading the line and who would benefit  
13           immediately, I have looked closely at the priority  
14           list relative to this particular work, you know,  
15           it's a pretty extensive list. I was even trying to  
16           get a handle the other week on, in general, what  
17           portions of our Upcountry system will be affected  
18           once we begin issuing meters, you know, because we  
19           have certain limitations in certain areas. Like the  
20           upper line has certain capacity limitations, and  
21           particularly during the summer during the drought  
22           period, but it didn't seem to be a problem when I  
23           looked at a general survey.

24                    In regard to the upgrading of lines as a  
25           condition for meters, generally that comes into play

1           when -- clearly if there's insufficient fire flow  
2           protection, but also those are triggered by  
3           subdivision requests or many times a third drilling  
4           at a parcel. And I know it's difficult for many of  
5           these parties, but I think they do clearly  
6           understand is that when they're making these  
7           improvements beyond the first or second dwelling is  
8           that they may be encumbered with additional  
9           offsetting requirement to provide proper fire flow.  
10          So unfortunately it is what it is, but it's a price  
11          one pays to further develop their property or  
12          subdivide it, and that's basically the rules that  
13          we're currently reviewing in your Committee.

14        COUNCILMEMBER ANDERSON: The question was does your  
15          Department have a program that lays out --  
16          specifically I know when we looked earlier today  
17          on -- we were talking about performance measures, we  
18          looked at -- we looked at -- oh, shoots, four and a  
19          half million that would set aside for replacing  
20          inadequate or deteriorated transmission and  
21          distribution systems. So there must be some kind of  
22          a program that you guys have that outlines those  
23          areas in the County, and right now I'm particularly  
24          interested in Upcountry, but Countywide where  
25          there's a program that says, you know, in this

1 fiscal year we need to upgrade these lines to eight  
2 inch and this fiscal year we're going for these. I  
3 mean, an actual long-term program, is there  
4 something such as that?

5 MR. ENG: Yes, we do. We have a long-range CIP plan, and  
6 that is handled by our water resources planning  
7 manager. But in the course of developing the CIP  
8 budget, there's so many needs, you know, so it's  
9 kind of broken up. As you can see, some of them are  
10 new sources and new storage requirements that we  
11 need. Some are things like just basically  
12 replacement projects like these waterlines. And so  
13 it's a really fine balance, and, you know, we also,  
14 you know, go pretty much by your request too. You  
15 know, you hear of something within your various  
16 districts and we want to accommodate those too.

17 COUNCILMEMBER ANDERSON: So -- so -- excuse me, Director,  
18 so on the summary page in the quarterly report it  
19 says that there are ten projects in the design phase  
20 for replacing inadequate or deteriorated lines. So  
21 I'm wondering, Mr. Chair, if we could ask for a copy  
22 of that program or whatever you folks have organized  
23 that we could see what those various projects are in  
24 design, as well as all the other projects that need  
25 attention long term.

1 MR. ENG: Certainly.

2 COUNCILMEMBER ANDERSON: As far as upgrades.

3 CHAIR PONTANILLA: We'll send a letter to the Department  
4 and have some response from them.

5 COUNCILMEMBER ANDERSON: Okay. Thank you.

6 CHAIR PONTANILLA: Thank you.

7 COUNCILMEMBER ANDERSON: And the reason I bring that up,  
8 Mr. Chair, and I don't want to get into a long  
9 discussion, because I know we're focusing on CIP,  
10 but, you know, I don't know how much deferred  
11 maintenance there's been over the years, but when I  
12 look back in like the 1992 Water Use and Development  
13 Plan, you know, there was tens of millions of  
14 dollars in upgrades that were needed then. So I  
15 don't know where we are now, and I just think that  
16 it would be helpful for the body as a whole to see  
17 where we are just in upgrades of transmission lines  
18 that we've got to look at budgeting appropriations  
19 for.

20 CHAIR PONTANILLA: Thank you, Ms. Anderson.

21 Department, I'd like to make a request in  
22 that regards. I don't know how much work it's going  
23 to involve. As you create this information for  
24 Member Anderson, if a one-line diagram can also be  
25 included showing the existing transmission lines and

1           what area is going to be replaced. I don't know if  
2           it's going to be difficult to do that, but at least  
3           gives us a picture of the -- in this case here,  
4           Upcountry, you know, how the waterlines --  
5           transmission lines only, how the waterlines are  
6           distributed, and where these replacements will be  
7           done.

8   MR. ENG: We'll see what we can provide this body. You  
9           know, the list itself probably would be quite  
10          extensive, so we may limit it, if you don't mind,  
11          going ten years out or something that is reasonable  
12          to understand. You know, I think we're at something  
13          like a 20-year plan and eventually every line will  
14          have to be replaced, but maybe just so you have some  
15          information of which direction we're going or where  
16          the needs are, I think that would accommodate your  
17          request.

18   COUNCILMEMBER ANDERSON: Right, right, and maybe by  
19          community plan district would be helpful.

20   MR. ENG: Okay.

21   COUNCILMEMBER ANDERSON: Because real quickly, Mr. Chair,  
22          the other thing, you know, in developing our new  
23          general plan, you know, we have to look at not only  
24          what the needs are for the future, what the  
25          projected needs will be for the future, we have to

1 look at how far behind we are too and what it's  
2 going to take just for us to get caught up. So the  
3 overall picture is important for us, especially when  
4 we look at rate increases and where we're going with  
5 the Water Use and Development Plan. Thank you.

6 CHAIR PONTANILLA: Thank you, Member Anderson. Member  
7 Baisa.

8 COUNCILMEMBER BAISA: I'm sorry, Chair, I'm having a  
9 problem with my throat today. This plan and the  
10 information that we're trying to get with regards to  
11 what needs to be replaced and what our future is in  
12 terms of planning, I have to hope it's going to come  
13 to us eventually in the Water Use and Development  
14 Plan that we're hoping for.

15 CHAIR PONTANILLA: Department.

16 MR. ENG: Mr. Chairman, yes. The Water Use and  
17 Development Plan, the purpose of it will be a tool  
18 for us to use as a guideline. It will help us even  
19 manage the development of the water system in the  
20 future. You know, it doesn't specifically tell you  
21 exactly what steps to take. That's our decision as  
22 a body, and things can change from time to time, so  
23 it will be updated periodically, but how I view it  
24 is it gives the current philosophy of our plans in  
25 developing a water system, the direction, given the

1 information we have at the time, that we've chosen  
2 to take, and since it's such a dynamic field, water  
3 development and our needs, you know, allow the  
4 flexibility to change the direction and to see if  
5 it's feasible too. Most of it is based on an  
6 economic basis, but we're also looking at  
7 engineering feasibilities too, because that will  
8 really impact a lot of the development costs.

9 But I think as we get into the '08 Budget  
10 review and we walk you through the CIP plan,  
11 hopefully you'll get a better understanding about  
12 the changes and the needs we have in the community.  
13 And for me, personally when I first viewed it, it's  
14 quite overwhelming. It was -- we could have doubled  
15 our request and still not met the needs, you know.  
16 There's a fine balance of what we can achieve, but  
17 the needs are so great everywhere. It can be quite  
18 overwhelming, but, yes, eventually, you know, I'd  
19 love to share that with you. Thank you.

20 COUNCILMEMBER BAISA: Thank you, Director. We'll look  
21 forward anxiously to receiving that. You know, this  
22 whole water situation here on Maui is a major, major  
23 issue because it affects everything, and we're  
24 talking about trying to do affordable housing, and,  
25 you know, the key to it all, no water, no housing,

1           and so your Department certainly is an area that the  
2           Council wants to spend time on, and we need to meet  
3           and talk with you so that we understand how we can  
4           work together to solve these problems. They're not  
5           easy. They sound awfully complicated, and we  
6           appreciate and understand what you've inherited, but  
7           I think we just need to step forward one piece at a  
8           time and see if we can improve it. Thank you.

9   CHAIR PONTANILLA: Thank you, Member Baisa. Member  
10           Medeiros.

11   COUNCILMEMBER MEDEIROS: Mahalo, Chair. I don't have any  
12           questions on this project at this time.

13   CHAIR PONTANILLA: Thank you. Member Molina?

14   COUNCILMEMBER MOLINA: No.

15   CHAIR PONTANILLA: Thank you. Member Victorino?

16   COUNCILMEMBER VICTORINO: I think all the questions have  
17           been answered on this particular project.

18   CHAIR PONTANILLA: Thank you, Mr. Victorino. Okay, next  
19           project is Omaopio 2 million gallon tank  
20           replacement. Director, comments?

21   MR. ENG: Mr. Chairman, this project we touched on earlier  
22           in the morning. What you see here is \$500,000 for  
23           the design of the new tank. As I mentioned, we have  
24           decided to let these funds lapse, because we're  
25           planning in '08 to construct a new roof only.

1 CHAIR PONTANILLA: Thank you. Member Anderson, questions?

2 COUNCILMEMBER ANDERSON: No, thank you, Chair. I mean, I  
3 think that does it, unless the -- I know you only  
4 want to do the 500,000, but when there's something  
5 that's kind of a companion to it, on the next item  
6 is water tank replacement on Piliwale and Omaopio  
7 Road, and this is something the Council put in the  
8 budget, and if you don't mind, I'd like to have an  
9 update on that if we could.

10 MR. ENG: Sure.

11 COUNCILMEMBER ANDERSON: Because this was something  
12 residents brought to us.

13 CHAIR PONTANILLA: Director.

14 MS. TAOMOTO: Unfortunately we haven't had a chance to  
15 evaluate that project. I know it was a Council  
16 request, so staff is not familiar because it wasn't  
17 a staff-generated project, so we have to find the  
18 time to go out to the site and look at what the  
19 needs are in order to do the replacement. Because I  
20 remember from the Budget meetings there was a  
21 feeling that there was inadequate pressure or  
22 something about -- a complaint generated -- filed  
23 with one of the Council Members.

24 COUNCILMEMBER ANDERSON: Right.

25 MS. TAOMOTO: And when I initially researched it during

1 the Budget process, staff didn't have that same  
2 understanding when I talked to field operations. So  
3 what I really need to do is I need to find the time,  
4 because that's in my division, to meet with field  
5 operations, go out to the site, and actually see  
6 what the real problem is. Because I cannot just  
7 take one complaint from a consumer and assume that  
8 there is a pressure problem. Because when I did  
9 that, my budget -- during the Budget, when I looked  
10 at the history of the pressure, the pressure  
11 actually increased. So it was questionable to me  
12 what the need of the project is. And once I  
13 determine that, then we can submit a report to  
14 Council or something, since it was a project that  
15 you added.

16 COUNCILMEMBER ANDERSON: I think what we'll do is get the  
17 folks up there who are living with the problem to  
18 get in touch with you so that --

19 MS. TAOMOTO: That would be fine.

20 COUNCILMEMBER ANDERSON: -- they can describe to you what  
21 the problem is. And I'm sorry that my memory  
22 doesn't serve me real well to go back. There's so  
23 much that's gone on since then, but I do know that  
24 the problem was after the new tank was put up.  
25 That's when they had all their problems. So it's

1           been a long -- a long-lived problem. It's not  
2           something that is just recent. And so I will  
3           have -- I'll have those folks get in touch with you.  
4           I just want to make sure that we don't let this  
5           money lapse, Mr. Chair.

6 CHAIR PONTANILLA: Uh-huh.

7 COUNCILMEMBER ANDERSON: That we make sure that this gets  
8           some attention, and I don't even know if -- I guess  
9           the 100,000 is just for design, so I guess that's  
10          probably enough. Okay, thank you, Chair.

11 CHAIR PONTANILLA: Thank you, Ms. Anderson. Department,  
12          now, it seems like the two projects are basically  
13          going to go hand in hand in this case here because  
14          of the estimated completion date, 3/1/08?

15 MR. ENG: Actually, Mr. Chairman, the Omaopio tank, no,  
16          they're distinct projects. The Omaopio tank will be  
17          only the replacement of the roof, and the Piliwale  
18          Omaopio Road tank, again, Ms. Taomoto will  
19          investigate further. And, again, if any customers  
20          have any issues, if you can have them call us, that  
21          would be great.

22 CHAIR PONTANILLA: Okay, fine. Thank you.

23 COUNCILMEMBER ANDERSON: Chair.

24 CHAIR PONTANILLA: Member Anderson.

25 COUNCILMEMBER ANDERSON: Yeah, I'd just like to follow up

1           on that, because, you know, we just heard from  
2           Ms. Taomoto that she isn't really sure what is  
3           needed, and yet the report is saying that they're in  
4           the process of selecting a design consultant. So  
5           who made the remarks in here? I mean...

6   MS. TAOMOTO: Me.

7   COUNCILMEMBER ANDERSON: You did? You want to retract  
8           those remarks, Ms. Taomoto?

9   MS. TAOMOTO: The design consultant selection for tanks  
10           and pipelines, we do it like in a mass selection,  
11           because, you know, we just look at all the  
12           pipelines, we do one sit down, and we look at the  
13           tanks and we do one sit down. So we're looking at  
14           the -- evaluating the design consultants  
15           concurrently while we're looking at the project  
16           needs, and there's like only three of us on the  
17           selection committee, two of them are in CIP, myself  
18           and the other engineer, and then our chief engineer,  
19           and there's like 40 proposals we have to go through.  
20           So it takes months and months for us to do it one,  
21           two proposals at a time.

22                    So we're in the process of looking at what  
23           we -- proposals we received their statement of  
24           qualifications, but at the same time we can still do  
25           that on the same schedule as we do our project

1 evaluation. That's how we do all our -- just so we  
2 can kill two birds with one stone, being that  
3 there's only a couple of us in the design section.

4 COUNCILMEMBER ANDERSON: Okay. Thank you.

5 CHAIR PONTANILLA: Thank you, Department. Next item,  
6 let's see, Upcountry granular.

7 MR. ENG: Yes, Mr. Chair, Upcountry GAC filters, this was  
8 for actually -- this was for construction, but it  
9 was a plan I believe at the Piiholo plant to do  
10 something about the organic carbon removal in the  
11 raw water, and we've made a decision during the  
12 recent budgeting process to look further than just  
13 GAC. GAC, we do understand, does work in removing  
14 organic carbon, but we're also looking at doing a  
15 project that -- this was up in Olinda, but to do it  
16 down at the Piiholo plant, and we're also  
17 investigating other types of media that can also get  
18 rid of organic carbon.

19 There is another material out on the market  
20 that we're looking into that may have some benefits  
21 and maybe hopefully in the end more cost effective,  
22 because it's a media that can be regenerated on  
23 site, whereas mostly, as I understand, organic  
24 carbon is just a granular-activated carbon that's  
25 just one time pass through. It basically absorbs

1 the material that you want to remove and then it  
2 becomes depleted and you have to dispose of it. So  
3 if we have a media that can be regenerated, you can  
4 do it on site, usually with some kind of solution,  
5 and regenerate it to its full capacity. So that's  
6 what we're looking into right now, so this project  
7 we're going to let lapse, but we do have funding in  
8 '08 to look further in the organic carbon removal.

9 CHAIR PONTANILLA: Thank you. Member Anderson.

10 COUNCILMEMBER ANDERSON: Thank you, Chair. So I know  
11 we're looking at the \$750,000 allocation, but right  
12 above that is a \$250,000 allocation for design. And  
13 I'm just wondering if this was the funding that the  
14 Council put forward for design. Wendy says yes?

15 MR. ENG: Yes, Wendy says yes.

16 COUNCILMEMBER ANDERSON: Okay, so I just want to make sure  
17 that you don't lapse that money, because the purpose  
18 of that money was to do some pre testing and then  
19 some design. And I guess, you know, we were hoping  
20 that we could have done the comprehensive  
21 performance evaluation by the EPA for the Upcountry  
22 system by now, as well as the peer review on the  
23 Boyle Report. Those are both performance audits  
24 that would assist us in making the right choices for  
25 whatever changes we make to the Upcountry system.

