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M I N U T E S
BUDGET AND FINANCE COMMITTEE
Council of the County of Maui
Council Chamber
April 4, 2007

APPROVED:


Committee Chair

1

2 CONVENE: 9:10 a.m.

3

4 PRESENT: Councilmember Joseph Pontanilla, Chair
5 Councilmember Michelle Anderson, Member
6 (in 9:19 a.m.)

7 Councilmember Gladys C. Baisa, Member

8 Councilmember Jo Anne Johnson, Member
9 (in 9:29 a.m.; out 3:10 p.m.)

10 Councilmember Danny A. Mateo, Member

11 Councilmember Bill Kauakea Medeiros,
12 Member

13 Councilmember Michael J. Molina, Member

14 Councilmember Michael P. Victorino,
15 Member (in 3:32 p.m.)

16

17 EXCUSED: Councilmember G. Riki Hokama, Vice-Chair

18

19 STAFF: Ken R. Fukuoka, Director, Office of
20 Council Services

21 Martha Suzuki, Council Services
22 Supervisor

23 Donna Ueki, Council Services Clerk

24 Lance Taguchi, Legislative Analyst

25 Gayle Revels, Legislative Analyst

1 (Budget Session Only)
2 Yvette Bouthillier, Committee Secretary
3 Leinaala Kihm, Executive Assistant to
4 Councilmember Bill Kauakea Medeiros
5
6 ADMIN: Fred Pablo, Budget Director, Office of
7 the Mayor
8 Jeffrey K. Eng, Director, Department of
9 Water Supply
10 Eric Yamashige, Deputy Director,
11 Department of Water Supply
12 Jacalyn (Jacky) Takakura, Administrative
13 Officer, Department of Water Supply
14 Joseph Mendonca, Chief, Plant Operations
15 Division, Department of Water Supply
16 Holly Perdido, Fiscal Officer, Department
17 of Water Supply
18 Paul Seitz, Chief, Water Treatment Plant
19 Operations Division, Department of
20 Water Supply
21 Alva Nakamura, Chief Engineer, Department
22 of Water Supply.
23 Ellen Kraftsow, Planning Program Manager,
24 Water Resources and Planning
25 Division, Department of Water Supply

1 Robert Vida, Field Operations Program
 2 Manager, Department of Water Supply.
 3 Brian T. Moto, Corporation Counsel,
 4 Department of the Corporation
 5 Counsel

6
 7 OTHERS: Item 1: Lisa Schattenburg-Raymond
 8 Ann Miyahira Hajnosz, PE,
 9 Project Manager, R.W. Beck,
 10 Inc.
 11 Others (6)

12
 13 PRESS: Harry Eagar, The Maui News

14

15 CHAIR PONTANILLA: ...(gavel)... Good morning,
 16 Members. Good morning, people sitting in the
 17 gallery. Today is April the 4th, 2007. The time
 18 is 9:10. The Budget and Finance Committee
 19 meeting will come to order. At this time the
 20 Chair would like to introduce the members that
 21 are here this morning. Member Mateo, Member
 22 Baisa, Member Medeiros --

23 COUNCILMEMBER MEDEIROS: Good morning.

24 CHAIR PONTANILLA: -- Member Molina.

25 Excused are: Member Anderson, Member

1 Johnson, Member Hokama, and Member Victorino.
2 Representing the Administration this
3 morning is our Corp. Counsel, Brian Moto and here
4 with us also is the Budget Director Frederick
5 Pablo. Joining us this morning is our Council --
6 Director of Council Services, Ken Fukuoka.
7 Supporting the Committee are Gayle Revels and
8 Lance Taguchi, our Legislative Analysts, and our
9 Committee Secretary Yvette Bouthillier.

10 Again, good morning.

11 At this time because of the difficulties
12 that we are having with our communications
13 system, the Chair would call for a short recess.
14 ...(gavel)...

15 RECESS: 9:12 a.m.

16 RECONVENE: 9:18 a.m.

17 CHAIR PONTANILLA: ...(gavel)... The Budget and
18 Finance Committee meeting is now reconvened.
19 Thank you, Members, for the short recess.

20 This morning we do have one person signed
21 up for public testimony. Before we start public
22 testimony, though, if the members and the sitting
23 gallery, if you could turn off your cell phones
24 or put it on the silent mode, and your pagers,
25 either turn it off or put it on the silent mode.

1 Welcome, Member Anderson.

2 For people that are testifying this
3 morning, you have three minutes with one minute
4 to conclude. If you could provide us with your
5 name and the organization that you represent this
6 morning for public testimony.

7 Members, this morning I -- the only
8 person that signed up for public testimony is
9 Lisa Schattenburg-Raymond. Good morning.

10 ...BEGIN PUBLIC TESTIMONY...

11 MS. LISA SCHATTENBURG-RAYMOND: Aloha, Budget Chairman
12 Pontanilla and Councilmembers. My name is Lisa
13 Schattenburg-Raymond. I'm the Director of the
14 Maui Nui Botanical Gardens. We have been working
15 in partnership with the County of Maui for six
16 years with restoration and expansion of the Maui
17 Nui Botanical Gardens.

18 Now today I just want to touch on a few
19 of the things that we work with the Water
20 Department on, and two of our main events, which
21 are co-sponsored by the Water Department, our
22 Earth Day event and our second is our Arbor Day
23 event.

24 Our Earth Day event is a culturally based
25 event which involves over 30 conservation

1 organizations. That's coming up on April 21st,
2 and I hope you folks will make time to come and
3 visit us and all the people that work on the
4 front lines in conservation on Maui. The event
5 is free to the public and it helps to foster the
6 idea that we cannot perpetuate the Hawaiian
7 culture if we don't preserve the environment and
8 vice versa. It is the only local event that
9 brings our conservation community together and it
10 fosters support and partnering within the
11 organizations. We also like to promote careers
12 in conservation for our youth at that event.

13 Our second event that we work with the
14 Water Department on is our Arbor Day event. At
15 that event we give away a thousand Hawaiian trees
16 to the community free. We work with the State
17 DLNR on a Kaulunani program, and the Maui
18 Electric Company on that event. We provide
19 expert advice from botanists, arborists and
20 entomologists. In 2005 we were recognized by
21 Hawaiian Electric Company for exemplary work in
22 promoting and celebrating Arbor Day in Hawaii.

23 Just to let you know, we have decided
24 this year to partner with the Maui Association of
25 Landscape Professionals, which usually the second

1 Saturday of November does a lawn and garden fair.
2 So this coming up year we will combine those two
3 events and it's going to be a much larger and --
4 it's going to be nice for the community to have
5 to -- you know, just do one thing instead of
6 having to go to two different events. I think
7 it's going to be a great coordinated effort to do
8 more things to reach out to the community.

9 We also do two large annual plant sales.
10 Annually those are in January and August and we
11 involved a number of the other smaller commercial
12 native plant growers that come to those events,
13 and we promote the sale of native Hawaiian plants
14 for water conservation or xeriscaping as they are
15 adapted to our climate and soils here. We
16 educate the community on the risks of purchasing
17 imported plants, which can be invasive or may
18 harbor dangerous insects and diseases. And our
19 last sale in January, it was a three-hour sale,
20 and we virtually sold out all of the plants from
21 all the growers, which was really -- we were very
22 excited about that.

23 We also work with the Maui Invasive
24 Species Committee on educating the community and
25 particularly on water shed conservation issues.

1 We provide space for them to do an article every
2 time we do a newsletter, which is four times a
3 year, so that helps to promote their message,
4 also.

5 We grow plants for restoration projects.
6 Two of the projects that we are working on right
7 now, one with the DLNR Natural Area Reserves --

8 MR. TAGUCHI: Three minutes.

9 MS. SCHATTENBURG-RAYMOND: -- and the second is the
10 Waihe'e Dune Project with the Coastal Land Trust.
11 We do tours and -- for all ages and abilities and
12 that's an ongoing thing.

13 So, water is our most precious resource
14 and it's only becoming more valuable in the
15 future. So I'm looking forward to working with
16 the new Water Director who I haven't met yet.
17 I'm very excited about meeting him and sharing
18 some of our ideas. And I think that as a
19 community we can be much more proactive with
20 working on water conservation. So I'm looking
21 forward to working with you to meet this
22 challenge.

23 Thank you.

24 CHAIR PONTANILLA: Thank you.

25 Members, any questions for the testifier

1 this morning? If not, thank you very much.

2 Members, as Ms. Schattenburg-Raymond was
3 the only testifier that signed up this morning, I
4 don't see anyone out in the gallery that would --
5 other than, you know, people working for the
6 County, the Chair would like to recommend that we
7 close public testimony without any objections.

8 COUNCIL MEMBERS VOICED NO OBJECTIONS.

9 ...END OF PUBLIC TESTIMONY...

10

11 ITEM NO. 1: FY 2008 Budget (C.C. No. 07-29).

12 CHAIR PONTANILLA: Thank you.

13 Again, Members, thank you for coming out
14 last night at Kahului Community Center. Again,
15 you know, we have been having really, really good
16 response going out to the different communities
17 here in Maui County, and I want to thank the
18 people that showed up at Kahului Community Center
19 last night to provide us with your comments in
20 regards to the Mayor's 2008 Fiscal Year Budget.

21 Members, this morning, we do have Ken
22 Fukuoka, the Director of Council Services here
23 with us this morning, and at this time the Chair
24 would like to call on Mr. Fukuoka to provide us
25 with opening comments this morning.

1 Mr. Fukuoka.

2 MR. FUKUOKA: Thank you, and good morning. I'm Ken
3 Fukuoka, Director of Council Services. I have a
4 few comments before we get into the discussion of
5 the budget itself. I know I need to be brief.

6 First comment is that the OCS budget has
7 been reorganized somewhat in the sense that some
8 of the accounts have been consolidated. The
9 reason why we are consolidating the accounts for
10 external purposes, when I say external purposes,
11 what I'm talking about is the -- the Finance
12 Department's official accounts. It's because it
13 would we believe reduce the work that's required
14 to correct errors in transactions when
15 transactions are posted to the wrong account.
16 Occasionally those things happen and we have to
17 go and make the correction. If we consolidate
18 the accounts, then we still track them as
19 separate items or as separate categories, within
20 our systems, internally, but only that needs to
21 be adjusted to correct any -- any mis -- any
22 mistake in allocating an expense.

23 The internal system we believe continues
24 to have use because in reconciling the internal
25 system with the County system, we find a lot of

1 errors. I mean, not a lot of errors, but we
2 identify errors that help make the systems --
3 both systems more accurate.

4 On the salaries, I wanted to explain that
5 in the budget details, if you look at the
6 percentage change columns, some of them are
7 rather large. The reason for that is there are a
8 number of inaccuracies in the Fiscal Year 2007
9 column. The first inaccuracy has to do with my
10 salary, which is 86,400 there. It really should
11 be 93,000. The salary as of the beginning of the
12 fiscal year was that amount.

13 COUNCILMEMBER ANDERSON: Excuse me, Chair.

14 CHAIR PONTANILLA: Member Anderson.

15 COUNCILMEMBER ANDERSON: If we could have the Director
16 hold the mic closer to his mouth. I can't hear
17 what he's saying.

18 CHAIR PONTANILLA: Thank you.

19 MR. FUKUOKA: Excuse me. Is that better?

20 The salary for the Supervising
21 Legislative Analyst is listed here as 84,705 and
22 really as of the beginning of the fiscal year was
23 90,408. If you look down on the Legislative
24 Analyst position number 25 -- I'm sorry, position
25 20 is listed as 69,642; it should be 68,116.

1 There are three more that I need to list:
2 Position 25 is listed as 48,915; it should be
3 49,250. Position 36 is listed as 50,255; it
4 should be 53,618. The last one is position 46,
5 which is 38,622 and should be 40,218.

6 The net effect of doing these changes,
7 the net effect of these inaccuracies in this
8 column means that the percentage changes that are
9 listed in the final column are for the Director,
10 7.5 percent up; Supervising Legislative Analyst,
11 7 percent; position 20, Legislative Analyst, up 3
12 percent; position 25 is 8.7 percent; position 36
13 is 4.9 percent and -- I'm sorry, that was
14 position 36; position 46 is 9 percent. So that's
15 just a matter of correcting the amounts that are
16 listed in that column.

17 I need to submit, if the Council is
18 willing to go with it, a -- a bill to adjust the
19 salaries for the Legislative Attorney positions
20 and the Supervising Legislative Analyst position.
21 I don't have to submit a bill for the increase in
22 my salary, the Director's salary, because that's
23 set by ordinance.

24 I should let the members know that I have
25 initiated a review of the steps in the salary

1 range for the Legislative Analyst positions.
2 It's just that when I look at the list -- I mean,
3 the number of steps, there are more steps there
4 than are in the collective bargaining system,
5 which we have tried to track. And I believe the
6 reason is over time when steps are added, we
7 follow that, but when steps are dropped, we have
8 not. At any rate, if we have a proposal, I'll
9 have to submit that in more detail.

10 On the expansion position, which we have
11 listed here as -- let's see. Yeah, there's an
12 expansion position listed here. We are already
13 recruiting for that one, but we do understand,
14 and I did want to note, that we do understand
15 that it doesn't really detract from the need to
16 make sure our priorities are focused and the
17 services that we are offering are justifiable and
18 warranted.

19 Moving on, legislative oversight work;
20 these are the audits. As I indicated in my memo,
21 we have not -- I have not done a real good job on
22 making sure those have a high priority.
23 Essentially the urgent work tends to take
24 priority and we have to refocus our efforts on
25 trying to dedicate time for that purpose. And

1 the expansion analyst will help, but that doesn't
2 reduce the need to continue to find ways to
3 refocus the priorities.

4 On the Committee travel, Committee travel
5 is one of those areas that tends to end up
6 underexpended, but I did want to note that we
7 leave it there year after year because there is
8 always an effort, I think, on the part of the
9 Council to get to the outlying districts. It's
10 just that, again, you know, it's hard for the
11 committees to set aside the time and make the
12 necessary arrangements to actually go out to the
13 outlying districts, and I'm talking primarily
14 about Lanai, Molokai, and Hana.

15 The video production program is budgeted
16 the same as last year, but the reason why --

17 COUNCILMEMBER ANDERSON: Excuse me, Chair.

18 CHAIR PONTANILLA: Member Anderson.

19 COUNCILMEMBER ANDERSON: Can we have a reference to
20 where this is, these items he's discussing?

21 CHAIR PONTANILLA: Member Anderson, he's just giving
22 us an overview, and then we will go through the
23 A, B, C account, which is more detailed.

24 COUNCILMEMBER ANDERSON: And so where would this be,
25 this --

1 CHAIR PONTANILLA: He's looking at the -- probably the
2 details right now, operating activities.

3 MR. FUKUOKA: The best way to follow it is there was a
4 March 28th memo. Attached to that is a
5 spreadsheet and on page -- the reason why that's
6 the best way is because of the reorganization of
7 the accounts. The spreadsheet shows the -- the
8 comparable figures year to year, but budget
9 details show the old figures under the old
10 organization of accounts. So the easiest way to
11 follow it is the March 28th memo. On Page 3 of
12 the spreadsheet there at the top is the
13 professional services for -- basically for the
14 Akaku.

15 CHAIR PONTANILLA: Members, do you have the memo at
16 this time?

17 Okay, fine. Go ahead.

18 COUNCILMEMBER ANDERSON: That's helpful. Thank you.

19 MR. FUKUOKA: But, you know, I have to point out that
20 for the video promotion -- video production
21 program, there's a lot of uncertainties there.
22 It has to do with -- you know, we haven't been
23 doing captioning. If we have demand for
24 captioning, that's going to increase costs quite
25 a bit. There is a controversy surrounding the

1 provider itself. And, of course, the coverage
2 cost will vary by the number of meetings that are
3 held, but it's a guess. And there is this amount
4 that's set aside for the oversight work, audits,
5 et cetera, that essentially is going to provide a
6 cushion if we have to expand further on the
7 coverage of meetings.

8 There was a request, and this is another
9 one that I'm late on, is -- this one has to do
10 with teleconferencing. Teleconferencing, I think
11 the effort was initially to try to get to the
12 point where we could receive testimony from the
13 outlying districts, and we are making progress,
14 not as quick as I know other members had hoped,
15 but that -- that phase or that initial element,
16 we are getting to the point where we do have the
17 information -- information to at least know what
18 it would take to implement.

19 What I'm hoping is that allowing for the
20 testimony is not going to be nearly as
21 complicated as allowing for full-on
22 videoconferencing and yet will take us halfway to
23 the improvements that are needed for a full-on
24 videoconferencing system. In other words, having
25 testifiers connected to the Council would be

1 less -- well, less costly to implement than to
2 have members actually on different islands
3 participating in the same meeting.

4 But that's all I have right now.

5 Oh, I'm sorry, there was one further
6 thing. I understand that there is some confusion
7 about the way I stated my memo on vacant
8 positions. This is the memo that was issued
9 March 16, and it should not be understood to
10 limit the Members to a certain number of
11 positions within their office. We can create
12 positions or the County can create positions to
13 accommodate hires. For example, if a Member
14 wanted to hire four workers who each work three
15 hours a day, rather than a full-time, high paid
16 worker, if that were the case, we could create --
17 or the County could create positions in the sense
18 of being able to accommodate the personnel/
19 payroll kind of issues. But it's just that the
20 number of such positions we should have on hand
21 for that sort of contingency is something we
22 would like to limit to a reasonable number. In
23 this particular case we're just going to keep the
24 ones that they are -- that are already there.

25 So that's all I had. Thank you.

1 CHAIR PONTANILLA: Thank you, Mr. Fukuoka.

2 Members, at this time the Chair would
3 like to concentrate on the A account, which is
4 salaries and wages of the Department. Member
5 Molina, if you have any question.

6 COUNCILMEMBER MOLINA: Yeah, Chairman, just one
7 question on the expansion for the legislative
8 analyst. Being that the Council we reduced the
9 number of committees that we have. What will be
10 the focus of this new position?

11 MR. FUKUOKA: There are two ways to approach that.
12 One is that the reduction of the number of
13 committees hopefully doesn't reduce the actual
14 workload of the Council. In other words, the
15 Council hopefully is just as productive. We need
16 to find ways to do it in fewer meetings,
17 obviously, but the work, the prep work, is the
18 same.

19 Our current staffing was really stretched
20 at eight committees and if we are just even
21 talking about committee coverage and that's all
22 we are worried about, then -- then I don't think
23 we were doing as much work as we could if we had
24 more people.

25 You know, the nature of the kind of work

1 we do is such that the more personnel you have,
2 then the more work you can do. And so to some
3 degree the number of positions is a cap on the
4 amount of work you can do, but also a requirement
5 that we become more and more efficient over time.

6 When we reach the point where there's
7 stress in terms of services that we can't
8 deliver, then that's the point at which we start
9 looking at additional positions. Clearly the
10 oversight work isn't being done. You know, we
11 need to do better on that area.

12 So I guess my answer is: With fewer
13 committees we would still have a lot of oversight
14 work to do. The committees -- the reduction in
15 the number of committees does not by itself
16 reduce the work all that much. It reduces the
17 amount of time we sit in a meeting, but the
18 actual prep time is still there. And what we
19 need to do in our office is to be able to have
20 work shift, you know, have the resources shift so
21 that they can focus on work as the need arises.

22 Right now, everybody is scrambling and so
23 there's very little opportunity to test out
24 systems to do that and so that's what we need to
25 concentrate on. That's what we want to

1 concentrate on.

2 COUNCILMEMBER MOLINA: Okay. Thank you. Thank you,
3 Chair.

4 CHAIR PONTANILLA: Thank you, Member Molina.
5 Member Medeiros.

6 COUNCILMEMBER MEDEIROS: Mahalo, Chair.

7 Mr. Fukuoka, on the A account where the
8 Council aides Hana, Lanai, and Molokai are listed
9 that amount that is shown for 2007 and 2008,
10 that's divided equally -- equally three ways for
11 the three district offices. This is on 3-3 --

12 MR. FUKUOKA: I'm trying to remember now.

13 COUNCILMEMBER MEDEIROS: -- of the detail.

14 MR. FUKUOKA: I thought -- I thought there was one
15 that was paid at a slightly higher rate. These
16 are determined by the -- these are set by the
17 Council Chair.

18 COUNCILMEMBER MEDEIROS: Okay. I just was looking at
19 the -- there's only one figure, so I just was
20 inquiring about that, but I can check through the
21 Council Chair on that.

22 Thank you.

23 MR. FUKUOKA: We can provide that information to you
24 later.

25 COUNCILMEMBER MEDEIROS: Okay.

1 MR. FUKUOKA: It's just, I'm sorry, I don't have it
2 right now.

3 CHAIR PONTANILLA: Okay. Thank you.

4 COUNCILMEMBER MEDEIROS: Thank you.

5 CHAIR PONTANILLA: Thank you, Member Medeiros.

6 Welcome, Member Johnson. Questions?

7 COUNCILMEMBER JOHNSON: Yes, can -- one of the
8 questions I have with regard to, I guess, the
9 evaluation or at least the efficiency with which
10 we are able to accomplish our work. One of the
11 suggestions I have made in the past is to do work
12 measurement or employ an outside entity to come
13 in and actually just do, I guess, some kind of an
14 analysis of what we are doing, if there's
15 redundancies, if there's ways that we could
16 improve how we actually communicate, not
17 necessarily, I guess, between offices. You know,
18 we can do that.

19 But what I'm looking at is how can we
20 improve the effectiveness of the staff that we do
21 have, because they just seem so tired and burned
22 out at times and really I think that even
23 myself -- I mean, going through this budgetary
24 process, it's very difficult to be fresh and
25 focused when you're living on three and a half or

1 four hours of sleep a night and I know sometimes
2 our analysts they go until the wee hours of the
3 morning and we are even able to leave during
4 Budget and they still have to complete the work.

5 So one of my concerns is how can we
6 assist the staff in the administration of our
7 entire Council Services operation to achieve some
8 efficiencies, but also to prevent this kind of
9 burnout from occurring? Do you think we could
10 allocate some type of money or do an RFP to help
11 assist.

12 I realize we are on the A account, but, I
13 mean, it basically has to do with the functioning
14 of the employees that we do have. Is that a
15 possibility, Ken?

16 MR. FUKUOKA: Well, that's a possibility. You know,
17 we -- I've given some thought to that sort of
18 thing. The tendency, though, is to try to find
19 people who are knowledgeable enough about the
20 area where they can offer that kind of advice.
21 The closest I've been able to find is, you know,
22 consultants who -- who actually deal with trying
23 to focus on goals, trying to focus entire
24 organizations on goals, trying to get agreement
25 on what is important, what isn't important.

1 There are consultants like that.

2 In terms of actual work measurement, I am
3 frankly okay with it, but I haven't been able to
4 find anybody who knows enough about the
5 legislative process and who is credible enough to
6 be able to do that kind of work.

7 COUNCILMEMBER JOHNSON: I know that and I don't get to
8 all the NACo conferences or Hawaii State
9 Association of Counties, but I know that that
10 was -- it's been a topic and there are services
11 that we do have available through NACo and I'm
12 not so sure about Hawaii State Association of
13 Counties, but a lot of -- even the software
14 that's produced to just, I don't know, I guess,
15 look at -- do almost a self-evaluation.

16 If we as a body -- and I guess, from our
17 side it's up to us to establish priorities, which
18 I think we have really failed miserably on. One
19 of the things that I really believe is that we
20 can look at systems, we can look at models in
21 other similar political organizations, because I
22 just see us repeating the same things, just
23 stalled in this mode of not being goal oriented,
24 as you say, but just not accomplishing what we
25 would really want to accomplish. And I think

1 there's a certain degree of frustration and I see
2 it sometimes in the staff members, because even
3 the reports are -- I can recall, Mr. Chair, when
4 Pat Kawano used to be Chair of the Council, there
5 were things that I think helped me as a member to
6 focus on, because I would look at how many PAFs
7 were outstanding, how many people were submitting
8 which PAF, so that in other words, you know, I,
9 as a Council member, was submitting perhaps far
10 more than another Council member, so I was
11 looking at that as a resource to kind of analyze.
12 Well, I don't want to be a hog at all, so if I
13 don't have sufficient staff in my office to do
14 that and Council Services is understaffed, what
15 do we do?

16 Another report that we used to have was
17 the legislative assignments with regard to, I
18 believe, attorneys, even for our interaction with
19 Corporation Counsel. And I know Mr. Moto, he's
20 had a problem with having physical space
21 limitations that they just simply couldn't get to
22 a lot of our requests.

23 I feel that there's got to be a way that
24 we can accomplish some of our goals and
25 objectives and bring in some kind of outside

1 assistance so that we don't suffer and employees
2 don't suffer. Because I think even if morale
3 needs that boost, what is it that we can do? We
4 criticize all kinds of other departments on how
5 they operate. As a Council, we are picking apart
6 everything they are doing and yet -- you know, I
7 just see us not looking at ourselves as being
8 part of the problem.

9 So for me, I just need to know from you,
10 Ken, how can we prevent burn out? How can we
11 look at our best and highest use of our
12 personnel? If it's us setting goals and
13 objectives, I just need to know that. And I am
14 open to any suggestions that you have so that we
15 can help you, so that you can in turn help us.

16 CHAIR PONTANILLA: Mr. Fukuoka.

17 MR. FUKUOKA: Well, the reports on PAFs, you know,
18 those research assignment requests or drafting
19 requests, those are available. The assignments
20 of Corp Counsel, you know, those are available.
21 I guess after this meeting I will look and see
22 how those are disseminated.

23 As far as goal setting, you know, goal
24 setting is, in a lot of ways, a good thing. The
25 difficulty is that ultimately I need to get the

1 members to be convinced of it, because the --
2 what it essentially does is it reduces the
3 independence of the members. Up until now, we
4 have been trying to accommodate the independence
5 of the members. When they want to go in a
6 certain direction, you know, our system -- our
7 organization tries to help them. It cannot help
8 everybody all the time to the degree they want
9 to. And to some degree that's the reason why
10 members have individual offices where they can
11 allocate priorities or assign priorities
12 according to their own needs.

13 The NACo, you know, ideas that you were
14 talking about, that is where I got one of the
15 ideas, you know, this idea of goal setting, but,
16 again, you know, there are only so many -- maybe
17 there isn't that much of a market, but there
18 is -- there are only so many people who
19 understand the legislative process.

20 It's so different from your standard
21 processes. It's hard to fit our process into --
22 into other pigeonholes, you know, other types of
23 organizations for which there might be more
24 people offering services. But I guess my --
25 those are my concerns about it. It's not as if I

1 don't think anything would have some benefit.

2 The main thing I need to do right now is
3 to try to get to the point where people are not
4 so stressed out and the expansion is part of
5 that.

6 COUNCILMEMBER JOHNSON: Yes, and that, Ken, is, I
7 guess, where some of my frustration comes in
8 because we have so much to do and such a narrow
9 window of time. Even -- I don't know perhaps one
10 of the things that staff could look at, which I
11 have, in terms of best and highest use of time
12 and in terms of the personnel that we have, when
13 it comes to organizing Hawaii State Association
14 of Counties, when it comes to the organizational
15 things that your staff and your numbers, you
16 know, of, I guess, Council Services are looked at
17 as resource people. Perhaps we should farm that
18 out.

19 I know that for the Senior Fair, Office
20 on Aging used to do all the planning in-house.
21 That is one thing that I think is a real burden
22 on our staff and I don't -- for me personally as
23 one member, Mr. Chair, I would just as soon farm
24 it out to MEO or some other organization, same
25 way that we have done with the Office on Aging

1 Senior Fair. There's no sense in taking your
2 staff time, which takes away from our time, and I
3 look at time management. That is one way that
4 you could relieve some of that stress.

5 So perhaps, Mr. Chair, we could put that
6 in the budget.

7 But I realize I'm kind of putting you on
8 the spot, Ken, but it's my frustration with
9 having only so much time, only so many people to
10 do the work, and not being able to just kind of
11 have a handle on it. And we demand it of other
12 departments and yet we don't demand it of
13 ourselves. So -- but I thank you for at least
14 any ideas that you have that we can get us off
15 the dime here, I would really appreciate it.

16 CHAIR PONTANILLA: Thank you, Member Johnson.

17 COUNCILMEMBER JOHNSON: Thank you.

18 CHAIR PONTANILLA: Member Baisa.

19 COUNCILMEMBER BAISA: Thank you, Chair. Thank you,
20 Mr. Fukuoka.

21 As a fairly new Council member who has
22 only been here now for three months, I have to
23 admit I'm still trying to figure out who does
24 what around here. And my relationship with the
25 Council staff that I've used has been a very

1 great experience. Everybody seems very well
2 qualified, everybody seems very helpful and I
3 haven't really run into a problem yet in asking
4 to have a special project done that, you know,
5 couldn't be done.

6 Of course, I have lots of ideas about
7 things that I might want to get into, but I'm
8 very respectful of the fact that everybody seems
9 overloaded and that the Legislative Analyst who
10 services my committee has many duties, although
11 he's very, very prompt and very attentive and
12 it's not unusual that we are exchanging e-mails
13 on a Sunday morning. So I know that a lot of
14 time is put in not during normal work hours.

15 And at this point I'm going to have to
16 trust you in terms of what you're telling me you
17 need, because I'm not a good judge. Maybe a year
18 from now I would have more constructive things to
19 tell you, but in looking at your performance
20 measures -- and I realize we are not totally into
21 operations, but when we were discussing with
22 Member Johnson the research assignments, I looked
23 at the numbers and in '06 you received 129
24 assignments and performed 107, so there seemed to
25 have been a little backlog.

1 You're projecting to do better this year
2 and for '08 so I'm assuming that you will be
3 factoring in, particularly in '08, the new
4 position that you're asking for.

5 As far as, you know, whether things
6 should be farmed out or kept in-house or
7 whatever, sometimes, you know, things that are
8 not in the normal course of the daily duties
9 might be better performed by a one time
10 consultant and not have to impact so much on the
11 daily duties. Because once you do, they tend to
12 backlog and it's very hard to catch up.

13 But I've noticed that there are some
14 efficiencies that might be instituted here and I
15 realize making institutional change here is very
16 difficult. But I'm amazed that offices do not
17 have things like petty cash funds. Those are --
18 you know, in every normal business there's a
19 petty cash fund and to have to process all that
20 paperwork for less than \$20 is not efficient.
21 And I think it's small things like that that bog
22 us down in paper.

23 We might want to just look at some of the
24 ways we do things and see if we could do them
25 more efficiently. And I realize there's a lot of

1 regulations, but some of those, in my opinion,
2 are self-imposed.

3 So that's all I have to offer on the A
4 account.

5 CHAIR PONTANILLA: Thank you, Member Baisa.

6 Member Anderson?

7 COUNCILMEMBER ANDERSON: On the A account, Chair,
8 could we request a corrected page, all of the
9 corrections that the Director gave us?

10 CHAIR PONTANILLA: Members, in regards to the
11 corrections that the Director presented to you,
12 again, like the Administration, we are going to
13 be working with this document and when time to
14 make the decisions, then we will include the
15 changes by the Director at that time. So what we
16 are looking at is the budget that was submitted
17 on March 15th by the Mayor.

18 So if we concentrate on this -- and I
19 know Mr. Fukuoka explained the changes that he
20 would like to recommend. The same thing with the
21 Administration, they are also recommending some
22 changes, but as Budget Chair, so that we are on
23 the same page, we will just utilize the Fiscal
24 Year 2008 Budget as presented.

25 COUNCILMEMBER ANDERSON: Well, what he gave us were

1 not changes, they were corrections for -- for
2 what was presented to us, and so I think we need
3 to have the correct figures in front of us, and
4 he went down the list too fast and it wasn't in
5 any kind of order so I wasn't able to follow it.

6 MR. FUKUOKA: Mr. Chair?

7 COUNCILMEMBER ANDERSON: So I would like to have a
8 list of the corrections that he made. And I
9 appreciate that we will be going -- I mean, you
10 know, we only need these corrections so that we
11 can reference them in regards to what is being
12 presented in the '08 Budget, because all these
13 corrections -- apparently the figures for the '07
14 salaries, the ones that he quoted, were not
15 correct. And so that's what I'm asking for,
16 Mr. Chair, not for any changes, but the
17 corrections that we need to see in order to see
18 what percentage increases that we are looking at.

19 CHAIR PONTANILLA: If the corrections doesn't throw
20 the different funding out of balance and at this
21 time I would like to confer with Lance in regards
22 to that, because what the Mayor presented to us
23 was a balanced budget and what -- we want to work
24 with that balanced budget. But I'll have Lance
25 explain.

1 Lance.

2 MR. TAGUCHI: Chair Pontanilla, I believe the
3 corrections she's talking about is to the 2007,
4 so it probably would not affect the budget
5 ordinance as presented from the Mayor.

6 We could approach it in two ways, either
7 the Department can get the information to us,
8 that probably would be more expedient since the
9 Budget Director probably would have to get that
10 information from the Office of Council Services
11 anyway.

12 CHAIR PONTANILLA: Okay.

13 COUNCILMEMBER ANDERSON: All I'm asking for, Chair, is
14 what the Director just gave us verbally, to have
15 that in writing so that we can -- and it doesn't
16 seem like a big deal to me to go in and just
17 correct the errors that were made. And I am
18 assuming, Mr. Director, the errors are because
19 somewhere along the line there were either
20 increases in salary, steps up or people changed
21 positions. I only see --

22 MR. FUKUOKA: Yes.

23 COUNCILMEMBER ANDERSON: So that they didn't get it in
24 time to put it in the budget correctly. So I
25 just think it's important that we have correct

1 figures from '07 if we are going to be
2 referencing that to your request for '08 to see
3 what the percentage increases are.

4 MR. FUKUOKA: Right.

5 CHAIR PONTANILLA: Member Anderson, we will get that
6 information to you, the '07 numbers -- correct
7 numbers.

8 COUNCILMEMBER ANDERSON: Thank you, Chair.

9 CHAIR PONTANILLA: Okay.

10 Member Mateo.

11 COUNCILMEMBER MATEO: Chairman, thank you very much.

12 Mr. Fukuoka, two questions that are
13 easily responded to. Your reference to the
14 Council Services Clerk position that will be
15 abolished, on the listing on 3-2 -- 3-3, excuse
16 me, currently it shows three Council Service
17 Clerk positions. Are these positions currently
18 filled now or this additional Clerk positions --
19 where does the abolishment come in?

