

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

February 21, 2008

Council Chamber, 8th Floor

CONVENE: 1:35 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Joseph Pontanilla, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Michelle Anderson, Member (in 1:45 p.m.)
Councilmember Gladys C. Baisa, Member (out 4:30 p.m.)
Councilmember Jo Anne Johnson, Member
Councilmember Danny A. Mateo, Member (out 4:05 p.m.)
Councilmember Bill Kauakea Medeiros, Member
Councilmember Michael J. Molina, Member

EXCUSED: Councilmember Michael P. Victorino, Member

STAFF: Lance Taguchi, Legislative Analyst
Michael Geers, Legislative Analyst
Yvette Bouthillier, Committee Secretary

Leinaala Kihm, Executive Assistant to Councilmember Medeiros

ADMIN.: Fred Pablo, Budget Director, Office of the Mayor
JoAnn Ridao, Executive Assistant, Office of the Mayor (BF-93)
Patrick Matsui, Chief of Planning and Development, Department of Parks and Recreation (BF-5)
Colleen Suyama, Deputy Director, Department of Planning (BF-95 and BF-96)
Francis Cerizo, Planner, Zoning Administration and Enforcement Division, Department of Planning (BF-96)
Michael Miyamoto, Deputy Director, Department of Public Works (BF-5)
Joseph Krueger, Civil Engineer, Engineering Division, Department of Public Works (BF-5)
Jeffrey K. Eng, Director, Department of Water Supply (BF-57, BF-5)
Holly Perdido, Fiscal Officer, Department of Water Supply (BF-57)
Wendy Taomoto, Civil Engineer, Engineering Division, Department of Water Supply (BF-5)

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCIL MEMBERS: No objections.

ITEM NO. 93: LANAI CITY AFFORDABLE HOUSING PROJECT
(C.C. No. 08-35)

CHAIR PONTANILLA: Thank you. Okay, Members, the first item on the agenda this afternoon is BF-93, the Lanai City Affordable Housing Project. This is a proposed bill entitled “ A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2008 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES, LANAI COMMUNITY PLAN AREA – LANAI CITY AFFORDABLE HOUSING PROJECT, TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS, AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECT)”. The purpose of the proposed bill is to amend the Fiscal Year 2008 Budget by increasing the Carryover/Savings in the General Fund by \$350,000; and by increasing the appropriations for the “Lanai City Affordable Housing Project” in “Lanai Community Plan Area” from \$500,000 to \$850,000.

At this time, the Chair would like to call on the Budget Director to provide us with a brief comment.

MR. PABLO: Thank you, Chair, and good afternoon, Members. The Lanai City Affordable Housing Project is a capital improvement project, which was adopted by this Council for the Fiscal Year '08 Budget. It was originally funded for \$500,000, however, we have found out that the cost will be in excess of this amount. Therefore, we have asked the Finance Director to determine whether there was available carryover savings, which could be used to further fund this project and that has been done in the amount of \$350,000 and that has been approved by the Mayor Tavares. JoAnn Ridao who heads our affordable housing efforts is on her way and she'll be available to answer any questions upon her arrival. Thank you.

CHAIR PONTANILLA: Thank you, Director. Members, any questions for the Director at this time? If not, Member Hokama.

VICE-CHAIR HOKAMA: Chairman, thank you very much. Members, I am asking for your support this afternoon to push out of Committee for first reading a bill for an ordinance that would add \$350,000 of revenues that have been certified by the Finance Department and our Mayor to assist us with our Lanai City Affordable Housing Project. First, I want to thank

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

you for your support in the initial \$500,000 appropriation. We have secured a County selected architect, licensed architect firm as the primary, the consultant, which is Pacific Architect, whose principal, Mr. Dwight Mitsunaga is here this afternoon to answer questions from the Committee should we have any, Members. As well as Gwen Hiraga from Munekiyo, Hiraga's firm, which is also another consultant, which is part of the project team.

I'm asking your support in that even for a County housing project, it, it seems that for costs to do business on Lanai there is additional premiums. And, and, Mr. Chairman, I would just state that this would be a very good project for us to go through to understand the intricacies of what it takes to build affordable homes in this County under current situations. And, and again, Members, we are all well aware that this is land that has been donated to the County. The land has no cost, per se, regarding the project, but here we are looking at an additional adjustment to the initial scope of work, which is to get us before the Land Use Commission for reclassification and getting the appropriate entitlements and here we are for Phase I looking at \$850,000. And this is a County project. So we can at least in appropriate context hopefully related to what the private sector is going through with their needs of cash up front for entitlement requirements. Also we have, we have Ms. JoAnn Ridao, Mr. Chairman, from the Administration that is leading the County's efforts with our consultants and I'm sure that she may have some additional comments to share. Thank you.