1           And I need to underscore this because we were told  
2           by Dr. Marc Edwards, who came out here from Virginia  
3           Tech, and is, you know, a leader in the field and he  
4           discovered bacteria in the Upcountry water that a  
5           carbon-activated filter will not remove. In fact,  
6           the GAC filter is just the opposite of what you want  
7           to do because it harbors the bacteria and allows it  
8           to grow within the carbon filter.

9                        So I'm glad you're moving away from that, but  
10           I would hope that you would consider this \$250,000,  
11           because we're in a tricky situation, and if we don't  
12           do pretesting before we invest big dollars, we might  
13           find out we've made the wrong choice. And so the  
14           Council felt very strongly last year when we put  
15           this money in that that was something that we should  
16           do because, again, we have outside experts who have  
17           come in and given us some direction and did some  
18           pretty extensive testing Upcountry.

19                       And I know I shared with you, Director Eng,  
20           Dr. Edwards' PowerPoint presentation to us, and so I  
21           think you're probably aware of some of the findings  
22           that he came up with. And, again, we're kind of  
23           leading the field on this nationwide, and so I just  
24           want to make sure we stay in the leading position,  
25           Mr. Chair.

1 MR. ENG: Member Anderson, yes. Thank you. I appreciate  
2 your comments. And if I could just add to it. I  
3 did review Dr. Edwards' report and his studies, and  
4 as I understand it he really focused on home  
5 filtration units. And he's absolutely correct, that  
6 these home filtration carbon units, you know,  
7 they're really much different than the municipal  
8 activated carbon vessels that we utilize in the  
9 industry. And the big difference is really the way  
10 the water flows through.

11 On a home device they operate them very  
12 intermittently, you know, they'll turn them on,  
13 they'll fill their jug, or even if -- a lot of them  
14 you'll see associated with an RO unit. So it goes  
15 with an RO filter membrane and then it's polished  
16 through the carbon, and the RO unit, because it's  
17 only being utilized for the drinking water in the  
18 family, it sometimes only operates a couple hours a  
19 day, you know, and it meets its supply and sometimes  
20 not every day. And that's really where bacteria can  
21 multiply is when there's not a flow of water going  
22 through. So it's just stagnant basically, has a  
23 perfect temperature in a home in Hawaii, any  
24 organics that accumulate on the carbon is food for  
25 the bacteria. So that's where it really, really is

1 a problem is in these home filter units.

2           Whereas in municipal vessels, you're  
3 basically operating that unit 24 hours a day at  
4 pretty high capacity. I operated those vessels at  
5 Kaanapali and it was designed to handle up to 1,100  
6 gallons per minute, 24 hours a day. So bacteria  
7 doesn't have a chance to really accumulate and  
8 multiply. Everything is going through, except for  
9 the organic material that it's capturing. So it's a  
10 little bit different. And Dr. Edwards was  
11 absolutely correct, but he was focusing more on  
12 those home units, and those are a big problem. But  
13 as far as the larger vessels used in municipal  
14 districts, they're not a problem, unless they go  
15 idle for a number of days, then you could possibly  
16 have that same problem.

17 COUNCILMEMBER ANDERSON: So you're pumping through the  
18 treatment plant 24/7 Upcountry?

19 MR. ENG: Basically, yes, they're operating maybe at  
20 different rates, but everything operates pretty much  
21 24 hours.

22 COUNCILMEMBER ANDERSON: Okay.

23 MR. ENG: And that's how I would foresee for organic  
24 carbon removal. Again, we're exploring this other  
25 media, but if indeed it shows that organic -- I mean

1 granular-activated carbon is a better candidate, you  
2 know, I wouldn't be afraid of utilizing it at all,  
3 provided we're operating it continuously.

4 CHAIR PONTANILLA: Thank you.

5 COUNCILMEMBER ANDERSON: I'll yield, Chair.

6 CHAIR PONTANILLA: Thank you. Member Baisa?

7 COUNCILMEMBER BAISA: No.

8 CHAIR PONTANILLA: Member Medeiros?

9 COUNCILMEMBER MEDEIROS: No questions at this time.

10 CHAIR PONTANILLA: Member Victorino?

11 COUNCILMEMBER VICTORINO: Only a comment. Thank you very  
12 much. I'm glad you clarified that matter.

13 MR. ENG: You're welcome.

14 COUNCILMEMBER VICTORINO: Thank you.

15 CHAIR PONTANILLA: Member Baisa, did you have a chance to  
16 comment on Omaopio 2 million tank?

17 COUNCILMEMBER BAISA: No, sir, and no questions.

18 CHAIR PONTANILLA: Member Medeiros?

19 COUNCILMEMBER MEDEIROS: No questions.

20 CHAIR PONTANILLA: Okay, good. Thank you. Lost my place  
21 for a while.

22 COUNCILMEMBER MEDEIROS: Thank you, Mr. Chair.

23 CHAIR PONTANILLA: Okay, next item is the Papohaku  
24 waterline replacement, Koni, Mamo, Momi, and Lika  
25 Lane. Department.

1 MR. ENG: Yes, Mr. Chairman. This is another project I  
2 commented on earlier before lunch, and this was  
3 waterline replacement that we had decided to do  
4 in-house at, as you can see, considerable savings.  
5 So this \$850,000 appropriated in '07 we will allow  
6 to lapse, because we're requesting 200,000 in '08 to  
7 do the project with our crews.

8 CHAIR PONTANILLA: Thank you. Member Anderson, any  
9 comments, questions?

10 COUNCILMEMBER ANDERSON: What is the upgrade? What is  
11 the -- are you upgrading the line are you just --  
12 what is it?

13 MR. ENG: I think it's replacing the old galvanized line.

14 COUNCILMEMBER ANDERSON: Galvanized?

15 MR. ENG: I think it's galvanized down in that old area of  
16 town.

17 COUNCILMEMBER ANDERSON: And so it's not an upgrade in  
18 size?

19 MR. ENG: It's probably upgrade in size also.

20 COUNCILMEMBER ANDERSON: From four to eight inch?

21 MS. TAOMOTO: (Inaudible) and mostly two and a half  
22 inches.

23 MR. ENG: Two, two and a half?

24 MS. TAOMOTO: Two and a half inches.

25 MR. ENG: Currently?

- 1 MS. TAOMOTO: Yes.
- 2 MR. ENG: And they're going to upgrade it to what, eight?
- 3 MS. TAOMOTO: To eight.
- 4 MR. ENG: Okay, yes. I'm sorry. The existing line is
- 5 probably around two and a half inches, so we're
- 6 going to go to an eight inch. Whenever we can do
- 7 anything like this, we will size it appropriately,
- 8 and particularly to address fire flow requirements.
- 9 COUNCILMEMBER ANDERSON: Okay, thank you, Chair.
- 10 CHAIR PONTANILLA: Thank you. Ms. Baisa?
- 11 COUNCILMEMBER BAISA: No questions.
- 12 CHAIR PONTANILLA: Mr. Medeiros?
- 13 COUNCILMEMBER MEDEIROS: Mahalo, Chair. Now, Papohaku, is
- 14 that like where Papohaku Park is in Wailuku? Aren't
- 15 there hydrants already in that area?
- 16 MR. ENG: Yes.
- 17 COUNCILMEMBER MEDEIROS: If there's hydrants, there has to
- 18 be an eight-inch line, right?
- 19 MR. ENG: Maybe in the newer areas.
- 20 COUNCILMEMBER MEDEIROS: Oh, okay.
- 21 MR. ENG: With this size line, if there's anything, there
- 22 might be a standpipe, you know, or nothing at all.
- 23 So, yeah, this is a much needed type of improvement.
- 24 COUNCILMEMBER MEDEIROS: Okay, thank you.
- 25 MR. ENG: Yeah, I don't think a hydrant can really

1           satisfactorily...

2   COUNCILMEMBER MEDEIROS:  No, what I'm saying is there are  
3           hydrants there already.

4   MR. ENG:  Yeah.

5   COUNCILMEMBER MEDEIROS:  So I'm saying it must be an  
6           eight-inch line.

7   MR. ENG:  Yeah, right.

8   COUNCILMEMBER MEDEIROS:  Because you don't put hydrants on  
9           anything less than eight inch, right?

10  MR. ENG:  There must have been some newer areas that do  
11           have the hydrants and the proper size mains.

12  COUNCILMEMBER MEDEIROS:  Okay, thank you, Chair.

13  CHAIR PONTANILLA:  Member Molina, questions?  Member  
14           Victorino?

15  COUNCILMEMBER VICTORINO:  This area here, I'm glad to see,  
16           because many of these pipes or these pipelines are  
17           50, 60, and 70 years plus.  I mean, these are very  
18           old galvanized pipe systems.  To answer  
19           Mr. Medeiros's question, a lot of them do not have  
20           standpipes, but they have, what do you call that,  
21           fire hydrants on lower Main Street that would  
22           stretch in if there was a fire, because these were  
23           smaller lanes.  They were not long streets.  And  
24           when Papohaku was built and all of Iao Parkside, all  
25           of that area was improved, but not the old site.  So

1 all along lower Main, along that area Momi, Mamo,  
2 all those places, that's very old piping in there.  
3 And sometimes you talking about Upcountry, you ought  
4 to see some of the water that comes out of those  
5 pipes. They're pretty bad too, you know, so thank  
6 you very much. I'm glad to see this thing is  
7 finally, finally getting off the ground. Thank you.

8 CHAIR PONTANILLA: Thank you, Mr. Victorino.

9 Just question for the Department. Is any of  
10 these lines existing are exposed?

11 MR. ENG: I don't believe anything in that area is  
12 exposed, no.

13 CHAIR PONTANILLA: Okay, fine. Thank you. Next item is  
14 Vineyard Street. Comments, Director?

15 MS. TAOMOTO: This item for 1 1/2 million is for  
16 construction. I met -- actually, I ran into Wendy  
17 of Department of Public Works, and we're looking at  
18 doing -- they're looking at resurfacing Vineyard  
19 between High and Market, and our project encompasses  
20 from Main to Market, if you can picture that, and so  
21 what we're doing is we're verifying right now if  
22 Public Works can't -- will participate with us so  
23 that we -- they don't repave Vineyard and then we  
24 come in two years later and, you know, trench it and  
25 repave it again.

1                   So that's where it is right now, other -- as  
2                   well as the completion of the design plans and  
3                   obtaining Public Works' approval for the work to  
4                   perform in County roads.

5 CHAIR PONTANILLA: Thank you. Member Anderson, questions  
6                   to that particular project?

7 COUNCILMEMBER ANDERSON: I'm just wondering what -- you've  
8                   given us, I think is good news, in a couple of  
9                   instances where you're doing the projects in-house,  
10                  and so what is the criteria? Why aren't you doing  
11                  this one in-house, as opposed to...

12 MS. TAOMOTO: The reason, Vineyard Street is too large of  
13                  a task for our field operations. There's an  
14                  existing sewer line, the existing waterline that  
15                  serves our existing customers, and there's also  
16                  sewer laterals, and we're still investigating  
17                  whether there's other underground utilities. And  
18                  being that it's heavily commercial, it's going to be  
19                  a traffic nightmare and our operations staff,  
20                  that's -- the CIP pipeline replacement is not their  
21                  primary function. It's waterline maintenance and  
22                  repair. So this would -- it's a little bit too  
23                  complicated, too many unknown factors, unforeseen  
24                  circumstances that might arise. Whereas Papohaku,  
25                  you know, it's not in a high traffic area. Those

1           are dead end streets. We have more control over the  
2           situation.

3   COUNCILMEMBER ANDERSON: Right. That makes sense. So  
4           what is the upgrade or is there an upgrade? There  
5           must be an upgrade. It's an improvement. So you're  
6           going from what to what?

7   MS. TAOMOTO: I believe Vineyard is a four- or a six-inch,  
8           and we're upgrading to a 12-inch.

9   COUNCILMEMBER ANDERSON: And you guys are certain that you  
10          won't have any pressure problems or...

11   MS. TAOMOTO: With the upgrade?

12   COUNCILMEMBER ANDERSON: Yeah.

13   MS. TAOMOTO: No, we should improve pressure -- improve  
14          the pressure situation, if there exists one. I  
15          don't think there is a pressure problem.

16   COUNCILMEMBER ANDERSON: Right. Okay. So you've got  
17          plenty of water to keep that 12-inch line  
18          pressurized?

19   MS. TAOMOTO: Yes, correct, the 12-inch size is based on  
20          commercial zone.

21   COUNCILMEMBER ANDERSON: Commercial, right. Okay, thank  
22          you, Chair.

23   CHAIR PONTANILLA: Thank you. Member Baisa?

24   COUNCILMEMBER BAISA: No questions.

25   CHAIR PONTANILLA: Thank you. Member Medeiros?

1 COUNCILMEMBER MEDEIROS: Mahalo, Chair. No questions.

2 CHAIR PONTANILLA: Member Molina?

3 COUNCILMEMBER MOLINA: No.

4 CHAIR PONTANILLA: Thank you. Member Victorino?

5 COUNCILMEMBER VICTORINO: Just a comment. Thank you very

6 much. Another one of those long overdue projects.

7 Thank you. That's all, Mr. Chair.

8 CHAIR PONTANILLA: Thank you. I've got a question. In

9 regards to -- I'm glad you're working with Public

10 Works on this particular project here so that we

11 don't have to dig up the road twice and repave it

12 twice, but the only thing -- the only concern that I

13 have, you have a completion date over here as April

14 '08, and if that completion date is going to be

15 jeopardized because of one department is not ready

16 to go forward?

17 MS. TAOMOTO: Completion date is based on my estimated

18 start date of August '07. So assuming the plans get

19 approved and everything gets bid out, say in July,

20 June, July, the estimated start date is a notice to

21 proceed date for construction, and we're

22 anticipating that it would -- construction would be

23 completed and the project on line April '08. That's

24 what the completion date represents.

25 CHAIR PONTANILLA: Assuming Public Works is ready to go?

1 MS. TAOMOTO: Assuming -- well, Public Works, there's  
2 nothing ready other than to commit to the funding.  
3 And even if they don't have the funding, we could  
4 still bid it out and include it and maybe they could  
5 fund it later, as long as we disclose it in the bid  
6 documents, something like that.

7 CHAIR PONTANILLA: Okay.

8 MS. TAOMOTO: But that's what we're trying to determine  
9 right now is is there funding available now or do we  
10 need to write the bid documents so we can utilize  
11 the bid process to encumber the funds later as a  
12 change order perhaps.

13 CHAIR PONTANILLA: Thank you.

14 COUNCILMEMBER MEDEIROS: Chair, excuse me, I do have a  
15 question now.

16 CHAIR PONTANILLA: Go ahead.

17 COUNCILMEMBER MEDEIROS: On this project, and on most of  
18 your projects where it's quite extensive in the  
19 amount of work and you're digging up the road and so  
20 forth, do you folks coordinate where there's needs  
21 in the area that people are requesting to tie in or  
22 something that you coordinate all of this one time  
23 so the road doesn't have to be dug up, you know,  
24 later? Say somebody is needing a lateral, you know,  
25 do you coordinate it do it the same time you got the

1 road excavated?

2 MS. TAOMOTO: Yeah, we have that situation come up almost  
3 every construction project. As soon as they see the  
4 construction crew, those people who have  
5 requirements to do lateral replacements for meter  
6 upgrades or installation of meters usually call us.  
7 And what we've been doing is we've been allowing the  
8 customer to install that lateral with the project,  
9 provided that the contractor warranties their work  
10 and they pay the contractor directly. So if they  
11 pay the contractor for whatever it costs to install  
12 that lateral on our CIP project, the contractor  
13 warranties that lateral, you know, with the project,  
14 and if -- that's how we've been allowing it.