20 MR. FUKUOKA: It's actually not listed, I think. Hold
21 on just a second. I think it's not listed here.
22 See, there was a report generated and given to
23 the Committee of the vacant positions. If the
24 positions are not filled or funded, then they
25 don't appear in this listing, but they are

1 officially in the systems. And so when I saw
2 that, I felt I would have to -- I should be
3 explaining to the members that, you know, these
4 positions which are not being used, which are not
5 needed anymore, can be deleted.

6 COUNCILMEMBER MATEO: So in OCS, there were once upon
7 a time four Council Service Clerk positions?

8 MR. FUKUOKA: Right.

9 COUNCILMEMBER MATEO: Okay. So the three we're
10 showing here, this is current?

11 MR. FUKUOKA: Right.

12 COUNCILMEMBER MATEO: Okay, thank you.

13 The second question, Mr. Fukuoka, is in
14 terms of retention of your -- your staff. The
15 secretaries, they have got tenure, they have
16 longevity with the office. It is the legal
17 analysts and the -- as well as the regular
18 analysts that continue to turn. Just recently,
19 there were several that have left, yeah, for
20 probably greener and better pastures or for
21 lesser stress. But how are you, as the Director,
22 dealing with these individuals in terms of -- I
23 don't know if it's job satisfaction, I don't know
24 if it's burnout, I don't know what it is, but
25 because you continuously have a need for

1 additional analysts, be it legal or otherwise, we
2 have got to take a look at providing some kind of
3 relief to them so that we stop the constant bleed
4 of OCS. Or is it just the way the position is
5 and that's what -- that's what's expected of it?

6 MR. FUKUOKA: I guess my take on it is, it's a rough
7 job and it's -- it's something where it's easy to
8 see that other jobs might be more stable, might
9 be a better career in the long run. It takes a
10 certain kind of person to thrive in this kind of
11 environment, so part of it is, you know, just the
12 environment.

13 A part of it is salary. I've been
14 noticing that it seems -- although this is just,
15 you know, a feel, a hunch thing, it seems as
16 though the salaries of the Legislative Analysts
17 are somewhat below what I thought the salaries
18 were in the other collective bargaining agencies.
19 Typically, we try to compare our positions with a
20 similar position in the legis -- in the Executive
21 Branch. And recently it doesn't seem to be quite
22 right.

23 Anyway, the point is I am reevaluating
24 that and I expect to report back to the Council
25 if there's a need for a change, and there

1 probably will be, I think. But other than that,
2 you know, we have a salary structure that is
3 intended to match with adjustments what's
4 available in the Executive Branch. That is as
5 best as I think the salary structure can be made,
6 although I'm open, you know, to suggestions.

7 But given the sort of environment in
8 which we have to work where we serve, you know,
9 nine members, nine very independent sometimes
10 members, who over time will develop relationships
11 with the people who are assigned to them and who
12 may have difficulty accepting that somebody else
13 is going to end up getting a merit increase and
14 their person is not. Because of those kinds of
15 things it seems that our system has the best
16 chance of keeping updated over a period of time
17 and offering competitive pay.

18 It's just that in the Legislative Analyst
19 situation I'm looking at the way the salary
20 structure ends up treating the employees. I
21 don't really know what I'm going to end up with.
22 You know, I'm going with an open mind here, but
23 to the extent that the pay is an issue, then to
24 that extent, that's the way I'm addressing it.

25 In terms of the workload issue, the

1 overall burnout/workload issue, I don't know if
2 there is a burnout. I would suspect there is
3 some of that. But, again, you know, in that case
4 we need to focus on what services we can drop,
5 what services we need to take on so that the
6 services that we produce are liveable. But
7 that's a constant process, you know, of trying to
8 prioritize work and trying to get more and more
9 efficient over time.

10 COUNCILMEMBER MATEO: Okay. Thank you.

11 And so you're currently doing an
12 assessment of that specific issue and will be
13 forthcoming?

14 MR. FUKUOKA: Yes.

15 COUNCILMEMBER MATEO: Okay. Thank you.

16 Thank you, Chairman.

17 CHAIR PONTANILLA: Thank you, Member Mateo.

18 Quick question for the Director: In your
19 organization, do you have performance measures
20 for individual employees so that when you talk
21 about merit raise, you know, it seems like
22 everybody get the same amount at the same time?

23 MR. FUKUOKA: We track measures in terms of documents
24 produced, things of that nature, but I have never
25 really felt, to be frank, that it's feasible in

1 an environment like ours to have true performance
2 measures, primarily because the decisions cannot
3 be made by a single person, the decisions have to
4 be made by the Council. And to have performance
5 measures done by the Council or, you know,
6 compensation based on merit done by the Council
7 is extremely unwieldy, I think. So I've always
8 felt that employees have to be motivated in other
9 ways.

10 CHAIR PONTANILLA: Thank you.

11 Members, any more questions on the A
12 account?

13 Member Anderson.

14 COUNCILMEMBER ANDERSON: Thank you, Chair.

15 Just to follow up with Member Mateo's
16 line of thinking, do you folks do any kind of
17 exit interviews when you lose an employee?

18 MR. FUKUOKA: We do try to -- we don't -- I don't view
19 the exit interview process as a formal thing
20 where we schedule an exit interview and we have
21 questionnaires we go through. We do try to
22 identify what it is that's causing the person to
23 leave and I do spend time thinking about it more
24 than just accepting what the initial reason is.

25 You know, I do worry about why people

1 might choose to leave, whether it reflects a
2 system issue or they -- whether it reflects a
3 problem with me, for example, but -- or with the
4 members, or the work. You know, if there's
5 something that can be adjusted in the system, you
6 know, to accommodate it.

7 Most often what ends up happening is I
8 come to the conclusion that it's just a rough
9 job, it's a tough job. You deal with, you know,
10 trying to give service to nine very independent
11 people. That's all.

12 COUNCILMEMBER ANDERSON: So the cause -- causes would
13 be that the job is just too stressful?

14 MR. FUKUOKA: No, sometimes it's money. Sometimes
15 it's money, sometimes it's career path. It
16 depends on the individual. But I guess what I'm
17 trying to say is I don't have a file of reports
18 as a result of exit interviews, you know. We
19 don't have a process where we have, I don't know,
20 maybe like a panel or something. But it's not
21 like we are not concerned about why people leave.
22 Most times we spend some time trying to get them
23 to stay.

24 COUNCILMEMBER ANDERSON: Well, it would seem helpful
25 to maybe have something formal as far as an exit

1 interview so that you could use that information
2 to make adjustments so that we, you know, can
3 cure whatever persistent problem there may be.
4 And -- and I don't know, because you haven't
5 given us anything specific. But, you know, it's
6 really, really difficult to start someone out
7 from scratch and get them up to speed, because as
8 you said, this is a very unique type of job
9 position and arena and so it's very valuable to
10 us to have people who have experience in being
11 able to assist the Council. So when we lose an
12 experienced Legislative Analyst, it's a big loss.

13 So I'm just thinking that it would be
14 helpful if there was some kind of formalized
15 analysis or review of why people leave so that
16 maybe you could take some proactive measures in
17 correcting whatever it might be. And if that
18 means too much overtime, too much time away from
19 family, too heavy a workload, whatever it might
20 be, that we could make adjustments to I think
21 would be helpful.

22 The other thing is how often do you do
23 employee evaluations?

24 MR. FUKUOKA: We are supposed to do it a minimum of
25 one a year and we haven't been keeping up, but I

1 think in the last year we have done it. We
2 needed to do it in connection with the transition
3 to the next term.

4 COUNCILMEMBER ANDERSON: Because it's my understanding
5 that as part of the evaluation you have the
6 analyst evaluate themselves or the employee
7 evaluate themselves?

8 MR. FUKUOKA: That, I believe, is the technique that
9 was used by the Supervising Legislative Analyst a
10 couple of years ago. Maybe she used it again.
11 I'm not certain, to tell the truth, how they came
12 to the sheet that they end up with, but that's
13 just one technique. That's one --

14 COUNCILMEMBER ANDERSON: Yes, I'm not questioning
15 that. I'm just thinking that it might be helpful
16 if you, in your evaluation process, included the
17 Council members, since they are the ones who are
18 receiving the service and might have another
19 perspective in the evaluation of an employee's
20 performance.

21 MR. FUKUOKA: Yes, maybe that's something we should
22 do.

23 COUNCILMEMBER ANDERSON: And then I noticed in the
24 spreadsheet, the last page of the spreadsheet,
25 you have the individual accounts for Council

1 members and I don't know, Chair, if this isn't
2 considered the A account, but the -- the
3 appropriation for '07 is the same for the request
4 in '08, and I'm wondering about the cost of
5 living increase for our aides.

6 MR. FUKUOKA: Right. Those are built in in amounts
7 someplace else in the budget. I need to hustle
8 and find it. Where is it?

9 Okay. Page 7, again, I'm looking at the
10 March 28th memo with the spreadsheet attached to
11 that. So that would be on Page 7, about the
12 middle of the page. There's an amount that was
13 for that.

14 Typically what happens is --

15 COUNCILMEMBER ANDERSON: Where is that figure,
16 Mr. Fukuoka?

17 CHAIR PONTANILLA: If you can give us the index code
18 on that page?

19 MR. FUKUOKA: Oh, the index code is 901042.

20 COUNCILMEMBER ANDERSON: Miscellaneous other costs? I
21 see.

22 MR. FUKUOKA: Yeah. Typically, we put the money there
23 and then we wait until the cost of living
24 adjustments are made for civil service and then
25 they're distributed to the members' accounts.

1 COUNCILMEMBER ANDERSON: Thank you.

2 Thank you, Chair.

3 CHAIR PONTANILLA: Thank you, Member Anderson.

4 MR. FUKUOKA: Yeah, you know, if I may add one more
5 thing. That's one of the things that I would
6 like to mention that nothing happens
7 automatically with the EAs, you know, the staff
8 of the members. Members have to take affirmative
9 action in order to adjust those increases.

10 COUNCILMEMBER ANDERSON: Which I think is great, but I
11 think there needs to be some better way of
12 informing people about that, because I don't
13 think I ever got a cost of living increase when I
14 ever worked for Wayne Nishiki. I didn't even
15 know they were available, and he probably didn't
16 either. So I think that when you get the cost of
17 living adjustment, if you could make some kind of
18 big deal out of it for us so everybody is aware
19 that they need -- they need to make the
20 affirmative step to pass that on to their
21 employees.

22 MR. FUKUOKA: Okay. We will try to remember to say
23 it. Actually, when we incorporate that into our
24 pay schedules, it has to be done by ordinance,
25 but I guess nobody maybe ever mentions it, but

1 I'll make a point of mentioning it at that time.

2 COUNCILMEMBER ANDERSON: I hope so, because, you know,
3 everybody else has unions to make sure it's
4 mentioned and our employees, you know, they're
5 only employed as long as we are and so every --
6 every opportunity we have to give them a salary
7 increase I think needs to be -- needs to be
8 adequately represented so that it doesn't slip
9 through the cracks.

10 CHAIR PONTANILLA: Thank you, Member Anderson.

11 COUNCILMEMBER ANDERSON: Thank you, Chair.

12 CHAIR PONTANILLA: Members, if you have more questions
13 on account -- the A account, if you could put it
14 in writing and send it to the Chair and we will
15 get response from the Director.

16 We are going to the B account, which is
17 the operations.

18 Member Molina.

19 COUNCILMEMBER MOLINA: Thank you, Chair.

20 On details 3-4, under the legislative
21 program, \$110,000 increase, can you give us
22 clarification on that? I guess -- I'm sorry,
23 it's under, yeah, other legislative program
24 services under -- miscellaneous costs, Subaccount
25 6221.

1 MR. FUKUOKA: Oh, okay. 6221 is actually that amount
2 that's set aside for the members and for the --
3 you know, it's -- it's the adjustment account
4 where you have the -- if the Council Members get
5 a salary increase, if we have to adjust the
6 individual accounts, it's drawn from that amount.

7 COUNCILMEMBER MOLINA: I see.

8 MR. FUKUOKA: So it's computed as -- let's see, if you
9 look at the March 28 memo, there's a computation
10 there on Page 7, the 5 percent of OCS salaries,
11 Council Members salaries, premium pay, Members'
12 individual accounts, Chair's contingency. But
13 the idea is that's the -- that's the source of
14 adjustment.

15 COUNCILMEMBER MOLINA: Adjustment, okay. Thank you.

16 Thank you, Mr. Chair.

17 CHAIR PONTANILLA: Thank you, Member Molina.

18 Member Medeiros.

19 COUNCILMEMBER MEDEIROS: Mahalo, Chair. No questions
20 on the B account.

21 CHAIR PONTANILLA: Thank you.

22 Member Johnson.

23 COUNCILMEMBER JOHNSON: Yes, on Page 3-4, Ken, I'm
24 looking at several areas, like professional
25 services, repair and maintenance, air freight

1 transportation, per diem non-reportable,
2 miscellaneous other costs, registration and
3 training. All of those amounts went down, and in
4 some cases substantially. With all of the
5 increases, and, you know, we are looking
6 departmentally across all other departments, I'm
7 just curious why we are projecting decreases in
8 these areas when the demands seem to be
9 increasing for services.

10 MR. FUKUOKA: To the degree that travel items are
11 being looked at, there's a schedule attached to
12 the March 28 memo which kind of details out how
13 the computation was made.

14 But if we're talking about -- I'm not
15 sure whether you were asking about the
16 professional services --

17 COUNCILMEMBER JOHNSON: Well, I just listed all the
18 lines, like professional services went from
19 242,000 to 195,100; repair and maintenance went
20 from 12,000 to 9,000; airfare transportation went
21 from 77,000 to 66,000; per diem non-reportable
22 went from 55,000 to 51,000 --

23 MR. FUKUOKA: Okay.

24 COUNCILMEMBER JOHNSON: -- miscellaneous other costs
25 2,000 to 1,300; registration and training fees

1 went from 13,200 to 10,394; and computer software
2 went from 33 to 23. So those are the areas that
3 I'm looking at.

4 And I'm just curious as to why, if you're
5 taking that out from one area and putting it
6 somewhere else, fine, but this is not following
7 the norm. If we are going to be expected to give
8 tools to the individuals to do their work and
9 then cut their budget, I think that is heading in
10 the wrong direction.

11 MR. FUKUOKA: Okay. First of all, the professional
12 services item there, that was -- that was an
13 error. Kind of a small error. I think it was
14 something like \$7,900. It was just a
15 computational error. Normally, we budget
16 200,000, and I think it was mentioned in the
17 memo.

18 As for the travel items, those are
19 detailed on the -- on the schedule attached to
20 the March 28 memo, but things like repair,
21 maintenance, normally what happens is we -- we
22 look at the actual expenditures and then we try
23 to project. And sometimes, you know, we budget
24 things and it turns out it wasn't needed and so
25 unless we have a reason to continue it, you know,

1 we normally will drop it.

2 COUNCILMEMBER JOHNSON: I can understand. But like on
3 registration and training, I mean, to actually
4 improve people's skill sets and to support staff
5 I think one of the things that we can do is
6 provide training opportunities for Council
7 Services staff.

8 And I mean it's just -- it's just an odd
9 budget to me. It doesn't make sense given that
10 even our outside contractors are all bumping up
11 everything for fuel adjustments, liability
12 insurance increase. Everything across the board
13 is doubling in terms of what we get billed for
14 services in many situations. So this is just a
15 very odd budget.

16 MR. FUKUOKA: Well, I don't know how to answer that.

17 We ask for what we think we need. We are
18 conservative about traveling to the mainland for
19 conferences of that sort. I don't think we are
20 conservative about having people go to, you know,
21 training seminars. I think one of the problems
22 though is many people are reluctant to go because
23 when they come back, the work is still there.

24 And, again, you know, that's where we
25 have to expand the amount of resources we have a

1 little bit and try to get a little more efficient
2 about focusing on what it is that we should be
3 doing and trying not to do things that maybe have
4 lower priorities. We have to make those hard
5 choices.

6 COUNCILMEMBER JOHNSON: Yes, and I'll just give you an
7 example, like the actuals for professional
8 services on line 6132 in '06 was 232,751. This
9 Fiscal Year Budget is 242 and your projection for
10 '08 is 192,100.

11 MR. FUKUOKA: I'm sorry, which one was that? What
12 page?

13 COUNCILMEMBER JOHNSON: That is the same, 3-4. That's
14 the whole page I've been looking at all this
15 time. 6132 is the office of OCS. It's under
16 services. But you kind of understand why I'm
17 asking you the questions? Because if you look at
18 that -- if you look at some of the areas -- I
19 mean, even the previous Fiscal Year '06, the
20 amount was higher and now you're going back the
21 other way.

22 MR. FUKUOKA: On the professional services, that
23 professional services item was actually the Akaku
24 contract and that's based on the amount of usage.
25 We try to, you know, allow for some

1 contingencies, but, as I mentioned earlier, it's
2 not really feasible for us to allow for all
3 contingencies, because it would be a very
4 expensive amount, very high amount. What we'd
5 have to count on is if all of a sudden there were
6 a lot of meetings to be covered, we have to do
7 captioning for them all, then we would have to
8 draw from other areas in the budget.

9 COUNCILMEMBER JOHNSON: One question I have, which,
10 you know, I've been asked by many of the people
11 outside is -- and I don't see it anywhere in our
12 budget here for our videoconferencing where we
13 would be able -- at one point I know when Former
14 Chair Kawano was still with us, he had, I guess,
15 made a decision because the technology wasn't
16 adequate, whatever, for videoconferencing, and
17 particularly when people have to travel from
18 Hana, when they have to come from Molokai, when
19 they have to come from Lanai because travel is
20 very difficult. To try to accommodate our
21 constituents, is there anything that we should be
22 looking at putting in this budget that we could
23 at least accommodate that to reduce some of the
24 travel time and expense that some of our
25 testifiers have so that we could do

1 videoconferencing?

2 MR. FUKUOKA: This is one of the areas that we are
3 behind on. I think the effort was to try to
4 establish some sort of communications system that
5 could be used in meetings. If the Council itself
6 were to be split, you know, a Council Member on
7 another island and we were to have a meeting like
8 that, there are very specific requirements that
9 have to be met.

10 What we are trying to do right now is
11 size up a system or try to project -- trying to
12 see what would happen if we tried to develop a
13 system or a system that would allow people to
14 testify, but that would not be necessarily to the
15 level of having members being able to be
16 separate -- separated. And that is something
17 that we had started consideration of some time
18 ago and, again, you know, it's one of those
19 long-term, important things that get sidelined by
20 urgencies.

21 When I heard that this was a question,
22 that I think the Chair was interested in, we
23 decided to move that up the priority, which is
24 not a great way to do it, but that's what
25 happened, and so we are looking at that very

1 issue. The question is how can we get to the
2 point of having testifiers on other islands
3 testify to the Council without a full
4 implementation of this videoconferencing
5 requirement as it's stated in the Sunshine Law,
6 which is very specific and it looks a little
7 difficult to manage actually.

8 COUNCILMEMBER JOHNSON: Yes. I would not be looking
9 at Council Members, but I would be looking at
10 almost like a videotaped testimony, you know,
11 just from a remote location. Oftentimes, what we
12 will do is we'll have our teleconferencing for
13 different resource people and that's where I
14 would really be looking at it. But if it's
15 possible to do within the Sunshine Law, at least
16 for the testifiers, not the full-on
17 implementation, I would be very interested in
18 knowing what the costs were so that we could
19 consider that, because I think that because the
20 flight time now it's very difficult. I just
21 think it's getting increasingly complicated for
22 people to come here. And, you know, even in
23 Kaupo.

24 I mean, if people are cut off, and yet
25 they want to testify, we should be accommodating

1 every possible request. So I would really want
2 to see that, and -- so that we could add that,
3 Mr. Chair, into a budget item for consideration
4 in this area.

5 Thank you.

6 CHAIR PONTANILLA: Thank you, Member Johnson.

7 Member Baisa.

8 COUNCILMEMBER BAISA: Thank you, Chair. Just a couple
9 of basic questions and comments.

10 First of all, how is the budget put
11 together -- and I'd like to know how that process
12 works? Does anyone ask the Council Members their
13 opinion on whether the line items are sufficient
14 or to add, you know, things in before the budget
15 is finally drafted and submitted?

16 MR. FUKUOKA: Mr. Chairman, the answer is, no. We --
17 what we do is we put it together based on what we
18 know of the Council's priorities and then we
19 count on the members to actually change it now.

20 COUNCILMEMBER BAISA: Okay. So then this is the time
21 where the Council Members actually have input?

22 MR. FUKUOKA: Right.

23 COUNCILMEMBER BAISA: Thank you.

24 The next question I --

25 MR. FUKUOKA: I'm sorry, if I may interrupt. Not that

1 that maybe should be the way to do it, but that's
2 the way it works out.

3 COUNCILMEMBER BAISA: Well, it's okay. We might as
4 well be realistic. If that's how it's done,
5 that's how it's done. Then I, as a new Council
6 Member, know how the process works. I kind of
7 figured out like we missed out because we weren't
8 here when it was being discussed.

9 The other comment I have is on Akaku.
10 I'm looking at the March 28th memo and the matrix
11 that you have attached to it for professional
12 services and I'm on Page 3 at the top. And I
13 believe I heard earlier something about closed
14 captioning and that concerns me.

15 Is it optional whether we use closed
16 captioning or not because of the ADA?

17 MR. FUKUOKA: If it's demanded, we have to include it,
18 yes.

19 COUNCILMEMBER BAISA: I see. And it's only upon
20 request that we do it?

21 MR. FUKUOKA: Currently, it's only on request.

22 COUNCILMEMBER BAISA: And that's acceptable?

23 MR. FUKUOKA: That's my understanding.

24 COUNCILMEMBER BAISA: Because, you know, I'm very
25 concerned that we comply with ADA and that we

1 don't have somebody suing us for not making our
2 meetings accessible.

3 The other things was, I've been attending
4 the District Budget meetings and I notice that
5 most of them are not being recorded. In fact,
6 the only one was the Paia one and I'm wondering
7 why, if we have money we are not using it for
8 that. Because to me that's the ultimate Sunshine
9 Law compliance is that the public has the
10 opportunity to view these meetings because they
11 help to frame the budget.

12 MR. FUKUOKA: I don't have an answer to that. I'll
13 have to get back to you. I don't know. I know
14 that there is -- not all members see this the
15 same way. Some members feel that money should be
16 put into meetings where the members have to be
17 debating, discussing issues, and meetings where
18 what's being done is -- public input is being
19 taken are not as important to televise so that --
20 but other members feel that everything ought to
21 be televised to the extent that it is technically
22 feasible.

23 COUNCILMEMBER BAISA: I understand that there never is
24 100 percent agreement on how we look at anything,
25 but my take on it is that wherever I go, people

1 tell me, oh, I saw your meeting, I heard you say
2 this, or -- I think Akaku, although I know it's a
3 debatable question and some people feel that it's
4 a mechanism that makes the Council Members talk
5 too long and say too much and pontificate or
6 whatever you want to call it and that we use it
7 as a means to, you know, deliver our message to
8 the public rather than, you know, having the
9 public access to what's actually going on here.

10 But I personally, like I said, am often
11 told in the public, you know, I saw this, and I
12 want to tell you about this. And so I am all for
13 broadcasting the District Budget meetings,
14 because it would show people what the needs of
15 the community are and how we try to fix those.

16 Thank you.

17 CHAIR PONTANILLA: Thank you, Member Baisa.

18 Member Anderson.

19 COUNCILMEMBER ANDERSON: Thank you, Chair.

20 You know, I just want to follow up a bit
21 on that videoconferencing discussion, because
22 it's my recollection we -- you know, we discussed
23 this, I don't know, the days are all a blur now.

24 What day is this anyway?

25 CHAIR PONTANILLA: The day that we go to South Maui.

1 COUNCILMEMBER ANDERSON: Oh, yeah.

2 Anyway, it was a few days ago somewhere
3 back in the past that we were discussing
4 videoconferencing and the Mayor was down here.
5 And so I went up to rattle her brain a little
6 about it, because she was on the Council when
7 this was last discussed in some length, and she's
8 got a pretty darn good memory, because she
9 reminded me that the reason videoconferencing --
10 and this was brought up during Sol Kaho -- I'm
11 too tired to say those long Hawaiian names. I
12 can't move my tongue that way now.

13 Sol and Kalani English were on the
14 Council and they're the ones that brought forward
15 the whole videoconferencing concept and we got
16 the equipment and everything was in place, and I
17 think the first time we really tried to implement
18 it Charmaine was somewhere off island and was
19 needed for a meeting and I guess -- whatever the
20 reason was, and she wanted the ability to call in
21 and be a part of the meeting. And I'm assuming
22 Office of Council Services sought the input of
23 Office of Information Practices and they said --
24 OIP said that -- which I find just unbelievable,
25 that if there was any break in the connection

1 during the meeting, that the whole meeting would
2 have to be canceled. And so I think that that's
3 the hurdle that we need to be looking at and
4 seeing, you know, if we can't get over that
5 hurdle, where do we go from there but nowhere?

6 MR. FUKUOKA: Mr. Chairman, if I may?

7 CHAIR PONTANILLA: Director.

8 MR. FUKUOKA: Actually, that law was changed two years
9 ago and replaced with a slightly more workable
10 way of doing it. And, you know, I can go through
11 it with you folks separately. But it still
12 creates certain difficulties, primarily in the
13 requirement that you have to be able to transfer
14 written documents from site to site within 15
15 minutes. But if you -- the new law basically
16 says that if you can maintain audio contact --
17 not video contact, audio contact, then, you know,
18 subject to other requirements, you know, you can
19 continue. So that real difficult requirement was
20 eliminated. Still --

21 COUNCILMEMBER ANDERSON: And was that Chapter 92, the
22 law that you're quoting?

23 MR. FUKUOKA: The Sunshine Law.

24 COUNCILMEMBER ANDERSON: So the change was in Chapter
25 92?

1 MR. FUKUOKA: Right, right.

2 But any system like this requires a whole
3 lot of changes. You're going to need staff over
4 there, you're going to have to have a facility,
5 you have to have noticing procedures, all of
6 that. Not that those are not doable. But what I
7 was hoping was that in implementing a system
8 where, not the members, but the testifiers would
9 be able to be at that remote site, then somehow
10 the requirements would be lower and that we could
11 gain experience through a system like that and
12 then move up to a system that would allow members
13 to actually be on other islands.

14 This incremental kind of approach, I
15 guess, is real typical of me. But, you know, it
16 is the least risk way of doing it. That's what
17 we are trying to define right now.

18 COUNCILMEMBER ANDERSON: Trying to define what?

19 MR. FUKUOKA: A system that would be that sort of
20 system, where a testifier would be able to
21 testify from another island and we wouldn't have
22 restrictions -- well, we need to see what kind of
23 restrictions there would be, and so that requires
24 some study. That's what they're doing now.
25 That's what we're doing now.

1 COUNCILMEMBER ANDERSON: Okay. Well, you know, we
2 already have staff, we already have facilities,
3 they've got fax machines, they've got computers,
4 we got the equipment. So I hope the study
5 doesn't take too long, because it seems to me
6 that we have all the elements in place, we just
7 need to go forward and get it done.

8 The other question I had was -- and I
9 just -- we're in operations, Chair, right? So I
10 just want some brief explanation of these three
11 different accounts so it's clear in my mind.

12 I'm on Page 3-4 of the details and under
13 item 6112, contractual services, we are going
14 from 169,550 to 193,427. What specifically falls
15 under this category, Mr. Director?

16 MR. FUKUOKA: You know, I'm going to have to ask for
17 help on this. Just a second, please.

18 Okay. The explanation is on page -- the
19 March 28 memo, there is a spreadsheet attached to
20 that. On Page 2 of the spreadsheet, there are
21 two numbers in the request column. One is about
22 37,000 and one is 156,000. So there are actually
23 two items there and together those items make up
24 this amount that you're talking about. That's
25 the explanation.

1 COUNCILMEMBER ANDERSON: Could you just give that to
2 us verbally, because people are listening and
3 can't see that spreadsheet.

4 MR. FUKUOKA: Okay. Okay. Referring to the Fiscal
5 Year 2008 request, 37,300 is for the LAN
6 consulting services. It's a computer system
7 within the office.

8 And the 156,127 is for transcription
9 services and court reporter transcription
10 services and that's for preparation of minutes.

11 COUNCILMEMBER ANDERSON: Okay, thank you.

12 And then on professional services below
13 that, Mr. Director, 6132, we went from 242,000 in
14 '07 to 195,100 in '08?

15 MR. FUKUOKA: Right. This is a re-estimate of the --
16 the Akaku contract, the Akaku expenditures.

17 COUNCILMEMBER ANDERSON: A re-estimate? Why has it
18 gone down? I mean, did we not use the 242?

19 MR. FUKUOKA: I think we had a new contract which
20 the -- we went through a procurement on this, and
21 under the new contract the per meeting costs were
22 less because some of the costs for Akaku are,
23 from their end, thought to be covered by the
24 franchise, the revenues from the cable TV
25 franchise.

1 COUNCILMEMBER ANDERSON: But it doesn't reflect a
2 decrease in services in any way?

3 MR. FUKUOKA: No.

4 COUNCILMEMBER ANDERSON: Okay, great.

5 And then on excess mileage, 6254, there
6 was nothing in the previous two years and now we
7 have 41,500. Would you explain that, please?

8 It's a sub item 6254 under travel.

9 MR. FUKUOKA: 6254. This, I believe, is the members'
10 commute adjustment. There it is.

11 CHAIR PONTANILLA: Michelle, Page 6.

12 MR. FUKUOKA: I'm sorry, let me let Martha Okuda, who
13 is the account -- I'm sorry, Martha Suzuki --
14 sorry, Ian, -- who is the supervisor of the
15 Support Section deal with this question.

16 MS. SUZUKI: Mr. Chair, if I may? Previously the --
17 the budget for mileage was sitting in 6204, which
18 is actually from -- for business to business, but
19 we found that most of the travel for the members
20 were really residence to business, so we shifted
21 it from 6204 to 6254. So that's why.

22 COUNCILMEMBER ANDERSON: Thank you. That explains it.
23 Thank you.

24 And then one last question, Chair. Under
25 6132, other legislative program services, at the

1 bottom of 3-4, sub item 6132, professional
2 services. We have 192,000 for '08. What
3 specifically is that for?

4 MR. FUKUOKA: This is what was supposed to have been a
5 \$200,000 amount for special counsel in case the
6 Council got into a litigation issue, and this is
7 where I made the computational error where 7,900
8 ended up being dropped. So it's just my mistake
9 in calculating it.

10 COUNCILMEMBER ANDERSON: But this is for special
11 counsel should we need it?

12 MR. FUKUOKA: Right.

13 COUNCILMEMBER ANDERSON: Okay. Thank you very much.
14 I'm finished, thank you.

15 CHAIR PONTANILLA: Thank you, Member Anderson.
16 Member Mateo.

17 COUNCILMEMBER MATEO: Thank you, Chairman.

18 Mr. Fukuoka, I really appreciate your
19 conservative approach in addressing your budget
20 considerations, but my -- my -- I guess, my worry
21 at this point would be that you're not backing
22 yourself in a corner where -- you know, in order
23 to provide the incentives, in order to provide
24 the training, in order to provide considerations
25 of videoconferencing in order to provide services

1 to enhance your staff, that all of these
2 considerations are not being fully addressed
3 because of your limitation to your budget
4 considerations. And that's kind of what concerns
5 me.

6 I agree with Member Johnson. I think we
7 need to take a look at being able to provide
8 those additional services and considerations, but
9 your budget is very lean. When you look at a 5.2
10 percent increase from fiscal year to fiscal year,
11 I don't know how effective that will be in terms
12 of meeting some of the items that needs to be
13 aggressively pursued, like the continuing of the
14 videoconferencing, et cetera.

15 So, though I appreciate the conservatism,
16 I kind of hope you're not going to be caught
17 short by not being able to pursue the additional
18 programs, services, et cetera, that could be done
19 in this '08 Fiscal Year.

20 Would you be able to comment?

21 MR. FUKUOKA: The natural inclination for me is not to
22 embarrass the Council by asking for something I
23 don't have need for. On the other hand, we are
24 in a somewhat unique position of being able to
25 ask the Council practically any time during the

1 year if money is needed. And what ends up
2 happening is, as the year progresses, you find
3 that some items get expended out and some items
4 are not expended and so money becomes available.

5 Unlike the Administration, we are not
6 forced to set aside by a central office a certain
7 amount of our budget in order to make the
8 carryover savings amount for the next budget. So
9 to some degree, you know, we have that kind of
10 flexibility.

11 I can, you know -- I'm glad to have the
12 office work with any member who wants to come up
13 with an expenditure proposal right now. I am
14 looking at some things. It's just that I'm not
15 ready to report them to you. But in terms of
16 the -- in terms of the staff, I do think that
17 what we just need is more resources, in other
18 words, more people, more hours, and a greater
19 focus on the work to do.

20 COUNCILMEMBER MATEO: Okay. No. Thank you,
21 Mr. Fukuoka. As long as you're comfortable in --
22 in your -- in your budget proposal, in being --
23 in knowing, because this body works with your --
24 with you as well as with all of your staff
25 themselves, so we have -- we have an

1 understanding of the needs of OCS. As long as
2 you are confident as the Director that your
3 budget is able to take care of those specific
4 needs, then I don't have a problem with your
5 budget, as long as you are confident that you
6 have gotten the abilities, the tools, and the
7 finances to get the job done, then I will support
8 your budget, Mr. Fukuoka.