CHAIR PONTANILLA: Thank you, Mr. Hokama. Ms. Ridao, comments?

MS. RIDAO: I'm not sure what Councilman Hokama covered with you, but primarily we, we did go out through the process and Pacific Architects came back to us saying that this work will be a lot more than the \$500,000 appropriated for the project. I do have a breakdown if the Committee is interested to hear the breakdown.

CHAIR PONTANILLA: Yes, can you provide us that information?

MS. RIDAO: Should I go ahead?

CHAIR PONTANILLA: Yes. Thank you.

MS. RIDAO: Okay. The total for the architectural work was 127,673 with a total reimbursables of 132. And then his sub-consultants are Munekiyo and

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

Hiraga at 237,000. Control point surveying 80,667. Environ Quest 4,687. Okuhara and Associates 189,400 and Geolabs 29,400. So if you add those three totals it came out to \$800,868.17. I rounded off the numbers. So he is saying the cost would be around \$800,000.

CHAIR PONTANILLA: Thank you. Members, any questions for the Director? I'm sorry, the Director, as well as the Housing Coordinator, at this time. Member Baisa?

COUNCILMEMBER BAISA: Yes, thank you, Chair. I did miss JoAnn. The first figure you gave was for the architect and then you said some kind of a reimbursement?

MS. RIDAO: Reimbursables. He lists travel, reproduction and postal, additional consultants as required costs, mechanical, electrical, structural, community liaison. And I think community liaison meaning that they would be having meetings with the Lanai community. And then legal architectural impact assessments.

COUNCILMEMBER BAISA: And that came out to how much?

MS. RIDAO: One thirty two.

COUNCILMEMBER BAISA: Okay, thank you.

CHAIR PONTANILLA: Thank you, Member Baisa. Member Mateo.

COUNCILMEMBER MATEO: Thank you, Chairman. Good afternoon, Ms. Ridao. Just to, to get additional information. The original request was half a million dollars and the original scope, the original scope of it all in terms of assessing the required work was it, it, I know it was based on the, on the half a million, but was there any, were there any bids or any, any ideas as to the exact amount anticipated at that time?

MS. RIDAO: I did not see any. I, I think the, the initial number that came, that came up at \$500,000 was not as detailed as what Mr., what is his name, Mr. Mitsunaga did.

COUNCILMEMBER MATEO: Okay.

MS. RIDAO: Yeah.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER MATEO: Thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Hokama followed by Member Johnson.

VICE-CHAIR HOKAMA: Chairman, thank you. I, I just would like to share with the Committee and you, Mr. Chairman, that when we originally considered the first \$500,000 for appropriation considerations in the, in the fiscal years budget, Mr. Chairman, that was the best estimate that we were able to get without formally go out to bid, Mr. Chairman. You know, we went out talked to various consultants that do this type of work and asked that if we did go out what would be an approximate amount of money that the County would need to get its documents prepared to get reclassification from Agricultural to Urban. And because it's more than 15 acres, would need to go before the State Land Use Commission. We are looking at about two years ago, Members, that we were working on an estimate number and that's how we came up with the \$500,000 figure. Again, it was our best guess at that point in time in the budgetary process. Here we are now, going through the process and filling out the details and finding out what is actually the cost of doing business with the current market situation, Mr. Chairman. So, I just share that with the comments made by Ms. Ridao to help explain how we've arrived at this point at this time. Thank you.

CHAIR PONTANILLA: Thank you. The Chair would like to recognize the attendance of Member Anderson. Welcome.

COUNCILMEMBER ANDERSON: Thank you.

CHAIR PONTANILLA: Member Johnson.

COUNCILMEMBER JOHNSON: Yes, Mr. Chair. JoAnn, because this is on I believe, what is it, 65 acres, was that land attached to any kind of project or was it just simply donated, or?

MS. RIDAO: My understanding is that it was donated by Castle & Cooke. It's a total of 115 acres of which the County will be giving 50 acres to the Department of Education for the expansion of Lanai High School.