15 COUNCILMEMBER MEDEIROS: But isn't the lateral the  
16 responsibility of the Department? Isn't the  
17 customer from meter in and the lateral is from main  
18 to meter?

19 MS. TAOMOTO: Correct.

20 COUNCILMEMBER MEDEIROS: So why would --

21 MS. TAOMOTO: The CIP projects that you see here that are  
22 pipeline replacement or meter improvements, what we  
23 do is we replaced all the existing customer's  
24 laterals between the meter and the main with capital  
25 money. I'm talking about those customers that have

1 meter requests where their existing lateral may be  
2 substandard, and that would -- their request  
3 triggers bringing that lateral up to standards,  
4 which is copper, and, therefore, if -- they are  
5 required to hire a contractor. We let them utilize  
6 our contractor by paying him, as long as the  
7 contractor warrants it.

8 COUNCILMEMBER MEDEIROS: So that becomes the  
9 responsibility of your customer --

10 MS. TAOMOTO: Yes.

11 COUNCILMEMBER MEDEIROS: -- on an upgrade like that?

12 MS. TAOMOTO: On meter upgrades and new meter  
13 installations.

14 COUNCILMEMBER MEDEIROS: And laterals. Okay, thank you,  
15 Chair.

16 CHAIR PONTANILLA: Thank you, Mr. Medeiros. Okay, we're  
17 on page number 3, acquisition of Wailuku Water  
18 Company watershed and water-related assets.  
19 Department, comments?

20 MR. ENG: As you folks know, the funding currently exists  
21 in the '07 Budget. It's something like a carryover.  
22 We just want to make sure that we're book marking  
23 some funds in '08 for this potential acquisition.  
24 Again, at this time we don't know what that value  
25 is. I believe the Mayor's office is in the process

1           to take the steps necessary and to strategize our  
2           plans for acquisition, if that is indeed the case.  
3           There's other things going on, as you know,  
4           regarding the petitioning of the surface water for  
5           designation, and -- but, again, we book marked it  
6           and, you know, it's something I think that we want  
7           to keep focused on in the event if that's the  
8           direction we want to go.

9   CHAIR PONTANILLA: Thank you. Member Anderson, questions?

10   COUNCILMEMBER ANDERSON: You want to start at that end  
11           this time?

12   CHAIR PONTANILLA: Sure.

13   COUNCILMEMBER ANDERSON: I don't want to get stink eye  
14           from Mr. Victorino.

15   COUNCILMEMBER VICTORINO: I did not.

16   CHAIR PONTANILLA: Okay, Mr. Victorino, you're up.

17   COUNCILMEMBER ANDERSON: I said I don't want to.

18   COUNCILMEMBER VICTORINO: Okay. I guess my question would  
19           be to Corp. Counsel, because I'd like to know where  
20           we are in that whole process at this point, because  
21           it says here working on acquisition with County and  
22           Corporation Counsel. So I guess my question would  
23           go really directly to him in that respect.

24   CHAIR PONTANILLA: Corp. Counsel.

25   MR. MOTO: Mr. Chairman, the -- there are many strategic

1           and tactical issues that relate to the potential  
2           acquisition of property. And it would -- might take  
3           awhile to go through all of them, but let me just  
4           say that there are pending before the State Water  
5           Commission, for example, a number of actions, any  
6           one of which are significant in and of themselves.  
7           Some of them are historic in the sense that they  
8           have the potential to -- they have the potential, at  
9           least, to permanently change legal rights to water  
10          and who gets that water and how much is to be used,  
11          all of which are things that are certainly relevant  
12          for decision makers to consider in deciding whether  
13          to buy property or not and how much to pay for it.

14                   For example, one of the things that's  
15          developing is that the State Water Commission has  
16          tentatively scheduled a hearing in April, I think  
17          it's April the 26th. I may not remember that  
18          correctly. The reason why that date is important is  
19          because under the state law governing the  
20          designation of surface water management areas, which  
21          this Council voted to support by adopting a  
22          resolution expressing that position, under the laws  
23          governing the State Water Commission and the  
24          designation of surface water management areas the  
25          commission is required to hold a public hearing

1           within a certain number of days, and so that public  
2           hearing has been tentatively scheduled. And in fact  
3           I've asked my attorney Deputy Jane Lovell to write  
4           letters to the Mayor and to the Council informing  
5           you of that.

6                     The reason why I bring this up is because  
7           movements towards the designation, and of course  
8           this is something that the commission will have to  
9           review and decide upon, will be very significant.  
10          In fact, the designation of Na Wai Eha will be one  
11          of the most significant legal steps that will be  
12          taken, and it will affect potentially your  
13          consideration of property acquisition, and it may  
14          also affect the value of the property acquired, et  
15          cetera.

16                    And so there are many, many things that are  
17          going on, but in terms of actually buying the  
18          property, no, we're not quite there yet. That's not  
19          to say that important things aren't happening. They  
20          are. And you are -- well, as I just mentioned with  
21          regards to this public hearing, that's probably the  
22          next major event that's going to come up. I could  
23          talk -- mention some other things, but that's  
24          probably the most important at the moment.

25   COUNCILMEMBER VICTORINO: I think the public hearing on

1           the 26th or whatever of April is crucial, and that  
2           may set the direction for which we will be taking it  
3           in the near future. Unfortunately the history is  
4           not being kind in this respect, because whenever  
5           we've had public hearings, then they go back for the  
6           decision-making process, and it's a long, drawn out  
7           process. I mean, when we had Iao designation it  
8           took us what, two, two and a half years, something  
9           of that nature? And I would expect, unless  
10          something really snaps, we're going to probably take  
11          as long or maybe longer. If -- am I correct?

12       MR. MOTO: Yeah, Mr. Chairman, you are correct in the --  
13          you know, the assessment of the past and about how  
14          long it has taken for certain issues to be decided.  
15          I think in this particular situation it may be a  
16          little different. That's a bold thing to say, given  
17          the fact that we know that the State Water  
18          Commission does tend to take a long time on many  
19          things. But there's -- there's a few things that  
20          make this particular situation a little different.  
21          First, the fact that the major policy makers, policy  
22          decision makers in this County have expressed  
23          explicit positions in support of designation is very  
24          important, and it's actually historic, really, and  
25          I'm talking both the support given by the previous

1 Mayor and previous Water Director, as well as the  
2 current Mayor, current Water Director, the Council,  
3 and the County's Board of Water Supply.

4 And I've heard through my Deputy from  
5 statements made at the last -- one of the last  
6 meetings held by the hearing officer, Dr. Miike, who  
7 is a member of the commission, that -- a statement  
8 to the effect that designation may be a -- I forget  
9 his exact words, but maybe foregone conclusion or  
10 something like that. So it's nice to hear that  
11 there's a real prospect of the designation  
12 happening. Of course it hasn't happened yet. We're  
13 not there yet, but there's reason to believe that it  
14 will move forward, or at least we so.

15 COUNCILMEMBER VICTORINO: And I think Na Wai Eha has a  
16 meeting scheduled tomorrow night, and I think if you  
17 want to get updates, their attorney will be present  
18 to give updates. And so if the public is  
19 interested, tomorrow night at 6:00 o'clock they will  
20 have an updated meeting, so I think that's going to  
21 be very, very crucial and very important, but like  
22 everything else, it's good to know the money is  
23 there and all the monies we need to set aside. So  
24 whatever the eventuality is, we're in a position to  
25 do what we need to do. I think that's -- but thank

1           you for your comments and an update as best you can  
2           give us. Thank you.

3 CHAIR PONTANILLA: Thank you, Member Victorino.

4 MR. MOTO: If I may mention one more thing. I forgot to  
5           mention of course the participation and support  
6           of -- the working support of organizations like the  
7           Office of Hawaiian Affairs and Earthjustice and  
8           their attorneys, respective attorneys has helped us  
9           well.

10 CHAIR PONTANILLA: Thank you. Member Molina.

11 COUNCILMEMBER MOLINA: Thank you, Mr. Chairman. Stopping  
12           short of going into executive session, I think  
13           Mr. Moto gave a very detailed update on what's going  
14           on with that, and now the public hearing, my  
15           understanding, will be on the 26th, Mr. Moto?

16 MR. MOTO: Yes, Mr. Chairman, we will get back to -- and  
17           as I said, I've asked my Deputy to write a formal  
18           letter to the Council informing you of the tentative  
19           date, because I knew that -- or suspected that that  
20           would be of importance and interest to all of you.

21 COUNCILMEMBER MOLINA: Okay, and now one more question  
22           with regards to the Sunshine Law, Council Members'  
23           participation in there, we can just -- we can't get  
24           involved in the Q and A with whoever the parties are  
25           who are facilitating the meeting? I mean, just

1           so -- I mean, in case maybe three or four of us  
2           maybe want to attend, Mr. Moto can you comment on  
3           that at this time? Or I guess maybe in your letter  
4           you can correspond to us.

5   MR. MOTO: Mr. Chairman, we'll certainly advise you on  
6           that subject as the date approaches.

7   COUNCILMEMBER MOLINA: Thank you. Just thought I'd ask.  
8           Thank you, Chairman.

9   CHAIR PONTANILLA: Thank you, Member Molina. Thank you,  
10           Corporation Counsel. Member Medeiros.

11   COUNCILMEMBER MEDEIROS: Mahalo, Chair. Just a comment  
12           that it's good to hear from Mr. Moto about the  
13           progress of this particular project and look forward  
14           to the meetings, if we can attend. Mahalo.

15   CHAIR PONTANILLA: Thank you. Member Baisa?

16   COUNCILMEMBER BAISA: No comments.

17   CHAIR PONTANILLA: Member Anderson?

18   COUNCILMEMBER ANDERSON: Thank you, Chair. You know, the  
19           designation is only just one step, because after  
20           that you have to establish -- the designation just  
21           gives the commission the authority to regulate the  
22           use of the streams and to set conditions on the use  
23           of the streams, and what we've been trying -- and  
24           Earthjustice and Na Wai Eha took that step because  
25           as we are waiting for a hearing on in-stream flow --

1 establishment of in-stream flow, as well as the  
2 wasting claim, the claim of the water being wasted,  
3 Wailuku Ag is continuing to sell off water to  
4 people.

5 And so there may be huge conflicts and  
6 obstructions for us in obtaining the system, if that  
7 continues. So I think it's important that -- and  
8 this Council also funded USGS to do the studies, and  
9 so if we can't get the studies done, then we can't  
10 establish the in-stream flow standards and if we  
11 can't establish the in-stream flow standards, how do  
12 we know what we're going to buy? What's left for us  
13 to buy for municipal use?

14 So the other thing I wanted to mention is,  
15 you know, I know that -- when did we first allocate  
16 this? Was it just in '07? Didn't we allocate it in  
17 '06 too?

18 CHAIR PONTANILLA: I think it was in '06 we started  
19 allocation for a probably...

20 COUNCILMEMBER ANDERSON: For the acquisition?

21 CHAIR PONTANILLA: Not for the acquisition, but a title  
22 search.

23 COUNCILMEMBER ANDERSON: A clear title search?

24 CHAIR PONTANILLA: To find out the cost of the property.

25 COUNCILMEMBER ANDERSON: Appraisal you mean?

1 CHAIR PONTANILLA: Appraisal.

2 COUNCILMEMBER ANDERSON: Yeah, we did -- we did put money  
3 in for that too, and I don't see that in here. I  
4 guess that wouldn't be considered CIP.

5 CHAIR PONTANILLA: I think it went under CIP under this  
6 particular issue here.

7 COUNCILMEMBER ANDERSON: Well, the other thing I wanted to  
8 mention, Mr. Chair, and to the Department, that one  
9 of the difficulties in establishing the in-stream  
10 flow standard is adequate reporting of the actual  
11 water use. Unless we know what water is being used  
12 in order to ascertain the total water budget of the  
13 streams, it's going to be hard to designate so much  
14 of it for particular in-stream uses. And so I'm  
15 just putting in a plug for the Director to hold a  
16 hard line on that, because this body last term  
17 adopted an ordinance that empowers you to go after  
18 people who are not reporting their use, the private  
19 users. And if Wailuku Ag -- it's my understanding  
20 they're not reporting what their actual end use is.  
21 I mean, that's the key to it all. If we don't know  
22 what the use is, then it's going to be hard to  
23 establish in-stream flows, and it's going to be hard  
24 for us to determine how much of the water will be  
25 available for us should we acquire the system. But

1           they aren't -- they aren't reporting according to  
2           the requirements of the code, of the ordinance, and  
3           so I would hope that you would take action on that  
4           to force them to start reporting accurately. That  
5           would help us in our acquisition down the road too.

6                        So, you know, I'm not going to say any more  
7           about this. I do know that there are certain  
8           strategies that Corp. Counsel is using in regards to  
9           this, and so I'll leave it at that for now, but  
10          hopefully we might find time for an executive  
11          session to bring everybody up to speed on that.

12 CHAIR PONTANILLA: Thank you. Just for your information,  
13 I do have some information that OED had budgeted  
14 \$200,000 for Fiscal Year '07 for the -- I think it's  
15 appraisal for the Wailuku watershed.

16 COUNCILMEMBER ANDERSON: So it's in Economic Development?

17 CHAIR PONTANILLA: Yeah.

18 COUNCILMEMBER ANDERSON: Great.

19 COUNCILMEMBER VICTORINO: Mr. Chair.

20 CHAIR PONTANILLA: Mr. Victorino.

21 COUNCILMEMBER VICTORINO: I'd like to make one small  
22 correction to my esteemed colleague, because I know  
23 she never makes mistakes, it's not Wailuku Ag. It's  
24 Wailuku Water Company. They have changed their  
25 name, so for the record, we're talking about the

1 same -- that company, Wailuku Water, yeah.

2 CHAIR PONTANILLA: Thank you.

3 COUNCILMEMBER VICTORINO: Thank you, Ms. Anderson.

4 CHAIR PONTANILLA: Okay, Members, moving on, we do have

5 the next item, Countywide pump replacement.

6 Director, comments?

7 COUNCILMEMBER ANDERSON: Chair, could I just ask one

8 question, since we were on OED?

9 CHAIR PONTANILLA: Okay.

10 COUNCILMEMBER ANDERSON: Do they also -- are they also

11 holding the money that we set aside for USGS to do

12 the in-stream studies, the (inaudible) studies.

13 CHAIR PONTANILLA: We can find out. Go ahead.

14 MS. REVELS: Yes, Mr. Chair. There is a grant to the

15 United States Geological Survey for Na Wai Eha

16 stream studies for 75,000.

17 COUNCILMEMBER ANDERSON: Thank you.

18 CHAIR PONTANILLA: Thank you. Director.

19 MS. TAOMOTO: Countywide pump replacements, 1 million. As

20 of your report there was some progress. We actually

21 contracted and encumbered funds of \$105,107 and

22 change to MK Engineers to design the Waihee Well's

23 electrical upgrade, and we gave them a notice to

24 proceed February 20th, '07. And so the

25 additional -- the difference of 800 -- or roughly

1           800,000 will be used to construct this project. So  
2           this is expected to construct sometime in August.  
3           So we're looking probably like a bid in June, July.

4 CHAIR PONTANILLA: Thank you. Member Victorino, questions  
5           to that?

6 COUNCILMEMBER VICTORINO: No question at this time.

7 CHAIR PONTANILLA: Thank you. Member Molina? Member  
8           Medeiros?

9 COUNCILMEMBER MEDEIROS: So the pump replacement is just  
10          at Waihee?

11 MS. TAOMOTO: It's the Waihee Well's motor control  
12          building, you know, what controls the wells, yeah,  
13          it's the building replacement and the electrical.  
14          Not the building, sorry, the electrical replacement.