9 MR. FUKUOKA: If I may, you know, what I can justify I
10 will ask for.

11 CHAIR PONTANILLA: Thank you.

12 COUNCILMEMBER MATEO: Thank you.

13 CHAIR PONTANILLA: Thank you, Member Mateo.

14 Members, if you do have any more
15 questions on the B account, if you can forward
16 those questions to the Chair, we will get answers
17 from the Department.

18 Mr. Fukuoka, I just want to say thank you
19 for being so conservative. It seems like every
20 other department is going out of whack.

21 Members, let's go into the C account.

22 Member Molina.

23 COUNCILMEMBER MOLINA: No questions.

24 CHAIR PONTANILLA: Member Medeiros?

25 COUNCILMEMBER MEDEIROS: Chair, thank you, but no

1 questions at this time.

2 CHAIR PONTANILLA: Member Johnson.

3 COUNCILMEMBER JOHNSON: Because we are doing a lot of
4 our transfer, I guess, of information, document
5 storage, your budget went down a little bit, I
6 guess \$7,180. Is there any need to look at
7 accelerating some of our archiving of some of our
8 documents or document storage?

9 CHAIR PONTANILLA: Director.

10 MR. FUKUOKA: Chairman, the archiving process or the
11 program to store and eventually dispose of the
12 hard copies of documents is yet another of the
13 important, but non-urgent issues, and this is
14 what we need to focus on. It's -- it has to do
15 with -- in the period of the transition from
16 whatever system we have now to whatever system we
17 think we can live with.

18 It's going to have to be double work.
19 There's going to be a period of time when we are
20 running parallel systems, and, you know, it's
21 difficult to arrange that. That takes time.
22 That takes management time. And it takes
23 resources to be able to arrange for the
24 procedures and then to train people, to make the
25 procedures -- to convince the members it's the

1 right thing to do, and so that's what we need to
2 concentrate on. It's one of those projects that
3 we need to do, but we are not there.

4 COUNCILMEMBER JOHNSON: Yeah, and, again, if you're
5 looking at doing this in-house, I would be
6 looking at a request for proposal to have an
7 outside entity come in and gradually do a lot of
8 the archiving, you know, do a lot of the grunt
9 work, if you will, to actually accomplish that
10 task, the scanning, you know, and you need the
11 proper equipment to do that, so that's where my
12 thought would be. Instead of adding more to your
13 burden, I would be looking at working smarter,
14 not harder. And that's just my two cents.

15 But I would seriously like to see us move
16 in that direction, because it seems like that's
17 the trend. Even to just do document searches, I
18 think would be really -- it would be very
19 helpful, because instead of us pouring through
20 boxes. I mean, between Councilmember Anderson
21 and my office I think we have -- we have a lot of
22 paper, and sometimes just for us to find what we
23 need to find it's difficult.

24 So anyway, I hope that at some point we
25 can move in that direction.

1 CHAIR PONTANILLA: Thank you, Member Johnson.

2 Member Anderson.

3 COUNCILMEMBER ANDERSON: Thank you, Chair.

4 I don't know that this goes under
5 equipment, but in my mind it does.

6 What's the purpose of closing off the
7 entrances to the Council Members' offices?

8 CHAIR PONTANILLA: Director.

9 MR. FUKUOKA: The purpose is to allow an option to the
10 members to secure the area of the hallway in
11 front of your offices and the back lounge. At
12 varying times what happens is people do want or
13 do become concerned about that kind of security.
14 And I don't think there is that urge right now,
15 but when it does happen, the thought is we should
16 be ready for it.

17 All of the floors of the County building,
18 I think, are slowly graduating -- I mean,
19 gradually moving toward that kind of arrangement
20 where the office spaces are secured, so that's a
21 part of that.

22 COUNCILMEMBER ANDERSON: Well, you know, there was a
23 time not that long ago when the whole 8th floor
24 was closed off to the public, Mr. Chair, and as I
25 recall, Tom Morrow and Wayne Nishiki fought to

1 get the 8th floor opened to the public.

2 After all, we are here to serve the
3 public and if they can't access our offices --
4 freely access our offices, you know, it just puts
5 a bad taste in the public's mouth and it puts a
6 bad taste in my mouth. I like the idea that the
7 public can walk in and go to our offices and talk
8 with our staff and the way it's being set up now
9 eventually there will be doors in those walls and
10 people won't be able to access our offices.

11 They'll have to have an appointment or
12 call the office to get someone to open the door
13 for them. So, you know, I appreciate the concern
14 for security, but I think it's -- it's going too
15 far and it would have been fine to close off the
16 back. And, you know, if people are concerned
17 about security, all they've got to do is shut
18 their door and lock it, so -- I don't recall any
19 of the members being asked about whether or not
20 they wanted this to happen.

21 So I think what we are doing is going
22 backwards because now we are shutting off the
23 offices just like it was when the 8th floor was
24 closed, so -- I just wanted to express my
25 feelings on that and I would hope that maybe the

1 members would be polled to see how they feel
2 about it before you put doors up and lock it.

3 CHAIR PONTANILLA: Thank you, Member Anderson.

4 We will pose a question to the Director.

5 COUNCILMEMBER ANDERSON: Thank you.

6 CHAIR PONTANILLA: Member Mateo.

7 COUNCILMEMBER MATEO: No.

8 CHAIR PONTANILLA: Thank you, Members. That concludes
9 the C account and that concludes the Department's
10 review this morning. I'd like to thank
11 Mr. Fukuoka for being here.

12 Members, the Chair is aware of the time
13 and we haven't had our morning break. We will
14 take a 10-minute recess and come back for the
15 Water Rates Study. So, Members, this meeting is
16 in recess. ...(gavel)...

17 RECESS: 10:58 a.m.

18 RECONVENE: 11:13 a.m.

19 CHAIR PONTANILLA: ...(gavel)... The Budget and
20 Finance Committee meeting is now reconvened.
21 Thank you, Members, for the recess. It's late
22 morning, we do have the Water Department with us.
23 We do have the Director, Mr. Eng, as well as
24 members of his Department. So at this time, I
25 would like to call on Mr. Eng to introduce people

1 that are with you this morning.

2 MR. ENG: Thank you, Chairman Pontanilla. Good
3 morning, Committee Members. Yes, I would like to
4 introduce my staff that will be here today.
5 You'll get an opportunity to meet them
6 individually as we go through this review.

7 To my immediate right is our
8 Administrative Officer, Jacky Takakura. She'll
9 be giving a real brief overview of the Department
10 so we can all be familiarized with our various
11 programs. To her right is Deputy Director Eric
12 Yamashige, and in the gallery is our Plant
13 Operations Program Manager, Joe Mendonca, our
14 Field Operations Program Manager, Bobby Vida, our
15 Engineering Program Manager, Alva Nakamura, our
16 Fiscal and Customer Service Program Manager,
17 Holly Perdido, our Water Treatment Plant Program
18 Manager, Paul Seitz. And we also have today our
19 consultant from R.W. Beck, Ann Miyahira Hajnosz.

20 At this time, again, I'd like to
21 introduce Jacky Takakura to offer you a brief
22 overview of our Department and the various
23 programs.

24 CHAIR PONTANILLA: Jacky.

25 MS. TAKAKURA: Good morning, everyone. I'm going to

1 give you a quick overview of the Department of
2 Water Supply. If you have a handout, you should
3 be able to follow along as I go through. The
4 Department of Water Supply, County of Maui,
5 provides water for 33,675 metered services, that
6 would be families and businesses, throughout Maui
7 and Molokai. The goal of our 173 employees is to
8 provide clean water efficiently.

9 I'll briefly go over the six divisions of
10 the Department to give you an idea of what we do
11 and why. On Page 3 of the handout you will see
12 details about our engineering staff. They review
13 design and construction plans, implement our
14 Capital Improvement Program and make sure the
15 system can meet the needs of the community. They
16 also work together with fiscal staff for meter
17 installation.

18 Fiscal, which is on Page 4, takes care of
19 many different aspects of our finances, including
20 budgeting, the audit, processing payments, meter
21 reading and customer service. They make sure
22 that we comply with GAAP or Generally Accepted
23 Accounting Principles and with Government Utility
24 Accounting Standards so that every dollar from
25 our customers is accounted for. I'm proud to say

1 that we have had a clean audit with no exception
2 for five years in a row.

3 Page 6, our Water Resources and Planning
4 personnel work to make sure that our long-term
5 resources are protected. Our rain forests here
6 on Maui and Molokai are our most precious
7 resources and we are actively involved with other
8 organizations to ensure their sustainability. In
9 fact, the Department of Water Supply is a member
10 of five watershed partnerships and we are
11 considered one of the pioneers in the State for
12 developing watershed partnerships. Planning
13 staff also review permits to make sure that our
14 long-term water resources are adequate for
15 upcoming projects.

16 Page 7 details the largest group of our
17 operations, field operations. They have 75
18 positions. These employees maintain our 750
19 miles of water lines and 143 water storage tanks,
20 which is shown on Page 8. They also do
21 construction projects in-house which saves us
22 money, especially with today's high construction
23 costs. With the necessary resources we hope to
24 expand on this in the future, because we have
25 skilled employees who can do the job effectively

1 and efficiently.

2 Now we are on Page 9, the handout. Plant
3 Operations takes care of the wells throughout
4 Maui and Molokai. They make sure the pumps
5 operate and move the water to where it is needed.

6 On Page 10 you can see the computer
7 monitoring system which our staff developed and
8 implemented to oversee the water system. This
9 has saved us considerable time and money.

10 Now, Page 11. The employees at the
11 laboratory take thousands of samples every year
12 to make sure our water meets all State and
13 Federal drinking water quality standards.
14 They're out there collecting samples every day.

15 On Page 12 you can see our third
16 operations group, the Water Treatment Division.
17 These employees run the six surface water
18 filtration facilities on Maui. They continue to
19 work on improving and upgrading our facilities to
20 meet State and Federal rules.

21 Please take a few minutes to review the
22 details on the handout. There's a lot more
23 information about us in there. All of us at the
24 Department of Water Supply strive to maintain
25 reliable and adequate service so that our

1 customers now and in the future have the best
2 quality water that we can provide.

3 MR. ENG: Great. Thank you, Jacky.

4 CHAIR PONTANILLA: Jeff, before you go any further, I
5 just want to thank you, Jacky, for that brief
6 overview.

7 And, Members, this morning we're going to
8 do the Water Rate Study and we are going to go
9 until 12:00 with this Water Rate Study and then
10 this afternoon we will come back with the
11 Department in regards to the different programs
12 that they have and also have them provide us, if
13 you do have any questions in regards to that
14 brief overview.

15 Jeff.

16 MR. ENG: Thank you, Chairman Pontanilla.

17 At this time I'd like to invite Ms. Ann
18 Hajnosz to join me at the table. She will later
19 explain the new rate design.

20 If you continue with the handout that
21 you're referring to, we now have the -- I'd like
22 to walk you through the proposed rate study and
23 design.

24 The Department of Water Supply is
25 authorized to fix and adjust rates for the

1 furnishing of water and water service so that
2 revenues are sufficient to make the Department
3 financially self-sufficient. This rate study and
4 proposed rate schedules were presented to the
5 Board of Water Supply in December 2006.

6 In January 2007, the Board approved the
7 final rate recommendation and, along with the
8 budget, it was approved by the Mayor in February,
9 2007.

10 R.W. Beck was retained by the Department
11 in 2006 for this latest rate study, which
12 resulted in the following recommendations. So if
13 we can refer to that first page of this section,
14 it's -- the title is Water Rate Proposal.

15 COUNCILMEMBER ANDERSON: Excuse me, Chair. I'm not
16 clear on the handout or the Beck study?

17 MR. ENG: In the handout, please.

18 CHAIR PONTANILLA: If you can give us a page number.

19 MR. ENG: It's Page 14.

20 CHAIR PONTANILLA: Thank you.

21 MR. ENG: Sorry.

22 The Water Rate Study recommended the
23 following: The implementation of a new single
24 family rate class and a new rate structure.
25 Revise the rate blocks for general rates and

1 agriculture. A cost of power charge, which will
2 be separated from the consumption charge. The
3 system-wide rate increase will be 18 percent,
4 which comes out to \$6.7 million in additional
5 water revenues.

6 In regard to the individual rate classes,
7 the general use rate increase will be 20.8
8 percent, the agricultural rate will increase 8.4
9 percent, the non-potable rate will increase 8.2
10 percent and the single family rate will increase
11 19.4 percent.

12 If you can look at the next slide,
13 please. In developing the new rates certain
14 assumptions were made. The number of services
15 were projected to grow at 1.75 percent per year.
16 Water sales were projected to grow at 1.25
17 percent per year. The Department's operating
18 expenses were projected to increase at 4.7
19 percent per year. Additional water sales
20 revenues will fund 3.0 million of our \$24.7
21 million '08 capital budget. The debt service
22 coverage target will be 1.25, and this debt
23 service target ratio is the net operating income
24 divided by the total debt service.

25 If you look at the next slide, that slide

1 shows the historical and the projected rate
2 increases. So for 2008 you will see the 18
3 percent increase and then in future years, it
4 will be declining. And, again, basically the
5 rates are set as a function of our total revenue
6 requirements.

7 Next slide, please. Capital funding is
8 provided by the following sources: The Revenue
9 Fund, which is for replacement CIP projects.
10 That is in the amount of \$4.2 million. The Water
11 System Development Fee Fund, and these are fees
12 collected from new water services. That will
13 amount to \$3.7 million. The Safe Drinking Water
14 low interest loans, which will amount to \$8.0
15 million. Other sources of 0.2 million, and bond
16 funds of \$8.6 million.

17 We are often asked if the additional \$6.7
18 million in rate revenues will be used for
19 growth-related CIP and that is water system --
20 system expansion projects, and the answer is, no.
21 3.0 million of the 6.7 in additional revenue will
22 be used to fund replacement-related CIP projects
23 and these type of projects benefit existing
24 customers.

25 Conversely we are asked how, then, is

1 growth-related CIP funded? Growth-related is a
2 system expansion based on new development.
3 Growth-related CIP is funded from water system
4 development fee revenues. Revenues from these
5 fees are estimated to be 4.0 million per year.

6 At this time I would like to turn the
7 presentation over to Ann, who will explain the
8 new rate design.

9 MS. HAJNOSZ: Thanks, Jeff. Good morning, Chair
10 Pontanilla and good morning Members of the County
11 Council. We are still -- we are on Page 17, the
12 second slide. And my part of the presentation is
13 going to talk about the rate design that went
14 into the new rate structure.

15 First of all, we see the benefits of the
16 proposed rate structures as being threefold.
17 First of all, the rate structure is going to send
18 a strong conservation message to high users in
19 the new single family customer class. The rate
20 structure, secondly, is going to maintain a
21 relatively low water bill for lower water users
22 in the single family class. And this was
23 specifically talked about at the Board and the
24 Department as being one of the priorities.

25 And finally, in this age of rising power

1 costs we felt it was really important to get a
2 message out to water consumers that there is a
3 fairly high cost of power involved in your water
4 bill. And so we are going to recommend that we
5 separate that cost of power charge on each bill.

6 Page 18. And so how did we end up
7 setting our single family class? What were the
8 things that we thought about? Well, the two key
9 data points are consumption levels for the single
10 family class, and the number of class -- the
11 number of customers in the single family class at
12 the various consumption levels. So those are the
13 two sort of benchmarks that we look at when we
14 design rates.

15 In the slide right below under the --
16 entitled Proposed Monthly Blocks, you will see
17 how we -- we are resetting the blocks. At the
18 very top you can see the existing gallons per
19 month. That's your existing rate blocks. To the
20 right of that you can see the proposed rate
21 blocks.

22 The General Rates are going to maintain
23 this three block rate structure, but instead of
24 going from 5,000 to 12,500 it's going to go from
25 5,000 to 15,000, okay. So we are going to give a

1 little bit more into the second block, okay.

2 The single family will also have that
3 same rate structure -- excuse me -- except the
4 third rate block you can see is only at 50 --
5 goes up to 50,000 and the fourth rate block,
6 which I think got cut off, will be anything over
7 50,000 gallons per month. So it is a four block
8 rate structure for the single family class.

9 Right below what we have tried to depict
10 is, you know, how we do our -- this is what we
11 call a bill frequency analysis where we look at
12 the -- the percent of customers for the general
13 family customers and the single family customers
14 and where they fall relative to their consumption
15 levels.

16 So, for example, on the left-hand side
17 graph you will see the General Rates customers,
18 we depict the existing rate structure and we --
19 and right next to it is the proposed rate
20 structure. There's very little difference. And
21 you can see the first -- the first block is the
22 very bottom block, the second block is your
23 second little block there and the third block, of
24 course, as everyone knows, the majority of the
25 consumption in the general service rates comes in

1 that third block. And so the only real
2 difference, as you can see in the proposed side,
3 that second block is a little bit bigger.

4 We do the same analysis for the single
5 family rates for percent of customers. You can
6 see under existing you've got that nice
7 stratification of first block, second block,
8 third block. In the proposed side of the graph
9 you can see the first block is exactly the same,
10 the second block is a little bit bigger, you've
11 got a third block that goes up to the 50,000
12 usage level and then that really small sliver at
13 the top pretty much depicts how many -- what
14 percent of the single family customers are going
15 to be in that block. And right now that shows
16 about 4 percent. And that is within our
17 benchmark of 5 percent. We like to see about 5
18 percent or less of the single family customers in
19 that class. So that's -- those are the people
20 that are really going to be impacted by this high
21 fourth block.

22 Okay. Similarly on the second graph to
23 the right we look at the consumption levels of
24 the various classes, general service and single
25 family. Our goal for the consumption is that no

1 more than 15 percent of the consumption falls in
2 the top fourth block.

3 So general service we know most of their
4 consumption is in that third block, but in the
5 single family you can see that under the proposed
6 rate we are going to have about 17 percent in
7 that top block. It's a little bit more than we
8 would like, but we are balancing that with the
9 fact that we have got less than 5 percent of the
10 customers in that block. I know it's a little
11 complicated. If you have got questions on that,
12 we can certainly revisit it.

13 Okay. The third part of the rate
14 structure is that we are introducing a cost of
15 power charge. And the goal of this is to
16 identify the power portion on the -- on the
17 customer's bill, because typically your total
18 usage charge is made up of a power portion and a
19 consumption portion. So we are basically going
20 to just break those two pieces out.

21 It provides the department the ability to
22 specifically raise just the power costs. So for
23 example, next year rolls around, if your
24 operating costs are not going up as projected,
25 but we -- but the power cost goes up much higher,

1 then we can just increase that power cost
2 portion, and that will send a signal to consumers
3 that, hey, we are keeping a lid on operating
4 costs, but we can't do anything about the power
5 cost. You know, it's just a pass through from
6 MECO. So we are going to send that signal that
7 that's what the power cost is.

8 Right now for Fiscal Year '08 it's
9 estimated about a dollar per thousand gallons.
10 The rate proposal -- excuse me -- shows .9 or 90
11 cents per thousand gallons, but that was sort of
12 based on some preliminary numbers, so we decided
13 we are just going to stick with the 90 cents for
14 now. And this is on Page 19, excuse me.

15 It shows you the existing rates. The
16 monthly water service charge, that rate structure
17 is not going to change. It stays exactly the way
18 it is. The numbers will change, but the rate
19 structure stays the same.

20 The bimonthly water usage charges, as I
21 indicated earlier, we are going to split the
22 general rates between single family and general
23 rates and we will add a single -- a fourth block
24 for the single family.

25 On to Page 20. The top slide shows you

1 the proposed rates to be effective July 1st,
2 2007. The monthly service charges you can see
3 the existing versus proposed rates. We really
4 tried to keep that first 5/8th inch charge
5 relatively low again, and so that got a less than
6 10 percent rate increase going from \$7 to \$7.50.

7 Everything else -- all the other meter
8 sizes got about a 20 percent rate increase.
9 That's relatively close to the system-wide of 18
10 percent.

11 On to the usage charges, you can see what
12 we are doing. We have got a single family rate
13 class now, that's a four block inverted block
14 rates. That means that the more water you, use
15 the higher your rate is.

16 And on a customer's bill, we are going to
17 split it into a consumption charge and a cost of
18 power charge. All the customers will be charged
19 the cost of power charge, the 90 cents per
20 thousand gallons. When you add those two up,
21 that's your total water charge. And so, for
22 example, the single family rates will be \$1.55,
23 which by the way is the exact same rate as it is
24 right now. We are not changing that first block,
25 again, to recognize that we want -- we don't want

1 this to be a hardship for those low water
2 users -- low income, low water users.

3 The next block is set at \$2.60, which is
4 pretty close to the cost of service that we came
5 up with as documented in our rate report, and
6 then the third and fourth blocks, you will see,
7 are increasingly higher to recognize that if
8 you're an above average water user, we are
9 sending you a pretty strong signal that we would
10 like you to use water wisely. And so that's
11 going to really impact some of the people that
12 are over the 50,000 gallons per month.

13 General rates stays exactly the same in
14 terms of rate structure and, as you can see, we
15 have kept the same compatibility with the single
16 family rates for the first three blocks.

17 Agriculture and non-potable rates
18 maintain the same kind of subsidy that we have
19 had in the past, just to keep the policy
20 consistent with supporting agriculture. So the
21 first two blocks are the same, the \$1.55 and
22 \$2.60, and then the Board decided that for the
23 last block it would be equal to the cost of power
24 charge, the 90 cents.

25 And so what does this mean for the

1 typical bill payer? The next slide basically
2 shows you what the bill impacts would be for the
3 single family and general needs customers. And
4 I'd like to point out for the first three lines
5 5/8th inch single family, those customers that
6 are using between 15,000 and 60,000 gallons per
7 bimonthly period are going to see less than the
8 18 percent rate increase. Again, it's a nod to,
9 you know, those water users that are about
10 average or below. People using well above that
11 are going to see anything from the 18 percent up
12 to the 30 something percent.

13 For the General Rates category, that's
14 pretty much going to be about 18 percent for most
15 customers. Of course, the lower water users in
16 that category will benefit from the low rates in
17 the first two blocks, but pretty much we are
18 expecting about an 18 percent similar to the
19 system-wide increase for those customers.

20 On Page 21, at the very top are the
21 typical bill impacts for agriculture and
22 non-potable customers. You will see, as
23 expected, that they are showing, you know, less
24 than the system increase, pretty much across the
25 board.

1 And so finally, the rate recommendation
2 summary boils down to this. It fulfills six main
3 goals for the Water Department. It provides
4 financial self-sufficiency to the Department of
5 Water Supply; it provides a constant stream of
6 funds, as Jeff noted earlier, of about \$3 million
7 to the capital program; it supports a higher
8 level of CIP expenditures; and it continues to
9 support agriculture and low income customers; and
10 finally, it -- the real goal was to provide a
11 more conservation oriented rate structure for the
12 Department.

13 And with that we are open for questions.

14 Thank you.

15 CHAIR PONTANILLA: Thank you very much, Ann.

16 Members, starting with Member Molina, do
17 you have any questions regarding to what was
18 presented by Ms. Hajnosz?

19 COUNCILMEMBER MOLINA: Yes, Mr. Chairman.

20 And we are going to be asking questions
21 strictly on just the Water Rate Study?

22 CHAIR PONTANILLA: Exactly.

23 COUNCILMEMBER MOLINA: Okay. Thank you. Just so we
24 don't stray into other areas.

25 Good morning and -- well, I don't know

1 where to begin to be honest, but I guess with all
2 things being relative, eventually the cost of
3 services will have to be looked at.

4 MS. HAJNOSZ: Sure.

5 COUNCILMEMBER MOLINA: Anyway, my -- first of all,
6 thank you for coming down here and providing
7 clarification and having this Water Rate Study
8 done for us.

9 My first question is, you know, should
10 the water rate increase be approved? Now water
11 cust -- typical water customers, I guess, billing
12 based within the last three years, I guess it's
13 been averaging something like from \$450 to \$600
14 within the last three years. If we follow this
15 water rate study now -- and, I guess, for us as
16 decision makers we are going to have to present
17 this to the consumer.

18 And as you pointed out, half of the
19 additional revenue, I guess the \$6.6 million
20 additional revenue, that will go towards existing
21 infrastructure to upgrade that. So along with
22 that, what is the other justifications? Is it
23 just the cost of materials towards the
24 Department?

25 And this study that you've done,

1 Ms. Hajnosz, for other municipalities --

2 MS. HAJNOSZ: Yes.

3 COUNCILMEMBER MOLINA: -- is this typical of what's
4 found in other municipalities?

5 MS. HAJNOSZ: Yes.

6 COUNCILMEMBER MOLINA: So I don't know who wants to
7 start either, Director Eng, or --

8 MR. ENG: Yes, I'll take that, Member Molina.

9 The other impacts to our request for
10 additional revenue are for, as you pointed out
11 earlier, basically power costs. That's a
12 significant cost percentage of our operations.
13 And, again, \$3 million is going toward capital
14 improvements to basically replace our antiquated
15 facilities and then we have other things like
16 payroll.

17 In this current fiscal year we don't have
18 much more in additional debt service, but
19 primarily it's for capital improvements, energy
20 costs, and payroll.

21 COUNCILMEMBER MOLINA: And help you finding new water
22 sources or anything at this point?

23 MR. ENG: No, that would go under CIP. And, again,
24 that's part of these rates, too. But, again, we
25 would be just paying the debt service toward

1 that -- those CIP projects. So it's not a real,
2 real large impact on the rates.

3 COUNCILMEMBER MOLINA: Okay. And, you know, I ask
4 these questions, because we are also going to
5 have to be considering rate increases for, you
6 know, waste water, refuse collection and, of
7 course, we have had concerns expressed to us by
8 our constituents during the budget hearings about
9 the assessments for real property tax.

10 So factoring all of this in, some of our
11 citizens may feel that we are basically trying to
12 tax them out of their homes or whatever. So
13 please, you know, bear with me, and as the
14 elected officials we have to make these
15 decisions, we have to look at --

16 MR. ENG: I understand, Member Molina.

17 I think later this afternoon when we walk
18 through our various program budgets, you'll find
19 that our increases in operating expenses, the B
20 account, are fairly nominal. So as -- it's
21 basically -- electricity was a big hit that we
22 have been taking.

23 COUNCILMEMBER MOLINA: Yeah, an that would lead me to
24 my next question. This power rate charge, is
25 this being implemented in other municipalities as

1 well?

2 MS. HAJNOSZ: Yeah. I can answer that one. The other
3 counties in the State have a cost of power
4 adjustment clause, and as you know they are
5 semi-autonomous utilities and so they can raise
6 these -- their rates sort of independent of the
7 Council process.

8 So what they can do on an annual basis is
9 look at their cost of power, their previous cost
10 of power, prior year cost of power, they can look
11 at their future year cost of power and predict
12 what their -- their average cost of power is
13 going to be and just -- and make a change, okay,
14 just to that one charge. And that could be
15 independent of the rate process.

16 So they -- it's in their ordinance, it's
17 called a cost of power adjustment clause. The
18 Big Island has it, I think -- I don't know if
19 they've had it the longest, but I know Honolulu
20 Board of Water Supply has it and the County of
21 Kauai DOW has it as well. So all three of them
22 have this.

23 Your -- the County of Maui's is really
24 different in terms of it's -- it's just going to
25 be a line item on the customer's bill just to

1 give them sort of a heads up that out of your
2 total, you know, \$2.60 per thousand gallons, 90
3 cents of that is just for power, okay. And so
4 it's more of, you know, public information,
5 public education kind of thing versus what the
6 other counties have in terms of being able to
7 just raise that independent of their other rates.

8 COUNCILMEMBER MOLINA: Okay. And one more question,
9 Chair, before I yield.

10 CHAIR PONTANILLA: Go ahead.

11 COUNCILMEMBER MOLINA: To go into a little more
12 detail. I like this concept of the single family
13 customer class and how does it work in terms of
14 conserving water. And I guess with other
15 municipalities, I guess, you've also implemented
16 this type of class, and how has that worked out?

17 MS. HAJNOSZ: Yeah, most utilities, you know, will
18 have more stratification in their customer
19 classes. They'll have a single family customer
20 class. They'll have a multi-family customer
21 class. Some of them will have a commercial
22 customer class, you know, industrial, so there --
23 there can be a lot more stratification than what
24 we have.

25 And so the real goal of these single --

1 the real goal of having a single family customer
2 class is to isolate where you can have the most
3 conservation, water conservation. And typically
4 what you've seen is, you know, single family
5 customers have more discretionary use because of
6 their outdoor watering, right? And so
7 multi-family is not going to have as much
8 discretionary use, because they don't have lawns,
9 most of them don't. Industrial, commercial won't
10 have as much discretionary. They could,
11 depending on their business, but most of them, we
12 think, are probably putting in as many cost
13 saving devices as they probably possibly can,
14 right.

15 And so this is where the biggest
16 opportunity is for water conservation, in the
17 single family class. And so I think it works
18 extremely well to have specific rates targeted to
19 a specific customer class with specific user
20 characteristics and that would be the single
21 family class.

22 COUNCILMEMBER MOLINA: Thank you.

23 MS. HAJNOSZ: Does that make sense?

24 COUNCILMEMBER MOLINA: Yes. It's much clearer now.

25 Thank you very much, Ms. Hajnosz.

1 Thank you, Chairman.

2 CHAIR PONTANILLA: Thank you, Member Molina.

3 Member Medeiros.

4 COUNCILMEMBER MEDEIROS: Mahalo, Chair. I want to
5 follow up on Member Molina's questions on power
6 costs. Your basic power cost is just
7 electricity. Is that what comprises power costs?

8 MR. ENG: Yes. For this, what we are referring to is
9 basically our electricity cost mostly for
10 operating our pumps or wells, but we do have
11 in-plant electricity, but predominantly it's the
12 big pumps and motors.

13 COUNCILMEMBER MEDEIROS: Is there a part of the
14 equation an adjustment for that should your costs
15 of power go down?

16 MR. ENG: Well, right now it's like -- it seems like
17 we will probably be reviewing it annually as we
18 prepare the budgets. But ideally, you know, you
19 would want to do it more frequently if you had
20 the method to do so. Such as my former company I
21 worked for we adjusted power monthly. This is a
22 regulated utility, but because it was such a big
23 impact and the variances were sometimes so great,
24 rather than go in for rate increases and, you
25 know, the nine-month process of dealing with the

1 PUC, we had the approval by the PUC to do a
2 calculation and adjust the power costs monthly.

3 Ideally it would be something we would
4 want to consider, but I think it's just a
5 difficult task to do.

6 COUNCILMEMBER MEDEIROS: Okay. I'm glad you at least
7 thought about it, you know, that would have been
8 an option.

9 MS. HAJNOSZ: Excuse me, Councilmember Medeiros, I can
10 also elaborate because on the Big Island their
11 power charge enables them to go up or down. And
12 typically what the manager will do is they'll
13 look at what the estimate is for the power cost
14 charge and instead of charging the full amount --
15 because you really don't want to reduce your
16 rates. Once you set your rates, you know, either
17 keep them where they are or, you know, you have
18 to increase. He will set them at a lower rate,
19 you know, for the power piece of it.

20 COUNCILMEMBER MEDEIROS: Yeah, I think that's what I
21 was considering, that you're not really changing
22 the rate, but you're adjusting it according to
23 the cost to the Department. And I think our
24 consumers really would appreciate that, because
25 in our District Budget hearings, especially on

1 the districts like Hana and Molokai, they're
2 really concerned about the rates because they
3 already pay the highest rates for all kinds of
4 power and utilities. And any kind of increase
5 really affects, you know, their cost of living.
6 So I just want to be sure we are considering
7 everything.

8 Was there consideration of a rebate
9 system should -- to promote conservation? Like
10 if somebody really uses little water, I know you
11 lower the rate according to usage, but what about
12 a rebate system? People react more to a rebate
13 system than to a rate system.

14 MR. ENG: Member Medeiros, no, we didn't consider
15 that. But we did, again, consider to take care
16 of the low water consumer, lower income groups,
17 too. So we are sensitive to that. But, no, we
18 did not consider a rebate.

19 COUNCILMEMBER MEDEIROS: Okay. My next question is on
20 non-potable water. You know, I'm familiar with
21 non-potable water as reclaimed water, used for
22 irrigation, golf courses, construction, dust
23 control. With the Department, where is this
24 non-potable water and, you know, how do you
25 regulate that?

1 MR. ENG: The non-potable water is primarily the Kula
2 Ag operation up there.

3 COUNCILMEMBER MEDEIROS: So in other words, it's
4 treated different basically for agriculture?

5 MR. ENG: It's basically ag water. You know, it gets
6 the similar type of rates. It does require a lot
7 of pumping, so there are quite a bit of costs to
8 deliver water to that Kula Ag.

9 COUNCILMEMBER MEDEIROS: Thank you for that.

10 And what differentiates between single
11 family and general rates? Who are general rates
12 applied to?

13 MR. ENG: General rates could be illustrated as maybe
14 commercial. Something other than single family.
15 It could even be considered currently as
16 multi-family. Maybe down the road we may want to
17 have a separate multi-family class.

18 COUNCILMEMBER MEDEIROS: Okay. Thank you.

19 My last question, Chair, if I may?

20 CHAIR PONTANILLA: Go ahead.

21 COUNCILMEMBER MEDEIROS: I think it's commendable that
22 what the new rate structure will do is provide
23 some revenues for CIP projects; however, in the
24 outside districts, Hana, Molokai, Lanai, we hear
25 the concerns of those districts as, right, but we

1 don't see any CIP projects in those districts.
2 And they're wondering how they benefit. They pay
3 the higher rate, but they don't get a fair share,
4 according to them, of the CIP projects. How
5 would you answer that?

6 MR. ENG: Member Medeiros, in our '08 CIP project we
7 are planning to complete the development of the
8 Hamoa Well Number 2, so that is a significant
9 percentage of our total CIP going to Hana. So
10 I'm hoping that, you know, we can work together,
11 too, and you can identify more of your
12 community's needs.

13 COUNCILMEMBER MEDEIROS: Yeah. Certainly, I think we
14 will talk more about it when we get to CIP. But
15 thank you for the information.