COUNCILMEMBER JOHNSON: Okay. So it wasn't, there's no other strings attached or anything?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MS. RIDAO: No, not that I know of.

COUNCILMEMBER JOHNSON: Okay. In terms of the, the initial cost that we're looking at right now. Usually that's a percentage of the overall cost to develop the entire project. So, as a rule of thumb, was it about 10 percent, usually on the design costs and the initial phase, so we're looking at . . .

MS. RIDAO: Yeah, I would say between 10 and 15 percent, yeah.

COUNCILMEMBER JOHNSON: Okay, so we're probably looking at, in the neighborhood of 5 million dollars?

MS. RIDAO: You mean for the . . .

COUNCILMEMBER JOHNSON: For the actual infrastructure and the implementation.

MS. RIDAO: For the infrastructure and development? You know, I wouldn't want to guess 'cause I don't know the property and I don't know if there are any challenges with that property. However, oh gosh. I don't, I don't want to guess.

COUNCILMEMBER JOHNSON: Yeah, I know. And, and of course, what always happens is costs are as Council Chair Hokama stated, slightly higher because of the problems that are associated with doing anything on Lanai.

MS. RIDAO: And Lanai, yeah, being Lanai its, you know.

COUNCILMEMBER JOHNSON: Yeah, and.

MS. RIDAO: It's an isolated island, yeah.

COUNCILMEMBER JOHNSON: And our we finding, you know, just as a comparison when we're looking at this additional supplemental amount, in comparison to some of the other projects that you've encountered and, of course, in your former life with Lokahi, is this the trend now where there's a substantial increase? Because if you look at the 500,000 initial, here were are, you know, another 150,000 and we're already doubled.

MS. RIDAO: Yeah, I would venture to say, yes, that, that is the trend.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER JOHNSON: That's the trend.

MS. RIDAO: That cost of development is going up. Yeah.

COUNCILMEMBER JOHNSON: Okay. Thank you very much. And I, just to let you know Mr. Chair, I support this because I think that with all of the challenges we have for affordable housing, just even getting to the point where you can begin construction is sometimes the biggest challenge. So, I, and, and one final question. This is, and this might be to Mr. Pablo. Is this just coming out of the general fund?

MR. PABLO: That's correct.

COUNCILMEMBER JOHNSON: Okay, so there's, you know, usually we'll be able to tell well if \$350,000 is coming out, is it from carryover or what isn't getting done. So I just want to make sure that if someone expresses disappointment later on when we have the conversation about CIP that . . .

MR. PABLO: Certainly.

COUNCILMEMBER JOHNSON: You know, it doesn't rear its ugly head. Someone's disappointed that they're not getting something for their community.

CHAIR PONTANILLA: Thank you, Member Johnson.

COUNCILMEMBER JOHNSON: Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you, Member Johnson. Just to give us a really good idea about projects been done on the, on Molokai, as well as Lanai. Remember our fire station at Kaunakakai from \$10 million dollars to almost 14 million. Members, any more questions? Member Baisa followed by Member Anderson.

COUNCILMEMBER BAISA: Mr. Chair, I'm very much in support of the project and affordable housing in general, as you know. But I'm just curious. I'd like somebody to refresh my memory, maybe Member Hokama. What are we building?

CHAIR PONTANILLA: Member Hokama.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

VICE-CHAIR HOKAMA: Well then let me just quickly give you a summary of how we reached here. Years ago, Castle & Cooke through its CEO, David Murdock, donated to the County of Maui 115 acres. His only requirement to the County was that it be built for residential affordable housing. When the school approached us for their needs of expansion, we consulted back with Castle & Cooke and they were very happy and they agreed that part of the lands that were provided to us can be utilized for the communities educational infrastructure expansion. So that's how we got the 50 acres that we are, we have a general agreement with DOE for future school expansion. The balance of the 65 as part of the donation we are gonna build residential affordable housing units. We are, part of the initial request is for the consultants to go back to our community and ask them, what kind of mix do you want? Do you want all single-family, do you want all multi-family, do you want a mix of multi-family, single-family? Would you like a mini park as part of the subdivision?