15 COUNCILMEMBER MEDEIROS: Mahalo, Chair.

16 CHAIR PONTANILLA: Thank you. Member Baisa?

17 COUNCILMEMBER BAISA: No questions.

18 CHAIR PONTANILLA: Thank you. Member Anderson?

19 COUNCILMEMBER ANDERSON: No, thank you.

20 CHAIR PONTANILLA: Thank you. The next one is the  
21          Kaupakalua Well storage tank. I think we discussed  
22          this earlier --

23 MR. ENG: Yes.

24 CHAIR PONTANILLA: -- but do you want to make some...

25 MR. ENG: Yes, Mr. Chair, this is what Ms. Taomoto

1 reported about earlier, and it's a 300,000 gallon  
2 new storage facility.

3 CHAIR PONTANILLA: 300,000.

4 MR. ENG: In the area of the Kaupakalua/Dowling Well.

5 CHAIR PONTANILLA: Thank you. Members, any questions?

6 Member Victorino, questions?

7 COUNCILMEMBER VICTORINO: No questions at this time.

8 CHAIR PONTANILLA: Thank you. Member Molina?

9 COUNCILMEMBER MOLINA: No questions.

10 CHAIR PONTANILLA: Member Medeiros?

11 COUNCILMEMBER MEDEIROS: No questions.

12 CHAIR PONTANILLA: Member Baisa?

13 COUNCILMEMBER BAISA: No questions, but a happy comment.

14 Always happy to see more storage Upcountry.

15 CHAIR PONTANILLA: Thank you. Member Anderson?

16 COUNCILMEMBER ANDERSON: Yeah, I just have a related

17 question to this. I know we were told earlier that

18 this would not provide any more available source,

19 but could you folks tell us how much of the County's

20 share of the Kapakalua/Dowling Well has the County

21 utilized?

22 CHAIR PONTANILLA: Department.

23 MR. ENG: I'm going to have to check our records on that.

24 I am familiar with the agreement with Dowling on

25 that, but as far as the current allocations from

1           that well, I'm not quite certain. I do understand  
2           that Mr. Dowling still has some additional capacity  
3           available for himself, and -- but I'll verify what  
4           that is and get back to this body.

5 COUNCILMEMBER ANDERSON: Thank you. Thank you, Chair.

6 CHAIR PONTANILLA: Mahinahina treatment plant  
7           improvements. Director, comments?

8 MR. ENG: Okay, this one I think I touched on earlier, and  
9           basically where we're at right now is in  
10          negotiations with Maui Land & Pine for additional  
11          raw water source, and we're fairly early in the  
12          negotiations. So at this point hopefully we will be  
13          successful and be able to be allocated some  
14          additional water, and then at that point we'll do  
15          the design for the expansion of that plant.

16 CHAIR PONTANILLA: Thank you. Member Victorino,  
17          questions?

18 COUNCILMEMBER VICTORINO: I guess it's really difficult,  
19          because I was going to ask what are you looking for  
20          from them from Maui Land & Pine, how many gallons or  
21          what are their wells projected to bring out, their  
22          new well that they're -- do you have any idea?

23 MR. ENG: As far as surface water is what we're  
24          negotiating for at...

25 COUNCILMEMBER VICTORINO: Yeah, the surface water, how

1 much --

2 MR. ENG: We're looking at additional 2 million gallons  
3 per day.

4 COUNCILMEMBER VICTORINO: And that water would come from  
5 the East Maui...

6 MR. ENG: No, this is from Honolua Ditch. The source is  
7 Honolua Stream, its origin.

8 COUNCILMEMBER VICTORINO: Yeah. Well, I saw Piiholo Well,  
9 so I got all confused. You know, got two different  
10 things here. I'm reading Piiholo...

11 MR. ENG: I understand.

12 COUNCILMEMBER VICTORINO: So what does Piiholo Well and  
13 the design postponement, why was that kind of tied  
14 in?

15 CHAIR PONTANILLA: Department.

16 MR. ENG: Let me see what you're referring to.

17 COUNCILMEMBER ANDERSON: Comments.

18 CHAIR PONTANILLA: Comments.

19 COUNCILMEMBER VICTORINO: The comments side, yeah. I  
20 mean, you guys confused me with the comments. I do  
21 read the comments. Sorry.

22 MS. TAOMOTO: Since I submitted it, I'll respond. I don't  
23 think he was even with us at that time. What  
24 happened was Maui Land & Pine had two agreements at  
25 the Department, one was the Honolua Ditch agreement,

1           which is for the Mahinahina treatment plant upgrade  
2           or expansion. The second was their Piiholo Wells  
3           agreement, and that agreement I believe has been  
4           executed.

5                        So what we were saying was, being that these  
6           two projects involve negotiations with Maui Land &  
7           Pine, we're postponing negotiations on Mahinahina  
8           until we can complete the Piiholo Well agreement,  
9           and now that that's completed, the new Director is  
10          beginning negotiations on the Mahinahina project.

11 COUNCILMEMBER VICTORINO: Okay. Now that I'm totally  
12          confused, I'm fine. No, I understand. Thank you  
13          very much.

14 CHAIR PONTANILLA: Thank you, Member Victorino. Member  
15          Molina.

16 COUNCILMEMBER MOLINA: No, no questions.

17 CHAIR PONTANILLA: Member Medeiros?

18 COUNCILMEMBER MEDEIROS: No questions.

19 CHAIR PONTANILLA: Member Baisa? Member Anderson?

20 COUNCILMEMBER ANDERSON: Thank you, Chair. So you've got  
21          an original appropriation of 710,000. The 250, was  
22          that encumbered or lapsed or what? Because I see  
23          that's under annual budget/lapses, and then we have  
24          250,000 balance available. That doesn't add up.  
25          There's \$210,000 missing out of this equation. So

1 has any money been spent on this at all?

2 CHAIR PONTANILLA: Department.

3 MS. TAOMOTO: You know, I'm looking at the page 3 of what  
4 report you're looking at, and that is not what I  
5 believe is correct. That -- I don't know what  
6 happened, but there's two appropriations that -- in  
7 our budget for Mahinahina. One is \$250,000 out of  
8 our water system and development fund and the other  
9 is \$460,000 out of our source funds, both for  
10 design. And what they did was when they gave you  
11 the report they combined it, and I think when they  
12 did that, the additions in the following columns is  
13 incorrect. And the balance available should be  
14 710,000, because no monies was expended or  
15 encumbered.

16 COUNCILMEMBER ANDERSON: So the total available is 710?

17 MS. TAOMOTO: Yes. There's actually missing a line,  
18 because there's two sources of funds that add up to  
19 710. One is that 250, but somehow the thing is  
20 missing the 460,000, and I just noticed it when you  
21 brought that up.

22 COUNCILMEMBER ANDERSON: So what would be the acronym for  
23 that other funding?

24 MS. TAOMOTO: The 460 that is not there is the source  
25 fund.

1 CHAIR PONTANILLA: Water resource?

2 MS. TAOMOTO: No, source, water source fund.

3 CHAIR PONTANILLA: Okay.

4 MS. TAOMOTO: It's an old fund that we're trying to get  
5 rid of. This is the last of it.

6 COUNCILMEMBER ANDERSON: So maybe that's why they just  
7 folded it into this WRF, water resource fund.

8 MS. TAOMOTO: Sorry. It is classified as a restricted  
9 fund, so I guess they thought they could just lump  
10 it, but it doesn't account for it in the annual  
11 budget thing. It got screwed up here. It should be  
12 zero lapses and the balance available 710.

13 COUNCILMEMBER ANDERSON: Thank you very much for  
14 clarifying that.

15 CHAIR PONTANILLA: Thank you.

16 COUNCILMEMBER ANDERSON: You're welcome. So you just said  
17 that the agreement for the Piiholo Wells has been  
18 completed. When will that come to the Council for  
19 review and approval?

20 MS. TAOMOTO: I believe the agreement was executed before  
21 the ordinance was passed, that ordinance that the  
22 private well -- private agreements ordinance. I  
23 don't know what the number is, but I believe it was  
24 executed before that was passed, but we can provide  
25 a copy of it to the Council.

1 COUNCILMEMBER ANDERSON: That would be helpful, if we  
2 could ask for that, Mr. Chairman.

3 CHAIR PONTANILLA: Yes, we will.

4 COUNCILMEMBER ANDERSON: The Piiholo Wells agreement.  
5 Thank you.

6 CHAIR PONTANILLA: Thank you. Okay, Members, that's all  
7 the project that we had in regards to the Fiscal  
8 Year '07. We'll take the ones from '06, half a  
9 million dollars or more, and the first one is the  
10 Countywide pipe and facility replacement or  
11 improvements. Still on page 3.

12 MS. TAOMOTO: Did you say Fiscal Year '06?

13 CHAIR PONTANILLA: Yeah, the money was budgeted for Fiscal  
14 Year '06, but it's on this report that -- in regards  
15 to the second quarter report, December 31st, '06.

16 MS. TAOMOTO: Okay. On the bottom of page 3, the last  
17 project, Countywide piping facility, that is not a  
18 specific project. That is our project overrun  
19 account where, if you look on your right column,  
20 that account was used to encumber various contracts.  
21 Do you want me to go over the column on the right?

22 CHAIR PONTANILLA: No, don't have to.

23 MS. TAOMOTO: Thank you.

24 CHAIR PONTANILLA: Members, any questions in regards to  
25 this one here? Member Anderson

- 1 COUNCILMEMBER ANDERSON: So I just want some  
2 clarification, Chair. You're going to have us go  
3 through everything that's over half a million in  
4 '06?
- 5 CHAIR PONTANILLA: Yes.
- 6 COUNCILMEMBER ANDERSON: And then if we have time, we go  
7 back --
- 8 CHAIR PONTANILLA: We go back to '07.
- 9 COUNCILMEMBER ANDERSON: -- to '07 for anything under  
10 that?
- 11 CHAIR PONTANILLA: Yeah.
- 12 COUNCILMEMBER ANDERSON: Okay, thank you. I would just  
13 say on this the same thing that we've already asked  
14 for, is what your program is for, you know, pipe  
15 transmission line improvements. It's basically the  
16 same as this, right?
- 17 MR. ENG: Yes.
- 18 COUNCILMEMBER ANDERSON: Thank you.
- 19 CHAIR PONTANILLA: Thank you. Member Baisa?
- 20 COUNCILMEMBER BAISA: No questions.
- 21 CHAIR PONTANILLA: Member Johnson?
- 22 COUNCILMEMBER JOHNSON: No.
- 23 CHAIR PONTANILLA: Member Medeiros?
- 24 COUNCILMEMBER MEDEIROS: No questions.
- 25 CHAIR PONTANILLA: Member Molina?

1 COUNCILMEMBER MOLINA: No questions.

2 CHAIR PONTANILLA: Member Victorino?

3 COUNCILMEMBER VICTORINO: No questions.

4 CHAIR PONTANILLA: Thank you very much. The Chair is  
5 looking at the time. It's a little after 3:00. I  
6 think it's about time we take an afternoon break  
7 here. So the Chair would like to recess and  
8 reconvene at 3:15. Recess. (Gavel).

9 **RECESS: 3:03 p.m.**

10 **RECONVENE: 3:18 p.m.**

11 CHAIR PONTANILLA: (Gavel). The Budget and Finance  
12 Committee is reconvened. Thank you, Members, for  
13 that short recess. Okay, we already started 2006,  
14 reviewing the projects that are half a million  
15 dollars or more. The Chair is going to go as long  
16 as he can, and hopefully we can adjourn by 4:30,  
17 4:00, 4:30. I know some Members do have some  
18 appointments to meet, and the Chair would recognize  
19 that. So, Members, if you continue, I think the  
20 next item is on page number 6. The first item on  
21 page number 6 is the -- and I think we touched  
22 already on number 6 with the Water Committee. This  
23 is the Hamoa quality waterline, hydrant 42 to  
24 standpipe 23. Comments, Department.

25 MR. ENG: Yes, Mr. Chairman, as you mentioned, we did

1 bring up this topic at the last Water Resources  
2 Committee meeting, and as I reported to you folks,  
3 we are completing the design of this project at this  
4 time, and at that point we're going to suspend the  
5 project. We filed the design plans. We will not do  
6 the EA at this time nor the construction.

7 CHAIR PONTANILLA: Thank you. Members, any questions?  
8 Member Victorino?

9 COUNCILMEMBER VICTORINO: No, no questions at this time.

10 CHAIR PONTANILLA: Member Molina?

11 COUNCILMEMBER MOLINA: No questions.

12 CHAIR PONTANILLA: Member Medeiros?

13 COUNCILMEMBER MEDEIROS: Because I'm -- I wasn't at the  
14 last meeting of the Water Resource, again, tell me  
15 again, why is the money lapsed on this?

16 MR. ENG: Well, it hasn't lapsed yet, but we're planning  
17 to lapse the funding. And basically we don't really  
18 have the funds available anyway. We'd have to seek  
19 some kind of -- go through a GO bond or something,  
20 but in the interest of the community and the lack of  
21 response, we felt at this time is that there are  
22 other priorities, and particularly in the Hana  
23 district that you're from. I personally wanted to  
24 focus on the back-up well at Hamoa that we have  
25 planned for '08, and, again, at such time that this

1 project comes to the forefront and your community  
2 demands this project, we can revisit it.

3 COUNCILMEMBER MEDEIROS: And you said that there was never  
4 the money? Why does it say original appropriation  
5 1.3 million?

6 MR. ENG: Basically appropriated, meaning it was approved  
7 in the CIP request, but we in turn still have to  
8 determine how we're going to indeed actually fund  
9 this project, and in this case it might have been  
10 having to go out for additional GO bonds. In fact,  
11 it does indicate that this would be a State  
12 Revolving Fund, so it would also, again, be another  
13 debt obligation on the Department.

14 COUNCILMEMBER MEDEIROS: And this project was to encompass  
15 what kind of work?

16 MR. ENG: Basically a waterline replacement.

17 COUNCILMEMBER MEDEIROS: To upgrade it to a bigger line?

18 MR. ENG: It probably would include not only the upgrade  
19 to an eight-inch line, and I would assume it also  
20 included the various hydrants and any other kind of  
21 improvements that are required.

22 COUNCILMEMBER MEDEIROS: And the reason you didn't go  
23 forth with this project is...

24 MR. ENG: Basically, again, the difficulty in making the  
25 decision where we want to -- and how we want to fund

1           our current capital obligations, and we had also had  
2           indications that there wasn't an intense interest at  
3           this time from that community to go forward.

4 COUNCILMEMBER MEDEIROS: Interesting. Okay. Thank you,  
5           Department. Thanks.

6 CHAIR PONTANILLA: Thank you, Mr. Medeiros. Member  
7           Molina? Sorry.

8 COUNCILMEMBER VICTORINO: That way.

9 CHAIR PONTANILLA: Member Baisa?

10 COUNCILMEMBER BAISA: No questions.

11 CHAIR PONTANILLA: Long day. Okay, thank you very much.

12           The next item on the list is the Hana source  
13           development, Hamoa Well Number 2. Department.

14 MR. ENG: In this project, again, this 900,000, '06, I  
15           know we have it in -- okay, so this was -- I'm  
16           sorry, you know what, if I may defer this to  
17           Ms. Taomoto.

18 CHAIR PONTANILLA: Thank you.

19 MS. TAOMOTO: The funding that you're looking at in '06  
20           SRF 900,000 was for construction and -- of the well  
21           pump installation. We were unable to get the  
22           construction documents completed -- I mean the  
23           design documents completed in time to bid it out to  
24           utilize this appropriation in '06. So let me just  
25           go back a little bit and give you some history.

1           Hamoia well-to-well drilling, which is the first  
2           phase of this project, that was -- well drilling was  
3           completed August 2006, and the commission approved  
4           it sometime in November, the well completion reports  
5           and so forth, submittals after well drilling.