16 Thank you, Chair.

17 CHAIR PONTANILLA: Thank you, Member Medeiros.

18 Member Johnson.

19 COUNCILMEMBER JOHNSON: Yes, because a lot of your
20 projections, you know, for what you'll receive in
21 revenues from any potential rate increase may
22 have an impact -- just the rate increase itself
23 may have an impact on your revenues. When you
24 look at the total budget that you've got and your
25 CIP project, specifically, how did you take into

1 consideration the fact that people will probably
2 reduce their usage to actually do demand site
3 management of their bill which would result in
4 less revenues, which might curtail CIP? How does
5 that impact --

6 MR. ENG: Well, Member Johnson, when we made our key
7 assumptions in developing the rates, you know, we
8 did make some projections on anticipated
9 increases in water sales and demands, so most of
10 those are factored in. Some, as you would
11 understand, would be a certain amount of guess
12 work. But we are curious to see how these new
13 rates will impact our demand.

14 But, if anything, it will help,
15 hopefully, control the sometimes explosive growth
16 of our water demand and that's what we would like
17 to see. But mostly also it is so we can have
18 some really significant measures to conserve
19 water in this community.

20 So, yeah, there is a lot guess work in
21 our projections right now and -- again, we are
22 hoping that we will see a significant reduction
23 in water demand without the impacts to our
24 revenues.

25 COUNCILMEMBER JOHNSON: Yeah. I guess, you know,

1 there really isn't any way to know, I guess,
2 until you actually implement it. But I'm hoping
3 that some of this will also reduce some of the
4 urgency for accelerating some of these CIP
5 projects, too, so --

6 With regard to your power cost and how
7 it's expressed -- I mean, I can envision people
8 listening to this meeting saying, oh, well,
9 that's my actual power cost for the water to come
10 to my house and it's going to be different for
11 everyone. It's just simply expressed as a
12 percentage of your total bill; is that correct?
13 And it would be the same calculation for everyone
14 based on their water usage, not based on the fact
15 that you live up in Kula, so it's going to cost
16 more on your bill than somebody living in Lahaina
17 where their water or their power cost would be
18 less; am I correct?

19 MR. ENG: That's correct, Member Johnson.

20 The 90 cents that you'll see on the bill
21 will be 90 cents per thousand gallons. So you'll
22 have the consumption charge of \$1 something per
23 thousand gallons and then the 90 cents times your
24 demand your per thousand gallons that you
25 utilized.

- 1 COUNCILMEMBER JOHNSON: Okay. So --
- 2 MR. ENG: So -- but it will be the same 90 cents
3 everywhere throughout the system.
- 4 COUNCILMEMBER JOHNSON: Yeah, because the question we
5 always get asked is, well, I don't live
6 Upcountry, why am I paying the same charge as
7 somebody that lives Upcountry because it costs
8 more to get the water, you know, in, let's say,
9 the higher elevation areas. So it's just -- the
10 rate is equally distributed amongst all users?
- 11 MR. ENG: That's correct.
- 12 COUNCILMEMBER JOHNSON: Okay. With regard to your ag
13 water rates, this is another question I know that
14 a lot of times people get confused about.
15 Agriculture water rates are for your potable
16 water, is that correct, or is it specifically for
17 your ag water?
- 18 MR. ENG: It is potable water.
- 19 COUNCILMEMBER JOHNSON: Yes. So if somebody has got a
20 really large crop and they have to use their
21 potable water to irrigate whatever their crop is
22 because they don't have surface water or other,
23 you know, ways to water their crops, they're
24 going to be impacted by this rate increase,
25 because it's going to be what, 5.2 percent or

1 8.2?

2 MR. ENG: Yes -- well, for the larger ag customer,
3 again, the rate goes up from 85 cents per
4 thousand gallons to 90 cents, so they really are
5 only paying the electricity portion of our costs.
6 So it's really a relatively small percentage.

7 COUNCILMEMBER JOHNSON: Yeah. Because I would be
8 really interested, you know, for somebody that's
9 doing legitimate agriculture operation and -- I
10 don't know, I guess because we have not yet
11 defined what that is, my concern is always that
12 you've got a guy who's got two palm trees. He's
13 said, I'm putting in ag dedication, buying land,
14 doing whatever. I want to know and I'm sure the
15 consumers want to know, well, look, I'm a farmer,
16 I've got crops, and particularly now with the
17 discussion about field crops or what people may
18 do to actually diversify small farming
19 operations, I want to be able to explain to them,
20 look, the guy with the swimming pool and the spa
21 and, you know, the 12 bedrooms that is -- they're
22 obviously not being used for farm workers. How
23 is that guy, you know, getting the same break or
24 getting the same rate and I'm here busting my
25 okole trying to keep my head above water doing my

1 little ag operation? How do I explain to my
2 constituents what we are doing to actually
3 protect the legitimate farming operation as
4 opposed to the fake farm?

5 MR. ENG: Yes, Member Johnson. Member Anderson's
6 Water Resources Committee is struggling with that
7 definition and I think we are all on the same
8 page, just trying to correct what might be a
9 wrong. And hopefully as we go through the -- the
10 Water Department's rules and make the proper
11 revisions we will be able to address that -- that
12 problem.

13 COUNCILMEMBER JOHNSON: But right now the way the rate
14 is structured does not address it?

15 MR. ENG: No, it doesn't.

16 COUNCILMEMBER JOHNSON: Okay. And my -- it doesn't
17 make me happy, but, you know, I'm looking at the
18 farmer. And, again, I think it was Mr. Medeiros
19 that said rebate. I'm going to call it something
20 different. I'm going to call it some type of an
21 eligible compensation for agriculture products
22 that are produced. So that, in other words, you
23 could actually file a form that you would be able
24 to get some type of further relief if you're
25 doing a legitimate farming operation. I'm not so

1 concerned about other things, but to try to find
2 some kind of mechanism. So that may be one of
3 the ways that I would be looking at to impact.

4 Yes, they've got to pay the rate
5 initially, but at least what is it in for them.
6 Because a lot of them are struggling now, you
7 know, just trying to -- and with all the Federal
8 farm bill cuts, they're really going to be
9 hurting. So that would be something I would be
10 interested in seeing.

11 And the final area is on, I guess --
12 well, no, I believe I went through -- I did go
13 through most of the questions that I had.
14 Because what I'm looking at is the overall impact
15 on the person's bill at the end of the month.
16 Oh, I know what it was.

17 We have some -- I'll just use an example,
18 Napilihau or other, you know, complexes that are
19 older. Because some complexes set their annual
20 budget, it was an issue that was raised to me,
21 they have maybe a different fiscal year than we
22 have. So what they do, and that complex in
23 particular, they have a cap that requires them to
24 say, if your rates go above a certain amount or,
25 you know, your bills, it has to be a certain

1 percentage of the whole association that agrees
2 to the increase.

3 Their problem when they get these rates
4 is that they can't adjust mid-year until they do
5 a special kind of mailing, and in most cases they
6 cannot get all their people to agree to a rate
7 charge. So it creates, I guess, sort of an
8 impasse for them when the rates are going up
9 higher than the amount that they've projected on
10 their annual budget. So is there any kind of a
11 way that you have within this rate structure to
12 work with entities like this?

13 MR. ENG: Member Johnson, that's actually a fairly
14 common problem -- excuse me. A lot of
15 businesses, commercial operations, hotels,
16 condominiums, you know, they may be on a
17 different fiscal year period than the County or
18 they just may not be aware that we are seeking a
19 rate increase, and it's very common. It's
20 probably -- it's prudent for them as they're
21 developing their budgets, because many times
22 condo associations are working on their budgets
23 in the fall. You know, it may be prudent for
24 them to contact us.

25 At Kaanapali many condos will call us as

1 they're preparing the budget and ask for some
2 kind of information if we are going for a rate
3 increase, and we provide that information to the
4 public, also.

5 Right now, as you can see in our
6 presentation, it looks like there will be some
7 annual increases over the near future. So we are
8 hoping that, you know, commercial operations,
9 resorts, condos will be aware of that and that's
10 something that maybe we can send out as a message
11 to everyone to be aware of.

12 COUNCILMEMBER JOHNSON: Yes. And condominiums,
13 particularly, because as a function of their
14 annual budget establishment it's very difficult
15 when you have to go out to 200 or 400 owners in
16 an association and get a special meeting together
17 to actually go above and beyond what your budget
18 really is, and I know that at least in this one
19 case the budget actually has a cap; your annual
20 maintenance fee may not go up more than a certain
21 percent. So that, to me, it's created a problem
22 in this one association, because it's like they
23 can't get there from here. There's no way unless
24 they change their bylaws to remove that cap, and
25 that's what has been explained to me that they --

1 it's a real challenge for them

2 MR. ENG: I appreciate that, Member Johnson. I think
3 a lot of the other rate increases that you folks
4 are reviewing currently during this process is
5 going to have a similar impact to those that you
6 just mentioned.

7 COUNCILMEMBER JOHNSON: Okay. Thank you.

8 CHAIR PONTANILLA: Thank you, Member Johnson.
9 Member Anderson.

10 COUNCILMEMBER ANDERSON: Thank you, Chair.

11 Good afternoon, Mr. Eng and crew. I'm a
12 little confused, because a previous answer you
13 gave, I think to Member Molina, regarding the
14 \$6.7 million in additional revenue that will be
15 generated by this rate increase, you mentioned --
16 well, we know from this presentation that three
17 million will be used for replacement and renewal
18 of whatever. I guess we will get into that when
19 we get to CIP. But the remaining \$3.7 million,
20 you made mention that some of that would be used
21 for power. And so I'm confused, because we have
22 got a separate power charge, so how -- can you
23 explain that?

24 MR. ENG: Well, the \$6.7 million that we referred to
25 is a total increase of our water sales revenue.

1 In that 6.7 is included that -- the new 90 cents
2 per thousand gallon charge. Again, we are -- in
3 the past our revenue was --

4 COUNCILMEMBER ANDERSON: Oh, I see. I see.

5 MR. ENG: Okay.

6 COUNCILMEMBER ANDERSON: So how much of that
7 additional 3.7 million that's not going to CIP
8 can be attributed to the power charge?

9 MR. ENG: I could see probably approaching \$2 million.
10 I think that's our increase in projected
11 electricity in '08 compared to '07.

12 COUNCILMEMBER ANDERSON: So in '07 power was \$2
13 million less than it is now? I mean, in '06 --
14 well, whatever.

15 MR. ENG: Well, as you mostly remember a month ago I
16 came before this body for a budget amendment for
17 \$1 million additional electricity. So, yeah,
18 there has been significant increases in
19 electricity charges. As you know, it's pretty
20 difficult to project and so, you know, it is
21 basically what it turned out to be.

22 COUNCILMEMBER ANDERSON: Okay. So I'm just trying to
23 get this straight in my mind. Of the 6.7 million
24 increase in revenue due to the rate -- proposed
25 rate increase, two million of that will be used

1 to pay for power?

2 MR. ENG: Yes.

3 COUNCILMEMBER ANDERSON: And then three million will
4 be used for CIP projects to upgrade the system,
5 and then you're going to have 1.7 million.
6 That's all going to salaries?

7 MR. ENG: No.

8 COUNCILMEMBER ANDERSON: Increases in salaries?

9 MR. ENG: No, there isn't too much increase in
10 salaries. It's probably -- some is toward debt
11 service, and maybe some other operating B account
12 expenses. So, you know, there's not too much
13 increase. There are other overhead expenses that
14 have gone up like insurance, you know, various
15 department-wide expenses. Mostly that is what's
16 impacting that remaining approximately \$1.7
17 million.

18 COUNCILMEMBER ANDERSON: Okay. So of the 750 miles of
19 lines that you folks have, do you have a repair
20 and upgrade or maintenance schedule for those
21 lines that need to bring -- to be -- to be
22 brought up to current standards? Whether it's
23 corroded lines or the lines aren't big enough
24 or -- because I'm trying, you know, we have to
25 justify this rate increase and it's going to --

1 you know, added with all the other fees and rates
2 that they're looking at increasing, it's going to
3 be an impact to people and we have to justify
4 that, you know, this is going to result in better
5 service or at least continued good service.

6 MR. ENG: Member Anderson, yes, we do have a long-term
7 CIP replacement program, too, and I have to
8 respond to you -- this Committee, in fact,
9 regarding providing you with some information
10 going on ten years, and I will be providing that
11 shortly. Obviously we are not doing it all at
12 one time. We are balancing our CIP replacement
13 projects with our new CIP and it's something we
14 are trying to take a more balanced approach, and
15 maybe a better approach overall. And that's all
16 I can assure you is that that's our focus right
17 now.

18 COUNCILMEMBER ANDERSON: Okay. So you're -- are you
19 going to provide that schedule to us so we can
20 see? I mean -- you know, I'd like to see in the
21 long term how this rate increase is going to
22 repair the system overall, because we are playing
23 catch-up ball. This is not like the system is in
24 good shape right now and -- and how much catch-up
25 ball are we faced with in the long term? And,

1 you know, long term could be five, ten years, so
2 obviously this rate increase is not just to take
3 care of this year's CIP. And we haven't even got
4 into what kind of phasing we are looking at in
5 future rate increases.

6 And, you know, while we are at it, I'd
7 like to know the difference between this proposed
8 rate increase and what was projected in the
9 last -- that study that we got, because I think
10 this is much greater than what you folks had
11 originally told us would happen and I'd like to
12 know what it is and why.

13 MR. ENG: Certainly.

14 MS. HAJNOSZ: Yeah. I can address that, Councilmember
15 Anderson.

16 The last rate study that we did, I
17 believe, projected a 12 percent rate increase for
18 Fiscal Year '06 and then in '07 it was a much
19 smaller number, you know, single digits, I'm
20 sure, 6percent. But it ended up, again, mainly
21 driven by the powers -- power cost that I think
22 went up about a couple of million. The
23 Department ended up implementing a 12 percent
24 rate increase a year ago or nine months ago.

25 Okay. On top of that as we -- as I

1 compared what we did last time two years ago to
2 now the O and M expenditures have increased
3 significantly by \$6 million. That was a
4 projection -- you know, two years ago we were at
5 about 33 million for '08 and the current
6 projection is like 39. And so costs, a large
7 part of that is electricity have gone up
8 significantly, all across the board.

9 COUNCILMEMBER ANDERSON: Well, how much more has
10 electricity gone up over last year when we did a
11 12 percent increase for electricity.

12 MS. HAJNOSZ: I think it's, yeah, the Director
13 mentioned that an additional probably close to
14 two million between '07 and proposed '08.

15 COUNCILMEMBER ANDERSON: Yeah, I heard that, but, you
16 know, if -- if we took care of that 12 percent
17 increase in power -- the increase in power with
18 the 12 percent rate increase already, then why
19 are we adding an additional increase for power
20 for an additional two million? And I don't know
21 what percent out of this 6.7 million that
22 represents right now. But let's just say your
23 overall system increased rate of 18 percent, how
24 much of that 18 percent reflects a percentage
25 increase in power?

1 MR. ENG: Excuse me, Member Anderson, I would say
2 roughly about 6 percent.

3 COUNCILMEMBER ANDERSON: So that means last year's 12
4 percent increase for power and this year's
5 proposed 6 percent increase, that means the
6 consumer is looking at an 18 percent increase in
7 their rates for power?

8 MR. ENG: The previous increase of 12 percent probably
9 didn't include all power. There were probably
10 other operating expenses.

11 Can anyone correct me?

12 MS. HAJNOSZ: No, you're -- I think you're right. I
13 mean, a lot of it was power, but there were also
14 additional increases in operating expenses.

15 COUNCILMEMBER ANDERSON: Due to what?

16 MR. ENG: Member Anderson, as we go through maybe this
17 afternoon with our program budgets, maybe we can
18 address that better.

19 COUNCILMEMBER ANDERSON: I mean, you can always send
20 us -- send it to us in writing if you don't have
21 the answer.

22 MR. ENG: Okay.

23 COUNCILMEMBER ANDERSON: I know but I'm asking
24 specifics --

25 MR. ENG: We can go back into our previous financials

1 and take a look at that for you and see how
2 that -- was equivalent to a certain percentage of
3 our total expenses.

4 CHAIR PONTANILLA: Yeah, if you could.

5 MR. ENG: Certainly.

6 COUNCILMEMBER ANDERSON: Okay. And then I'm wondering
7 if we can get also on Page 18 of your handout
8 where you show these monthly blocks, these
9 proposed block rate increases. I'm wondering if
10 you can -- you said that you considered two key
11 data points, one consumption levels for the
12 single family consumer class and customer class
13 and then number of customers in the single family
14 class at various consumption levels. I'm
15 wondering -- wondering if you can provide that
16 data for all these levels.

17 In other words, the number -- actual
18 number of consumers. You know, I appreciate the
19 graph but, you know, it just gives us a general
20 picture and not numbers.

21 MS. HAJNOSZ: Sure.

22 COUNCILMEMBER ANDERSON: You've got 32,000 customers.
23 So of those 32,000 customers, I'd like to see in
24 numbers broken down how many will be in this
25 consumption rate, i.e., that's their -- what

1 their projected rate increase would be.

2 MS. HAJNOSZ: Okay.

3 COUNCILMEMBER ANDERSON: And I think the taxpayer out
4 there wants to see that, too. You know, as we
5 are contemplating this rate increase, it's only
6 fair that they know what that might -- how that
7 might impact them in the end.

8 I also want to know who's using 50,000
9 gallons per month, and --

10 MR. ENG: Member Anderson, I can answer that. Usually
11 my experience in Kaanapali, it's the upscale
12 residential customers.

13 COUNCILMEMBER ANDERSON: Oh, the upscale residential?

14 MR. ENG: Yes. So, again, for a County system it
15 would be probably more the Wailea residential
16 customer, similar arid weather conditions,
17 similar kind of landscaping treatments and
18 those -- in Kaanapali they did average 50,000
19 gallons per month. It's amazing the amount of
20 water.

21 COUNCILMEMBER ANDERSON: Director Eng, can you
22 calculate that off the top of your head to a
23 daily --

24 MR. ENG: Well, probably about 1600 gallons per day.

25 COUNCILMEMBER ANDERSON: 1600 per day, thank you.

1 And I know that there are people above
2 50,000, using more than 1600 gallons.

3 MR. ENG: Yes, certainly.

4 COUNCILMEMBER ANDERSON: So I'd like to see that if we
5 can, because you must have those numbers to get
6 this chart --

7 MS. HAJNOSZ: Yes.

8 COUNCILMEMBER ANDERSON: -- and that would be helpful
9 for us, also.

10 And then I think Member Johnson got the
11 question from you that the 90 percent power
12 charge is an island-wide distribution, but in all
13 fairness, I think we need to see this broken down
14 by system. What is the power charge per system?
15 You don't need to do -- I mean, you know, what we
16 have three different kind of interrelated systems
17 Upcountry, so just maybe the overall what the
18 power charge is Upcountry. We have got Piiholo
19 coming on line, maybe, hopefully.

20 I want to know what that is, because I'm
21 not so sure that it's fair for us to charge
22 people in Lahaina or some other area who don't --
23 who aren't using a system that has this kind of
24 power cost, you know, and spread that cost to
25 them. So I'd like to see that, because we need

1 to know what -- what the effect is of the
2 decision that we might be making here.

3 And -- and it also, Director Eng, has a
4 lot to do with how we go forward in planning our
5 water resource development. In other words, if
6 we are going to be planning expansion where we
7 know the pumping costs are going to be great,
8 then we have to recognize that that cost is going
9 to be passed on to existing users to no benefit
10 to them at all.

11 In other words, that expansion is not
12 benefiting them, yet the increased cost in
13 pumpage is going to be on their bill. So I would
14 like to see that broken down, if possible. And
15 then the other thing I would request, because I
16 know we are short of time, Chair, so I will stop
17 right now. But if we could get -- first of all,
18 how many times did the Board of Water Supply meet
19 on this?

20 MR. ENG: I'm not certain.

21 MS. HAJNOSZ: I think there were about two or three
22 presentations, October, December, January, I
23 believe.

24 COUNCILMEMBER ANDERSON: Okay. Because I note that --
25 you know, I'll see if my Water Resources staff

1 can pull up the minutes on that, so you guys
2 aren't burdened with doing that, because I always
3 get the minutes. But if I could get the dates,
4 that would be helpful in finding the minutes.
5 And I would like to just point out that, you
6 know, the Board of Water Supply apparently
7 recommended this back in January and then the
8 Mayor approved their recommendation in February
9 and yet this report is dated in March. So I'd
10 like to know what they saw that is different from
11 what we have got here in this March report,
12 what -- what changes you made to this report
13 dated March that the Board of Water Supply didn't
14 see in January or October, November, whenever
15 they first started discussing this.

16 MR. ENG: Member Anderson, I think the only difference
17 between, let's say the January to the March final
18 draft was some reduction in CIP. I think the --
19 the -- what they were looking at is something of
20 a CIP on the order of around 30.9 million and we
21 are going in and requesting like 24.7. That
22 would be the only difference.

23 COUNCILMEMBER ANDERSON: 24.7 over what period of
24 time?

25 MR. ENG: For Fiscal Year '08 CIP.

1 COUNCILMEMBER ANDERSON: Yeah, but, I mean, I don't
2 know how that's relevant, Mr. Director, because
3 this rate increase is only for -- should only be
4 used to improve existing systems, not to do CIP
5 for anything else. And you just told us that the
6 CIP is only going to be three million, so where's
7 the 24 million?

8 MR. ENG: Okay. The 24.7 million, if you refer to
9 my -- the presentation, there's one slide that
10 shows a breakdown of the funding for CIP. There
11 are other sources like our water system
12 development fee that we collect when we provide
13 new water services. We also take advantage of
14 the Safe Drinking Water low interest loans.
15 There are general obligation bonds.

16 COUNCILMEMBER ANDERSON: What page are you referring
17 to, Director?

18 MR. ENG: Page 16.

19 COUNCILMEMBER ANDERSON: Yeah, but this -- I
20 understand that, Mr. Eng, but this rate study is
21 only supposed to -- I mean, the rate increase is
22 only supposed to be, you know, for existing
23 users. It's only supposed to improve the
24 existing system. And it says right here in the
25 report that the -- and mind you, Members, we have

1 got a draft report.

2 Why is it a draft and not a final? And
3 it says that the purpose of this draft report is
4 to document the analysis -- analyses that were
5 completed for this project through March '07.
6 So, you know, if we could get a written response,
7 Chair, on the difference in the report that the
8 Board saw and the report that we have right here,
9 I think it would be helpful to us.

10 CHAIR PONTANILLA: Yes, we will.

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

12 CHAIR PONTANILLA: Thank you, Member Anderson.

13 Member Mateo.

14 COUNCILMEMBER MATEO: Chairman, thank you very much.

15 And I'm going to be -- I'm going to be real brief
16 if the Department chooses to answer, that's fine.
17 If they don't, that's fine. But my comments,
18 first of all, to the -- to the report -- the R.W.
19 Beck report, the only thing that I thought was of
20 relevance was Section 6 on the last page, the
21 last item that says, prepare a water system
22 master plan.

23 So I think we are walking in the door
24 okole first. I think we need to have done this
25 first, because this report is based on

1 assumptions. Even that 90 cents that you are
2 using is an assumption. It's an estimation. It
3 is not an actual. You don't even know the actual
4 at this particular point in time.

5 So I look at these things and it's nice
6 to prepare, but this report should have been for
7 the Department to start initiating the master
8 plan process for the system so we have a better
9 picture of where we need to go. We cannot
10 continue to piecemeal.

11 In the handout provided to us on Page 15,
12 Fiscal Year '06, Fiscal Year '07, they were both
13 12 percent increase with the cumulative 24
14 percent increase in those two fiscal years. What
15 was accomplished? Where did that -- where did
16 those funds go to from the increase in revenues?
17 Currently -- currently the Department has in
18 excess of -- well, almost \$26 million encumbered
19 for CIPs. Where are we going? How are we going
20 to accomplish that?

21 The report is nice, the report is useful,
22 but not for now. I -- it is my firm belief,
23 Mr. Chairman, that enough is enough. We have
24 taxed our people enough. Do the study, do your
25 master planning, come back to this body and say,

1 now we have the plan. I'm ready to listen at
2 that point. For now I'm not interested.

3 Thank you, Chairman.

4 CHAIR PONTANILLA: Thank you, Member Mateo.

5 The Chair recognizes the time is 12:20.

6 The Chair has one area I just want to clarify on
7 Page 16 as well as Page 17.

8 The 6.7 proposed increase total,
9 according to Page 16, \$3 million will go to
10 renewal and replacement of related CIP, which is
11 also shown on the capital funding side, Water
12 System Development fees of 3.7. Is that the same
13 number that we are looking at, Page 16?

14 MR. ENG: I'm sorry. Chairman?

15 CHAIR PONTANILLA: Page 17 shows -- I'm sorry -- 3.7
16 million for capital projects to be funded by
17 Water System Development Fee Revenues. Is that
18 the same 3.7 that's shown on the capital funding
19 side on Page 16?

20 MR. ENG: Yes. Yes, Mr. Chair, that is correct.

21 You're correct.

22 CHAIR PONTANILLA: And the \$3 million will take
23 care -- I guess maintenance or replacement work
24 that are related to some of those Capital
25 Improvement Projects.

1 MR. ENG: Yes, that three million is part of -- if you
2 look at the slide on the top -- the revenue fund.

3 CHAIR PONTANILLA: Uh-huh. Okay. So it is
4 included --

5 MR. ENG: Yes.

6 CHAIR PONTANILLA: Thank you.

7 Members, if you do have more questions in
8 regards to the water rates, if you could present
9 those questions to the Chair, we have a lot of
10 them that we are going to be passing on to the
11 Water Department for some answers, the Chair
12 would appreciate that.

13 Members, it's 12:25 --

14 COUNCILMEMBER MOLINA: Mr. Chairman?

15 CHAIR PONTANILLA: Member Molina.

16 COUNCILMEMBER MOLINA: Will we have -- will we be
17 discussing water rates after we come back from
18 the break or is that -- this is it?

19 CHAIR PONTANILLA: This is it.

20 COUNCILMEMBER MOLINA: Oh, okay.

21 COUNCILMEMBER ANDERSON: Mr. Chair?

22 CHAIR PONTANILLA: Member Anderson.

23 COUNCILMEMBER ANDERSON: Point of information, you
24 know, I don't think this is enough. I mean, we
25 don't have a full contingency, the Board of Water

1 Supply Chair is not here, previous Chair,
2 Mr. Victorino, the Chair of the Council is not
3 here, Ms. Baisa is not here. This is a huge
4 request for us and I would mention that, you
5 know, we didn't get this report until the 15th
6 and we have been in meetings day in and day --
7 night out since then.

8 And, you know, it's very unfair to expect
9 us to make a decision about this with so little
10 time to discuss it and absorb the information.
11 And, you know, we have had less than an hour to
12 discuss this. This is a huge decision, so I hope
13 you'll find time in the schedule to bring this
14 back.

15 CHAIR PONTANILLA: Okay. What we will do is I'll work
16 with staff to see what days we can continue to
17 discuss the water rates. And, Members, again, we
18 will try to see if we can -- I'm sure we can, but
19 I'll give you that information after lunch.

20 COUNCILMEMBER ANDERSON: And, Chair, I would hope that
21 you would schedule that after we get responses to
22 the questions that we asked today, so that we are
23 not spinning our wheels on trying to get up to
24 speed with that.

25 CHAIR PONTANILLA: Okay. Yeah, we will try to get the

1 responses as soon as we can before decision
2 making.

3 COUNCILMEMBER ANDERSON: Thank you, Chair.

4 CHAIR PONTANILLA: It's 12:25 right now. The Chair
5 will call for a lunch recess and we will
6 reconvene at 1:30. ...(gavel)...

7 RECESS: 12:25 p.m.

8 RECONVENE: 1:38 p.m.

9 CHAIR PONTANILLA: ...(gavel)... The Budget and
10 Finance Committee meeting is now reconvened.
11 Thank you, Members, for the lunch break.

12 Members, as I had stated earlier this
13 morning -- late this morning, the Chair would
14 like to recommend continuing the rate study for
15 the Department of Water. It's either going to be
16 a night meeting of next week or a meeting on the
17 weekend, Saturday. So at this time the Chair
18 would like to have comments.

19 Member Mateo.

20 COUNCILMEMBER MATEO: Chairman, thank you very much.

21 I would be available during a night meeting.

22 During the weekends I go to Molokai and I would
23 prefer continuing my routine.

24 CHAIR PONTANILLA: Thank you.

25 COUNCILMEMBER MATEO: Thank you.

1 CHAIR PONTANILLA: Member Baisa.

2 COUNCILMEMBER BAISA: I'll try to be here whenever you
3 need me.

4 CHAIR PONTANILLA: Thank you.

5 Member Johnson.

6 COUNCILMEMBER JOHNSON: I'm fine with just doing what
7 we have already done and that if we have specific
8 questions, I would ask that each one of us, if we
9 have issues, just deal with the Department and
10 get the information that way, because we are
11 going to need all our energy conserved for the
12 final push.

13 CHAIR PONTANILLA: Decision making. Thank you.

14 COUNCILMEMBER JOHNSON: Yes.

15 CHAIR PONTANILLA: Member Medeiros.

16 COUNCILMEMBER MEDEIROS: Thank you, Chair. Yeah, I
17 prefer a night meeting. Like my colleague from
18 Molokai, I like to be in my district in Hana
19 during the weekend, so a night meeting would be
20 preferable.

21 CHAIR PONTANILLA: Thank you.

22 Member Molina.

23 COUNCILMEMBER MOLINA: Yeah, Chairman. Like Member
24 Baisa stated I'll try to do the best I can to be
25 here for whatever the majority would want or

1 whatever you direct and I will make a commitment
2 to minimize the amount of questions I have and
3 especially commentary. I know sometimes we get
4 carried away with commentary and being that the
5 clock is ticking on us, I think all of us need to
6 be aware of that, otherwise we may be going into
7 the weekends. Especially with decision making
8 coming up at the end of the month, Mr. Chairman,
9 we got to get moving as they say, yeah. So those
10 are my comments.

11 CHAIR PONTANILLA: Thank you.

12 Mr. Taguchi, give us some dates for next
13 week during the weekdays for night meetings.

14 MR. TAGUCHI: Members, we currently anticipate to go
15 into probably the evening on the 9th and the 11th
16 due to the schedule of Departments coming in.
17 For the 9th there's Housing, Planning, and
18 Personnel Services. For the 11th there is Public
19 Works and Environmental Management. The
20 possibilities currently to take up the additional
21 time necessary for the Water Rate Study and the
22 Department of Water Supply, dates open are
23 Tuesday the 10th after the Council meeting
24 scheduled for the 10th. So that would run
25 approximately 2:30 or so until the evening, 6:00

1 or so.

2 The next opportunity would be on the 12th
3 of April -- I'm sorry, 12th of April there's not
4 an opportunity to go into the evening because
5 there is a -- there's the budget -- the Budget
6 Public Hearing, which is scheduled for 6:30. So
7 it's either -- next week it will either be the
8 10th of April or Friday the 13th. That day we
9 are not scheduled to do any public hearing, so we
10 can go into the evening on the 13th of April.

11 CHAIR PONTANILLA: Members, the Chair's recommendation
12 is that since we are going to have a Council
13 meeting on Tuesday that hopefully all nine
14 members will be here that we continue our
15 deliberation on the water rates on Tuesday, April
16 the 10th.

17 Okay. Thank you.

18 COUNCILMEMBER MOLINA: Mr. Chairman, would that be
19 we're looking at about 1:30 on April the 10th
20 after Council?

21 CHAIR PONTANILLA: Probably at 2:00.

22 MR. TAGUCHI: Chair Pontanilla, we would have to check
23 with the Office of the County Clerk to see how
24 lengthy their agenda is and the items on the
25 agenda. Hopefully, you know, if it's a normal

1 Council meeting it would end anywhere between 12
2 and 2:00. However, I'm not certain as far as
3 anticipated time the -- that Council meeting will
4 take. So we need to discuss it with the Office
5 of Council (sic) Clerk and Council (sic) Chair.

6 CHAIR PONTANILLA: Okay, thank you.

7 COUNCILMEMBER MEDEIROS: Mr. Chair?

8 CHAIR PONTANILLA: Member Molina. Member Medeiros.

9 COUNCILMEMBER MEDEIROS: Would that April 10th meeting
10 would that allow us to have enough time to post
11 the meeting?

12 CHAIR PONTANILLA: As far as the Budget and Finance
13 Committee meeting, we have -- that's a good
14 question.

15 MR. TAGUCHI: Chair Pontanilla, we would be recessing
16 the meeting on the 9th to a certain time on the
17 10th.

18 CHAIR PONTANILLA: Thank you.

19 Anymore questions?

20 And the Chair will notify the rest of the
21 members as far as what time we will start on
22 Tuesday, April 10th. Thank you.

23 At this time, the Chair would like to go
24 into the Department's operating -- not operating
25 budget, but their budget for the Fiscal Year 2008

1 and at this time the Chair would like to call on
2 Mr. Pablo in regards to any comments that you may
3 have.

4 MR. PABLO: No comments, Mr. Chairman.

5 CHAIR PONTANILLA: Thank you.

6 Mr. Eng?

7 MR. ENG: Thank you, Chairman Pontanilla. At this
8 time I would like to introduce Deputy Director
9 Yamashige and turn the mic over to him.

10 CHAIR PONTANILLA: Prior to starting, the Chair will
11 be going by programs. If Mr. Yamashige -- you
12 know, I don't know if you're going to give some
13 brief comments or are you going to go directly to
14 the program?

15 MR. YAMASHIGE: Pretty much right into the program.

16 CHAIR PONTANILLA: Right into the program. Then --
17 what I'll do then I'll control this from going
18 forward.

19 Thank you.

20 Okay, Members, we are going to go to the
21 Administration Program, the A account, Salaries
22 and Wages.

23 Member Molina, questions on that?

24 COUNCILMEMBER MOLINA: Not at this time, Mr. Chairman.

25 CHAIR PONTANILLA: Thank you.

1 Member Medeiros.
2 COUNCILMEMBER MEDEIROS: No questions, Chair.
3 CHAIR PONTANILLA: Thank you.
4 Member Johnson.
5 COUNCILMEMBER JOHNSON: No questions.
6 CHAIR PONTANILLA: Thank you.
7 Member Baisa.
8 COUNCILMEMBER BAISA: No questions.
9 CHAIR PONTANILLA: Thank you.
10 Member Mateo.
11 COUNCILMEMBER MATEO: Admin, right?
12 CHAIR PONTANILLA: Admin, yes.
13 COUNCILMEMBER MATEO: Thank you. No questions for
14 that area.
15 CHAIR PONTANILLA: Thank you.
16 Member Anderson.
17 COUNCILMEMBER ANDERSON: No questions for Admin.
18 Thank you.
19 CHAIR PONTANILLA: Thank you.
20 We will go to the Operating budget.
21 Member Molina, questions on the B
22 account?
23 COUNCILMEMBER MOLINA: Mr. Chairman, can you come back
24 to me? I'm trying to get my stuff together here.
25 I apologize.

1 CHAIR PONTANILLA: Okay, fine.
2 Member Medeiros.
3 COUNCILMEMBER MEDEIROS: I'll yield at this time,
4 Chair.
5 CHAIR PONTANILLA: Thank you.
6 Member Johnson.
7 COUNCILMEMBER JOHNSON: No questions.
8 CHAIR PONTANILLA: Thank you.
9 Member Baisa.
10 COUNCILMEMBER BAISA: No questions.
11 CHAIR PONTANILLA: Thank you.
12 Member Anderson.
13 COUNCILMEMBER ANDERSON: Yes, I have a question. In
14 your operating budget under Administrative
15 Program, what are the large changes that you're
16 requesting?
17 MR. ENG: We have two significant changes. One is we
18 have \$75,000 budgeted for a Water System
19 Development Fee Study. Our Water System
20 Development fees have not been updated for, I
21 think, several years now and we don't think that
22 they represent the -- an actual picture and value
23 of our facilities.
24 COUNCILMEMBER ANDERSON: Could you reference where
25 that might be, Director?

1 MR. ENG: It's under Professional Services.

2 CHAIR PONTANILLA: Page 19-5.

3 COUNCILMEMBER ANDERSON: I got it -- 6132, 19.5.

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

5 So that's a study that needs to be
6 addressed from time to time.

7 COUNCILMEMBER ANDERSON: And when was the last time
8 that was done? Do you know?

9 MR. ENG: 2002.

10 COUNCILMEMBER ANDERSON: And so the purpose of that is
11 to substantiate an increase?

12 MR. ENG: It will be most likely increase the Water
13 System Development Fee for new services that are
14 paid, but how it will benefit us is that it will
15 reduce our need for borrowing for capital
16 improvements. So there is a benefit, too, to the
17 taxpayers.

18 COUNCILMEMBER ANDERSON: Okay, thank you.

19 And then the other one.

20 MR. ENG: The other one is \$20,000 additional for our
21 safety program. Much of this \$20,000, I believe
22 \$15,000, actually comes from a reduction of
23 \$15,000 from our Field Operations program, so
24 I've kind of incorporated it under my program.
25 We have recently hired a new Safety Officer and

1 so most of the funds will be for various safety
2 related programs.
3 COUNCILMEMBER ANDERSON: And do any of them have to do
4 with Homeland Security?
5 MR. ENG: You know, most of them are probably safety
6 related to in-the-workplace type of safety.
7 COUNCILMEMBER ANDERSON: For the employees?
8 MR. ENG: Yes.
9 COUNCILMEMBER ANDERSON: Okay. Thank you.
10 Thank you, Chair.
11 CHAIR PONTANILLA: Thank you, Member Anderson.
12 Coming back to Member Molina.
13 COUNCILMEMBER MOLINA: Yes, my question was answered.
14 It was related to the question that Member
15 Anderson asked. Thank you.
16 CHAIR PONTANILLA: Okay, for. Thank you.
17 Member Medeiros.
18 COUNCILMEMBER MEDEIROS: No questions, Chair.
19 CHAIR PONTANILLA: Thank you.
20 Any more questions on the B account?
21 We will go to the C account, which is
22 Equipment.
23 Member Molina.
24 COUNCILMEMBER MOLINA: No questions.
25 CHAIR PONTANILLA: Thank you.

1 Member Medeiros.

2 COUNCILMEMBER MEDEIROS: No questions, Chair.

3 CHAIR PONTANILLA: Thank you.

4 Member Baisa -- Member Johnson, sorry.

5 COUNCILMEMBER JOHNSON: No questions. It's perfectly

6 okay.

7 CHAIR PONTANILLA: Member Anderson.

8 COUNCILMEMBER ANDERSON: Yes, I have a question, Chair

9 on the computer replacements. They're going to

10 replace nine computers, replace obsolete

11 computers used to collect lab data while working

12 in the field. So these are like laptop computers

13 for the field?

14 MR. ENG: I think the majority of them will be

15 desktop. A lot of them I would think would be in

16 our Fiscal Customer Service area. Most of our

17 computers are fairly antiquated. So in the past

18 I think they've budgeted individually the various

19 programs and -- and we are now trying to

20 incorporate it into my program. However, there

21 will be some computers that will be budgeted in

22 specific areas, such as, like I think the Water

23 Treatment Plant Operations area.

24 COUNCILMEMBER ANDERSON: And will this improve your

25 database in any way?

1 MR. ENG: I expect it will improve efficiency. I know
2 the particular desktop computer I have is fairly
3 old. I can just tell by the monitor, yeah. The
4 smaller the characters, there's not a whole lot
5 of pixels in that one that I have. So, yeah, I
6 can see it's just a normal updating of equipment.

7 COUNCILMEMBER ANDERSON: Okay. Thank you, Chair.

8 CHAIR PONTANILLA: Thank you, Member Anderson.

9 Members, if you have any more questions
10 in regards to the A, B, C accounts for
11 administration, please forward it to the Chair
12 and we will ask the Department to provide some
13 response.

14 We are going to the Department-wide
15 expenses.

16 Member Molina.

17 COUNCILMEMBER MOLINA: Thank you, Chairman. Just one
18 question under water insurance expenses. Code --
19 subaccount 6215. Just an explanation, it looks
20 like the water insurance has almost nearly
21 doubled from Fiscal Year '06 and '07 from 250 to
22 475,000. Can you give us the reasons for that?

23 MR. ENG: Yes, I'll have Ms. Perdido address that.

24 COUNCILMEMBER MOLINA: Thank you.

25 MS. PERDIDO: Hi. Good afternoon. The insurance is

1 basically we reimburse the Finance Division.
2 They let us know how much the insurance will, you
3 know, projected to be and they told me it's going
4 to be doubled, basically. So the number comes
5 from the Finance Division and we reimburse them
6 for that.

7 COUNCILMEMBER MOLINA: Okay. Thank you.

8 Thank you, Chair.

9 CHAIR PONTANILLA: Thank you, Member Molina.

10 Member Medeiros.

11 COUNCILMEMBER MEDEIROS: Thank you, Chair.

12 Department account 953702, sub object
13 code 6350. What are the overhead charges that's
14 designated here?

15 MS. PERDIDO: These overhead charges are what the
16 County charges us for -- based on a study that
17 they do. For instance, they charge us for -- a
18 portion for Corporation Counsel, all the
19 different areas. So we reimburse the County for
20 that or we reimburse the General Fund for that.

21 COUNCILMEMBER MEDEIROS: I see. So on services
22 provided by other departments, you get charged
23 for it?

24 MS. PERDIDO: Correct. There's a study that is done
25 by the Department of Finance that allocates out a

1 certain percentage of everybody's time, I guess,
2 to the different -- well, for -- to our
3 Department. And so that's what we have been
4 paying. It's, you know, based on the overhead
5 charge that they come up with in the study.

6 COUNCILMEMBER MEDEIROS: I see. Thank you.

7 Thank you, Chair.

8 CHAIR PONTANILLA: Thank you, Member Medeiros.

9 Member Johnson.

10 COUNCILMEMBER JOHNSON: No questions.

11 CHAIR PONTANILLA: Thank you.

12 Member Baisa.

13 COUNCILMEMBER BAISA: No questions.

14 CHAIR PONTANILLA: Thank you.

15 Member Anderson.

16 COUNCILMEMBER ANDERSON: Yeah, I'm wondering if maybe

17 they can ask Finance why the insurance has

18 doubled.

19 CHAIR PONTANILLA: Thank you. I was just going to ask

20 that question.

21 COUNCILMEMBER ANDERSON: Thank you.

22 And then if I could get just a brief

23 explanation on sub account 6388, Page 19-7. On

24 the refund for main line extensions, could you

25 explain that? You have half a million dollars

1 there.

2 MS. PERDIDO: Yes, these are refunds that we allocate.

3 Basically once they -- what is it, people do --
4 for instance, they do water lines or something
5 and then they -- we want them to increase from a
6 six- to an eight-inch and then in our rules we
7 allocate out that they can get a refund, and this
8 refund is the one that we pay back over five
9 years, a five-year period.

10 So, for instance, say they -- we want
11 them -- we reimburse them for a portion of that
12 water line.

13 COUNCILMEMBER ANDERSON: And I understand you say that
14 water line ends up servicing -- let's just make
15 it easy, ten houses in between their house and
16 the hookup, so -- you only reimburse 50 percent
17 of their expenditure. Is that correct?

18 MS. PERDIDO: Correct.

19 COUNCILMEMBER ANDERSON: So if ten people are being
20 served by this improved line, and they are only
21 getting the 50 percent rebate for what they put
22 in, and then when you reimburse them, are you
23 reimbursing them from any -- in other words, the
24 ten people that benefit from this improved line,
25 did they have to pay anything or does the

1 Department just pay it?

2 MR. ENG: Member Anderson, they do pay. They would
3 pay if they are provided with a new service, new
4 meter, they pay the Water System Development Fee
5 to us.

6 COUNCILMEMBER ANDERSON: Yes, but if -- you know, if
7 there is ten houses that are existing and someone
8 comes in and builds on a lot that is beyond where
9 they are and that person has to increase and
10 improve the line, then those preexisting
11 customers benefit from that, but they don't have
12 to pay anything towards it?

13 MR. ENG: Unfortunately, that's how the situation is
14 now. But in converse, you know, sometimes the
15 water main extension is only intended for that
16 one new development and still yet we are
17 refunding 50 percent back to that developer. So
18 they gain quite a benefit. They're getting
19 their -- really their independent -- individual
20 line at 50 percent of the cost. So it's hard to
21 address all situations. You know, there are many
22 situations that if a developer needs to put in a
23 water main extension, there is no refund, so, you
24 know, again, the 50 percent doesn't address --

25 COUNCILMEMBER ANDERSON: Now, wait a minute. Explain

1 that, Director. Because you just said if a
2 developer does it and they're the only one
3 that -- that --

4 MR. ENG: We would still refund 50 percent of the cost
5 over a five-year period, so they do get extreme
6 benefits in that case. So it's hard to, again,
7 address every situation. You know, it's just one
8 of those real difficult things to do.

9 COUNCILMEMBER ANDERSON: I'm wondering, Mr. Chair, if
10 we could request that they send us the policy on
11 that or whatever regulation and rule that you --
12 that you have right now that addresses that,
13 because it just doesn't seem equitable to me and
14 maybe it's something we need to look at.

15 MR. ENG: Certainly.

16 CHAIR PONTANILLA: Thank you.

17 Thank you, Member Anderson. We will ask
18 for that question. Very good question.

19 Member Mateo.

20 COUNCILMEMBER MATEO: No.

21 CHAIR PONTANILLA: Thank you.

22 COUNCILMEMBER ANDERSON: I wasn't quite finished.

23 CHAIR PONTANILLA: Oh, I'm sorry. Go ahead.

24 COUNCILMEMBER ANDERSON: I'm looking at all these
25 interests for -- I'm sorry, all the -- on the

1 bottom of 9-17 is your water debt service
2 expenses, and on 9-18 it continues, and you've
3 got 6333 and 6335 interest to the State Revolving
4 Loan Fund, which is 185,000 and then interest
5 2008 for a GO bond. And then it goes -- goes on
6 to 6301, principal for 2,048 GO refunding. I'm
7 interested in those three because they're quite
8 an increase over last year. If you could just
9 kind of identify what they're for, that would be
10 helpful.

11 CHAIR PONTANILLA: Department.

12 MS. PERDIDO: Okay. These debt schedules are done in
13 conjunction with the Department of Finance, but,
14 for instance, the Intrastate Revolving Loan Fund,
15 that one we will -- that's for our new Kamole
16 Clearwell loan that we should be having to pay
17 approximately that amount of interest for '08 and
18 then subsequently it will increase, of course.
19 The --

20 COUNCILMEMBER ANDERSON: Wait, wait, wait.

21 MS. PERDIDO: Okay.

22 COUNCILMEMBER ANDERSON: It will increase? Why will
23 it increase?

24 MS. PERDIDO: Because this is only showing one payment
25 and usually we pay it in two-payment

1 installments, principal and interest. So we have
2 an amortization schedule that we go with. And so
3 this is only a portion of it, because the loan
4 actually hasn't been quite finalized yet. It
5 will be finalized and then we pay one year after
6 the finalization of the final loan agreement.

7 COUNCILMEMBER ANDERSON: Okay. So this is only
8 interest and we are going to be looking at
9 principal. Do you have any idea what that might
10 be?

11 MS. PERDIDO: I would -- I have a schedule in my
12 office. I didn't bring it up with me.

13 COUNCILMEMBER ANDERSON: But let's just say -- what,
14 is it going to be more than this, double this?

15 MS. PERDIDO: Oh, yeah. This is only basically one
16 payment, so I would say it would be at least
17 double this for interest, and then you'll have
18 your principal payments, too. This is the low
19 interest -- you know, this is the --

20 COUNCILMEMBER ANDERSON: Right.

21 MS. PERDIDO: --yeah, the revolving loan.

22 COUNCILMEMBER ANDERSON: But, I mean, we are going to
23 be looking at a larger payment in the future to
24 include the principal?

25 MS. PERDIDO: Correct.

- 1 COUNCILMEMBER ANDERSON: So maybe you could let us
2 know what that is.
- 3 MS. PERDIDO: Sure.
- 4 COUNCILMEMBER ANDERSON: Okay.
- 5 MS. PERDIDO: And then the 2008 GO Bond that's what
6 we're projecting in 2008 that we will have to go
7 out and have to pay debt service on new debt from
8 2007 and possibly -- well, actually the 2007 --
9 what we borrowed for 2007 for bonds.
- 10 COUNCILMEMBER ANDERSON: Oh, this includes all the GO
11 Bonds?
- 12 MS. PERDIDO: 2007 -- yeah, for --
- 13 COUNCILMEMBER ANDERSON: For 2007?
- 14 MS. PERDIDO: Yes. And these are estimates, because
15 we haven't -- you know, we basically borrow from
16 the County until we get it finished and then we
17 will go out to -- for the bond for it, so we
18 reduce the possibility of arbitrage.
- 19 COUNCILMEMBER ANDERSON: And then the principal on
20 6301?
- 21 MS. PERDIDO: Okay. And I'm almost thinking this --
22 this -- when they refunded this, the first two
23 years or three years was only interest and then
24 there was like three years of this large payment
25 of -- for the principal. And then this one will

1 be paid off. I have the schedules. Like I said,
2 I didn't bring those up with me. But it's
3 basically the first few years of this refunding
4 there was no principal payment and then we have a
5 large principal payment.

6 COUNCILMEMBER ANDERSON: Okay. Thank you.

7 You know, when you look at all this in
8 its total figure, we are up to 12 million, and we
9 don't even have the principal -- the principal
10 payment, which would be coming in this next
11 fiscal year, is that right, Ms. Perdido? For
12 that original one that we talked about, the State
13 Revolving Loan Fund?

14 MS. PERDIDO: Correct. But if you look at the total
15 debt service the Department has is 6.9. That's
16 principal and interest.

17 COUNCILMEMBER ANDERSON: Where do you -- where do you
18 see that figure?

19 MS. PERDIDO: If you look on 19-8 under total for
20 953706, debt service expense, the far right is
21 6.970.

22 COUNCILMEMBER ANDERSON: Oh, I see. I see. I'm
23 sorry. I'm reading the wrong figure. You're
24 right. Okay.

25 Do you have anything that would tell us

1 what all these bonds paid for? I mean, is that
2 going to be a difficult thing to ask for or do
3 you know -- I just think it's -- you know, we are
4 looking at rate increases, we are looking at, you
5 know, trying to bring the system up to standards
6 and we are already \$7 million in debt for past
7 expenditures except for Kamaole (sic) Weir -- or
8 well.

9 MS. PERDIDO: I mean, it could be done. I could -- I
10 would have to prepare a schedule for you, but it
11 could be done.

12 COUNCILMEMBER ANDERSON: I think that would be
13 helpful, Mr. Chair, if we could look at that.

14 But no rush on that, you know, like just
15 by the time we get to decision making it would be
16 helpful.

17 CHAIR PONTANILLA: Thank you.

18 For the Department in regards to what
19 Member Anderson had requested was -- I just have
20 a question in regards to the review that we have
21 done -- we had done previously, I think it was
22 three days after the -- we received the budget
23 when we reviewed your second quarter report.

24 Some of the numbers that were in there
25 also included projects that were bonded. Is this

1 part of the -- the amounts that we are seeing
2 here on this particular sheet?

3 MS. PERDIDO: Yeah, basically I think everything
4 that's in the quarterly report is what has been
5 bonded, yes. And I can confirm that, but I'm
6 pretty sure.

7 CHAIR PONTANILLA: Thank you.

8 And the second question that I had in
9 regards to Member Anderson's request regarding
10 why we pay 50 percent of an extension cost, if
11 you could provide us with some recommendation
12 from the Department, what it should be rather
13 than the flat 50 percent. That would help us.

14 Thank you.

15 COUNCILMEMBER ANDERSON: Thank you.

16 CHAIR PONTANILLA: Members, any more questions on
17 Department-wide expenses?

18 Member Molina.

19 COUNCILMEMBER MOLINA: No.

20 CHAIR PONTANILLA: Member Medeiros.

21 COUNCILMEMBER MEDEIROS: No, none.

22 CHAIR PONTANILLA: Thank you.

23 Member Johnson.

24 COUNCILMEMBER JOHNSON: No.

25 CHAIR PONTANILLA: Thank you.

1 Member Baisa.

2 COUNCILMEMBER BAISA: No.

3 CHAIR PONTANILLA: Member Anderson.

4 COUNCILMEMBER ANDERSON: No, thank you.

5 CHAIR PONTANILLA: Thank you.

6 Member Mateo.

7 COUNCILMEMBER MATEO: No.

8 CHAIR PONTANILLA: Thank you.

9 We go into the Customer Service Program,

10 19-9. We are going into the A account.

11 Member Molina, questions?

12 COUNCILMEMBER MOLINA: Yes, thank you very much,

13 Chair.

14 Mr. Director, you know, you're requesting

15 an additional Customer Service Representative.

16 Can you just briefly describe the role of this

17 additional person? Would this person have a

18 different role from the other three Customer

19 Service Representatives you have? Do you have

20 intentions of using this person more like -- for

21 example, a greeter like they have at the Service

22 Center to maybe direct customers, get information

23 as to what kind of specifics they want? Because

24 I know a lot of folks out there want to just go

25 straight to the top and call the Water Director

1 with their concerns. I'm just curious, can you
2 share with us?

3 MR. ENG: Ms. Perdido will answer you.

4 MS. PERDIDO: Yes, our -- this Customer Service Rep I
5 is like a basic training position to go into the
6 Customer Service Rep II eventually. They
7 basically handle all the new subdivisions, the
8 closing transfers of owners, installation job
9 orders, updating our customer files, which
10 include TMKs, addresses, and all those different
11 items. They review all inactive and NRP
12 accounts, which is non-responsible parties, that
13 they -- we have to try to collect -- you know,
14 find out who's the new owner when people do not
15 call in. They review any outstanding service
16 requests and have to follow-up on that, plus they
17 need to scan all the documents that are coming
18 in, so all of our new services are also scanned.

19 All of this is done through our customer
20 accounting service or system which is called CAS,
21 which is our billing system which is through the
22 Honolulu Board of Water Supply. It's a little
23 bit of an antiquated system. There's a lot of
24 input and a lot of paperwork that comes out of
25 it, but right now that's what we are using.

1 We -- we are charged a fairly reasonable amount.
2 We've been talking to MIS should that be
3 changed, but that's something in the future.
4 Right now it's what we are using. And with the
5 three reps we have there it's just overwhelming
6 with the amount of work that they have and we are
7 not able to keep up, and so this would help get
8 this person in, trained and learn to -- you know,
9 at least a year or two before they would go up to
10 the next level and be able to -- so we would have
11 four actively working Customer Rep IIs.

12 COUNCILMEMBER MOLINA: Good. Well, I can appreciate
13 what you folks are trying to do. The other day I
14 went to pay my bill and there were a couple of
15 folks ahead of me and I saw how your staff
16 handled them and they conducted themselves in a
17 very professional manner. So I just wanted to
18 pass along that. And I know, Mr. Director,
19 you've also emphasized customer service and
20 improving that, so that's very much appreciated.

21 And this segues -- this matter segues
22 into my final question, Mr. Chairman. With
23 regard to the program budget, Members, 21-7, one
24 of your goals is stated as, provide professional
25 and timely service to external customers, i.e.

1 installations and transfers, closing bills,
2 payment options, history and tracking. And we
3 have had -- several of us have had some calls
4 from constituents noting delays with
5 installations. So now for something like that is
6 the additional Customer Service Representative
7 that you're seeking, that will help, I guess,
8 meet this goal or objective in dealing with
9 situations like that, or is there -- do you have
10 other plans on how to meet this performance
11 objective?

12 MS. PERDIDO: Yes, that would help one of our -- from
13 our side get the paperwork processed faster and
14 sent on down to the base yard. If it's installed
15 any sooner, I can't promise that part, but at
16 least to get it out of our office and down and on
17 its way, yes, it would help us.

18 COUNCILMEMBER MOLINA: Okay. Thank you.

19 Thank you, Mr. Chairman.

20 CHAIR PONTANILLA: Thank you, Member Molina.

21 Member Medeiros.

22 COUNCILMEMBER MEDEIROS: Mahalo, Chair.

23 I'm just interested to ask your fiscal
24 student interns, are those high school or
25 college?

- 1 MS. PERDIDO: Those are college students that we hire
2 during the summer.
- 3 COUNCILMEMBER MEDEIROS: Okay. And are they majors in
4 accounting and finance and so forth?
- 5 MS. PERDIDO: Most of the time we try to get those
6 majors. A lot of times what's available is not
7 always in those majors, so even sometimes we have
8 had an engineering student working. You know, it
9 depends what is available to us. But we do try
10 to get accounting for our accounting section and
11 actually any kind of clerical, business for our
12 front section, customer service section.
- 13 COUNCILMEMBER MEDEIROS: And do you normally do the
14 hiring what -- during the summer or other breaks?
- 15 MS. PERDIDO: We usually do the hiring for the summer,
16 but we have had people come in during Christmas
17 when they come back. We have had student interns
18 at that time, also, as long as we have the
19 funding.
- 20 COUNCILMEMBER MEDEIROS: Okay. And my other question
21 is on premium pay, does this premium pay cover
22 overtime and standby time payments or salaries?
- 23 MS. PERDIDO: Yes, it does.
- 24 COUNCILMEMBER MEDEIROS: Okay. Both overtime and
25 standby?

- 1 MS. PERDIDO: Yes.
- 2 COUNCILMEMBER MEDEIROS: Okay. And my final question
- 3 just to follow up on Member Molina's question,
- 4 this Customer Service Representative, you
- 5 described it as pretty much an entry level
- 6 training position. And looking at the salary, is
- 7 this a full-time salary or a part-time?
- 8 MS. PERDIDO: If I'm not mistaken, I think this is
- 9 8/12 of the salary, right? For eight months,
- 10 yeah.
- 11 COUNCILMEMBER MEDEIROS: That's an eight-month salary?
- 12 MS. PERDIDO: Yes.
- 13 COUNCILMEMBER MEDEIROS: Thank you, Department.
- 14 Thank you, Chair.
- 15 CHAIR PONTANILLA: Thank you, Member Medeiros.
- 16 Member Baisa.
- 17 COUNCILMEMBER BAISA: No questions.
- 18 CHAIR PONTANILLA: Thank you.
- 19 Member Anderson.
- 20 COUNCILMEMBER ANDERSON: Are we still in salaries, or
- 21 are we --
- 22 CHAIR PONTANILLA: Yes.
- 23 COUNCILMEMBER ANDERSON: Okay. I have no questions
- 24 there. Thank you, Chair.
- 25 CHAIR PONTANILLA: Thank you.

1 Member Mateo.

2 COUNCILMEMBER MATEO: No.

3 CHAIR PONTANILLA: Thank you.

4 Any more questions on the A account?

5 If not, we're going to the B account,
6 Operations.

7 Member Molina.

8 COUNCILMEMBER MOLINA: Yes, just one question on sub
9 account 6014. In the details 19-11 on the water
10 meter inventory, I notice there's a decrease of
11 400,000. Is it due to the fact that we are just
12 overstocked with water meters or is it due to
13 maybe a delay in issuance of the meters?

14 MS. PERDIDO: Neither of those. Basically it's due to
15 the fact that we have budgeted or it's going to
16 be in the CIP, the replacement of the
17 transponders in the CIP program, because we need
18 to change out approximately 24,000 transponders.

19 So we were budgeting a portion in here,
20 but as we all sat down together and talked about
21 it and we want to get this changed out right away
22 so we are more efficient in the reading of the
23 meters as there are -- a lot of the old
24 transponders are dying out. So the reason the
25 decrease is here is because it's now -- we are

1 going to do it as a CIP.

2 COUNCILMEMBER MOLINA: I see. Okay. Thank you,

3 Ms. Perdido.

4 Thank you, Mr. Chair.

5 CHAIR PONTANILLA: Thank you, Member Molina.

6 Member Medeiros.

7 COUNCILMEMBER MEDEIROS: Thank you, Chair.

8 And just following up on Member Molina's.

9 You said it's for the transponders, and I saw in
10 part of your -- I'm not sure where I saw it. But
11 anyway, something about completing the project in
12 Molokai and Hana for -- to replace the ORION
13 transponders. And maybe you could explain to me
14 and maybe the viewing public, the transponders
15 are part of the meter that's installed so that
16 your meter readers can read it by computer
17 devices?

18 MS. PERDIDO: Yes, you're correct. Basically we had
19 our big meter change out about ten years ago, a
20 little bit longer, with transponders at the time,
21 which were, you know, the first of the kind
22 pretty much. And since that time -- they had a
23 ten-year life, of course, so most of them have
24 been going bad.

25 Molokai was our first one that we

1 installed these transponders on, and they have
2 all gone bad. But since that time we have
3 replaced them with the ORION, which we have
4 selected to continue with our program.

5 And Hana has also completed theirs and,
6 to be honest, they're very happy. Hana is
7 reading the meters in, they told me, you know,
8 two days instead of four. They're using their
9 hand held still, but we can also read them with
10 laptops.

11 Molokai has reduced their reading time
12 also over there. So eventually we want to get
13 the rest of the Maui County changed out so that
14 we can be reading everything more efficiently.
15 Right now it's hard, because half of them are
16 dying and, you know, we are having to manually
17 replace them or read them.

18 COUNCILMEMBER MEDEIROS: And the follow-up question is
19 that I'm, you know, getting calls from
20 constituents: Who owns the water meter and who's
21 responsible for the maintenance around the water
22 meter?

23 MS. PERDIDO: Okay. The Department owns the water
24 meter.

25 COUNCILMEMBER MEDEIROS: Right.

1 MS. PERDIDO: But the constituents or your -- your --
2 our customers are responsible to maintain the
3 area around the meter or the meter box. And so
4 many times we have them putting trees over them,
5 we have rock walls going over, and when we have
6 to get in to service them, it's really hard. You
7 know, sometimes they put cement driveways over
8 them, which makes it very hard for the field
9 operations to change out or check on the meter if
10 they're stopped. But yes, the area around the
11 meter boxes are supposed to be kept clear for our
12 access.

13 COUNCILMEMBER MEDEIROS: By the property owner?

14 MS. PERDIDO: By the property owner.

15 COUNCILMEMBER MEDEIROS: What happens when there's a
16 lack of maintenance and the meters get covered by
17 materials and stuff, can the meter reader still
18 read it through that kind of debris?

19 MS. PERDIDO: If they are actively working, yes, they
20 should be able to read it. It's funny you asked
21 that, because just a short while ago we had --
22 someone had a palm tree or some kind of palm tree
23 over it and we had to contact them because his
24 meter was stopped. And he did actually get
25 everybody there and removed the thing -- the

1 obstacle and got it clear for us. But if they
2 are working, they can read through it.
3 COUNCILMEMBER MEDEIROS: Okay. And if you can't read
4 through it, are you what -- estimating what
5 the -- because we are getting calls that some
6 people are getting messages that, you know, your
7 meter needs to be cleared, we can't read the
8 meter, so it's an estimate that's being charged.
9 MS. PERDIDO: Yes, if the meter area is not cleared
10 and the meter is not working, and we can't get a
11 reading, we would estimate. And it is in our
12 rules that we can estimate bills based on past
13 consumption.
14 COUNCILMEMBER MEDEIROS: Okay. Thank you.
15 Thank you, Chair.
16 CHAIR PONTANILLA: Thank you, Member Medeiros.
17 Member Johnson.
18 COUNCILMEMBER JOHNSON: No.
19 CHAIR PONTANILLA: Thank you.
20 Member Baisa.
21 COUNCILMEMBER BAISA: (No audible response.)
22 CHAIR PONTANILLA: Member Anderson.
23 COUNCILMEMBER ANDERSON: (No audible response.)
24 CHAIR PONTANILLA: Member Mateo.
25 COUNCILMEMBER MATEO: Chairman, thank you.

1 I'm looking at your program 19 -- excuse
2 me, 21-9. Under your expenditure summary your --
3 under operations, can you tell me how that 38.9
4 percent reduction, how that has -- could have an
5 impact on your goal objectives?

6 MS. PERDIDO: Basically, as I explained earlier, the
7 reduction is because of the -- the taking out of
8 the transponders and putting them into the CIP
9 program. So it shouldn't affect our goals.

10 COUNCILMEMBER MATEO: Thank you. Thank you, Chair.

11 CHAIR PONTANILLA: Thank you, Member Mateo.

12 Members, any more questions on the B
13 account?

14 Seeing none, we go to the C account,
15 Equipment.

16 Member Molina.

17 COUNCILMEMBER MOLINA: No questions.

18 CHAIR PONTANILLA: Thank you.

19 Member Medeiros.

20 COUNCILMEMBER MEDEIROS: No questions, Chair.

21 CHAIR PONTANILLA: Thank you.

22 Member Johnson.

23 COUNCILMEMBER JOHNSON: No questions.

24 CHAIR PONTANILLA: Member Baisa.

25 COUNCILMEMBER BAISA: No. Very straightforward.

1 CHAIR PONTANILLA: Thank you.
2 Member Anderson.
3 COUNCILMEMBER ANDERSON: No thanks.
4 CHAIR PONTANILLA: Thank you.
5 Member Mateo.
6 COUNCILMEMBER MATEO: No.
7 CHAIR PONTANILLA: Thank you.
8 That concludes the Fiscal Customer
9 Service area. We go into the Engineering
10 Program.
11 Okay. Welcome, Mr. Nakamura.
12 Member Molina, any question on the A
13 account, Salaries and Wages?
14 COUNCILMEMBER MOLINA: Just one question for -- under
15 the -- it's in the program budget 21-10. I guess
16 the Department set objectives for 2008, four
17 projects were being designed and six in
18 construction during the next fiscal year. Will
19 these be -- these projects be more repair and
20 maintenance or new water source projects? And if
21 they are new water source projects, how much
22 water do you anticipate generating from these?
23 MR. NAKAMURA: Probably new --
24 CHAIR PONTANILLA: Can you talk directly to the mic?
25 MR. NAKAMURA: To answer your question, this is the

1 new water projects design and construction, as
2 far as I'm aware of.

3 COUNCILMEMBER MOLINA: You are -- and do you know
4 where specifically?

5 MR. NAKAMURA: You know, I don't -- hang on a second.

6 COUNCILMEMBER MOLINA: If you don't have the
7 information, I can get that at a later point.

8 MR. ENG: Yeah. Member Molina, we'll be going over
9 the CIP budget probably in about ten days or so,
10 so we can go into detail then.

11 COUNCILMEMBER MOLINA: No problem. I can wait. Thank
12 you.

13 Thank you, Mr. Chairman.

14 CHAIR PONTANILLA: Thank you.

15 Member Medeiros.

16 COUNCILMEMBER MEDEIROS: Yes, thank you, Chair.

17 In speaking to the Department at an
18 earlier meeting and we were trying to find out
19 the way how we could expedite the permit process,
20 and I'm looking at a report that was given to us
21 by our staff regarding your vacant positions in
22 engineering, and I know you're -- Director Eng,
23 you mentioned that you were short on engineers
24 and having a hard time recruiting them. Are you
25 still in that same status? Because it shows on

1 our report, which was of March of this year, that
2 you have six engineers positions vacant and one
3 engineering drafting aide vacant. Where do --
4 where does the Department stand now on that?

5 MR. NAKAMURA: At the present time we are still
6 vacant. We have been actively trying to recruit,
7 you know, interested individuals, but as you
8 know, there is a terrific engineering shortage,
9 you know, not only in this County but also the
10 State. And from talking to some of the people on
11 the mainland, there's some shortage up on the
12 mainland as well. So it's been very, very
13 difficult to recruit.

14 Just for your information, just last week
15 however, we got an inquiry and we met with an
16 individual that had indicated maybe he might be
17 interested in coming to work with us. We are
18 hopeful that that, you know, ends up coming on
19 with us, but it has been very, very difficult.