6                    As you can see, because well drilling was  
7           completed August 2006 and the 900,000 lapsed  
8           December '06, there wasn't enough time, because we  
9           had received commission approval November, to move  
10          forward with the design and so forth and get this  
11          into construction to encumber the construction funds  
12          in '06, so we're rebudgeting it in '08 under our --  
13          in Hana district. That's it.

14   COUNCILMEMBER MEDEIROS: Okay, thank you, Chair. So on  
15          this project, as you said, you're budgeting in 2008  
16          to continue the project; is that correct?

17   MS. TAOMOTO: Yeah, the design of the permanent well pump  
18          is about 75 percent completed. Being such, you  
19          know, we are confident that if we get the  
20          appropriation of 800,000 we're requesting in the '08  
21          Budget that will get spent in '08, the construction  
22          funds.

23   COUNCILMEMBER MEDEIROS: And this well number 2, will it  
24          supplement well number 1? I mean both wells will be  
25          in use?

1 MS. TAOMOTO: This is a redundant well. Hamoa Well 1 is  
2 near Hamoa tank site, and this is a back-up well to  
3 that existing well. So if that well is -- goes down  
4 unexpectedly or requires maintenance, we can  
5 maintain a supply of water to Hana.

6 COUNCILMEMBER MEDEIROS: I see. Thank you, Chair.

7 CHAIR PONTANILLA: Thank you, Member Medeiros. Member  
8 Baisa.

9 COUNCILMEMBER BAISA: No questions.

10 CHAIR PONTANILLA: Member Anderson?

11 COUNCILMEMBER ANDERSON: No, thank you.

12 CHAIR PONTANILLA: Okay, next project up is the Nahiku  
13 water source improvements. Department.

14 MS. TAOMOTO: This project funds was for construction, but  
15 what happened was I believe in Fiscal Year '05 there  
16 was an appropriation for design SRF, and SRF design  
17 funds are not available to us at this time. So we  
18 were not able to encumber the design or construction  
19 funds back -- since the design was -- funding was  
20 not available to the Department.

21 CHAIR PONTANILLA: Thank you. I got a question on this  
22 State Revolving Fund, I notice that there's several  
23 projects that are -- well, the money is lapsed. So  
24 am I to assume that these projects would be brought  
25 forward sometime in the next future, like '08, '09,

1 '10?

2 MS. TAOMOTO: Yeah, what happened -- if you see the SRF  
3 funds and you look to the right and it says design  
4 funds, we needed to lapse those because, like I  
5 said, design funds are not available through the SRF  
6 loan program. So what we're doing is we're  
7 reevaluating when we prepare the '08 Budget and we  
8 included what we felt was a priority, and those  
9 projects that got lapsed didn't make it into '08, it  
10 is probably going to be in '09 or '10, depending on  
11 the priorities, because priorities always shift --

12 CHAIR PONTANILLA: Okay.

13 MS. TAOMOTO: -- as new ones pop up.

14 CHAIR PONTANILLA: Members, I don't know if you guys want  
15 to continue in regards to those projects where, you  
16 know, the annual budget had lapsed and now they're  
17 taking a look as far as reauthorizing. Members, if  
18 you want to go ahead, get your general feeling.

19 COUNCILMEMBER MEDEIROS: Mr. Chair, I would want to ask a  
20 question on the Nahiku water source.

21 CHAIR PONTANILLA: Okay, go ahead.

22 COUNCILMEMBER MEDEIROS: Thank you, Chair. Because this  
23 was brought to my attention many times in Hana of  
24 the need for the Nahiku water source, and so I'm  
25 wondering -- so what's the status? Are we going

1 forward with this in 2008?

2 MS. TAOMOTO: No. The Department is not submitting this  
3 as a project in 2008.

4 COUNCILMEMBER MEDEIROS: And the decision to do that is  
5 justified with what?

6 MS. TAOMOTO: The reason for this project is that the  
7 Nahiku is served from like a high level tunnel  
8 source.

9 COUNCILMEMBER MEDEIROS: Well, some areas of Nahiku do not  
10 have service and the residents of that area had the  
11 impression that the Water Department was going to  
12 continue the service lines so that those people  
13 could receive service.

14 MS. TAOMOTO: This project is to develop source, and it  
15 was initially looked at to replace -- because it was  
16 SRF, SRF loan program requires us to replace it. We  
17 can't expand it. So we couldn't drill a well and  
18 keep the high level source. We would have to shut  
19 that source down. And we're evaluating -- in the  
20 evaluation of the development of the '08 Budget,  
21 that Nahiku source, there's nothing really wrong  
22 with it, the high level tunnel source. So, you  
23 know, if we did go ahead with this project as an SRF  
24 loan construction project, we would have to actually  
25 cut that source off physically -- I mean disconnect

1           it from our system, and that may not be the best  
2           thing for the Department, and that's why putting  
3           this project off into '09 gives us a chance to look  
4           at whether we're going to -- if that's what we're  
5           going to do, then we can go ahead with the project  
6           in an SRF loan. If not, then we need to move this  
7           project to either a bond or a cash, but it  
8           doesn't -- it wasn't aware to us that it was like a  
9           high priority need, being that it was just going to  
10          be a replacement for the existing source.

11 COUNCILMEMBER MEDEIROS: Okay, I understand your rationale  
12          and why you decided on that, but I'll write you a  
13          letter about that area. Thank you, Chair.

14 CHAIR PONTANILLA: Thank you, Mr. Medeiros.

15                   Members, any more questions on that  
16          particular item?

17 COUNCILMEMBER ANDERSON: Yes, Chair.

18 CHAIR PONTANILLA: Member Anderson.

19 COUNCILMEMBER ANDERSON: First I want to get clarification  
20          on the State Revolving Fund. Based on what I just  
21          heard Ms. Taomoto say, the State Revolving Fund  
22          monies cannot be used for design; is that what  
23          you're saying? They're only for construction?

24 MS. TAOMOTO: Let me clarify, because it's a -- when you  
25          make a request for the construction funds, like, for

1 instance, for the Kamole project which you just  
2 approved, there is a design allowance that we're  
3 going to get from that construction loan, SRF loan.  
4 It's a reimbursement. The initial funding for  
5 design needs to come from the Department, either  
6 from bond or cash. The SRF at this time will not  
7 loan the Department the design funds from the  
8 beginning. They will reimburse us the design funds  
9 in the construction loan. That's...

10 COUNCILMEMBER ANDERSON: Okay, I understand that.

11 MS. TAOMOTO: That's how we can fund design through the  
12 loan, but it has to be an after the fact as a  
13 reimbursement.

14 COUNCILMEMBER ANDERSON: Okay. So that's what's  
15 disturbing about this, because you've got \$570,000  
16 of State Revolving Loan Fund money, Mr. Chair,  
17 that's going to lapse, and this was construction  
18 money. And, you know, I mean, please be honest with  
19 us. You just didn't get around to it is better than  
20 saying, you know, we just let it lapse. Because,  
21 you know, this has been on the books for years, and  
22 the people in Nahiku, with all due respect, I don't  
23 believe the tunnel source is adequate water supply  
24 for them. You might want to talk -- and I will  
25 bring statistics, but the Hana Health Center has

1 statistics of people with leptospirosis and giardia  
2 that are way above, you know, acceptable standards  
3 from the people in Nahiku. And I just heard  
4 recently from a gentleman out there who is  
5 suffering -- has been in the hospital recently  
6 suffering from the effects of lepto -- does anybody  
7 know how to say --

8 COUNCILMEMBER BAISA: Leptospirosis.

9 COUNCILMEMBER ANDERSON: You know what I mean, that bug in  
10 the water. And I just don't find this acceptable.  
11 I mean, they're drinking untreated surface water,  
12 stream water, and what I don't understand is this  
13 has been on the books for years, and we've had, you  
14 know, various -- at various times been promised that  
15 this was going to go forward. And now we're finding  
16 out that you're letting the money lapse. This is  
17 money that is like free to us. It's half a million  
18 dollars that otherwise we've got to take out of  
19 County coffers. And the State Revolving Loan Fund,  
20 its specific purpose -- it's Federal dollars that  
21 are funneled through the State, and their specific  
22 purpose is to help small systems come into  
23 compliance with the Clean Water Act. This system is  
24 not in compliance, and people are having health  
25 effects because of it. So I want a better reason

1           that, you know, this is -- design funds couldn't  
2           have been that much. We could have found the money  
3           somewhere, obviously. Look at all this money that  
4           we haven't spent. So what's up?

5   MR. ENG: Member Anderson and Member Medeiros, I  
6           appreciate hearing your comments about that water  
7           system. And if you can provide me with whatever  
8           information you have, I certainly would like to  
9           review it and be able to get a better understanding  
10          of the needs of that community.

11                 As far as that high level tunnel water  
12           source, I just want to assure you some of the best  
13           quality water we have in the State is from those  
14           sources, and I believe they're more considered and  
15           defined by the Department of Health as groundwater.  
16           I don't think it's under the influence of surface  
17           water. So it's actually some of the best, purest  
18           water available. They're really fortunate to have  
19           something that pure, because it's not having the  
20           connection with the basil lens and any salt  
21           intrusion, but, yeah, I'm concerned about if there  
22           is any, you know, illnesses.

23                 I know in that area many times people go into  
24           the streams contract leptospirosis. I really  
25           haven't heard of any -- well, never by drinking our

1 DWS water, but certainly if there are any incidents,  
2 it should be reported to us and we'll look into it.  
3 COUNCILMEMBER ANDERSON: Well, I'll be happy to share my  
4 file with you, and it goes back many years, and they  
5 are -- the file includes petitions. It includes  
6 letters from the Hana Health Center. This is not a  
7 minor thing, and, you know, while I appreciate your  
8 confidence in the water source, I question when was  
9 the last time it was tested, and I'll just leave it  
10 at that for now, Mr. Chair, because my biggest  
11 concern is that we're losing a half a million  
12 dollars that should have been utilized on behalf of  
13 our residents. And, you know, I just -- I haven't  
14 heard a good reason why we're letting these State  
15 Revolving Fund lapse. And I would like to say that  
16 I've had discussions with the State regarding the  
17 revolving funds, because as they are Federal funds,  
18 there are reporting requirements attached to them.  
19 And Stewart Yamada told me a couple years ago that  
20 many of the counties, and particularly Maui County,  
21 has not been utilizing the State Revolving Loan  
22 Funds or revolving fund because they don't want to  
23 be hampered with all the reporting requirements  
24 because it's Federal dollars. But that actually the  
25 Feds told the State several years ago, if you guys

1           don't start allocating this money, we're going to  
2           stop giving it to you. And so they made a point of  
3           allocating the money. And we are in competition  
4           Statewide to use this money, and to just let half a  
5           million dollars lapse, to me makes no sense at all.  
6           And so I hope you can come up with a better reason  
7           on why this happened and how you can prevent this  
8           from happening in the future.

9                     Mr. Chair, we don't -- we don't often -- in  
10           fact it's only been in the last few years that we've  
11           even started using this money, and putting it into  
12           our budget, and now we're losing it because we  
13           didn't use it.

14   CHAIR PONTANILLA: Thank you, Member Anderson.

15   COUNCILMEMBER ANDERSON: It's disturbing.

16   CHAIR PONTANILLA: I share your concern in regards to  
17           money being lapsed. I just want to make a comment  
18           here, that we know the priorities as far as what we  
19           need to do for Maui County, you know, improving our  
20           infrastructure, but at times we take too much of a  
21           bite that we cannot handle. So, again, hopefully  
22           moving forward, you know, with a better mechanism in  
23           trying to meet our infrastructure needs that we can  
24           come up with a better plan, a more timely plan in  
25           regards to when we ask for the money, when we start,

1 and when we complete.

2 So I think there needs to be a system  
3 where -- like a project management system where we  
4 know how our spending is being done, we now as far  
5 as the progress of the project so that, you know,  
6 things like this, you know, wouldn't happen. So I  
7 share your concern, Ms. Anderson.

8 COUNCILMEMBER ANDERSON: Thank you, Chair.

9 CHAIR PONTANILLA: Let's see, next item, the North Waihee  
10 source. Comments on that?

11 MS. TAOMOTO: This is a DLNR grant to the Department of  
12 Water Supply to drill an exploratory well in the  
13 Waihee Aquifer. At this time with the Central Maui  
14 USGS model, we're evaluating whether the Department  
15 should move -- do our well development in the  
16 Waihee, you know, Kahakuloa, move towards that  
17 direction, or concentrate our resources in the  
18 Waikapu Aquifer.

19 If through that model we decide that we will  
20 move towards the Waihee Aquifer, Kahakuloa, that  
21 direction, then we will proceed with -- you know,  
22 acquiring a site, but right now we're waiting to  
23 finalize that model so we can make a better  
24 decision.

25 CHAIR PONTANILLA: Thank you. Members, question? Member

1 Anderson? Member Baisa.

2 COUNCILMEMBER BAISA: No questions. I think it's all been  
3 said.

4 CHAIR PONTANILLA: Thank you. Member Medeiros?

5 COUNCILMEMBER MEDEIROS: No questions.

6 CHAIR PONTANILLA: Member Molina?

7 COUNCILMEMBER MOLINA: No questions.

8 CHAIR PONTANILLA: Member Victorino?

9 COUNCILMEMBER VICTORINO: I'll make it unanimous, no  
10 questions.

11 CHAIR PONTANILLA: Thank you. Next item is the Kaunakakai  
12 Well Number 2, again, this is one of those that the  
13 State Revolving Fund monies has lapsed. Department,  
14 just a comment on this particular project.

15 MS. TAOMOTO: Yeah, I think we talked about it. You guys  
16 did. I believe we met with DHHL, USGS, the  
17 commission, Molokai Ranch, and the Department of  
18 Water Supply in Honolulu, I want to say either late  
19 '06 or early '07. I can't remember exactly when,  
20 but it was like between November, December, January,  
21 sometime in there. And at that time DHHL had a  
22 consultant present and they were looking at their  
23 well development plans.

24 In order to proceed with this project and to  
25 obtain the support of DHHL, Molokai Ranch, and the

1 community, we thought it would be the best thing for  
2 all parties to come to an agreement as to where the  
3 Department's wells would be where DHHL's wells would  
4 be, where -- you know, if Molokai Ranch, how they  
5 fit in and everything else. So we're waiting for  
6 their well development plan or sites and see if we  
7 can help each other out. And until we get that,  
8 we've been having difficulty with the community.

9 CHAIR PONTANILLA: Thank you. Members, again, the  
10 Department had discussed this item previously. If  
11 any member have any questions in regards to this?  
12 Member Anderson.

13 COUNCILMEMBER ANDERSON: Well, again, 1.3 million we're  
14 just going to give it back to the State?

15 CHAIR PONTANILLA: Uh-huh.

16 COUNCILMEMBER ANDERSON: That's a question.

17 CHAIR PONTANILLA: Department.

18 MS. TAOMOTO: I have a comment about the State Revolving  
19 Loan Funds in general. All the funding that you see  
20 for construction is still available to the  
21 Department. What we do is every Fiscal Year the  
22 State puts out the proposed projects list, and I  
23 continue to submit these as potential projects. So  
24 we are still on the list of proposed projects in the  
25 State's, you know, list. In terms of the

1 Department's budget, it's just an approval that --  
2 the appropriation is just an approval for the  
3 Department to enter into that loan agreement. So it  
4 doesn't mean that we don't -- the funding is lost by  
5 the Department, because we're still, in the State's  
6 opinion, on their list. We just haven't applied for  
7 the loan. It doesn't need to be in our budget in  
8 order to get their -- in their eyes to get the  
9 funding from them. What we need from Council  
10 through our CIP process is to appropriate it in the  
11 budget in order to secure -- to enter into the loan  
12 agreement.

13 COUNCILMEMBER ANDERSON: And that's what we've done here.

14 MS. TAOMOTO: Right.

15 COUNCILMEMBER ANDERSON: But why does it then say that the  
16 loan appropriation is going to lapse?

17 MS. TAOMOTO: Because we don't have a well drilling bid or  
18 contract to give to the Department of Health to get  
19 the loan. In order to get a loan from the  
20 Department of Health you need to provide them with a  
21 bid opening or -- first we need to secure a well  
22 site, first of all.

23 COUNCILMEMBER ANDERSON: Right, but I mean why would we  
24 get on the list -- you know, I'm not going to argue  
25 it, because it obviously has to do with staffing and

1 the ability to get these projects up and going. And  
2 I do understand that, you know, there's certain  
3 complexities involved with this well on Molokai  
4 because of DHHL, Molokai Ranch, and all of that, but  
5 still, that means this money, 1.3 million, is now  
6 lost to us. And, yeah, you might be able to  
7 recapture it, but we go to the bottom of the list.  
8 We don't hold our place on the list once the funds  
9 lapse.

10 MS. TAOMOTO: The funds did not lapse in the State list.  
11 We still maintain our position, because the priority  
12 is not based on when I submitted it but the  
13 evaluation by the state of the need, the priority of  
14 the project in terms of compliance issues. And, for  
15 instance, if Nahiku was truly a compliance issue,  
16 that would be a higher priority whenever I submitted  
17 it. Even if I submitted it today, if it was a true  
18 health and safety issue, it would jump the list  
19 because it doesn't -- it doesn't really get given  
20 out on a first-come-first-served-basis. Priority --  
21 compliance of -- compliance issues have a higher  
22 priority and can overtake the list.

23 COUNCILMEMBER ANDERSON: I understand.

24 MS. TAOMOTO: So...

25 COUNCILMEMBER ANDERSON: Thank you for that. That makes

1           it a little more palatable.

2   CHAIR PONTANILLA: Thank you.

3   COUNCILMEMBER BAISA: Mr. Chair.

4   CHAIR PONTANILLA: Ms. Baisa.

5   COUNCILMEMBER BAISA: I have a question.

6   CHAIR PONTANILLA: Sure.

7   COUNCILMEMBER BAISA: For a fairly new person to this  
8           complexities of governmental funding for water, how  
9           does the State Revolving Water Fund work?

10   MS. TAOMOTO: I'll try to answer your question. What I do  
11           is every fiscal year the State has a public process  
12           where they have to publish the State's proposed  
13           projects list, and so what they do is they ask  
14           whoever needs this funding, which is only government  
15           agencies right now, what projects you have that may  
16           qualify for a State Revolving Loan Fund, and, again,  
17           compliance got to be -- cannot be for expansion,  
18           okay?

19   COUNCILMEMBER BAISA: Hang on one second. I heard you say  
20           revolving loan fund. So that means we have to pay  
21           this back?

22   MS. TAOMOTO: Yes.

23   COUNCILMEMBER BAISA: So what we lose is the ability to  
24           borrow, but not necessarily like we lost money,  
25           because it's not a grant. It's a loan.

1 MS. TAOMOTO: It's a loan.

2 COUNCILMEMBER BAISA: Okay. Now I'm clear. Thank you  
3 very much.

4 CHAIR PONTANILLA: Yeah, the State Revolving Fund is a  
5 loan -- low interest loan that we need to pay back.  
6 And correct me if I'm wrong, you know, the State  
7 Revolving Fund is -- you compete for the dollars,  
8 not only the Water Department but also Public Works  
9 and -- yeah, Public Works and Water in most cases.

10 MR. ENG: Yes, you're absolutely right, Mr. Chairman. And  
11 it's a good valuable source of funding for our  
12 projects. If we try to go there definitely before  
13 GO bonds. It's low interest, and unfortunately, you  
14 know, my Deputy and myself, we have always over the  
15 years have had a good relationship with the Safe  
16 Drinking Water branch, and I think that's kind of  
17 key too, if they have confidence in who they're  
18 loaning to and who they can trust -- so to give you  
19 an idea, during this exercise for the '08 capital  
20 budget, whatever projects we could go through this,  
21 you know, we would call Stewart himself and plead  
22 with him because that's a real valuable source of  
23 funding for this County. So we will take advantage  
24 of it. I know, Member Anderson, you had a concern  
25 that we weren't. No, it's an important, important

1 source for us. Thank you.

2 CHAIR PONTANILLA: Thank you, Director. We're on page  
3 number 7.

4 COUNCILMEMBER MEDEIROS: I have a question on the...

5 CHAIR PONTANILLA: Mr. Medeiros.

6 COUNCILMEMBER MEDEIROS: Thank you, Chair. You say that  
7 the people of Molokai were in opposition to this.  
8 Could you expound on that?

9 CHAIR PONTANILLA: Department.

10 MS. TAOMOTO: They're not opposed to the project per se.

11 What they're concerned about -- and there wasn't  
12 like a petition against this or anything, but when  
13 we've gone to the community or my boss did, what  
14 they were concerned about was the effect the  
15 proposed well site would have on the fishponds.  
16 Because the USGS did a study in Molokai, a  
17 two-dimensional study, and what the study says  
18 basically is that any well will affect the water  
19 going to the stream ponds, and it's kind of -- if  
20 it's closer to the stream ponds, it affects it more  
21 than when it's farther inland.

22 And so what we're telling the community is  
23 this Kaunakakai well is a -- we're really looking at  
24 not -- as like a back-up well for an existing  
25 system, so that if our system were to fail, we have

1 the ability to provide you water on a continuous  
2 basis without I mean drastic shutdowns or lost --  
3 you know, no water for a week or so until we can fly  
4 in a pump. And somehow they don't really grasp how  
5 important this project is and they're really  
6 concerned about the fishponds.

7 And we're trying to listen to their concerns,  
8 but at some point we're going to have to just move  
9 forward with this project, because we're putting,  
10 you know, our customer's needs before, you know, the  
11 fishpond. We're looking at the issue and we've  
12 done -- cooperated with the USGS study, funded that,  
13 so, you know, there's only so much we can do, but  
14 what the USGS study again says is that no matter  
15 where we put the well, we will somehow have an  
16 effect on the fishponds.

17 COUNCILMEMBER MEDEIROS: My concern is that, you know, I  
18 heard on this project and on the Hamoa project and  
19 then the Nahiku project that there wasn't support,  
20 and I'm just trying to determine how do you come to  
21 that conclusion? Is it, you know, empirical  
22 scientific data that we're looking at or just a  
23 consensus of a few people saying, hey, we don't want  
24 this project? I'm just wondering how you determine  
25 when you're not going to do a project.

1 CHAIR PONTANILLA: Department.

2 MR. ENG: Thank you, Mr. Chairman. In the case of  
3 Molokai, you know, we have a concern of water supply  
4 over there. It's a big concern, and though you want  
5 to be sensitive to the community's interest, and  
6 that's what puts us in a difficult position is  
7 clearly they have a water issue -- a water supply  
8 issue problem, and we know shortly we have to make a  
9 decision, and that's what makes it difficult for us,  
10 trying to do the right thing.

11 And you're right, there's going to be a lot  
12 of different situations in different communities  
13 that we understand the technical needs for the  
14 community, and of course there are going to be some,  
15 you know, opponents as well as proponents, and I'm  
16 going to rely on you folks who do understand your  
17 communities better than we do to help us make those  
18 decisions, because they're really tough. And we  
19 clearly don't have all the answers, nor do we hear  
20 all the responses from the community, but we want to  
21 make sure we make the right decisions. So at times  
22 I will be throwing this question back to you folks,  
23 if you don't mind.

24 COUNCILMEMBER MEDEIROS: Thank you, Chair.

25 CHAIR PONTANILLA: Thank you, Member Medeiros.

1                   Members, any more questions in regards to  
2                   that item? If not, on page number 7, the Iao source  
3                   project, Iao tank site well development.  
4                   Department.

5    MS. TAOMOTO: That project was lapsed in '06 and is being  
6                   rebudgeted in '08. Our request is for 1.2 million  
7                   for the well pump installation construction funds.  
8                   We completed well drilling -- hang on, let me get  
9                   that. I have so many projects, I have to pull my --  
10                  we completed well drilling in July of '05, and we're  
11                  awaiting approval from the commission on the well  
12                  drilling, you know, submittals that gives us the  
13                  pump installation -- I mean the approval for the  
14                  well drilling.

15                  The design of the project is I would say like  
16                  now 50 percent complete, so we moved a little bit,  
17                  and what delayed -- resulted in the lapse of these  
18                  funds is if you recall, we were in a contested  
19                  hearing for the shaft 33 well, and we decided to  
20                  wait until that was over before we moved forward  
21                  with how we were going to put this project well on  
22                  line, because this well is a no net increase in  
23                  withdrawal from the Iao Aquifer. It will  
24                  redistribute pumpages.

25                  So whatever we propose to withdraw from this

1 well will need to come out from the existing wells,  
2 and we have two of our wells other than shaft 33 all  
3 have high salinity, and so it would have been better  
4 if we could have reduced withdrawals from shaft 33.  
5 But since that was in contested hearing, we couldn't  
6 take that allocation from shaft 33, but now I  
7 believe that just completed in January something of  
8 this year, the final findings, findings of fact from  
9 the commission. And so we will be submitting water  
10 use permits probably to take withdraws out of shaft  
11 33 and maybe a few million gallons -- I mean few,  
12 you know, thousand gallons from our other wells, but  
13 that's why this project lapsed, because we were  
14 waiting for the contested case to be completed.

15 CHAIR PONTANILLA: Thank you. Member Victorino,  
16 questions?

17 COUNCILMEMBER VICTORINO: No. Thank you. I'm glad that  
18 we finally have a better understanding why this  
19 money was lapsed and it's going to come back in. I  
20 remember that contested case and I'm glad we finally  
21 resolved that. Thank you.

22 CHAIR PONTANILLA: Member Molina?

23 COUNCILMEMBER MOLINA: No.

24 CHAIR PONTANILLA: Member Medeiros?

25 COUNCILMEMBER MEDEIROS: None.

1 CHAIR PONTANILLA: Member Baisa?

2 COUNCILMEMBER BAISA: No.

3 CHAIR PONTANILLA: Member Anderson? Thank you. Next item  
4 is the Lower Kula, Piiholo Reservoir. Department.

5 MS. TAOMOTO: This project was budgeted in '06 to do an  
6 environmental assessment and studies for the Lower  
7 Kula raw water reservoir at Piiholo, feeding our  
8 Piiholo plant. What we did do in lieu of the full  
9 environmental assessment or EIS to is contract a  
10 flora study with Bob Hobdy for \$11,000, and I  
11 believe he's going up there next week to study the  
12 types of flora at our -- the Department site. We  
13 call it the Waiakamoi site. And help us determine  
14 whether that site is -- has any flora of concern,  
15 endangered species, and whether we should move the  
16 site.

17 We will also be doing archeological studies  
18 through -- we hope through NRCS staff. They've  
19 agreed verbally to loan their archeologists for this  
20 project, but we have yet to come into some written  
21 agreement. So that's the status of that.

22 CHAIR PONTANILLA: Thank you. Member Victorino?

23 COUNCILMEMBER VICTORINO: No questions.

24 CHAIR PONTANILLA: Member Molina?

25 COUNCILMEMBER MOLINA: No questions.

1 CHAIR PONTANILLA: Member Medeiros?

2 COUNCILMEMBER MEDEIROS: No questions.

3 CHAIR PONTANILLA: Member Baisa?

4 COUNCILMEMBER BAISA: Mr. Chair, Mr. Director, how big is  
5 this reservoir going to be?

6 MR. ENG: We're looking at a size of 300 million gallons.

7 COUNCILMEMBER BAISA: And where will the water come from?

8 MR. ENG: It's the same source that we utilize for the  
9 existing Piiholo treatment facility. Again,  
10 currently we only have -- is it 50 million gallons  
11 at that site, and again, that Lower Kula system  
12 serves a fairly large number of customers, as well  
13 as the farmers in the Lower Kula district. And it's  
14 something I've felt that we should have explored.  
15 It has been studied earlier. We just really pulled  
16 out all the studies done in the past just fairly  
17 recently and made a decision to go forward on this.  
18 So I'm pretty happy. I know you are too.

19 COUNCILMEMBER BAISA: Thank you. I'm very happy to hear  
20 it. You know, I've been singing the storage song  
21 for a long time, and this makes me very happy.  
22 Thank you.

23 CHAIR PONTANILLA: Member Anderson?

24 COUNCILMEMBER ANDERSON: Thank you, Chair. So you've  
25 encumbered eleven plus thousand for one little

1           assessment, and the rest of it is lapsing. So are  
2           you going to rebudget that to get the remaining EIS  
3           done?

4 MR. ENG: Yes, we have the money in the '08 Budget.

5 COUNCILMEMBER ANDERSON: Same amount?

6 MR. ENG: I think we have -- I'm sorry. I have it right  
7           in front of me. Why guess if you don't have to  
8           guess.

9 COUNCILMEMBER ANDERSON: I'm assuming that you're waiting  
10          for this flora survey to be done to confirm that  
11          you're in the right site before you do the rest of  
12          the EIS?

13 MR. ENG: Yes, it's part of the EIS procedure, so we have  
14          a hundred thousand dollars in '08 requested.

15 COUNCILMEMBER ANDERSON: A hundred thousand?

16 MR. ENG: Uh-huh, and these are basically for the studies  
17          that Ms. Taomoto just referred to.

18 COUNCILMEMBER ANDERSON: Then why was there 500,000  
19          previously for an EIS and for the studies? I mean,  
20          were there other studies that needed to be done?

21 MS. TAOMOTO: The original -- I mean the '06 appropriation  
22          for 500,000 was for an EIS. When we consulted with  
23          NRCS -- because this will most likely be joint  
24          funding between the Department of Water, County, and  
25          hopefully State and Federal funding, because it

1 involves State and Federal funding, it becomes like  
2 a federal EIS, and they're telling us that we need  
3 to identify the source of funds, which Federal  
4 agency and they're going to be the approving agency.  
5 Now, depending on which agency that is, it turns  
6 into a different type of EIS. Because there's  
7 different formats different agencies require, so  
8 they suggested that we -- I mean they basically said  
9 we cannot do an EIS until we identify the source of  
10 construction funds.

11 And so what we've proposed is to do the  
12 studies, environmental studies like flora, fauna,  
13 archeological, and others that are going to be used  
14 as an appendix, you know, like to the EIS that  
15 doesn't affect the -- have an effect on what the  
16 funding agency is. It's just studies by experts.  
17 And that's what the additional hundred thousand is,  
18 for us to do additional studies. We're going to  
19 meet with NRCS I think soon.

20 COUNCILMEMBER ANDERSON: Well, you know, there's only two  
21 forms for an EIS. Either you're doing a National  
22 Environmental Policy Act EIS, which is a Federal  
23 EIS, or you're doing a State EIS, and if you're  
24 using Federal money, yeah, you're going to have a  
25 Federal EIS. And I might say that it's not that

1           much different than our State EIS law as far as --  
2           about the only thing that's different is they have  
3           scoping meetings that we aren't required to do, and  
4           they're probably a little more thorough in how they  
5           analyze, but I'm still not clear if we had 500,000  
6           for the studies and the EIS and now you're saying  
7           that you're going to appropriate -- and that has now  
8           lapsed, except for 11,000 of it, and you're saying  
9           you're only going to appropriate a hundred thousand,  
10          what's the difference? What am I missing? The  
11          400,000 --

12   MR. ENG: Member Anderson, I believe for '08 the hundred  
13          thousand dollar request is basically for the studies  
14          that will be, again, amended into the EIS. And  
15          because we haven't identified the source of funding,  
16          I'm assuming it will be -- we're going to have to  
17          relook toward Federal funding because of the  
18          magnitude of costs for this project. Again, we  
19          don't have an exact number, but I know it's going to  
20          be in order of at least \$60,000,000, and so we're  
21          going to have to seek hopefully State funding, but  
22          clearly Federal funding also. So there's still a  
23          lot of unknowns. I still have not had a chance to  
24          meet with the NRCS due to scheduling conflicts, but  
25          that's really high on my priority, much for this

1 reason, also for the Upcountry dual line too, to see  
2 and get more familiarized as far as the progress on  
3 that. And where we can actually maybe look at how  
4 we can better benefit with that new dual line too,  
5 because my interest is really in developing more  
6 storage Upcountry, even for the untreated ag water.