20 COUNCILMEMBER MEDEIROS: Okay. Thank you for that.

21 And your engineers are mostly civil
22 engineers?

23 MR. NAKAMURA: Basically civil engineering, that's
24 right.

25 COUNCILMEMBER MEDEIROS: And I have another question

1 on premium pay. It seems like -- you know, does
2 that -- who does that premium pay cover? Because
3 it seems like the staff in this division would be
4 working daytime, so what would the premium pay be
5 for? Is that for overtime pay?

6 MR. NAKAMURA: I believe that's for overtime pay.

7 COUNCILMEMBER MEDEIROS: When you have to keep people
8 working overtime?

9 MR. NAKAMURA: That's right. Usually what happens is
10 because the workload is so great every one of our
11 staff basically works overtime, especially the
12 ones that handle plan reviews doing permits, and
13 they basically work an hour or so after normal
14 quitting hours and they do that the entire week.
15 Weekends, once in a while maybe they might come
16 in, but usually they knock off for the weekends
17 to kind of rest up for the next week. But every
18 staff member, just about, works overtime.

19 COUNCILMEMBER MEDEIROS: I see. And my final is more
20 a comment to the Director and the Department,
21 that, you know, I've had calls from constituents
22 and, you know, they were told about their permit
23 getting to the Water Department and disappearing,
24 but the ones I talked to recently said they were
25 pleasantly surprised that their permits were

1 separated from large development permits and
2 their permits were able to get through quicker.
3 So we thank the Department for that adjustment.

4 Thank you, Chair.

5 CHAIR PONTANILLA: Thank you, Member Medeiros.

6 Member Johnson.

7 COUNCILMEMBER JOHNSON: Yes, are your engineers the
8 ones that comment when different issues come
9 before you, such as -- let's say something is
10 coming to the Planning Commission and a draft EA
11 or some comment is requested from the Department?
12 Do the engineers get involved in that?

13 MR. ENG: Member Johnson, the comments provided for
14 let's say the EAs, the various SMAs, things like
15 that, those are done by our Water Resources and
16 Planning Division personnel.

17 COUNCILMEMBER JOHNSON: Okay. And in terms of the
18 staffing that you have, do you believe currently
19 with the multitude of applications that come to
20 you in EAs and SMA and environmental reviews of
21 all sorts, do you believe that you have
22 sufficient staffing to actually adequately handle
23 that?

24 MR. ENG: We'll probably address this when we get to
25 the Water Resources Planning Program Manager's

1 review, but they are shorthanded severely in that
2 division also. And so with all the multitude of
3 things that we try to do through planning, yes,
4 there is a backlog, definitely.

5 COUNCILMEMBER JOHNSON: Okay. But your engineers
6 never comment then?

7 MR. ENG: Not on that type of review, no.

8 COUNCILMEMBER JOHNSON: Okay. Thank you.

9 CHAIR PONTANILLA: Thank, Member Johnson.

10 Member Baisa.

11 COUNCILMEMBER BAISA: Thank you, Chair.

12 Director Eng, I know that you have
13 vacancies. If you were to get lucky enough to
14 recruit those guys, and we are going to be
15 positive, you will, do you have space for them?

16 MR. ENG: Currently we have a little bit of space.

17 You know, we can squeeze in a couple more bodies.
18 I think if we could clear some of the backlog and
19 get some of those plans out of there, that might
20 be some more space. But in the future we do have
21 to look at more space for the entire department.

22 If you look at our fifth floor, our
23 Fiscal Customer Service area is pretty packed.
24 You know, our planning -- Water Resources and
25 Planning Division is in a remote location down at

1 the former Hokama's. Ideally we should be in the
2 same location so we can work closely together.
3 We do need a lot of personal contact in the
4 course of our business, so ideally down the road
5 we'd like to have something that we can work as a
6 group.

7 COUNCILMEMBER BAISA: Is -- are plans for more room or
8 a building or whatever being talked about or
9 worked on?

10 MR. ENG: Deputy Director Yamashige and I talk often
11 about that, pretty much informally. There's just
12 currently not a lot of things. It might be a
13 type of project that we may even have to
14 construct and find some land.

15 COUNCILMEMBER BAISA: The reason I ask is because
16 often, you know, there's this very elusive fringe
17 benefit of working in an environment that at
18 least you can work in and, you know, adequate
19 space and not being hot and, you know, having
20 some room to put the papers down. That may
21 affect recruiting. So I think that, you know, we
22 better start thinking about that. Thank you.

23 MR. ENG: Thank you.

24 CHAIR PONTANILLA: Thank you.

25 Member Anderson.

1 COUNCILMEMBER ANDERSON: Thank you, Chair.

2 Back to the big question, civil
3 engineers. Are you constrained by whatever
4 collective bargaining and all those things that
5 you cannot change any of these -- these vacant
6 positions? You've got two vacant Civil Engineers
7 III and four vacant Civil Engineers IV. So you
8 can't change that to say hire someone that's a
9 Civil Engineer V so that it's more attractive,
10 you know, and competitive against the private
11 sector? But are you constrained to those levels?

12 MR. NAKAMURA: I do know this, we -- for a while we --
13 all we had was Civil Engineer IVs in our division
14 and it's not too long ago when we finally got
15 approval to get three V positions. At that time
16 those people that were filling the IV positions
17 got moved up into the V positions and as a
18 result, you can see the vacancies that we have
19 now in the IV positions.

20 One of the things that I find in trying
21 to recruit, and I think this is probably
22 Statewide, the salaries that can be offered under
23 the Civil Service System really cannot compete
24 effectively against what these engineers can get
25 out in the private sector. And as a result, you

1 know, we are trying to compete, but if we really
2 can't compete with salaries, and since the
3 salaries is kind of like Statewide, you know, in
4 other words, you cannot offer something better on
5 Maui and not offer it on the Big Island or the
6 State or the other islands as well. So we all
7 are tied together under this Civil Service
8 System. So trying to raise salaries to attract
9 engineers, I don't know if that's the right
10 answer.

11 I've talked about this among ourselves as
12 well, and maybe one thing that possibly might
13 help is if somehow the County can maybe improve
14 the amount of benefits of some sort that the
15 engineers will gain that can be just unique to
16 Maui County. And maybe in that way, you know, we
17 might be able to attract a -- more people to come
18 and work for us over here. But that will be the
19 only suggestion that I would have in terms of,
20 you know, any kind of benefits or how we can
21 recruit, you know, more engineers. But it's been
22 very, very difficult.

23 COUNCILMEMBER ANDERSON: So you can't like redescribe
24 any of these positions? Instead of looking for
25 two Civil Engineer IIIs and four Civil Engineer

1 IVs, take those six positions and redescribe them
2 into Civil Engineer V?

3 MR. NAKAMURA: We could do that as well, but then how
4 are you going to fit that into the organization
5 as well? That's another issue that we would have
6 to kind of take a look at. And that's one reason
7 why we kind of left it at IVs. Because if you
8 look at the org chart, you know, you have the IV
9 reporting to the V. So you if have you two Vs in
10 the same section, you know, there may be a
11 problem in terms of who's going to supervise who
12 in that respect, since they would be of equal
13 level in terms of the classification.

14 COUNCILMEMBER ANDERSON: Well, I understand that
15 concern, but I think the greater concern is
16 getting the bodies in there and getting the work
17 done. The -- and, you know, I mean, you know,
18 if -- if we are having problems competing with
19 the private sector, then let's bring people in at
20 a higher level and then, you know, you're getting
21 a -- I guess more bang for your buck. I mean,
22 these positions have been empty for years and so
23 the work is not getting distributed among the
24 guys that you've got now. So I'm just suggesting
25 that maybe instead of starting at the lower level

1 start at a higher level and, you know, have
2 something to really compete against the private
3 sector. And I don't think any private sector
4 company can compete with our benefits right now.
5 We have got the best benefits out there. And,
6 you know, everybody likes to see the paycheck and
7 the take home pay, but in the final analysis,
8 benefits are really take home pay, too.

9 So I just wanted to move on to Page 19-14
10 where you've got three Civil Engineer Vs, and
11 their salary in '07 was 67,536, which I might add
12 is also the salary of your Civil Engineer IVs,
13 some of them, and actually most all your Civil
14 Engineer IVs are 67,536. One is 64,900 and it's
15 going up to 67,536. So I'm a little confused by
16 that, because you show -- back to the Civil
17 Engineer Vs, you show that you're increasing that
18 67,536 to 73,032 for your '08 request, which is,
19 you know, a nice -- almost \$5500 increase, but it
20 doesn't show that it's a step increase, so I'm
21 wondering how that came about?

22 CHAIR PONTANILLA: Department.

23 MR. NAKAMURA: I think in answer to your question,
24 when they were first put into Civil Engineering V
25 position, they were as a step J, and this 73,000

1 puts them up at a step L, and that's the reason
2 why there's that increase. Keep in mind that,
3 you know, there's always competition out there
4 trying to hire staff away and our intent here is
5 trying to maximize the amount that we can pay
6 these engineers so that it minimizes the chance
7 that they would want to depart for a better
8 paying job. But I believe the reason we went for
9 that change is because it went from a J to a step
10 L.

11 COUNCILMEMBER ANDERSON: But it doesn't show that it's
12 a step increase, Mr. Nakamura, so that's why it's
13 confusing. You know, on the left-hand side of
14 the page where the footnotes are, it indicates
15 those increases that are step increases and it
16 doesn't show that for these, so I need an
17 explanation. You guys just made a decision to
18 increase -- you know, I'm not arguing with it. I
19 just need to understand why.

20 MR. NAKAMURA: What I'll do is if I -- if it's okay
21 with you, let me go back and let me check this
22 out and I'll get back to you and answer that
23 question.

24 COUNCILMEMBER ANDERSON: Okay.

25 And then, also, if you could, you know,

1 look into what I suggested, the possibility of
2 redescribing those lower positions, because we
3 are -- you know, we don't have that many
4 engineers and we are missing six of them.

5 MR. NAKAMURA: Well, one thing I might add is that
6 one reason why we established Engineer IIIs was
7 that there was some possibility that we could
8 hire people that -- which maybe just out of
9 school or other less experienced people that
10 would be eligible to be hired at this level. So
11 that's one reason why we went down to a III. We
12 were even thinking about going down to a II or
13 even a I, to see if we could attract, you know,
14 some very entry level people, but that's the
15 reason for the IIIs in there.

16 COUNCILMEMBER ANDERSON: Yeah, but it just doesn't
17 seem to be working, so I'm thinking that we need
18 to look at it differently. Thank you.

19 MR. NAKAMURA: Yes.

20 CHAIR PONTANILLA: Thank you, Member Anderson.

21 Just a quick question, you said that you
22 moved some IVs to Vs?

23 MR. NAKAMURA: Yeah. That's correct.

24 CHAIR PONTANILLA: Okay. The ones that you moved from
25 IV to Vs, are in this particular account? And

1 what -- what I'm trying to get at is that I'm
2 looking at the three IVs over here, 67.5, if
3 those are the vacant positions that now need to
4 be filled, you know, as shown in our vacancy
5 report.

6 MR. NAKAMURA: That's correct.

7 CHAIR PONTANILLA: Thank you.

8 The other question that I had, you know,
9 we had the Police Department over here the other
10 day and they kind of worked with the Union in
11 trying to get, I guess, recruitment incentives
12 and it seems to work for them. I don't know if
13 the Department could work with the Union in
14 trying to get some incentives to attract
15 potential engineers.

16 MR. NAKAMURA: One incentive that we do have is we
17 have this moving expense reimbursement where we
18 are allowed to reimburse -- say, someone moving
19 from the mainland to join us, we can reimburse
20 them up to \$5,000. Basically what we do is we
21 reimburse them, I believe, \$2500 after the first
22 six months, after they pass probation, and then
23 after they've been with us a year, we reimburse
24 the other \$2500. So we have that incentive to
25 try to get people to move over here.

1 CHAIR PONTANILLA: So that's the only incentive that
2 you have?

3 MR. NAKAMURA: Right now that's the only incentive
4 that we have, that's right.

5 CHAIR PONTANILLA: Okay. Fast question, one more, the
6 interns that you hire, how many have come back to
7 the County and worked for the County?

8 MR. NAKAMURA: So far we haven't gotten any back. We
9 have had some interest and inquiries, but no --
10 none has come back, at least not yet anyway.

11 CHAIR PONTANILLA: Okay. Maybe you should talk to
12 them about the benefits that they would get over
13 here, other than the pay?

14 So anyway, Member Mateo, questions?

15 COUNCILMEMBER MATEO: Chairman, thank you very much.

16 And my question was going to be similar
17 to Member Anderson's. In taking a look at how to
18 redescribe and whether or not the Department has
19 been working with DPS in having the
20 redescrptions of these positions worked out with
21 them. Because, you know, like I sympathize with
22 the Department, because -- but you're not the
23 only department who has the employee hardships,
24 because the longer we wait, the more compounded
25 our problems are. Because I take a look at your

1 performance measures at this point and when you
2 look at the number of building permits received
3 and approved, you're working with a one-third
4 approval rate. When you look at the construction
5 plans received and approved, you're looking at a
6 one-third approval rate. That's not -- that's
7 not acceptable.

8 When you take a look at the major CIPs,
9 that's all pending because we don't have the
10 bodies to help expedite the processes. You've
11 got -- you've got almost \$26 million in CIPs
12 waiting to be done. So the problem is being
13 compounded and I think we now need to start being
14 creative in taking a look at how to go after
15 these positions.

16 As Chairman Pontanilla mentions, bonuses
17 or incentives. We have got to start somewhere,
18 because if we are going to wait, we are going to
19 get deeper in the hole and as we progress -- you
20 know, right now we are looking at transitions in
21 just the water rates itself, you know, but all of
22 this must all come together as the puzzle and we
23 are kind of like moving in bits and pieces.

24 So my concern is, you know, at this point
25 I can, again, sympathize with you, but I don't

1 know how else to say, we need to be more
2 aggressive in trying to pursue both redescription
3 and an incentive package to attract. And that's
4 the only recourse we have as a County, because
5 there's nothing else that we can probably do in
6 terms of offering what the private sector can
7 offer in terms of pay. So my concern is that we
8 understand the hardships and we understand the
9 difficulty in recruiting, but nonetheless the
10 public perception is it's our job, it's your job,
11 find the bodies you need. It's an easy -- it's
12 an easy -- easier said than done, but that's the
13 mentality. We depend on to you to recruit, we
14 depend on you to hire and let's get the job done.

15 So thank you very much, Chairman.

16 CHAIR PONTANILLA: Thank you, Member Mateo.

17 Anymore questions on the B account?

18 COUNCILMEMBER MEDEIROS: Chair?

19 CHAIR PONTANILLA: No -- A account?

20 COUNCILMEMBER MEDEIROS: Yes.

21 CHAIR PONTANILLA: Member Medeiros.

22 COUNCILMEMBER MEDEIROS: Thank you, Chair.

23 I just wanted to follow up on Member
24 Anderson talking about everybody's concerned
25 that, you know, you have a shortage of engineers

1 and that may be the reason and the problem why
2 things are not moving as quickly as people expect
3 it. Have you ever considered and would they
4 qualify to do the work, mechanical engineers,
5 instead of civil engineers?

6 MR. NAKAMURA: We looked at other disciplines. The
7 problem is is that our position descriptions
8 require a civil engineering degree and that's the
9 reason why -- and I guess that's the way it's,
10 you know, set up by personnel, but it's -- it
11 requires the degree in civil engineering. So a
12 mechanical, electrical, or anybody else would not
13 be able to fill this position, because the
14 position description specifically states you have
15 to have a degree in civil engineering.

16 COUNCILMEMBER MEDEIROS: Okay. And then my next
17 question is, because you have a shortage of
18 engineers, when you go out and recruit, do you
19 use the shortage pay range that is allowed in the
20 County to attract people.

21 MR. NAKAMURA: Usually what we do is we try to offer
22 them the max step, the highest step that we can
23 offer them to try to bring them in.

24 COUNCILMEMBER MEDEIROS: Okay. I think with DPS
25 though you can offer a range --

1 MR. NAKAMURA: Yeah, there's a range, but usually
2 what happens is sometimes we have to compete for
3 engineers within the County itself, and other
4 Departments have been offering the max step, so
5 we automatically offer the max step and let them
6 choose who they prefer to go with.

7 COUNCILMEMBER MEDEIROS: Okay. And my last question,
8 Chair, is Member Anderson, you know, recommended
9 or suggested that maybe if you recruit
10 Engineering V that you may get it and your
11 response was that well then if you have two
12 Engineer Vs, who supervises who? Well, under
13 contract, the baseyard seniority of the engineer
14 is who is higher than the other one, so you may
15 consider that.

16 Thank you, Chair.

17 CHAIR PONTANILLA: Thank you, Member Medeiros.

18 Member Molina, then Member Anderson.

19 COUNCILMEMBER MOLINA: Thank you, Chairman.

20 Just one last question for the A account,
21 I have no questions for the B account.

22 Looking at the performance measures for
23 21-11 in your program budget, Mr. Nakamura. You
24 folks have the same projection numbers from FY
25 '06, FY '07 and FY '08 under providing assistance

1 to the general public with regards to
2 sub-division applications received and approved,
3 building permits received and approved, and
4 construction plans received and approved and even
5 the number of phone calls requiring engineering
6 assistance per day. I guess maybe if you can't
7 answer it now maybe at a later time if we
8 could -- I could get the totals for FY '06 and
9 thusfar what you have received for FY '07 with
10 regard to --

11 MR. NAKAMURA: To answer your question, you know,
12 these numbers that we put in here was really an
13 estimate as best as we could. The '07 was a
14 projection that was an estimate and to project
15 '08, you know, we -- you know, this is really,
16 you're just kind of taking a guess as to what
17 would be an appropriate number to put in there.

18 So just looking at it, all we did was
19 just project it out and we assumed that what was
20 going to happen for '08 would -- in '07 would be
21 about what we would expect for '08 based upon
22 what we see, what we see how many -- how much
23 work is coming in, permits and all of that. And
24 that would -- so it's just an eyeball estimate at
25 this point.

1 COUNCILMEMBER MOLINA: Yeah, I thought the numbers may
2 be a little higher with '08 considering the rate
3 of growth that we are experiencing in the County,
4 yeah. And if you could also add in your -- if I
5 could get a response back from the Department on
6 this, Mr. Chairman, the number of units involved
7 with -- for '07 and '06 as well. I guess you
8 have a thousand -- well, however number of
9 permits that were processed and I guess the
10 amount of units as well, so --

11 CHAIR PONTANILLA: Thank you, Member Molina.

12 COUNCILMEMBER MOLINA: And I have no questions on the
13 B account, Chairman. Thank you.

14 CHAIR PONTANILLA: Okay. Thank you.

15 Just a follow-up on Member Molina's
16 question, and I think the Director and I talked
17 previously in regards to the performance measures
18 that the Department is going to take a look at
19 the performance measures and make it more
20 meaningful so that we all can understand it in
21 regards to, you know, if the Department is
22 meeting the needs of the people, the public as
23 well as the internal customers here in Maui
24 County, so he's going to be working on that.
25 Thank you.

1 Member Anderson.

2 COUNCILMEMBER ANDERSON: Thank you, Chair.

3 You know, I was just thinking in -- how
4 many years has it been since you guys have been
5 short these six engineers? And it doesn't matter
6 what classification or what rank, just because
7 they move around. But just in warm bodies how
8 many have you been --

9 MR. NAKAMURA: At least four years.

10 COUNCILMEMBER ANDERSON: Four years. See, I mean, and
11 that, Mr. Chair, is a problem, because at least
12 for the last five years we have been on this huge
13 growth spurt. And so not only, you know, does it
14 prevent you guys from keeping up with your normal
15 requirements, but now those guys that you do have
16 working are doubly stressed because of the -- you
17 know, the increased rate of growth that we have
18 here.

19 I mean, it's sort of like giving people
20 an impossible task, which is really unfair. So
21 I'm hoping that there's a way that, you know, you
22 can maybe redescribe these. And the other thing
23 I'm thinking that maybe we need to do is -- is
24 give housing preferences to those people who work
25 for the County and not just as an incentive to

1 get new employees, but as an incentive to keep
2 employees.

3 You know, I mean, there may be -- it may
4 be a fair assumption that there may be employees
5 that you have who are renting and, you know,
6 haven't been able to purchase a home yet,
7 especially in this market. So maybe we need to
8 look at that, Mr. Chairman, and work with the
9 Housing Committee Chair, Danny Mateo, in finding
10 a way to give preference to County employees and
11 do it in a way that -- I don't know, some other
12 added incentive, either a housing bonus of some
13 kind that, you know, as long as you stay with the
14 County for ten years you don't have to pay that
15 back, but if you leave prior to ten years, you've
16 got to pay it back. Something like that to give
17 people an incentive and then force them to stay
18 with us for at least ten years so we can, you
19 know, get the benefit out of the training that
20 you folks are going to give them.

21 Because that's the other thing I find
22 really disturbing is that too many times our
23 employees -- well, not the employees, but -- the
24 County is used as a training ground for the
25 private sector. You come into the County and you

1 learn how the County does it and what the
2 requirements are, and then boom, you're out there
3 in the private sector working for developers and
4 people who can afford to pay a higher salary.
5 And who gets the short end of it? Our taxpayers
6 and everybody else that is doing the job and
7 being loyal employees. So we have got to start
8 thinking out of the box.

9 And, you know, as we grow fast, we are
10 just shooting ourselves in the foot, because
11 you're not the only ones that don't have enough
12 employees, and it's not just engineers, it's the
13 whole range. In fact, I hear and I see over the
14 last few years that even at the lower end of the
15 employment scale, folks that work as clerks, they
16 can make more money in the hotels than they can
17 working for us. And so, you know, we do have to
18 address this, because our public suffers from
19 lack of services.

20 They look around and they see everything
21 moving fast and yet things are moving slow at the
22 County and it's because we just don't have the
23 bodies. So I know that's something that you
24 folks can't address right now, but I just want to
25 throw that in the mix and maybe as you look at

1 this, that's something that you can consider.

2 And, you know, I don't know what it would
3 take to do that, but -- off the top of my head,
4 but I certainly know it's something we should be
5 able to do and I know other jurisdictions do it.
6 I've seen housing preferences for police officers
7 and school teachers in various jurisdictions
8 across the United States, so why can't we do that
9 for County employees? You know, and just one
10 more comment, Mr. Chair. You know, those of us
11 who are paying rent with all the various
12 increases that are going on, rent is becoming a
13 mortgage payment every year as rent goes up. So
14 there are plenty of people out there who could
15 afford a mortgage payment if the inventory was
16 there. Thank you.

17 CHAIR PONTANILLA: Thank you, Member Anderson. I
18 agree with you 100 percent, we should provide
19 more incentives for employees that we want to
20 hire, especially the professional employees.
21 Those are the ones that are hard to get.

22 So, Members, we will go into the B
23 account, Operations. It looks flat.

24 Any questions, Member Molina?

25 COUNCILMEMBER MOLINA: No.

- 1 CHAIR PONTANILLA: Member Medeiros.
- 2 COUNCILMEMBER MEDEIROS: No questions, Chair.
- 3 CHAIR PONTANILLA: Member Johnson.
- 4 COUNCILMEMBER JOHNSON: No questions.
- 5 CHAIR PONTANILLA: Member Baisa.
- 6 COUNCILMEMBER BAISA: No questions.
- 7 CHAIR PONTANILLA: Member Anderson.
- 8 COUNCILMEMBER ANDERSON: No questions, but I'd like to
- 9 congratulate them on staying lean and mean.
- 10 CHAIR PONTANILLA: Member Mateo.
- 11 COUNCILMEMBER MATEO: No.
- 12 CHAIR PONTANILLA: Thank you.
- 13 To the division, you're lean and mean on
- 14 Operations.
- 15 I'll be going to the C account,
- 16 Equipment.
- 17 Member Molina.
- 18 COUNCILMEMBER MOLINA: No questions.
- 19 CHAIR PONTANILLA: Thank you.
- 20 Member Medeiros.
- 21 COUNCILMEMBER MEDEIROS: No questions, Chair.
- 22 CHAIR PONTANILLA: Member Baisa.
- 23 COUNCILMEMBER BAISA: No questions.
- 24 CHAIR PONTANILLA: Member Johnson.
- 25 COUNCILMEMBER JOHNSON: No.

1 CHAIR PONTANILLA: Member Anderson.
2 COUNCILMEMBER ANDERSON: We are in Equipment?
3 CHAIR PONTANILLA: Yes.
4 COUNCILMEMBER ANDERSON: No questions. Thank you.
5 CHAIR PONTANILLA: Thank you.
6 Member Mateo.
7 COUNCILMEMBER MATEO: Lean and mean. No, thank you.
8 CHAIR PONTANILLA: Thank you.
9 Members, that completes the Engineering
10 Program.
11 Thank you very much for being here,
12 Mr. Nakamura.
13 Next item -- next program is the Water
14 Resource and Planning Program.
15 Members, any questions to the A account
16 for Water Resources and Planning Program?
17 Member Molina.
18 COUNCILMEMBER MOLINA: No questions for the A account.
19 CHAIR PONTANILLA: Thank you.
20 Member Medeiros.
21 COUNCILMEMBER MEDEIROS: No questions, Chair.
22 CHAIR PONTANILLA: Thank you.
23 Member Johnson.
24 COUNCILMEMBER JOHNSON: Thank you. I think Director
25 Eng had said that this was the area where there's

1 planned review. Is that correct, Mr. Eng?

2 MR. ENG: Yes.

3 COUNCILMEMBER JOHNSON: I notice you have one vacancy,
4 Planner II. Is there any way that we can help
5 you, because I really feel as though you're just
6 inundated with all these requests to review plans
7 and review development, and -- I mean, is there
8 any recommendation that you have to -- so that at
9 least the workload coming in is at some
10 manageable level?

11 MS. KRAFTSOW: Actually, we do plan review for the
12 Planning Department, the discretionary permits.
13 As far as subdivisions building permits and plan
14 reviews, those are in Alva's shop, engineering,
15 and you've been hearing about his personnel woes
16 already.

17 We do have several vacancies as well. We
18 have one planner hopefully starting this month,
19 later this month, and I'm interviewing now for a
20 Conservation Specialist I, and the rest of the
21 vacancies are still, unfortunately, vacancies. I
22 would echo Alva's issue with salary. I have, at
23 one time, hired somebody, waited several months
24 for him to go through all the Occu-Med,
25 et cetera, only to get a phone call from him

1 literally the night before he was going to start
2 that an engineering firm had just offered him
3 twice the money; and back to square one with
4 recruiting.

5 Now I've hired somebody that's taken,
6 again, many months to go through Occu-Med and
7 et cetera. He's coming in and I am getting a
8 call from him that his job is now paying him more
9 than we will be paying him, even though we
10 upgraded -- you know. He's coming anyway, I
11 think, but his -- it is hard to recruit and keep
12 good people at the salary ranges that are offered
13 to planners in this County. And, you know, the
14 County benefits are quite good, but they're not
15 as good as they used to be for the new people
16 starting.

17 So I don't know what to say that we could
18 do. The recruitment incentive definitely helped
19 in this last case, because it is somebody who
20 used to live on Maui, that's -- we did offer a
21 recruitment incentive in order for him to come
22 back, but it's not enough.

23 COUNCILMEMBER JOHNSON: Let's hope this person stays.

24 MS. KRAFTSOW: Yeah. Exactly.

25 COUNCILMEMBER JOHNSON: Because many times, I mean,

1 people will come back here and, you know --
2 MS. KRAFTSOW: I actually thought the housing was a
3 good suggestion. There are many County employees
4 who just squeak over being eligible for
5 affordable, but they are too poor to really
6 afford anything. They're right in that gap.
7 There are many -- I think many employees that are
8 in that position. I don't know what the County
9 could offer or where it could offer anything.

10 COUNCILMEMBER JOHNSON: I mean, I know that in Water
11 particularly you look at demand site management.
12 I think perhaps one of the things you might have
13 to consider, too, in another venue, though, is
14 actually limiting some of the applications that
15 come through or some of the numbers, because at
16 some point it's the law of diminishing returns,
17 you're not able to keep up and then the very
18 people that are wanting you to review the plans
19 are the ones that are pilfering our employees.
20 So I mean, it just doesn't make a lot of sense.

21 So somehow, Mr. Chair, at some point we
22 have got to deal with the elephant in the room.

23 Thank you.

24 CHAIR PONTANILLA: Thank you, Member Johnson.

25 Just a question for the Department. Have

- 1 you ever worked with MEDB in regards to their
2 Kamaaina Come Home Program?
- 3 MS. KRAFTSOW: I'm not sure what program specifically
4 you're talking about. We have had meetings with
5 MECO and MEDB. We've talked about possibly doing
6 some funding on some of the low income --
7 offering people low flow washing machines and
8 things for low flow homes.
- 9 CHAIR PONTANILLA: This is the program where they go
10 out to the -- throughout the United States trying
11 to get people that were living here before,
12 especially technical people, engineers, computer
13 whiz, and they try to recruit them to come back
14 to Maui to work.
- 15 MS. KRAFTSOW: Oh, well, that's a good idea. What --
16 I don't know -- I would be interested to know
17 what they offer. That is exactly what this new
18 person coming is, he's a highly technically
19 trained person who left the island and we are
20 bringing him back, but that's just by chance.
21 You know, it would be good to know how they do
22 that systematically.
- 23 CHAIR PONTANILLA: I'm surprised. We will give you
24 folks the information on --
- 25 MS. KRAFTSOW: Thank you.

1 CHAIR PONTANILLA: -- how to contact the MEDB person.

2 MS. KRAFTSOW: Okay. Thank you.

3 CHAIR PONTANILLA: Thank you.

4 Member Baisa.

5 COUNCILMEMBER BAISA: I forgot what I'm going to say.

6 I sorry, I forgot. I got involved in Kamaaina
7 Come Home, which has been very successful, by the
8 way. It's a good place to look for trained
9 people on the mainland who are dying to come
10 home. The only problem, of course, again,
11 dealing with housing.

12 CHAIR PONTANILLA: Thank you.

13 Member Anderson.

14 COUNCILMEMBER ANDERSON: Yeah, I just want to follow
15 up on that, because -- and, Ellen, if you just
16 call Jeanne Skog at MEDB, and she'll hook you up
17 immediately.

18 MS. KRAFTSOW: I'll do that. Thank you.

19 COUNCILMEMBER ANDERSON: Or even Leslie. They focus
20 on college campuses, to bring kids that are, you
21 know, being enticed to the big city life, who may
22 not even know that there's employment
23 opportunities here on Maui, and, you know,
24 encourage them to come. And they hook them up,
25 you know. They find the jobs and, God forbid,

1 that they're spending all their efforts on
2 bringing them to private sector jobs when they
3 could be using that same amount of energy to
4 entice them to public service jobs, with the
5 County. So I would encourage you to do that.

6 And they also have a Women in Technology
7 Program and various programs that encourage
8 people into civil engineering professions. So I
9 think that is a resource that you guys could
10 really utilize.

11 The hydrologist (sic) position that is
12 vacant, could you tell me how many years that's
13 been vacant?

14 MS. KRAFTSOW: You know, I couldn't even tell you how
15 many years. I'm sorry. Probably a couple. A
16 few. I don't know exactly.

17 COUNCILMEMBER ANDERSON: And so what -- I'm a little
18 confused here, because it says it was
19 reallocated. You have -- you know, we show it
20 vacant. And, okay, a couple of years. It's
21 only -- the only position -- the only
22 hydrologist, I might add, that you have on staff,
23 Hydrologist (sic) III.

24 MS. KRAFTSOW: Yeah. I think --

25 COUNCILMEMBER ANDERSON: And then on -- excuse me, on

1 your detailed budget, 19-17 it shows it as a
2 reallocation, which -- what does that mean?
3 Because it seems like an awful low salary,
4 \$42,000.

5 MS. KRAFTSOW: Yeah. Initially, there was -- it was a
6 high level position and the salary was kind of
7 low for a high level position and we anticipated
8 some difficulty finding someone at that level.
9 So we found a candidate that was potentially
10 interested, but that would have been much more
11 entry level and so we went through the process of
12 reallocating the position. That candidate is
13 currently employed, although we are still in
14 discussions with her about possibly bringing her
15 in.

16 COUNCILMEMBER ANDERSON: I need you to explain to me
17 what you mean by reallocating it. You went from
18 maybe a Hydrologist (sic) IV or V to a
19 Hydrologist (sic) III?

20 MS. KRAFTSOW: Yeah, it was a high level
21 hydrogeologist position and there were -- didn't
22 seem to be any candidates on the horizon. We
23 hadn't actually gotten a list, but, you know, we
24 had been making informal inquiries. And then
25 there was this, oh, so and so knows so and so who

1 knows so and so. There might be one person.
2 It's like that with County positions. It's not
3 like everybody wants to come and apply for these
4 job. It's like you have to go out and try to
5 find -- and we have even gone to the point of
6 trying to make entry level positions for people
7 without college degrees so that we can make --
8 kind of build a ladder into the professional --
9 into the professional jobs from a
10 paraprofessional.

11 In this case it is a professional job and
12 we were just looking for who there might be, and
13 the likeliest candidate was not somebody who
14 would have qualified, after we spoke to
15 personnel, for the level that we had.

16 COUNCILMEMBER ANDERSON: And what was that level?

17 MS. KRAFTSOW: So we went through the process of
18 downgrading it. I can't recall. I'm sorry. It
19 was a V or a VI. I can go check it out for you.