7 COUNCILMEMBER ANDERSON: Right. So I guess nobody really  
8 knows where that -- why that other 400,000 was  
9 allocated?

10 MR. ENG: Member Anderson, I assume it's for maybe the  
11 entire EIS proposal.

12 COUNCILMEMBER ANDERSON: \$400,000 for an EIS? Ho, boy.  
13 Okay, thank you.

14 CHAIR PONTANILLA: Thank you, Ms. Anderson.

15 COUNCILMEMBER MEDEIROS: Chair, if I may.

16 CHAIR PONTANILLA: Member Medeiros.

17 COUNCILMEMBER MEDEIROS: Thank you. The reservoir is  
18 going to be in Piiholo; is that correct?

19 MR. ENG: Well, it's going to be somewhat located in the  
20 forest, really.

21 COUNCILMEMBER MEDEIROS: Okay, and you mentioned the flora  
22 study is going to be in Waiakamoi site?

23 MR. ENG: No, it would probably be at the site of the  
24 proposed reservoir.

25 COUNCILMEMBER MEDEIROS: Did you mention Waiakamoi? I

1           heard you say Waiakamoi. What's the relationship  
2           between Waiakamoi and Piiholo?

3 MS. TAOMOTO: Piiholo is the treatment plant's name.

4 COUNCILMEMBER MEDEIROS: Right.

5 MS. TAOMOTO: And Waiakamoi is the stream adjacent to the  
6           proposed reservoir site, so we call it our Waiakamoi  
7           site.

8 COUNCILMEMBER MEDEIROS: Oh, the name of the stream --  
9           you're not talking about the Waiakamoi East Maui  
10          watershed area, then?

11 MS. TAOMOTO: We're talking about a stream that -- because  
12          we had various sites, we've named the sites in our  
13          Department, and this is adjacent to Waiakamoi intake  
14          stream where we intake water. One of the intakes to  
15          Piiholo is Waikamoi -- Waiakamoi, yeah.

16 COUNCILMEMBER MEDEIROS: Yeah. Waiakamoi.

17 MS. TAOMOTO: I think it's Waia or is it Wai?

18 COUNCILMEMBER MEDEIROS: Just because I'm getting confused  
19          whether you're talking about the East Maui Waiakamoi  
20          or some place else, because the East Maui Waiakamoi  
21          is an intake for the Department and there are  
22          reservoirs there for the water. And so I'm just  
23          trying to determine the relationship between Piiholo  
24          and Waiakamoi.

25 COUNCILMEMBER ANDERSON: It is Waiakamoi.

1 COUNCILMEMBER MEDEIROS: Waiakamoi?

2 MS. TAOMOTO: Yeah, we have another.

3 MR. ENG: It's Waiakamoi Reservoir, but --

4 MS. TAOMOTO: Is that what he's talking about?

5 MR. ENG: Yeah.

6 COUNCILMEMBER MEDEIROS: So we are talking about the East

7 Maui intake?

8 MR. ENG: We're probably confusing you and confusing

9 ourselves, Member Medeiros. The Waiakamoi Reservoir

10 that we refer to is actually in the Upper Kula --

11 COUNCILMEMBER MEDEIROS: Oh, it's up in that area.

12 MR. ENG: -- Olinda, so we have the Waiakamoi Reservoirs

13 as well as the Kahakupau that feed the Olinda

14 treatment facility. So Piiholo is Piiholo, so it

15 should have been referred to as Piiholo Reservoirs.

16 COUNCILMEMBER MEDEIROS: But it's in the general vicinity

17 of each other, the intake and the reservoir?

18 MR. ENG: Yes, yes, the proposed reservoirs would be

19 situated closer to the intakes, and that's for cost

20 considerations.

21 COUNCILMEMBER MEDEIROS: Okay, thank you.

22 CHAIR PONTANILLA: Thank you, Member Medeiros. Thank you,

23 Department.

24 Just a fast question, you know, 300 million

25 gallon reservoir sometime in the future, that 300

1 million gallon reservoir, someone told me it takes a  
2 million dollars to create a 1 million gallon  
3 reservoir?

4 MR. ENG: You know, as general rule of thumb to construct  
5 like one of these newer concrete type of reservoirs  
6 that we're using for treated potable water, you  
7 could use as a general rule of thumb a dollar per  
8 gallon. I know recently in Waikoloa on the Big  
9 Island, I was there last year, they had a new 2  
10 million gallon tank, and I asked the developer and  
11 he said it was about \$2,000,000.

12 And I know like back in '91 I did a reservoir  
13 at Kaanapali, it was a million and a half gallons  
14 and it cost about a million and a half dollars. So  
15 I was surprised it didn't inflate that much, but,  
16 again, that's for a, you know, concrete type of  
17 structure. Again, obviously this is just going to  
18 be more of an excavated line type of open reservoir,  
19 so it should be considerably less in cost.

20 CHAIR PONTANILLA: Thank you. Okay, Members, moving  
21 alone, the Iao source projects, Waikapu Well  
22 development.

23 MS. TAOMOTO: This is the project similar to Iao, where  
24 this Waikapu Well was drilled back in, geez, let me  
25 look. Sorry, yeah, 1999 it was completed, and for

1           whatever reason it's been delayed. And now, you  
2           know, my reason for delaying and lapsing this fund  
3           last year was because of the contested case. This  
4           well will be of -- spread of the pumping well known  
5           that increase in withdrawals from the Iao Aquifer,  
6           and so we wanted to really take part of that well  
7           allocation out of the shaft 33. So similar to Iao,  
8           we can now proceed.

9                       And we also finally negotiated the additional  
10          5,000 square feet we needed from the adjacent  
11          landowner to put the pump control building, so that  
12          is done.

13   CHAIR PONTANILLA: Thank you. Members, questions to that?  
14          Member Anderson?

15   COUNCILMEMBER ANDERSON: No questions.

16   CHAIR PONTANILLA: Member Baisa?

17   COUNCILMEMBER BAISA: No questions.

18   CHAIR PONTANILLA: Medeiros?

19   COUNCILMEMBER MEDEIROS: No.

20   CHAIR PONTANILLA: Molina?

21   COUNCILMEMBER MOLINA: No.

22   CHAIR PONTANILLA: Victorino?

23   COUNCILMEMBER VICTORINO: Not at this time.

24   CHAIR PONTANILLA: Thank you. Moving along, the North  
25          Waihee source projects, Kupaa Well transmission from

1 Kupaa Well to systems.

2 MR. ENG: Actually, this is kind of good news to report,  
3 so since I only deliver the bad news, I'll let  
4 Ms. Taomoto.

5 CHAIR PONTANILLA: Welcome news.

6 MS. TAOMOTO: This may not -- this project is 97 percent  
7 completed and it's slightly behind schedule. We're  
8 going to extend the contract completion date, and we  
9 anticipate it to be completed in four months. This  
10 waterline project links the Kupaa Well, which is  
11 under construction also under a separate contract,  
12 with the well development project with the system,  
13 Central Maui water system. So, you know, once we  
14 get the Kupaa Well completed, which is another  
15 project -- and that one is very, very close to  
16 completion also. Once we get that completed, then  
17 we can put the water through this transmission line  
18 and deliver, you know, water to Central Maui. We're  
19 not looking at this as additional source, because  
20 this well, Kupaa Well is located in the half of the  
21 Iao -- Waihee Aquifer where we have the existing --  
22 all our other existing wells. So this is going to  
23 be a spread of the pumping well also, but it will  
24 help alleviate the distribution of withdrawals  
25 problem we have.

1 CHAIR PONTANILLA: Thank you. Questions? Member  
2 Anderson?

3 COUNCILMEMBER ANDERSON: No, thank you.

4 CHAIR PONTANILLA: Thank you. Member Baisa?

5 COUNCILMEMBER BAISA: No questions.

6 CHAIR PONTANILLA: Member Medeiros?

7 COUNCILMEMBER MEDEIROS: Yes, is this well, is the aquifer  
8 where this water is coming from separate from Iao?

9 MS. TAOMOTO: This is the Waihee Aquifer.

10 COUNCILMEMBER MEDEIROS: Thank you, Chair.

11 CHAIR PONTANILLA: Thank you, Member Medeiros. Member  
12 Molina?

13 COUNCILMEMBER MOLINA: No.

14 CHAIR PONTANILLA: Member Victorino?

15 COUNCILMEMBER VICTORINO: No questions.

16 CHAIR PONTANILLA: Thank you. Last on that list is the  
17 Kokomo tank replacement. Department, comments?

18 MS. TAOMOTO: This project is under the same contract as  
19 the Kaupakalua Well storage tank project. So we bid  
20 it out two different construction plans, we bid it  
21 out together, and we contracted it under one  
22 contract. And we awarded that contract to  
23 Goodfellow Bros., and we gave them notice to proceed  
24 on March 1st. And they're pulling the building  
25 permits and we should be able to stick to our

1 schedule. So completion -- we're anticipating an  
2 on-line date of this -- both tanks of February 28th,  
3 '08.

4 CHAIR PONTANILLA: Thank you. Questions? Member  
5 Anderson?

6 COUNCILMEMBER ANDERSON: No, thank you.

7 CHAIR PONTANILLA: Member Baisa?

8 COUNCILMEMBER BAISA: No.

9 CHAIR PONTANILLA: Member Molina?

10 COUNCILMEMBER MOLINA: No.

11 CHAIR PONTANILLA: Member Victorino?

12 COUNCILMEMBER VICTORINO: No, none at this time.

13 CHAIR PONTANILLA: Oh, thank you. Okay, that concludes  
14 the '06 Budget. We do have two items in the '05  
15 Budget that's identified over half a million  
16 dollars, and the first one is the Lahaina water  
17 treatment plant. Department.

18 MS. TAOMOTO: What page?

19 COUNCILMEMBER ANDERSON: Where do you see that, Chair?

20 CHAIR PONTANILLA: I'm sorry, page number 8.

21 MS. TAOMOTO: Okay, you're referring to the Lahaina water  
22 treatment facility sludge lagoon, that project is  
23 basically completed and we're going through the  
24 final punch list with the contractor. So we should  
25 be on line I'd say within two months.

- 1 CHAIR PONTANILLA: Thank you. Questions, Members? Member  
2 Anderson?
- 3 COUNCILMEMBER ANDERSON: No, not on that. Thank you.
- 4 CHAIR PONTANILLA: Member Baisa?
- 5 COUNCILMEMBER BAISA: No.
- 6 CHAIR PONTANILLA: Member Molina?
- 7 COUNCILMEMBER MOLINA: No.
- 8 CHAIR PONTANILLA: Member Victorino?
- 9 COUNCILMEMBER VICTORINO: No, not at this time.
- 10 CHAIR PONTANILLA: Thank you. Okay, Kaupakalua Well,  
11 storage tank, I think you touched base on this  
12 earlier. Department?
- 13 MR. ENG: Yes, we referred to this one earlier. We've  
14 given the contractor the notice to proceed. He's  
15 getting his permits, so, yeah, it's happening.
- 16 CHAIR PONTANILLA: Thank you. Questions, Member Anderson?
- 17 COUNCILMEMBER ANDERSON: We're talking about the  
18 Kaupakalua '05, this is the same well -- I mean  
19 tank, Kaupakalua Well storage tank, this is the  
20 same --
- 21 MR. ENG: Yes, it's the same project.
- 22 COUNCILMEMBER ANDERSON: Same project?
- 23 MR. ENG: Yes.
- 24 COUNCILMEMBER ANDERSON: I thought it was awarded to  
25 Goodfellows.

1 MR. ENG: You're correct.

2 COUNCILMEMBER ANDERSON: It says here awarded to Kai  
3 Hawaii. Oh, that's the design.

4 CHAIR PONTANILLA: The design.

5 COUNCILMEMBER ANDERSON: I see, this is for the design.  
6 Thank you. Okay, thank you.

7 CHAIR PONTANILLA: Thank you. Member Baisa?

8 COUNCILMEMBER BAISA: No.

9 CHAIR PONTANILLA: Member Molina?

10 COUNCILMEMBER MOLINA: No.

11 CHAIR PONTANILLA: Member Victorino?

12 COUNCILMEMBER VICTORINO: No.

13 CHAIR PONTANILLA: Thank you very much. Members, since we  
14 do have 15 minutes, and I think -- Ms. Taomoto, I  
15 think you need to leave at this time? And thank  
16 you, Jeff, for staying for another 15 minutes.

17 Members, if you do have any more questions in  
18 regards to the items that -- under '06 and on down,  
19 if you can submit it to the Chair, we'll ask the  
20 Department to provide us with some information to  
21 those projects. Member Molina.

22 COUNCILMEMBER MOLINA: Thank you, Chairman. I just wanted  
23 to ask one question of the Department, and although  
24 it's not listed on the CIP documents that we  
25 received from the Finance director, it is still a

1 project that received an appropriation from the  
2 Council I believe for the FY '07 year. It relates  
3 to the Upper Ulumalu Road, if I could just ask the  
4 Director one question on that.

5 CHAIR PONTANILLA: Member Molina, that was the first item  
6 I was going to touch base on.

7 COUNCILMEMBER MOLINA: Oh, okay.

8 CHAIR PONTANILLA: Thank you. Okay, on the '07 below  
9 \$500,000, the first project up is the Upper Ulumalu  
10 Road. Director, if you have any comments to that.

11 MR. ENG: Mr. Chairman, you know, I don't have any current  
12 information on that project. The last thing I was  
13 aware of was that there was a title search going on,  
14 and I haven't provided -- been provided with any  
15 current info.

16 CHAIR PONTANILLA: Thank you. I think a title search had  
17 been completed, if I'm not mistaken.

18 COUNCILMEMBER MOLINA: Yes, Mr. Chairman, if I could share  
19 that with --

20 CHAIR PONTANILLA: Member Molina.

21 COUNCILMEMBER MOLINA: -- Members. The title search has  
22 been completed. We just received a transmittal from  
23 the Mayor's office, and according to the title  
24 search it shows that the road is private and there  
25 was also no easement for the waterline. So I guess

1           if maybe at a later time we could get a response  
2           from the Department as to now what will the  
3           administration do to I guesswork with the residents  
4           to find some type of solution for this. And I  
5           believe the transmittal of the title search came  
6           with a letter from the Mayor, and the Mayor did  
7           indicate that she would look towards finding some  
8           type of solution to resolve this issue with regards  
9           to the repairs for the road.

10 CHAIR PONTANILLA: Thank you, Member Molina.

11                   Members, any questions to that? Member  
12           Anderson.

13 COUNCILMEMBER ANDERSON: Yeah, you know, this was in my  
14           Committee last term, Mr. Chair, and we appropriated  
15           this money, and then I guess Corporation Counsel  
16           thought that they needed to do a title search. But,  
17           you know, if the road was never deeded to the  
18           County, as we are finding over and over again,  
19           easements that were not deeded, whatever, then a  
20           title search isn't going to give you any answers.