20 COUNCILMEMBER ANDERSON: So the --

21 CHAIR PONTANILLA: Member Anderson, that was a
22 Hydrolist (sic) -- Hydrologist (sic) V.

23 MS. KRAFTSON: Hydrogeologist.

24 COUNCILMEMBER ANDERSON: Hydrogeologist. It was a V.

25 And what was the salary, Chair?

- 1 CHAIR PONTANILLA: It doesn't say.
- 2 COUNCILMEMBER ANDERSON: You know, I mean, I don't
3 think we should be dumbing down just because
4 somebody knows somebody that might qualify. I
5 think we need to keep our professional level
6 high. I mean, just give me a very brief, if you
7 may, description of what the hydrogeologist is
8 supposed to be doing.
- 9 MS. KRAFTSOW: The hydrogeologist would be keeping
10 track of -- right now we hire USGS to monitor the
11 aquifers. The hydrogeologist would be doing more
12 intensive monitoring on all of our wells. They
13 would also be assisting us in siting new wells,
14 selecting ideal sites. They would be expected to
15 be trained, either receive -- at this level to
16 receive training and/or at a higher level to
17 already have training in some of the -- you know,
18 similar to the head and shoulders model, the kind
19 of modeling that's done so that we could have
20 up-to-date and ideal information on possible
21 implications of pumping our wells by different
22 configurations and so on.
- 23 COUNCILMEMBER ANDERSON: Yeah, see that's a really
24 important job and it's critical that we get it
25 filled, and I don't know that you're going to get

1 it filled at 42,000. What's it going to take to
2 reallocate it back up?

3 MS. KRAFTSOW: Well, we could initiate the process
4 with personnel and it probably would -- it would
5 take a few months to get them to reallocate it
6 up. And then whether or not we got any
7 applications on the list would be anybody's
8 guess.

9 COUNCILMEMBER ANDERSON: Well, I think that we have a
10 whole different scenario that maybe we are not
11 thinking about. In the past we were told that we
12 couldn't recruit on the mainland. You had to be
13 a resident of the State to take a job here.
14 That's changed, so we need to start taking
15 advantage of that. And I guarantee you that
16 there are people working for universities maybe
17 even, you know, new in the field that -- you
18 know, not that new that they haven't established
19 a family somewhere that they would be willing to
20 come over here.

21 In fact, when we changed administrations,
22 myself and a few other people did some outreach,
23 and there are people who want to come here, who
24 have experience in the field of water management
25 and -- but we have got to, you know, offer it to

1 them.

2 MS. KRAFTSOW: Yes, actually interestingly enough we
3 had a position for a Planner VI that we were
4 trying to issue a few years ago. This is when we
5 hired the other guy who got offered twice as much
6 money, and one of our prime candidates that we
7 were very excited about had a resume in which
8 they had all kinds of watershed experience, but
9 then personnel didn't qualify them as a planner.
10 And I went up with the director at the time to
11 speak to the head of personnel and say, hey, wait
12 a minute, we don't care if somebody has got
13 background in traffic analysis and all these
14 things that you usually look at for planners, we
15 want -- and we -- and I tried to even create a
16 separate class -- a Water Resources Planner as
17 opposed to a planner planner, which --

18 COUNCILMEMBER ANDERSON: A Planning Department
19 planner.

20 MS. KRAFTSOW: Yes, we need different things. We need
21 actually a higher degree of environmental skill
22 and a lower degree of some of the other skills.
23 But we were not able to do that. We have been
24 given this generic round hole that we keep trying
25 to fit square pegs into.

1 COUNCILMEMBER ANDERSON: Well, maybe you need to
2 change the name then -- you know, so that -- you
3 know, you need to be aggressive about whatever
4 you need to do to make it work, because, you
5 know -- you guys know better than I do that you
6 need these bodies.

7 MS. KRAFTSOW: Yes.

8 COUNCILMEMBER ANDERSON: Thank you, Chair.

9 CHAIR PONTANILLA: Thank you, Member Anderson.

10 Members, is there anymore questions?

11 Member Baisa.

12 COUNCILMEMBER BAISA: I remember what I was trying to
13 offer to this discussion. Member Johnson
14 mentioned about pilfering employees. Well, I
15 come from an agency that is well known for
16 pilfering employees and it's an art and that art
17 is always shopping when you go to conferences,
18 when you go to meetings, when you work with
19 people always be looking for people who you would
20 like to have on your team. You need to cultivate
21 them. You need to entice them to come and work
22 for you.

23 And often it's not money, it's all about
24 a working environment where they feel challenged
25 and where they feel they could be creative and

1 appreciated. And I think that's the big, big
2 mistake we make here and the system we have,
3 where, you know, we put a little line in the
4 paper. Have you ever looked at our ads? They're
5 very sterile, you know, and they're very
6 forbidding because they say, oh, you have to have
7 this and you have to have that and you have to do
8 this and you have to do that. But there's very
9 little said about the benefits. So I would
10 suggest that you get out and start pilfering and
11 then maybe we'll have some of those people
12 working for us and then we will try to help you
13 with, you know, the right incentives. But we
14 have got to get a team on-board so you folks can
15 do the work that needs to be done.

16 Thank you.

17 CHAIR PONTANILLA: Thank you, Member Baisa.

18 Member Johnson, followed by Member
19 Medeiros.

20 COUNCILMEMBER MEDEIROS: Thank you.

21 COUNCILMEMBER JOHNSON: I just think what we should do
22 is ask what it was that enticed Mr. Eng to come
23 to work for the County from private sector.
24 Perhaps he could shed some light at some point in
25 time.

1 CHAIR PONTANILLA: Thank you. Probably the challenge.

2 MR. ENG: You don't really want to know.

3 CHAIR PONTANILLA: Member Medeiros.

4 COUNCILMEMBER MEDEIROS: Thank you, Chair.

5 Just following up on the recruitment,
6 because, you know, we all see that great need.
7 And not only with your Department, other
8 departments. But I think the idea to partner
9 with MEDB is a good suggestion. You know, we got
10 this brochure from them, you know, that they put
11 out.

12 Now, with funding from MEDB and funding
13 from yourselves, you could produce a very
14 attractive informational brochure that could be
15 left at universities and colleges within the
16 State in their engineering departments. And, you
17 know, it doesn't require somebody to go over
18 there and sell the -- you know, Maui's needs.
19 But just having the information there would help
20 you.

21 The other thing is in years past, the
22 County didn't have to recruit. Everybody wanted
23 to work for the County, because of the economic
24 times, and the benefits. Well, now, that's
25 changed. So departments cannot sit back and

1 think it's going to happen the way it used to.
2 We have to change our, you know, attitude on
3 thinking on how we can get good people into our
4 departments. So we have to change that. We have
5 to go out and recruit now and in a different and
6 more modern way than the County used to. So
7 that's a suggestion.

8 Thank you, Chair.

9 CHAIR PONTANILLA: Thank you, Member Medeiros.

10 Member Baisa.

11 COUNCILMEMBER BAISA: One last comment and I'm done.

12 Do we have money for -- in personnel to do
13 marketing, or in any of these budgets?

14 CHAIR PONTANILLA: We'll have DPS over here and we
15 will question the Department at that time.

16 COUNCILMEMBER BAISA: Thank you.

17 CHAIR PONTANILLA: Thank you.

18 Member Johnson, followed by Member
19 Anderson.

20 COUNCILMEMBER JOHNSON: I have a question for
21 Corporation Counsel. Because MEDB is an agency
22 that receives County funding and I know that
23 they're actively looking at construction of
24 housing that is on-campus. I don't know what
25 kind of housing, but at least it's housing. Is

1 there a prohibition for the County because, you
2 know, I know we can't discriminate and there's
3 some things that we can and cannot do, but if
4 MEDB brings in people and because we are funding
5 them, is there a prohibition that they provide
6 housing to attract engineers or other
7 professionals? Maybe we can't do it, but can
8 they? Or would you have to look into that?

9 MR. MOTO: Mr. Chairman, I'm not that familiar with
10 MEDB's recruitment efforts, but as a private
11 entity, I'm -- I would think that they would be
12 pretty much free to develop their own package of
13 incentives, including housing, and operate in a
14 way that we couldn't as a government entity. And
15 they could probably offer incentives that --
16 quicker and in a greater variety than we could.

17 COUNCILMEMBER JOHNSON: And I appreciate that.

18 And that's why I asked the question,
19 Mr. Chair, because if we are a partner and if
20 they can do something that we cannot, then
21 perhaps we might be able to help them, but in
22 turn they would be able to help us.

23 CHAIR PONTANILLA: Thank you.

24 Member Anderson.

25 COUNCILMEMBER ANDERSON: Yes, I just forgot to follow

1 up on one other question, Chair.

2 On 19-17 you've got a Planner III
3 WW-0269 -- I'm sorry, Planner VI that went from
4 51,000 to 70,000. That's almost a \$19,000
5 increase. Could you explain that for me?

6 MS. KRAFTSOW: Yes, that is our -- our little Kamaaina
7 Come Home Project. That is -- that is the
8 increase that we did to bring this person in.
9 This person, though, happens to have been, since
10 he left Maui -- he even before he left Maui doing
11 a lot of GIS and since he left Maui combining GIS
12 with models. And so we are hoping to be able to
13 utilize this person to make better advances with
14 our hydraulic model that has been languishing
15 with our current staffing situation.

16 COUNCILMEMBER ANDERSON: Okay. You don't need to
17 explain all that to me, Ms. Kraftsow. What I'm
18 trying to figure out is you have a Planner -- you
19 have a two Planner V or VIs here and one is
20 currently at 55,500; in '08 is going to 57,700.
21 And so this Planner that we are talking about is
22 at 51,300 and you've got it at -- got them at
23 70,000. So you're starting them --

24 MS. KRAFTSOW: This person already has more than 15
25 years of experience and a high level of technical

1 qualification, so, yes, he is starting at a
2 higher level, because he is a higher level.

3 COUNCILMEMBER ANDERSON: Okay. That explains it.

4 Thank you very much.

5 CHAIR PONTANILLA: Thank you.

6 Members, if you have any more questions
7 in the A account, please submit it to the Chair,
8 and, again, I'll have the Department provide us
9 with some feedback.

10 Members, we're going to the B account on
11 page 19-18.

12 Member Molina.

13 COUNCILMEMBER MOLINA: Thank you, Chairman. Just one
14 question. I know we got to keep tabs of the time
15 and your intention's to adjourn by 3:30 because
16 of the travel time to Kihei so I'll keep my
17 questions to a minimum.

18 Just one question, though. Electricity,
19 I noticed, in FY '07 you projected 36,000 and FY
20 '08 now it's 15,000, so that's quite refreshing
21 to see. Do you have any type of alternative
22 energy that you're saving electricity on? Can
23 you share that with us?

24 MS. KRAFTSOW: No, we use all the -- you know, the
25 bulbs and everything, but this is really just

1 because when we moved into that huge building, it
2 just looked like a huge building and I didn't
3 know what it would be like to -- I had never run
4 a facility like that before and I didn't know
5 what it would be like to cool it and light it and
6 so I made a guess and I made a guess for rent and
7 the rental guess was -- one guess was a little
8 too high and one guess was a little too low, and
9 they're kind of evening out. So the 21,000 and
10 the 9,500 increase is kind of balancing each.

11 COUNCILMEMBER MOLINA: Thank you.

12 Thank you, Chair.

13 CHAIR PONTANILLA: Thank you.

14 Member Johnson.

15 COUNCILMEMBER JOHNSON: No.

16 CHAIR PONTANILLA: Thank you.

17 Member Baisa.

18 COUNCILMEMBER BAISA: No questions.

19 CHAIR PONTANILLA: Thank you.

20 Member's Anderson?

21 COUNCILMEMBER ANDERSON: Yes, Ellen, is there anything
22 in your operating budget that addresses -- I'm
23 just guessing, under professional services, is
24 that where you have contracted out work for the
25 Water Use and Development Plan?

- 1 MS. KRAFTSOW: Yes.
- 2 COUNCILMEMBER ANDERSON: And so the funding that the
3 Council put out last year, I think it was
4 250,000.
- 5 MS. KRAFTSOW: Yes, we are in -- actually I have a
6 draft contract in my computer right now. We are
7 in process of working on that, but that's not
8 reflected in the '08 budget, because we are still
9 hoping to execute that by the end of this fiscal.
- 10 COUNCILMEMBER ANDERSON: Well, where is it reflected?
- 11 MS. KRAFTSOW: It's not reflected in the '08 budget,
12 because we are hoping to execute it this fiscal.
- 13 COUNCILMEMBER ANDERSON: Yeah, I heard that. But
14 would it be in the 285,000 for the '07 budget?
- 15 MS. KRAFTSOW: Oh, I see what you're saying. Yes, it
16 would be in professional services for the '07
17 budget.
- 18 COUNCILMEMBER ANDERSON: Oh, wait, wait, wait.
- 19 MS. KRAFTSOW: I don't know. Is this just our funds
20 or Council funds?
- 21 COUNCILMEMBER ANDERSON: Wait, wait, wait. Is all of
22 this money for the Water Use and Development
23 Plan, 6132 Professional Services?
- 24 MS. KRAFTSOW: No, actually I made a mistake there. I
25 apologize, Councilmember Anderson. That I

1 believe that the money that you allocated is from
2 the Council's budget. So this sheet just
3 represents our funds. So I believe it's actually
4 not in there. The sheet that -- if we are
5 looking at the same sheet.

6 COUNCILMEMBER ANDERSON: 19-18?

7 MS. KRAFTSOW: Yes. Yeah.

8 COUNCILMEMBER ANDERSON: So let's just forget about
9 what the Council did and just concentrate on the
10 program that you guys have got going. In '06 you
11 have 264,000. All of that was for the Water Use
12 and Development Plan?

13 MS. KRAFTSOW: No. No. You know, I brought '07 and
14 '08, I didn't bring '06. But basically I think
15 it was with the '07 budget that we started
16 issuing things as -- and, Holly, correct me if
17 I'm wrong, as grants rather than professional
18 services. So a lot of this stuff previously was
19 issued as Professional Services. The USGS
20 studies and the Ground Water Model, the Head and
21 Shoulders Model, all those things would have been
22 issued under that budget.

23 COUNCILMEMBER ANDERSON: Under Professional Services?

24 MS. KRAFTSOW: Yes. The Water Use and Development
25 Plan contract is older than that.

1 COUNCILMEMBER ANDERSON: So if you could just, Ellen,
2 for us, for -- for our purposes, if you could
3 tell us how much money has been allocated from
4 the Water Department towards the Water Use and
5 Development Plan? And I would say, you know, go
6 back, what, five years, if you can.

7 MS. KRAFTSOW: Okay. The initial contract was
8 \$313,000. That was -- the initial contract, I'm
9 sorry, for Haiku Design & Analysis. Other than
10 that there was a 36,000 --

11 COUNCILMEMBER ANDERSON: And when was that let?

12 MS. KRAFTSOW: '04, '05.

13 COUNCILMEMBER ANDERSON: That's good enough.

14 MS. KRAFTSOW: Something like that. And I'm not
15 entirely -- I can check that if you need the
16 exact.

17 COUNCILMEMBER ANDERSON: No, that's okay. That's
18 close enough.

19 MS. KRAFTSOW: And then subsequently I believe there
20 have been out of the allowance to do things like
21 he spent quite a bit more time that we hadn't
22 budgeted for reconciling our source pump data
23 with our billing data and cleaning up gaps in
24 both of those data sources and making them so
25 that they fit. Because, you know, we pump and

1 then two months later we bill and then two months
2 later they have to pay, and so the gaps never
3 made the loss -- system losses looking at
4 unaccounted for water.

5 Things like that, side contracts. We've
6 probably, to date, spent on the order of 20 or
7 30,000 more on little side contracts of that
8 nature, different things.

9 COUNCILMEMBER ANDERSON: In addition to the 313?

10 MS. KRAFTSOW: Yes. And then the 313 is probably
11 about halfway spent.

12 COUNCILMEMBER ANDERSON: And so --

13 MS. KRAFTSOW: -- and then --

14 COUNCILMEMBER ANDERSON: Wait, wait.

15 MS. KRAFTSOW: Okay.

16 COUNCILMEMBER ANDERSON: So then the remainder of that
17 313 that's halfway spent, the unencumbered
18 amount, where would we find that in this budget?

19 MS. KRAFTSOW: I don't know that you would find that
20 in this budget. You wouldn't find that in this
21 budget, because it's not -- it's already
22 encumbered. It doesn't need to be
23 reappropriated.

24 COUNCILMEMBER ANDERSON: It's encumbered in its
25 totality. I see.

1 MS. KRAFTSOW: Yeah.

2 COUNCILMEMBER ANDERSON: It just hasn't been spent?

3 MS. KRAFTSOW: Right.

4 COUNCILMEMBER ANDERSON: Okay. So then if you could
5 for us -- not right now, Ellen, but if you could
6 get back to us on what -- this year you've got
7 \$333,500 allocated for Professional Services. If
8 you could just break that down for us.

9 MS. KRAFTSOW: Yes, I have that here. If you would
10 like it now I have that here.

11 COUNCILMEMBER ANDERSON: Sure, that would be great.

12 MS. KRAFTSOW: Okay. There's an allowance always for
13 the Water Use and Development Plan and/or Demand
14 Model, that's 20,000. There's an allowance for
15 Information Systems Integration, which would be
16 GIS model, billing databases, whatever data
17 systems need work. There's funds then for the
18 USGS to complete its Head and Shoulders Ground
19 Water Model and we are also considering extending
20 that model into west -- the Head and Shoulders
21 included West Maui, but West Maui was not at the
22 level that we could actually do prediction with,
23 so we would be looking at extending that.

24 There's money in there for monitoring the
25 Iao and Waihee aquifers, for monitoring and

1 updating data on Opana Tunnel at Kailiili.
2 There's money in there for the Na Wai Eha Stream
3 Study.
4 COUNCILMEMBER ANDERSON: I'm so happy to hear that.
5 We were -- that was my next question. Where --
6 what happened to the 75,000 that was in OED?
7 It's now included in this under professional
8 services?
9 MS. KRAFTSOW: Well, actually that's been an item of
10 some confusion for me. We have -- our first
11 75,000 to the stream study in '07 is up at Corp.
12 Counsel now for the '07 budget to be issued and
13 then I had requested for and received 100,000 so
14 that other 25 we are discussing whether that goes
15 to the streams or if they have some other ideas
16 about what would be more useful for it right now.
17 And then I understand that OED's money was going
18 into our budget.
19 COUNCILMEMBER ANDERSON: You mean last year's 75,000
20 that was in --
21 MS. KRAFTSOW: For '08 I understood that was going to
22 happen, but I don't -- yeah, I'm not entirely
23 clear. I was just on the phone --
24 COUNCILMEMBER ANDERSON: OED has no money budgeted
25 this year.

- 1 MS. KRAFTSOW: For '07 -- this year, '07 that we're
2 still in or for '08?
- 3 COUNCILMEMBER ANDERSON: '08.
- 4 MS. KRAFTSOW: For both years we have money budgeted.
- 5 CHAIR PONTANILLA: Excuse me. Member Anderson, I
6 think we should have the Department give us
7 everything in writing in this one here, because
8 I'm kind of concerned in regards to the \$75,000
9 myself.
- 10 COUNCILMEMBER ANDERSON: Yeah, I'd like to get the
11 breakdown of all of this in writing if we could,
12 Ellen.
- 13 MS. KRAFTSOW: Okay.
- 14 COUNCILMEMBER ANDERSON: And then maybe if you could
15 look further into that 75,000, because I just
16 heard you say 100,000 and so now I'm confused on
17 where the money actually is.
- 18 MS. KRAFTSOW: Okay.
- 19 COUNCILMEMBER ANDERSON: Out of last year, too.
- 20 MS. KRAFTSOW: I can't speak for the OED, but I can
21 speak pretty clearly about DWS funds. We, in
22 '07, the year that's currently in progress where
23 I'm encumbering contracts now, they all just went
24 upstairs this week or late last week, the end of
25 March basically, the beginning of April. That --

1 we had 100,000 encumbered in '07 -- appropriated,
2 I'm sorry, in '07 and I just sent 75,000 upstairs
3 to encumber.

4 COUNCILMEMBER ANDERSON: And that's for the stream
5 study?

6 MS. KRAFTSOW: That's for the stream study. That's
7 what USGS gave us as a proposal, 75,000.

8 COUNCILMEMBER ANDERSON: And where is it in your '07
9 budget?

10 MS. KRAFTSOW: In '07 it was called USGS Stream
11 Monitoring Hydrologic and Aquatic Ecology. Oh,
12 what did you guys call it?

13 In the '07 budget it would be under
14 Professional Services to USGS; it would be a
15 professional services item.

16 COUNCILMEMBER ANDERSON: Under that 6132?

17 MS. KRAFTSOW: Yes.

18 COUNCILMEMBER ANDERSON: So it would be -- it would
19 have been included in the 285,000?

20 MS. KRAFTSOW: Yes.

21 COUNCILMEMBER ANDERSON: Well, that's confusing,
22 because when you look at OED's budget for '07
23 they've got 75,000 there for USGS Stream Flow
24 Study.

25 MS. KRAFTSOW: So we each had 75,000 in Fiscal Year

1 '07 is what that sounds like.

2 COUNCILMEMBER ANDERSON: Well, I don't know that we
3 ever allocated the 150 grand, but we should look
4 into that, Chair.

5 CHAIR PONTANILLA: Yeah, we will follow up as far as
6 the request made by USGS. I think they requested
7 \$75,000 for three years, so something is not
8 right.

9 COUNCILMEMBER ANDERSON: Right.

10 MS. KRAFTSOW: And then in '08, again, we have another
11 budgeted request of 100,000 for USGS, so that
12 would be our year two. I don't know about
13 what --

14 COUNCILMEMBER ANDERSON: You've got 100,000 included
15 in this 333,000 for USGS?

16 MS. KRAFTSOW: I believe so, yes.

17 COUNCILMEMBER ANDERSON: Okay. So we will look
18 forward to that breakdown, Ellen. Thank you.
19 Thank you, Chair.

20 CHAIR PONTANILLA: Thank you, Member Anderson.
21 Members, any more questions?

22 COUNCILMEMBER MATEO: Mr. Chairman?

23 CHAIR PONTANILLA: Member Medeiros --

24 COUNCILMEMBER MEDEIROS: Thank you, Chair.

25 CHAIR PONTANILLA: -- followed by Member Mateo.

1 COUNCILMEMBER MEDEIROS: I think it's my turn on this
2 one.

3 Very quickly. I'm very happy to hear
4 that there's money for Na Wai Eha that Member
5 Anderson brought up. And that you have funding
6 in supporting the leeward Haleakala forest
7 restoration.

8 But I want to ask on 19-19, in your
9 953161 account 61-32 sub-object code Professional
10 Services, are those for the watershed
11 partnerships, the East Maui Waters?

12 MS. KRAFTSOW: I'm sorry, I didn't hear the exact
13 numbers you were using, but on that 19-19, yes,
14 there are several funding amounts for watershed
15 partnerships.

16 COUNCILMEMBER MEDEIROS: Okay. The East Maui Waters,
17 is that the East Maui Watershed Partnership?

18 MS. KRAFTSOW: Yes. Probably it just cut off there.

19 COUNCILMEMBER MEDEIROS: And the -- you also have some
20 money for the East Maui Nature Conservancy.

21 MS. KRAFTSOW: Yes, there are two separate areas of
22 the mauka forest region there. They're
23 maintained by different members of the
24 partnership, part of Waikamoi Preserve is
25 maintained by --

1 COUNCILMEMBER MEDEIROS: Okay. Yeah, because we heard
2 in the Hana meeting that they're really
3 appreciative of the funding and the work they're
4 doing, but you also have funding for miconia
5 containment and removal.

6 MS. KRAFTSOW: Yes.

7 COUNCILMEMBER MEDEIROS: Is that shared among the
8 watershed areas, or is that strictly East Maui?

9 MS. KRAFTSOW: That is island wide and it also is
10 miconia. Actually the title is Miconia
11 Containment and Removal, but it's miconia and
12 other priority weeds and the Maui Invasive
13 Species Committee meets and prioritizes which
14 weeds and where.

15 And basically all the same people that
16 are in the partnerships are also in this MISC
17 group, but it's a separate effort, separate
18 study.

19 COUNCILMEMBER MEDEIROS: Okay. Well, I want to
20 continue to -- I mean, to have the Department
21 continue this partnership and support, because if
22 we don't, you know, protect our watershed areas
23 now we're not going to have any watershed. So
24 I'm glad the Department is very involved in this.

25 Thank you.

1 Thank you, Chair.

2 CHAIR PONTANILLA: Thank you, Member Medeiros.

3 I would just like to provide you with
4 more information. Some of the grants that you
5 see on this particular page 19-9, when you look
6 into other parts of the budget, you'll also see
7 more funding, so just for your information.

8 Members, any more questions to the B
9 account?

10 MS. KRAFTSOW: Mr. Chair, if I could add one thing?

11 CHAIR PONTANILLA: Sure.

12 MS. KRAFTSOW: I've just been in discussions with the
13 Nature Conservancy and what they would like to do
14 to streamline, and I don't know if this affects
15 because you usually budget by line item, they
16 would like us to take the Maui and Molokai
17 contracts and combine that into -- for the Nature
18 Conservancy efforts, combine that into one
19 contract that describes both, but only issue one
20 contract. So I'm hoping we could set that up so
21 that it won't require a budget amendment to do
22 that if we can sort of set up an approval to do
23 it that way.

24 CHAIR PONTANILLA: We will take that under
25 recommendation.

- 1 COUNCILMEMBER MATEO: Chairman?
- 2 CHAIR PONTANILLA: Member Mateo.
- 3 COUNCILMEMBER MATEO: Chairman, just for clarification
- 4 purposes while we have the resource here, your
- 5 objectives for Fiscal Year 2008, and this is
- 6 program 21-14 and 21-15, your objective is to
- 7 complete 60 percent of the Water Use and
- 8 Development Plan, and on Page 21-15, at the end
- 9 of this fiscal year you should have completed 60
- 10 percent of your plan, and for Fiscal Year 2008
- 11 you should be completing, according to your own
- 12 projection, 67 percent of the plan. So what is
- 13 correct? Because we are kind of wanting to
- 14 complete the 100 percent as soon as possible.
- 15 MS. KRAFTSOW: Yeah, that will -- this will -- this
- 16 number will probably change when we issue the
- 17 contract to expedite, but what I was looking at
- 18 was that 60 percent, I think, was probably at the
- 19 pace that we had been going, I felt that it was
- 20 maybe a little too ambitious. And so I think
- 21 that with the contract to expedite we should be
- 22 further along, but I want to speak with our
- 23 consultant before I change the number officially.
- 24 COUNCILMEMBER MATEO: Thank you.
- 25 CHAIR PONTANILLA: Thank you, Member Mateo.

1 Members, if you have any more questions
2 in regards to the B account, if you can forward
3 it to the Chair and then I'll forward it to the
4 Department for a response.

5 We are going to the C account, which is
6 Equipment for Water Resource and Planning
7 Program.

8 Member Molina.

9 COUNCILMEMBER MOLINA: No questions.

10 CHAIR PONTANILLA: Thank you.

11 Member Medeiros.

12 COUNCILMEMBER MEDEIROS: No questions, Chair.

13 CHAIR PONTANILLA: Member Baisa.

14 COUNCILMEMBER BAISA: No questions.

15 CHAIR PONTANILLA: Member Anderson.

16 COUNCILMEMBER ANDERSON: No questions. Thank you.

17 CHAIR PONTANILLA: Member Mateo.

18 COUNCILMEMBER MATEO: No questions.

19 CHAIR PONTANILLA: Thank you very much.

20 We have concluded the Water Resource and
21 Planning Program.

22 Before we go into -- before we move on,
23 the Chair would like to take a five-minute
24 recess. ...(gavel)...

25 RECESS: 3:25 p.m.

1 RECONVENE: 3:32 p.m.

2 CHAIR PONTANILLA: ...gavel... The Budget and Finance
3 Committee meeting is now reconvened. Thank you
4 for that short break.

5 At this time we will go into the Water
6 Treatment Plant Operations Program. We'll take
7 the A account first. We will go from Member
8 Mateo.

9 COUNCILMEMBER MATEO: Chairman, thank you very much.
10 I will gladly yield the floor to my colleague
11 from Wailuku.

12 CHAIR PONTANILLA: Mr. Victorino, questions on the A
13 account?

14 COUNCILMEMBER VICTORINO: No, I have no questions at
15 this time.

16 CHAIR PONTANILLA: Thank you.
17 Member Molina.

18 COUNCILMEMBER MOLINA: Thank you, Mr. Chairman.
19 Just a brief -- can I have just a brief
20 description on the three expansion positions for
21 the operators, water treatment operators?

22 MR. SEITZ: Yes, the three positions that you're
23 referring to are new positions and currently
24 right now we are faced with -- within the next
25 several years, we are going to be having four to

1 five people retiring and as such we need to start
2 to build people up into those jobs.

3 It takes approximately four to six years
4 to get a new employee licensed up to the level
5 that we need. So by starting now, then we can
6 have these people on board.

7 COUNCILMEMBER MOLINA: The earlier the better.

8 MR. SEITZ: Actually we're probably behind the curve a
9 little bit as it is now.

10 COUNCILMEMBER MOLINA: Thank you, Mr. Seitz.

11 Thank you, Mr. Chairman.

12 CHAIR PONTANILLA: Thank you, Member Molina.

13 Member Medeiros.

14 COUNCILMEMBER MEDEIROS: Okay. How are you doing
15 filling your vacant positions?

16 MR. SEITZ: Currently I don't believe we have any
17 vacant positions, or possibly one.

18 Oh, okay, I have two. And we are having
19 problems with that, because these are licensed
20 positions, so we have tried recruiting on the
21 mainland. That hasn't been totally satisfactory.
22 The problems we have are we get people in, they
23 come over, they stay for six months, a year and
24 for various reasons they go back to the mainland.
25 So that hasn't been real successful, which is why

1 we're trying more to get the local people in and
2 then work them up. But, like I said, that takes
3 between four to six years.

4 COUNCILMEMBER MEDEIROS: Okay. Thank you, Department.
5 Thank you, Chair.

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

8 COUNCILMEMBER BAISA: No questions.

9 CHAIR PONTANILLA: Thank you.
10 Member Mateo.

11 COUNCILMEMBER MATEO: No.

12 CHAIR PONTANILLA: Thank you.

13 Going to the B account, which is the
14 Operations.

15 Member Victorino, if you have any
16 questions?

17 COUNCILMEMBER VICTORINO: No, none at this time.

18 CHAIR PONTANILLA: Thank you.

19 Member Molina.

20 COUNCILMEMBER MOLINA: No questions.

21 CHAIR PONTANILLA: Thank you.

22 Member Medeiros.

23 COUNCILMEMBER MEDEIROS: No questions, Chair.

24 CHAIR PONTANILLA: Member Baisa.

25 COUNCILMEMBER BAISA: No questions.

1 CHAIR PONTANILLA: Member Mateo.

2 COUNCILMEMBER MATEO: No.

3 CHAIR PONTANILLA: Thank you.

4 We are going to the C account, which is
5 the Equipment.

6 Member Victorino.

7 COUNCILMEMBER VICTORINO: No, I have no questions. I
8 think the equipment they're asking for are
9 necessitated which -- especially the clipper -- I
10 mean, the chipper is definitely needed. You
11 know, we have had a lot of problems in that area,
12 so no, none at this time, Mr. Chair.

13 CHAIR PONTANILLA: Thank you.

14 Member Molina.

15 COUNCILMEMBER MOLINA: No, everything looks pretty
16 standard, Mr. Chairman.

17 CHAIR PONTANILLA: Thank you.

18 Member Medeiros.

19 COUNCILMEMBER MEDEIROS: Thank you, Chair.

20 Your Water Treatment Division, do you
21 have operations in the East Maui, Hana area?

22 MR. SEITZ: No, we don't.

23 COUNCILMEMBER MEDEIROS: You don't?

24 MR. SEITZ: No.

25 COUNCILMEMBER MEDEIROS: Okay.

1 Thank you, Chair.

2 CHAIR PONTANILLA: Member Baisa.

3 COUNCILMEMBER BAISA: No, it looks good to me.

4 CHAIR PONTANILLA: Member Mateo.

5 COUNCILMEMBER MATEO: No, this is a fairly flat
6 budget, so I have no questions.

7 CHAIR PONTANILLA: Thank you.

8 Well, that takes care of that.

9 Thank you very much.

10 MR. SEITZ: That was painless.

11 CHAIR PONTANILLA: One fast question. Your Assistant
12 Water Treatment Plant Operator, I know you said
13 that you're going to hire them early so that you
14 can get them trained and probably move up the
15 ladder and get licensed. I think that's a very
16 innovative way to get real local people into the
17 position that you know are going to stay here, so
18 maybe some other departments can do the same. So
19 thank you very much.

20 MR. SEITZ: Thank you.

21 CHAIR PONTANILLA: Okay. We are going to Field
22 Operations.

23 Mr. Eng, if you can introduce your Chief
24 over here.

25 MR. ENG: Yes, I'd like to introduce all of you to our

1 Field Operations Program Manager, Bobby Vida, and
2 he's here to answer any of your questions.

3 CHAIR PONTANILLA: Thank you.

4 Member Victorino, on the A account,
5 Salaries and Wages for Field Operations?

6 COUNCILMEMBER VICTORINO: All I have is, you know,
7 Mr. Vida, I kind of noticed that we are still
8 short, especially in pipefitters and I remember
9 we talked about this in the past and how are we
10 as far as filling those positions, those vacant
11 positions? Are we getting a little better at
12 that or are we still having a real difficult
13 time?

14 MR. VIDA: As far as the pipefitter positions, we're
15 pretty well filled. We're a little bit short on
16 the working foremans and the supervisor
17 positions.

18 COUNCILMEMBER VICTORINO: Those positions, yeah. But
19 those are mostly in-house. If you find
20 candidates, pretty much you look for in-house
21 first, yeah?

22 MR. VIDA: Hopefully.

23 COUNCILMEMBER VICTORINO: Okay. No other questions.

24 Thank you, Mr. Vida.

25 CHAIR PONTANILLA: Thank you.

1 Member Molina.

2 COUNCILMEMBER MOLINA: Thank you, Mr. Chairman.

3 Just looking at the program description
4 of the responsibilities of the Field Operations
5 Division, it's quite a lot of responsibility, so
6 I can totally understand the Department's request
7 for an Assistant Field Operations Chief. And I
8 know, Mr. Vida, you have done a tremendous job,
9 but as the County continues to grow I know you
10 have more and more responsibilities. Can you
11 just basically give us a brief description of
12 what the responsibilities will be of the
13 Assistant Field Operations Chief?

14 MR. VIDA: The assistants position would be -- I would
15 like him to work on the outlying districts,
16 Molokai, Hana, and Lahaina and then right now we
17 kind of band-aid pipes because we don't really
18 have easements through people's property. So
19 I'll have him spend days there, work out with the
20 consumers, and work through our Engineering
21 Department and do main line replacements.

22 COUNCILMEMBER MOLINA: Thank you, Mr. Vida.

23 Thank you, Chairman.

24 CHAIR PONTANILLA: Thank you, Member Molina.

25 Member Medeiros.

1 COUNCILMEMBER MEDEIROS: Thank you, Chair.

2 Mr. Vida, I'm glad my colleague, Member
3 Molina, asked about that position, because
4 certainly the outlying districts could use that
5 kind of supervision and -- because I know even
6 though, you know, the Department might think of
7 you as one tako and with eight arms I know they
8 cannot stretch you that much. So I'm glad you
9 guys are putting in for the Assistant Field
10 Operation Assistant. Are we fully staffed in
11 East Maui and Hana?

12 MR. VIDA: Right now we are fully staffed. I have one
13 person temporarily assigned to work a foreman
14 position there. He should be just about
15 qualified for the position as a permanent.

16 COUNCILMEMBER MEDEIROS: My next question is, because
17 of the earthquake, I get a lot of calls from
18 Kaupo from constituents. You know, they're
19 frustrated with the road closure. And I know
20 it's difficult for your Hana division now to
21 respond to Kaupo, because the road is closed at
22 Kukuiula in Kipahulu. So -- and I know there's
23 not a real clear relationship between Kaupo Ranch
24 and the County as far as delivering water to the
25 customers out there. So if there's a need for

1 your maintenance personnel to get to Kaupo, would
2 they go all the way around through Ulupalakua,
3 which is a seven-hour round trip or would you
4 folks send somebody from Central to attend to the
5 needs of the Kaupo people?

6 MR. VIDA: As soon as we had the landslide I turned
7 the responsibility of Kaupo over to the Makawao
8 Maintenance Department.

9 COUNCILMEMBER MEDEIROS: Thank you, Mr. Vida.

10 Thank you, Chair.

11 CHAIR PONTANILLA: Thank you, Member Medeiros.

12 Member Baisa.

13 COUNCILMEMBER BAISA: Thank you, Chair.

14 Good afternoon, Mr. Vida. I certainly
15 understand the demands of this Department very
16 well having lived through having two men in my
17 house working it, and I know that there's a lot
18 of work, more than probably can be done by the
19 people that you have. And I'm kind of concerned
20 because I see there are seven vacancies in this
21 Department. Are you having a hard time
22 recruiting people like Pipefitter Helpers,
23 Pipefitter IIs?

24 MR. VIDA: Right now as far as recruitment, the
25 problem we are having is licensed operators, that

1 would be working foremens (sic) and supervisors.

2 COUNCILMEMBER BAISA: Thank you.

3 CHAIR PONTANILLA: Thank you, Member Baisa.

4 Member Anderson.

5 COUNCILMEMBER ANDERSON: No questions.

6 CHAIR PONTANILLA: Thank you.

7 Member Mateo.

8 COUNCILMEMBER MATEO: Chairman, thank you very much.

9 Mr. Vida, with your EP count, you got 75

10 positions, whether they're vacant or not.

11 MR. VIDA: Right.

12 COUNCILMEMBER MATEO: 75 positions, is that considered

13 for you, fully staffed?

14 MR. VIDA: Yes, it is fully staffed.

15 COUNCILMEMBER MATEO: Okay. So then if -- you would

16 be fully staffed if you were able to hire those

17 seven bodies, then. Would we expect a reduction

18 in the premium pay to go down?

19 MR. VIDA: That all depends, because we are an

20 underground utility. You never know when it's

21 going to break.

22 COUNCILMEMBER MATEO: So what's running right now is

23 what we can expect for the next number of years

24 to consistently run? Because right now in Fiscal

25 Year '07 we are talking 373,500 in overtime pay

1 and in '08 projection, \$374,000, there's a \$500
2 reduction. Is this the standard for what we can
3 expect for the next number of years?

4 MR. VIDA: I would say the premium pay were up because
5 we did some -- that Olinda retrofit and in that
6 project we worked six days a week, ten hours a
7 day, so our overtime kind of went over.

8 COUNCILMEMBER MATEO: Because I -- we noticed a
9 reduction from that OT from '06, it's gone down
10 considerable, and in '08, you know, we are
11 starting to see the climb back up again.

12 MR. VIDA: Yes. But like I said, being an underground
13 utility, you know, we are just going to have to
14 mark it up there and just see what happens.

15 COUNCILMEMBER MATEO: Okay. Well, I guess, I'm
16 voicing my concern that your Department has a
17 high OT rate. And I can understand at this point
18 your reason for the continuance of that pay.

19 Thank you.

20 CHAIR PONTANILLA: Thank you, Member Mateo.

21 I've just got a fast question here,
22 because we had an incident in Kahului and I
23 think, you know, Member Mateo brings out, you
24 know, a question that, you know, also bugs my
25 mind, yeah, the number of overtime hours that we

1 put in.

2 But my question is, you know, when you
3 look at Kahului itself, you get -- you know, it's
4 a pretty -- fairly new, fairly old subdivision,
5 and when you look at the construction that were
6 done, the materials that were used back in the
7 '60s, '70s, and probably the '80s, most of the
8 underground utilities was -- materials that were
9 used was transite probably and when you add
10 weight on those -- on the roads with the transite
11 on the bottom, you know, it means that sometime
12 in the future it's going to fail, right? Well,
13 it failed on Papa Avenue.

14 My question, and I think I sent a letter
15 to the Department in regards to the materials and
16 the weight of vehicles. When I say weight of
17 vehicles, probably looking at the 10 GVW and
18 above. Would that cause, in time, more breakage
19 because of our water lines that's straddling
20 alongside or under the road as we go to the older
21 subdivisions?

22 MR. VIDA: Well, as far as the transite pipes, with
23 weight going over them, the biggest problem with
24 the transite pipe is they have a perforated
25 gasket and that gasket deteriorates, so the leaks

1 probably come from the clamps of the pipe and not
2 the pipe.

3 CHAIR PONTANILLA: So going forward, you can
4 experience more of those type of breaks to the
5 older sub-divisions that have those materials in
6 place?

7 MR. VIDA: Right.

8 CHAIR PONTANILLA: Thank you.

9 Members, anymore questions to the A
10 account?

11 We will go to the B account, which is the
12 operating activities.

13 Mr. Victorino.

14 COUNCILMEMBER VICTORINO: Yes, thank you, Mr. Chair.

15 Mr. Vida, I noticed that construction
16 material, road patching and meter replacement,
17 those three have been a consistent incline,
18 although last year -- this present year you
19 budgeted for less as far as the replacement of
20 meters. But is the construction cost and all of
21 this involved in a lot of the -- what we call
22 in-house or these are just strictly repairs?

23 MR. VIDA: No, this is in-house projects.

24 COUNCILMEMBER VICTORINO: In-house projects that you
25 guys have taken on?

1 MR. VIDA: Right.

2 COUNCILMEMBER VICTORINO: For a great savings to this
3 community and to the water users from which I've
4 seen the bids versus what you guys have been able
5 to do, those same small -- what I call small
6 jobs, you know. So -- and as far as meter
7 replacements, is this because of those meters,
8 the -- what do you call those? The transmitters
9 failing --

10 COUNCILMEMBER MOLINA: --Transponders.

11 COUNCILMEMBER VICTORINO: -- transponders, yes. Thank
12 you.

13 MR. VIDA: Not really. The transponders is a
14 different piece of the meter. But you're looking
15 at our meters at 10 to 15 years old and we have
16 to start replacing the bodies.

17 COUNCILMEMBER VICTORINO: Okay. So that's what this
18 is all about here?

19 MR. VIDA: That's right.

20 COUNCILMEMBER VICTORINO: Okay. Thank you, Mr. Vida.
21 I'll yield to my other colleagues.

22 CHAIR PONTANILLA: Member Molina.

23 COUNCILMEMBER MOLINA: No questions.

24 CHAIR PONTANILLA: Thank you.

25 Member Medeiros.

- 1 COUNCILMEMBER MEDEIROS: Just a couple. Your rentals,
2 which is on the 19-30 page, 6235, what kind of
3 rentals are those, like equipment or trailers?
4 MR. VIDA: Equipment.
5 COUNCILMEMBER MEDEIROS: Equipment beyond what you
6 guys have?
7 MR. VIDA: Right.
8 COUNCILMEMBER MEDEIROS: Okay. And then do your
9 trucks and vehicles and equipment in your
10 division, are those repaired by our County
11 garages or do you guys repair yourself or do you
12 contract that out? How is that done?
13 MR. VIDA: It's done in-house. We have our own
14 mechanic repair shop.
15 COUNCILMEMBER MEDEIROS: And what about the outside
16 districts like Hana or Lahaina?
17 MR. VIDA: It's done in Central. The only district
18 that is done is Molokai.
19 COUNCILMEMBER MEDEIROS: I see. So Hana would bring
20 their stuff out for repairs or maintenance to
21 Central?
22 MR. VIDA: Right.
23 COUNCILMEMBER MEDEIROS: Okay. Thank you, Mr. Vida.
24 Thank you, Chair.
25 CHAIR PONTANILLA: Thank you, Member Medeiros.

1 Member Baisa.

2 COUNCILMEMBER BAISA: No questions.

3 CHAIR PONTANILLA: Thank you.

4 Member Anderson.

5 COUNCILMEMBER ANDERSON: I just want to follow up on
6 that meter. You know, is that where the money
7 was transferred? Because I'm a little confused,
8 because back in 19-11, customer service program,
9 in '07 you had 500,000 for meter inventory and
10 this year it's 96,000 and we were told it was
11 taken out.

12 MR. ENG: Member Anderson, you're correct, that's in
13 the fiscal customer service program. And those,
14 again, were the transponder replacement program.
15 So it was taken out of the operating budget in
16 fiscal and it's a CIP project now.

17 COUNCILMEMBER ANDERSON: Okay. So then --

18 MR. ENG: So this is separate. These are actually the
19 actual water meter replacements that Mr. Vida
20 deals with on a day-to-day basis.

21 COUNCILMEMBER ANDERSON: Okay. I got you. Thank you.

22 CHAIR PONTANILLA: Thank you, Member Anderson.

23 COUNCILMEMBER ANDERSON: That's it, Chair.

24 CHAIR PONTANILLA: Thank you.

25 Member Mateo.

1 Thank you very much.

2 Members, if you do have any more
3 questions on the B account, again, submit it to
4 the Chair.

5 On the C account, Equipment.

6 Member Victorino.

7 COUNCILMEMBER VICTORINO: No, looks good. I think
8 they have worked diligently getting the
9 replacement and expansions they needed.

10 Thank you.

11 CHAIR PONTANILLA: Thank you.

12 Member Molina.

13 COUNCILMEMBER MOLINA: Yes. A quick question on the
14 mini excavator, Mr Vida. So this is something
15 new to the Department, I guess. You currently
16 have a -- I guess, a regular size excavator, so
17 this is something to complement that?

18 MR. VIDA: No, we don't -- we presently have backhoes
19 and we are going to be doing projects like in
20 Momi Lane -- small lanes. This mini excavator
21 will be used in that projects.

22 COUNCILMEMBER MOLINA: Okay. Thank you.

23 CHAIR PONTANILLA: Thank you.

24 Member Medeiros.

25 COUNCILMEMBER MEDEIROS: Just one question. You know,

1 you put in for an Assistant Field Operations
2 Division Chief and if that's approved, do you
3 also have in your budget a vehicle or a truck for
4 that position or do you do that after you get the
5 position?

6 MR. VIDA: Once it's approved, I'll put money in for
7 equipment.

8 COUNCILMEMBER MEDEIROS: Thank you, Mr. Vida.
9 Thank you, Chair.

10 CHAIR PONTANILLA: Thank you.

11 Member Baisa.

12 COUNCILMEMBER BAISA: Thank you, Chair.

13 Just a quick comment. I'm very happy to
14 see you asking for new vehicles. I know you have
15 some that are really in bad shape and I'm happy
16 to see you buying new ones, because they will
17 last longer. Good job.

18 CHAIR PONTANILLA: Thank you.

19 Member Anderson.

20 COUNCILMEMBER ANDERSON: Yeah, I just would like to
21 know why the additional vehicle for 34,000;
22 that's an expansion, not a replacement.

23 CHAIR PONTANILLA: Thank you.

24 Department.

25 MR. VIDA: That expansion vehicle goes to Lahaina. We

1 just recently hired a pipefitter in that section.

2 COUNCILMEMBER ANDERSON: And that's an expansion

3 position?

4 MR. VIDA: Yes.

5 COUNCILMEMBER ANDERSON: Okay. Thank you.

6 CHAIR PONTANILLA: Thank you.

7 Member Mateo.

8 COUNCILMEMBER MATEO: No questions.

9 CHAIR PONTANILLA: Thank you.

10 Members, if there is any questions to A,

11 B, C account, again, provide the Chair with your

12 questions and we will forward it to the

13 Department for response.

14 Thank you, Mr. Vida.

15 The next program is the Plant Operations

16 Program.

17 MR. ENG: Yes, Chairman Pontanilla, and Members, I'd

18 like to introduce at this time our Plant

19 Operations Program Manager. He'll be coming

20 down shortly. His name is Joe Mendonca.

21 CHAIR PONTANILLA: Good afternoon, Mr. Mendonca.

22 Members, we are on Page 19-22.

23 COUNCILMEMBER ANDERSON: 32.

24 CHAIR PONTANILLA: Hey, you guys awake. Probably my

25 glasses -- ...(laughter)... -- and bloodshot

1 eyes.

2 Okay. 19-32, Member Victorino, A
3 accounts, salaries and wages, any questions?

4 COUNCILMEMBER VICTORINO: Yeah, one quick question.

5 On these student interns, Mr. Mendonca, can
6 you -- I know we talked about this before, but
7 can you explain a little bit to me and the public
8 what this means, these student -- college student
9 interns and what they're going to be doing?

10 MR. MENDONCA: Well, they basically work in the
11 laboratories in the summertime.

12 COUNCILMEMBER VICTORINO: Okay.

13 MR. MENDONCA: And they're involved with updating our
14 database, because we have a lot of data that's
15 written down, or in another form and we want to
16 take that data and move it into a spreadsheet
17 type of files. There's that and they work out in
18 the field with the -- our microbiologists or lab
19 techs. So just miscellaneous stuff that they do.

20 We actually save it up to like the summer
21 and we have all this whole bunch of work and they
22 come in and clean it up.

23 COUNCILMEMBER VICTORINO: And this frees up your
24 technicians, not to have to be doing that --
25 entering that during the course of the year?

- 1 MR. MENDONCA: Exactly.
- 2 COUNCILMEMBER VICTORINO: Yeah. And as far as your --
- 3 I know you only have expansion position; you just
- 4 have two vacancies. Do you feel right now,
- 5 especially with the Plant Operating Mechanic
- 6 Supervisor, have you been able -- or are you
- 7 close to filling that position, because I know
- 8 that was crucial, yeah.
- 9 MR. MENDONCA: Yes, we just filled that position.
- 10 COUNCILMEMBER VICTORINO: You just did fill it, okay.
- 11 MR. MENDONCA: Yes.
- 12 COUNCILMEMBER VICTORINO: Good. Thank you.
- 13 No more questions, Mr. Chair. Thank you.
- 14 CHAIR PONTANILLA: Thank you, Mr. Victorino.
- 15 Member Molina.
- 16 COUNCILMEMBER MOLINA: No questions.
- 17 CHAIR PONTANILLA: Thank you.
- 18 Member Medeiros.
- 19 COUNCILMEMBER MEDEIROS: No questions, Chair.
- 20 CHAIR PONTANILLA: Thank you.
- 21 Member Baisa.
- 22 COUNCILMEMBER BAISA: No questions.
- 23 CHAIR PONTANILLA: Thank you.
- 24 Member Anderson.
- 25 COUNCILMEMBER ANDERSON: Thank you, Chair.

- 1 You've got two vacancies in Plant
2 Operations for Water Microbiologist I. And how
3 long have those vacancies been there? Because
4 you have a total of four positions, which means
5 you're 50 percent short.
- 6 MR. MENDONCA: Yeah, we're -- actually what happened,
7 I don't know what table of organization you have,
8 so that may be an issue.
- 9 COUNCILMEMBER ANDERSON: I can't hear you. If you
10 could use the mic.
- 11 MR. MENDONCA: I said I don't know what table of
12 organization you have, because we just got
13 through reallocating a microbiologist to a
14 mechanic supervisor and that got filled. So we
15 only have one vacancy in the -- as far as a
16 Microbiologist I. And we filled one --
- 17 COUNCILMEMBER ANDERSON: Wait, wait, wait. That means
18 you did away with one of the positions?
- 19 MR. MENDONCA: Yes, exactly. And we have one vacancy
20 right now. We filled one this year. We had
21 three.
- 22 COUNCILMEMBER ANDERSON: So you intend to operate
23 with --
- 24 MR. MENDONCA: Three.
- 25 COUNCILMEMBER ANDERSON: Three Microbiologist I?

1 MR. MENDONCA: Exactly.

2 COUNCILMEMBER ANDERSON: And, I mean, that's kind of a
3 critical job, isn't it? Aren't they the ones
4 that do the water testing in the plants and make
5 sure that everything is --

6 MR. MENDONCA: I guess their primary job is collecting
7 the samples out in the field during the day, so
8 they do that for part of the day, maybe to about
9 2:00 and they come and do some rudimentary work
10 in the lab. Whereas, our laboratory technicians
11 are -- spend most of the day out in the field.
12 So --

13 COUNCILMEMBER ANDERSON: And what do they do out in
14 the field? The lab technicians are in the field?

15 MR. MENDONCA: Yes, they're out in the field as well,
16 collecting samples.

17 COUNCILMEMBER ANDERSON: And then who runs the tests
18 on the samples?

19 MR. MENDONCA: The tests on the samples would be run
20 by the Microbiologist II.

21 COUNCILMEMBER ANDERSON: II, of which you only have
22 one position, right?

23 MR. MENDONCA: Right now, yes.

24 COUNCILMEMBER ANDERSON: And so who did you say were
25 the other guys that did the tests besides the

1 microbiologists?

2 MR. MENDONCA: Well, they don't really do tests. What

3 they do is pick samples from the field.

4 COUNCILMEMBER ANDERSON: That's what I meant.

5 MR. MENDONCA: Yeah.

6 COUNCILMEMBER ANDERSON: Yeah. The field --

7 MR. MENDONCA: Yes, so they would be the Laboratory

8 Technicians I. We have two positions there.

9 COUNCILMEMBER ANDERSON: Because we show only one

10 Laboratory Technician.

11 MR. MENDONCA: Well, I'm not clear on what you have,

12 but I have two here -- 0176 and 0121.

13 COUNCILMEMBER ANDERSON: 0176, we show that as a Plant

14 Operations Mechanic Supervisor.

15 MR. ENG: We have this one here.

16 MR. MENDONCA: Yes, there was some confusion early on

17 when we wanted to use a Laboratory Technician, we

18 wanted to move a Laboratory Technician up to a

19 Microbiologist I, there was some problems with

20 DPS. And so what we did was instead of using

21 that position, the Laboratory Tech I position, to

22 reallocate we used a Microbiologist I, because

23 that was readily available.

24 COUNCILMEMBER ANDERSON: Clever.

25 What I'm trying to get at is that -- are

1 we reducing the number of people available to do
2 these field samples?

3 MR. MENDONCA: Uh --

4 COUNCILMEMBER ANDERSON: At least one from what you've
5 told me.

6 MR. MENDONCA: Right, but that was vacant for a while.
7 We had three vacancies at one point and now we
8 only have basically one. We used the other for
9 another position, so --

10 COUNCILMEMBER ANDERSON: Well, what I'm trying to get
11 at is that, you know, if three years ago we
12 needed these many people to do field tests, field
13 samples, then why do we need fewer now? Or, you
14 know, how are you getting by -- are we staying up
15 to speed on the amount of field samples that we
16 should be doing to meet EPA and State Department
17 of Health Standards?

18 MR. MENDONCA: Well, we would have to. We actually
19 take more samples than is actually needed, so we
20 are -- we have an adequate staff there at this
21 point.

22 COUNCILMEMBER ANDERSON: Okay. Well, I'll leave it at
23 that. Obviously, then, you had too many before.

24 MR. MENDONCA: That's a possibility. I can't say
25 what's going to happen in three or four years,

1 so --

2 COUNCILMEMBER ANDERSON: Yes, because, you know, we --
3 we are going more towards surface water, and I'm
4 just going to say it, 80 percent plus of the
5 surface water used in the State is used right
6 here in this County and so I don't want to see us
7 cutting any corners when it goes toward sampling
8 and testing, because we've got problems and if we
9 don't stay on top of it, they maybe
10 insurmountable.

11 MR. MENDONCA: Yeah. Well, I don't think our surface
12 water systems are going to increase, because
13 we -- our central source is actually a surface
14 water system. So if we add another treatment
15 plant, it won't make any difference. We still
16 would have to collect the same amount of samples.

17 So it used to be a ground water source,
18 but since we have the Iao Treatment Plant there
19 it's considered a surface water source.

20 MR. ENG: See, Member Anderson, our frequency of
21 sampling and testing, and particularly for like
22 bacteriological testing, the Department of Health
23 sets the schedules and the number of samples.
24 It's basically determined by the population you
25 serve. So even if we had more sources, if our

1 population hasn't really increased, it would be
2 the same frequency and number of samples.

3 COUNCILMEMBER ANDERSON: It's not -- it's not
4 dependent on the source?

5 MR. ENG: No, because generally we have required sites
6 throughout the distribution system that the
7 Department of Health requires us to sample from
8 routinely and regularly. So they basically set
9 the sites as well as the frequency. So
10 additional even ground or surface water sources
11 may not affect the frequency of our testing.

12 COUNCILMEMBER ANDERSON: I see. Okay.

13 You know, Chair, we never got a chance to
14 follow up with the Director on his presentation,
15 because we went right into the rate study, and I
16 know you're going to ask us to send our questions
17 in, but I do want to just briefly touch -- since
18 we are on this subject, touch on why you don't
19 show the Iao Treatment Plant -- I'm trying to
20 find the page. When you -- plant operations.

21 Here we go, Page 12. For the surface
22 water treatment plants, you show Upcountry, West
23 Maui -- oh, I'm sorry, here it is. How much
24 surface water does that Iao Treatment Plant
25 process?

1 MR. ENG: I think currently it's about 2.4 million
2 gallons per day. Is it more 1.6? Okay. I think
3 our agreement, though, is up to 3.2, but it's
4 somewhere in that order. Yeah, I think it is
5 less than 2 MGD.

6 COUNCILMEMBER ANDERSON: Less than 2 million MGD? And
7 is that the capacity of the plant?

8 MR. ENG: Yes.

9 COUNCILMEMBER ANDERSON: Okay. So if there's any
10 other -- I hear rumblings that there's going to
11 be another expansion of that plant for capacity
12 purposes?

13 MR. ENG: We have kind of talked about that. We might
14 have an opportunity to put in another unit. You
15 know, we will have to renegotiate our agreement
16 with Wailuku Water for additional surface
17 capacity, too.

18 COUNCILMEMBER ANDERSON: So maybe we get into that.

19 So are there any other people on your
20 staff -- I'm sorry, I didn't get your name,
21 Vida -- Mr. Vida.

22 MR. ENG: Mendonca.

23 COUNCILMEMBER ANDERSON: Oh, I'm sorry, Mendonca.

24 These hours start making us all look
25 dumb, Chair. I've even written his name down

1 here about ten minutes ago.

2 Mr. Mendonca, I'm sorry. Are there any
3 other people on your staff who do sampling or
4 testing?

5 MR. MENDONCA: No. That's it. The -- it would be the
6 Laboratory Technicians and the Microbiologist I.
7 But, you know, we could -- in a -- if we had any
8 issues --

9 COUNCILMEMBER ANDERSON: Could you use your mic?

10 MR. MENDONCA: If we had any issues, we could use a
11 Microbiologist III or II, but normally we are
12 just using the Microbiologist I and the
13 Laboratory Technicians.

14 COUNCILMEMBER ANDERSON: But none of the other field
15 staff, like Pipefitters, they are not doing
16 testing or sampling?

17 MR. MENDONCA: Our electricians and electronic
18 technicians and our mechanics, you know, just as
19 we do sampling out in the field, you know, to
20 calibrate our chlorine analyzers and to calibrate
21 our disinfection process. So, they also perform
22 those functions. They don't take laboratory
23 samples, but they take, you know, chlorine
24 samples.

25 COUNCILMEMBER ANDERSON: Field functions?

1 MR. MENDONCA: Yes.

2 COUNCILMEMBER ANDERSON: Okay. Thank you, Chair.

3 CHAIR PONTANILLA: Thank you, Member Anderson.

4 Member Mateo.

5 COUNCILMEMBER MATEO: Thank you.

6 Mr. Mendonca, your -- including your
7 expansion position your total number of positions
8 is 35.2 positions for your division. That makes
9 your division fully staffed and that 35 positions
10 is able to take care of the responsibilities for
11 your Division?

12 MR. MENDONCA: Exactly.

13 COUNCILMEMBER MATEO: So can we expect a reduction in
14 the premium pay, the overtime hours, for your
15 Division? Because since '05 until '08 there is
16 a -- there is a constant increase in the overtime
17 hours. Is there a projection of reduction, or is
18 this what we can expect for this '08 budget and
19 for future budgets?

20 MR. MENDONCA: That's something I would have to take a
21 look at. You know, I -- it has been going up,
22 you know, but we have been having more
23 breakdowns. Also, I've actually been doubling up
24 on the response, because I just -- you know, we
25 don't want to leave a pump down overnight, or a

1 booster pump down overnight. Sometimes we could,
2 but in most cases -- and my philosophy is I would
3 like the system basically at 100 percent
4 capacity.

5 COUNCILMEMBER MATEO: Okay. And that's all based on
6 the -- the age of the equipment or the
7 facilities?

8 MR. MENDONCA: That is part.

9 COUNCILMEMBER MATEO: Thank you, Chairman. I'm done.

10 CHAIR PONTANILLA: Thank you, Member Mateo.

11 Members, if you do have any more
12 questions in regards to the A account, please
13 forward it to the Chair.

14 We are going to the B account, which is
15 the Operations Detail.

16 Member Victorino, questions?

17 COUNCILMEMBER VICTORINO: I'll go straight down to
18 utilities. Obviously we know electricity costs
19 have gone up and continues to go up. But most of
20 the departments that have come before us are with
21 small increases, you know, and you folks are
22 showing over a \$2 million increase -- almost \$2
23 million increase in electrical charges, okay.
24 Grant you, I know we have got more expansion and
25 grant you I understand -- you know, I understand.

1 But could you explain to the public why the big
2 jump from '07 to '08?

3 CHAIR PONTANILLA: Department.

4 MR. ENG: Thank you, Chairman.

5 Member Victorino, basically it was due to
6 Maui Electric rate increases, fuel charge
7 increases. They really haven't had a rate
8 increase. Some is possibly due to the amount of
9 pumping that we had to do Upcountry during the
10 summer drought period. We do understand that
11 when we do get Pookela operational that that's a
12 high usage piece of equipment.

13 But, again, we are looking at all those
14 type of things. We are trying to get rider
15 agreements with Maui Electric for some of our
16 larger pumps. We are going to do all we can to
17 minimize those costs.

18 COUNCILMEMBER VICTORINO: And look at some maybe
19 alternative energy sources?

20 MR. ENG: That would be great, yes.

21 COUNCILMEMBER VICTORINO: That's important.

22 And then the next one, I guess, is just
23 go down to what I think would be funny when
24 people hear this, but your water charges. And I
25 think I understand what that means, but it goes

1 from 41,000 this year to 387,000. It's two lines
2 down, 6178, and maybe you can explain to the
3 public why the tremendous jump. I mean, it's
4 kind of funny that the water company would have
5 that big an increase, but go ahead. Explain that
6 to us.

7 MR. MENDONCA: Well, we had two line items that one
8 was in the field operations account and that was
9 for the Hawaiian Homelands, we buy water from the
10 Hawaiian Homelands in Molokai, and then the other
11 account was with the water treatment plant and
12 that was the water that was -- that's coming from
13 the Iao Tunnel.

14 COUNCILMEMBER VICTORINO: Oh, I see.

15 MR. MENDONCA: So we just wanted to consolidate it and
16 make it so our accounting is simpler. Basically,
17 it just resides in my accounting.

18 COUNCILMEMBER VICTORINO: Well, it just seems kind of
19 funny that the water company would have such a
20 tremendous increase from 41,000 to 387,000 and
21 when you have to buy water -- it doesn't seem
22 right that the water company has to buy water. I
23 understand what the agreements are. Hopefully
24 one day soon we can change some of that.

25 Thank you, Mr. Chair.

1 CHAIR PONTANILLA: Thank you, Member Victorino.

2 Just a comment. If you all remember,
3 last year we passed a budget amendment for
4 electrical costs and probably that's the reason
5 why for the big disparity.

6 Member Medeiros.

7 COUNCILMEMBER MEDEIROS: No questions, Chair.

8 CHAIR PONTANILLA: Member Baisa.

9 COUNCILMEMBER BAISA: No questions.

10 CHAIR PONTANILLA: Member Anderson.

11 COUNCILMEMBER ANDERSON: Yeah, where -- where were
12 these water charges previous -- previously put?

13 MR. MENDONCA: The water charges were -- one account
14 was in the Field Operations Division and that was
15 the -- the Department of Homelands in Molokai and
16 then the Wailuku Ag, the water for the Iao
17 Tunnel, that was in the Water Treatments
18 Division's --

19 COUNCILMEMBER ANDERSON: So this 387,000, could you
20 give us a breakdown of what that represents?
21 You're buying water from the department --
22 Hawaiian Homelands on Molokai?

23 MR. MENDONCA: Yes, we are buying water from, let's
24 see, one, two, three, four, five -- five
25 purveyors.

1 COUNCILMEMBER ANDERSON: And that's reflected in this
2 \$387,000 figure?
3 MR. MENDONCA: Yes, it is.
4 COUNCILMEMBER ANDERSON: Could you send us a breakdown
5 of that, how much water and how much you're
6 paying?
7 MR. MENDONCA: Okay. Well, East Maui Irrigation we're
8 paying 6 cents a 1,000, State of Hawaii we're
9 paying the same rates as the consumers would pay
10 here, plus the rental of their meter. We have
11 R.W. Meyer in Molokai, we are paying 40 cents per
12 1,000. Wailuku Ag for the Iao Tunnel we are
13 paying 60 cents per thousand. And Maui Pine for
14 the Honokohau Valley we are paying \$1.78 per
15 1,000.
16 COUNCILMEMBER ANDERSON: A \$1.70?
17 MR. MENDONCA: \$1.78.
18 COUNCILMEMBER ANDERSON: I think that's highway
19 robbery. I'll say that again, that's highway
20 robbery. So if you could please give us that in
21 writing, Mr. Mendonca, and give us the volumes.
22 Thank you.
23 MR. MENDONCA: Okay.
24 CHAIR PONTANILLA: Thank you, Member Anderson.
25 Member Mateo.

1 COUNCILMEMBER MATEO: I'm in shock. No questions.

2 CHAIR PONTANILLA: It's high on Molokai. Thank you
3 very much.

4 Now we are going to the C account which
5 is the Equipment.

6 Member Victorino.

7 COUNCILMEMBER VICTORINO: No, I don't see anything
8 that's out of line. I think they're doing a good
9 job in that area. Thank you.

10 CHAIR PONTANILLA: Thank you.

11 Member Medeiros.

12 COUNCILMEMBER MEDEIROS: Chair, no questions.

13 CHAIR PONTANILLA: Thank you.

14 Member Baisa.

15 COUNCILMEMBER BAISA: No questions.

16 CHAIR PONTANILLA: Thank you.

17 Member Anderson.

18 COUNCILMEMBER ANDERSON: No questions.

19 CHAIR PONTANILLA: Thank you.

20 Member Mateo.

21 COUNCILMEMBER MATEO: No questions.

22 CHAIR PONTANILLA: Thank you.

23 The Chair would like to say thank you
24 very much, Members, for the quick review of the
25 past half an hour or 40 minutes.

1 At this time the Chair would like to
2 thank the Director, Jeff Eng, for -- and his
3 Department Heads over here, you know, budget
4 review project. We thank you very much.

5 And, Members, any announcement that you
6 would like to make?

7 COUNCILMEMBER VICTORINO: Folks in Kihei.

8 CHAIR PONTANILLA: We'll be meeting --

9 COUNCILMEMBER ANDERSON: I'll just make a quick
10 announcement, Chair.

11 CHAIR PONTANILLA: Okay, Member Anderson.

12 COUNCILMEMBER ANDERSON: For anybody who might be
13 listening, the Committee is meeting in South Maui
14 tonight at 6:00 p.m. at Lihikai School; is that
15 correct? Lokelani. I'll find my way there.

16 Thank you, Chair.

17 CHAIR PONTANILLA: Lokelani Intermediate School at
18 6:00.

19 So, Members, this meeting is adjourned.

20 ...(gavel)...

21 ACTION: DEFER pending further discussion.

22 ADJOURN: 4:31 p.m.

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1 STATE OF HAWAII)

2 COUNTY OF HONOLULU)

3

4 I, Nancy P. Blankenship, Certified Shorthand
5 Reporter, in and for the State of Hawaii, certify that
6 the foregoing proceedings were reported
7 stenographically by me at the time and place
8 indicated.

9 Given under my hand on this the 25th day of
10 April, 2007.

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Nancy P. Blankenship, CSR #459

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