21                   And so, you know, to me they should have done  
22           a subdivision search, search our own subdivision  
23           records. We have people who live on this road who  
24           have deeds that say that they have to grant an  
25           easement to the County, and that they -- they have

1 to grant road widening lots to the County. So, you  
2 know, if you look for -- I mean, they've already  
3 done a title search anyway. They did it back when,  
4 so to me it's just a waste of time and another  
5 excuse not to help these people out, when it's this  
6 County, Mr. Chair, who damaged their road. I'm not  
7 happy about it at all.

8 The money is there. This body, who is the  
9 policy making body and actually the body who issues  
10 the funding to get projects done, has the authority  
11 to allocate the money to get the road fixed. We're  
12 just wasting everybody's time with these title  
13 searches and further delaying getting the road in a  
14 liveable condition for these people, which, again,  
15 we damaged. Thank you, Chair. I'm done.

16 CHAIR PONTANILLA: Thank you, Ms. Anderson. I share your  
17 concern in regards to -- and I know the people are  
18 really concerned in regards to the particular road,  
19 as Member Molina. Member Medeiros, comments?

20 COUNCILMEMBER MEDEIROS: No questions.

21 CHAIR PONTANILLA: Member Molina?

22 COUNCILMEMBER MOLINA: No.

23 CHAIR PONTANILLA: Member Victorino?

24 COUNCILMEMBER VICTORINO: I echo the same sentiment as my  
25 colleagues. I think whenever we go in and do

1 something and damage the road, whether it's  
2 privately or publicly owned, it's our responsibility  
3 to fix it. And those people have waited an awful  
4 long time and we keep -- you know, put it in a  
5 simple term, dickering them around, and I don't  
6 think that's fair. So I hope that we can come to  
7 some kind of resolve real soon so that these people  
8 don't have to be put out there, that road can be  
9 repaired, and we can move on.

10 CHAIR PONTANILLA: Thank you, Member Victorino. Member  
11 Molina.

12 COUNCILMEMBER MOLINA: Yeah, I just wanted to add in to,  
13 you know, update the public, because there was  
14 some -- for the time being as a temporary fix I  
15 believe it was Mr. Buzianis went in and got some  
16 gravel laid in there for the time being, but it's  
17 been washed away for now. So there was some type of  
18 mitigating efforts in the meantime as we awaited a  
19 title search. And if I recall in Committee there  
20 was a recommendation made by one of the Members to  
21 do a title search. I believe Member Johnson had  
22 mentioned that as well. So that was taken into  
23 consideration by the administration. So just to  
24 kind of add into the story, Mr. Chairman. Thank  
25 you.

- 1 CHAIR PONTANILLA: Thank you. Next item is the Kahului  
2 tank replacement. Department.
- 3 MR. ENG: Yeah, I think I spoke on that earlier today, in  
4 which we're going to...
- 5 CHAIR PONTANILLA: There's one that you painted the  
6 clouds.
- 7 MR. ENG: Yeah, we're planning to repair the roof in '08.
- 8 CHAIR PONTANILLA: Thank you, Members. Any questions to  
9 that? Member Anderson? Member Medeiros?
- 10 COUNCILMEMBER MEDEIROS: What page are you on?
- 11 CHAIR PONTANILLA: Page number 1.
- 12 COUNCILMEMBER MEDEIROS: Yeah, no questions.
- 13 COUNCILMEMBER ANDERSON: Chair.
- 14 CHAIR PONTANILLA: Member Anderson.
- 15 COUNCILMEMBER ANDERSON: Just a suggestion, you know, we  
16 already went through with all the half million  
17 dollar projects. Maybe if we could just go down the  
18 line and see if Members have questions on any of the  
19 other projects that are under half a million,  
20 instead of just...
- 21 CHAIR PONTANILLA: That's what we're doing right now.
- 22 COUNCILMEMBER ANDERSON: I thought -- well, you're going  
23 down the line, right?
- 24 CHAIR PONTANILLA: Yeah.
- 25 COUNCILMEMBER ANDERSON: I just thought...

- 1 CHAIR PONTANILLA: We started off with the first one,  
2 Upper Ulumalu Road.
- 3 COUNCILMEMBER ANDERSON: Yeah, yeah, yeah.
- 4 CHAIR PONTANILLA: Okay.
- 5 COUNCILMEMBER ANDERSON: Well, I had a question on that  
6 one, as well as Member Molina, but what I'm saying  
7 is instead of going down each one of them, just ask  
8 if anybody has any other questions.
- 9 CHAIR PONTANILLA: Uh-huh.
- 10 COUNCILMEMBER ANDERSON: You know what I mean?
- 11 CHAIR PONTANILLA: Yeah. Okay, second one, Kahului tank,  
12 we already discussed it. Members, any questions to  
13 that? Okay, the Lahaina water treatment plant  
14 improvements, any questions to that? Members? No.  
15 Lanai water system acquisition appraisal, questions?  
16 Okay, moving on, Countywide archeological  
17 monitoring, questions to that?
- 18 COUNCILMEMBER MEDEIROS: Question, Chair.
- 19 CHAIR PONTANILLA: Member Medeiros.
- 20 COUNCILMEMBER MEDEIROS: What does that involve and when  
21 are you required to do that?
- 22 CHAIR PONTANILLA: Department.
- 23 COUNCILMEMBER MEDEIROS: Archeological surveys?
- 24 MR. ENG: Member Medeiros, we find archeological  
25 monitoring as kind of like a nonspecific funding,

1           because as we do capital projects, sometimes we do  
2           entail our requirement to do archeological  
3           monitoring, so we have basically, you know, a  
4           bookmark in place with some fundings available in  
5           that event.

6   COUNCILMEMBER MEDEIROS: Thank you, Chair.

7   CHAIR PONTANILLA: Thank you. Any more questions to that  
8           one? Okay, next one up is the Countywide pipe and  
9           facility improvements. I think we had a lot of  
10          discussion in regards to replacing waterlines. Any  
11          questions to that? Flow meter installation, I think  
12          the Department touched base on that. Questions,  
13          Members? Increase in size of main lines, questions?  
14          Supervisory control and data.

15   COUNCILMEMBER ANDERSON: I do have a question on that,  
16          Chair.

17   CHAIR PONTANILLA: Member Anderson?

18   COUNCILMEMBER ANDERSON: Thank you. On increase in size  
19          of main lines, the Department remarks say that  
20          funding is for Department participation with  
21          developer projects when Department requests increase  
22          to pipe size.

23   CHAIR PONTANILLA: Department.

24   COUNCILMEMBER ANDERSON: So...

25   MR. ENG: Mr. Chairman, yes, what this entails is that,

1           for instance, if we're reviewing a project and the  
2           developer requires an upgrade to let's say an  
3           eight-inch line, but we feel there is a need for the  
4           community for a larger diameter line, like 12 inch,  
5           then basically we have some funding to pay that  
6           difference.

7   COUNCILMEMBER ANDERSON: I see. Okay, thank you.

8   CHAIR PONTANILLA: Thank you. Next one down, the SCADA  
9           system, questions to that? Security measures,  
10          questions?

11   COUNCILMEMBER VICTORINO: Yeah, I have a question on that.

12   CHAIR PONTANILLA: Member Victorino.

13   COUNCILMEMBER VICTORINO: Real quickly, how far are we  
14          along in compliance with the Home Security Act of  
15          2003? I mean we had certain things we had --  
16          homeland I should say, thank you. Correction.  
17          Homeland Security, in 2003, 2004, remember there  
18          were different criterias that had to be met. Have  
19          we met them all? Because I never -- even on the  
20          board we never were able to ascertain if we had  
21          gotten compliance.

22   MR. ENG: I don't really have a full understanding of  
23          where we are exactly. It's on a percentage basis.  
24          I do know that we do have a number of security  
25          controls in place, a variety of things at our well

1 sites and tanks sites, you know, intrusion monitors  
2 and alarms. In a system as fast as ours, you know,  
3 I'm certain that there is some areas that still need  
4 improvement, you know, but I can get back to you on  
5 that too. I think it's an ongoing thing and there's  
6 ways to always improve security.

7 COUNCILMEMBER VICTORINO: I think many of us would be  
8 interested in what degree of security we're able to  
9 ascertain at this point.

10 MR. ENG: Certainly.

11 COUNCILMEMBER VICTORINO: Thank you.

12 CHAIR PONTANILLA: Thank you. Small in-house pipe  
13 replacement, I think we touched base a lot on this.  
14 Questions, Members? If not, moving on, treatment  
15 plant filter replacement allowance, Members,  
16 questions? No questions. Next. Upcountry granular  
17 activated carbon, GAC filters for treatment plant  
18 for testing, sizing, and design. Questions,  
19 members? No questions. Next item.

20 COUNCILMEMBER ANDERSON: Chair, I just would -- since you  
21 brought it up, I just would like to reiterate, we  
22 did -- at least I discussed this when we were  
23 talking about the \$750,000 appropriation underneath  
24 it, I just want to make sure that this money -- this  
25 was Council-initiated money.

1 CHAIR PONTANILLA: Yes.

2 COUNCILMEMBER ANDERSON: I want to make sure that they  
3 aren't going to let this lapse. It says funds may  
4 lapse.

5 CHAIR PONTANILLA: Department.

6 MR. ENG: Again, we touched on these projects earlier, and  
7 as I mentioned we're looking at another type of  
8 media, and so this particular funding may lapse,  
9 but, again, we're picking it up in '08 again. So  
10 the project itself is not going to lapse. We know  
11 and understand the need to remove organic carbon  
12 Upcountry, so it's an important water quality  
13 project for us.

14 COUNCILMEMBER ANDERSON: Okay, thank you, Chair.

15 CHAIR PONTANILLA: Okay, next one up is the Kahului tank  
16 replacements. Questions? South Waikapu exploratory  
17 well, design and land. Questions, Members? Next  
18 one up is a treatment of Honokua Well A design.  
19 Question, Members? Next one up, Kawela tank --

20 COUNCILMEMBER MEDEIROS: I'm sorry.

21 CHAIR PONTANILLA: Okay, Member Medeiros.

22 COUNCILMEMBER MEDEIROS: Yeah, even though that's not my  
23 district, but, you know, I'm familiar with that  
24 area, but what does it mean well is crooked?

25 MR. ENG: Unfortunately that's exactly what it means.

1 COUNCILMEMBER MEDEIROS: So you --

2 MR. ENG: Determined when it's drilled that -- I think  
3 there's a slight little, you know, inconsistency  
4 there that they're trying to determine how they can  
5 work around it. Generally it doesn't happen in well  
6 drilling, but it certainly can. So that's something  
7 we're trying to address, because basically now we've  
8 put in submersible motors and pumps, so basically  
9 down the hole you're putting down the motor and the  
10 pump assembly. And so when you come to something  
11 like this, it could be problematic in removing or  
12 replacing the pump and motor.

13 COUNCILMEMBER MEDEIROS: So the drilling of the well was  
14 crooked?

15 MR. ENG: I believe that's what they're finding.

16 COUNCILMEMBER MEDEIROS: And this was drilled by a  
17 contractor?

18 MR. ENG: Yes, I -- yes.

19 COUNCILMEMBER MEDEIROS: And when we went to inspect the  
20 well after the contract was -- contractor did it,  
21 didn't anybody discover it then?

22 MR. ENG: You know, I'm assuming it wasn't. It wasn't  
23 discovered until probably they had to replace the  
24 pump and motor, probably in pulling out the pump and  
25 motor they came upon a problem and then determined,

1           you know -- and unfortunately it probably was after  
2           the warranty period of one year. So I don't have a  
3           lot of details, but I do know that it is something  
4           that my staff is working on.

5 COUNCILMEMBER MEDEIROS: Thank you, Chair.

6 CHAIR PONTANILLA: Thank you, Member Medeiros. Kawela  
7           tank enlargements, questions? Land, operating zone,  
8           and acquisition, questions, Members? Grant Research  
9           Corporation of the University of Hawaii for  
10          groundwater exploration drilling program, according  
11          to this in progress, selecting a consultant.  
12          Members, any questions?

13 COUNCILMEMBER ANDERSON: Chair.

14 CHAIR PONTANILLA: Member Anderson.

15 COUNCILMEMBER ANDERSON: We did discuss this at our last  
16          water meeting.

17 CHAIR PONTANILLA: Yes, yes, we did.

18 COUNCILMEMBER ANDERSON: But since it's a different  
19          meeting and people may be watching, if you could  
20          just give us just briefly -- this is the Dr. Thomas  
21          artesian well project. If you could just briefly  
22          address where you are on this right now.

23 MR. ENG: Mr. Chairman, I recently spoke to Dr. Thomas  
24          about two weeks ago. I had reviewed his proposal  
25          maybe about a month and a half ago, and the last

1           thing we spoke about is he wants to run the project  
2           through the Research Corporation of the University  
3           of Hawaii. And so I basically indicated to him, you  
4           know, what kind of overhead charges from the UH that  
5           we would be -- find appropriate to be charged, and  
6           so we had that discussion. He has taken that back  
7           to the Research Corporation for approval and it's  
8           moving forward. In fact, to help facilitate this  
9           particular project, I probably will assign this to  
10          Ms. Taomoto, because it's pretty much of a CIP type  
11          of project, and so it is moving forward, not  
12          backwards.

13        COUNCILMEMBER ANDERSON: Thanks very much. That's good  
14          news. Appreciate it.

15        CHAIR PONTANILLA: Thank you. That's good news. Next one  
16          up is the Pano and Puili Place waterline  
17          improvement. Questions to that? This is on  
18          Molokai.

19        MR. ENG: Yeah, it looks like that one has been completed  
20          in fact.

21        CHAIR PONTANILLA: Let's see, Kaunakakai Kawela system  
22          Well No. 2, design development. Again, this is  
23          another one in regards to some concerns with the  
24          landowners, as well as the DHHL review. Members,  
25          questions? Moving on. Last item for 2007,

1 Kaunakakai Kawela system Well No. 2, design,  
2 development, and that same remarks as the one above.  
3 Questions, Members?

4 If not, that's all we have for 2007.  
5 Members, I would like you to review 2006 and up to  
6 2005, and if you have any questions in regards to  
7 those projects under 500,000, if you could provide  
8 that information to the Chair and then we'll send a  
9 letter to the Department for some response.

10 Members, that's all we have for today on BF  
11 Item No. 5, so at this time the Chair would like to  
12 defer BF-5, if there's no objections.

13 COUNCIL MEMBERS: No objections.

14 CHAIR PONTANILLA: Thank you. I know it's been a very  
15 long day, and hopefully tomorrow is a little  
16 shorter, but I doubt it.

17 But, again, thank you very much, Department,  
18 for giving us -- this is a really thorough update  
19 that we've had in a long, long time. The only  
20 comment that I would like to make is that some of  
21 your estimated start date as well as your estimated  
22 completion dates should be noted so that we know  
23 where we are.

24 Members, with no additional items on the  
25 agenda, this meeting is adjourned. (Gavel).

1    **ADJOURN: 4:34 p.m.**  
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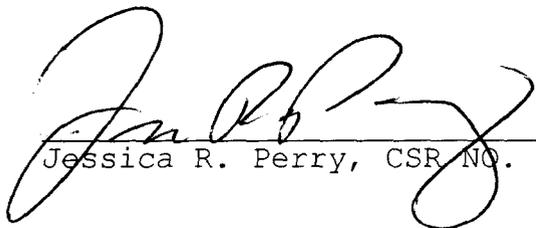
C E R T I F I C A T E

STATE OF HAWAII )  
 ) SS.  
CITY AND COUNTY OF HONOLULU )

I, Jessica R. Perry, Certified Shorthand Reporter for the State of Hawaii, hereby certify that the proceedings were taken down by me in machine shorthand and was thereafter reduced to typewritten form under my supervision; that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings had in the foregoing matter.

I further certify that I am not attorney for any of the parties hereto, nor in any way concerned with the cause.

DATED this 15th day of April, 2007, in Honolulu, Hawaii.

  
\_\_\_\_\_  
Jessica R. Perry, CSR NO. 404