I'm foreseeing, Members, a three to four phase project, depending upon the demand of the unit counts. So part of the additional request will allow the consultants to go to our community on Lanai, have community meetings and ask those that would like the homes, what type of housing offerings would you care to have and how would you like to have it planned. I hope we can do minimum for single-family, follow the code and offer 6,000 square foot lots. That's, my, my, my hope. And again, the key is to bring it to affordable prices that work for the Lanai economy and Lanai's wages. 'Cause it wouldn't make sense for us to go through this exercise and our own people cannot afford what we're trying to build. So that's part of the, the history and how we've come up to this point. And again, we do have our primary consultant, Pacific Architect here and one of the subs, Munekiyo, Hiraga that may be able to offer additional detailed responses to the Committee's questions, Mr. Chairman. Thank you.

COUNCILMEMBER BAISA: Chair that helps me a lot.

CHAIR PONTANILLA: Okay. We'll, we'll take Member Anderson and then we'll bring forward both Mr. Mitsunaga, as well as Ms. Hiraga. Member Anderson.

COUNCILMEMBER ANDERSON: Well, you know, maybe if they just came up and gave us kind of a briefing then my questions would be answered.

CHAIR PONTANILLA: Okay, fine. Members, with, with no objections, the Chair would like to call on Mr. Mitsunaga, as well as, Ms. Hiraga.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCIL MEMBER: No objections.

CHAIR PONTANILLA: Thank you.

VICE-CHAIR HOKAMA: And, Chairman, maybe it would help, because I think what, I think the Committee Members would like to know is what is the initial phases that we need to go through, I guess, I know exactly what we need to go through, but maybe our consultants can explain what it takes to even get to the Land Use Commission and that's why you will see the breakdowns for surveying requirements, soil analysis. We are going from Agriculture to Urban, Mr. Chairman, so we need an agricultural, what does the Land Use require, assessment. So we need an agricultural assessment report. So these are all the things that we need to do prior to even going before a semi-judicial procedure at the State Land Use Commissions level, including the need to have appropriate legal representation to assist us to go in front of the Land Use Commission.

CHAIR PONTANILLA: Thank you. Ms. Hiraga?

MS. OHASHI HIRAGA: Okay. Good afternoon Chair and Members of the Committee. My name is Gwen Hiraga from Munekiyo and Hiraga, Inc. This Lanai City Affordable Housing Project, the scope of services that we were provided with from the County included a two-lot subdivision. As Council Chair Hokama mentioned, it is a 115-acre parcel. Sixty-five acres would be for the housing project with 50 acres for the school. So it does involve subdivision for one thing. Secondly, the application, I shouldn't say application, the project envisions both single-family, multi-family residential uses and community facilities such as a community center, parks and probably offices for social services. The property itself is designated as single-family in the Lanai community plan, but the State designation is Agriculture. What I passed out to you basically is on the timeline is our timeline. When I say our, it's my company's timeline for putting together what would be needed in terms of entitlements. And Mr. Mitsunaga will speak about the other areas, but I am focusing my part on entitlements, as you can see. And this is typical of a 201H application that involves an environmental assessment.

And so we would normally start off with preparation of environmental assessments. Some things run concurrently as you can see by this timeline. But basically, the environmental assessment process takes approximately 255 days. And step-by-step we identify what is required in

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

terms of the environmental assessment. Concurrently we would be preparing a 201H application that will be submitted to the Department of Housing and Human Concerns and with the County Council for Council action. Following that, you know, we would also be working on the 201H petition for the Land Use Commission and that's a separate process in itself.

Our, as Ms. Ridao had mentioned and she went through a cost breakdown of the approximately 800,000 that would be required to just get it to this first level. And in terms, and as I mentioned, you know, I speak only for our portion, which Ms. Ridao mentioned was 237,000. The 237,000 includes sub consultants that we need to retain to prepare one, the environmental assessment and that would include a traffic engineer, a cultural impact specialist or to do a cultural impact assessment, a flora and fauna consultant for the land, as well as marketing, socioeconomic and housing needs by a consultant. Now the 201H application, and these consultants would be involved in both the environmental assessment and in the Land Use Commission petition. So, you know, our, that's how the 237,000 is broken down.

I also wanted to touch upon what Ms., what Council Member Baisa had asked about the reimbursables and Mr. Mitsunaga can go into more detail about the travel and reproduction, but. We have in here legal services and agricultural impact assessment. Because it is State designated Agricultural land, we will have to prepare an agricultural assessment to analyze the productivity of the land. And that's one of the requirements for a Land Use Commission change. Legal services, petitions before the Land Use Commission is always, is a quasi judicial proceeding and an attorney is required. The legal services would be to take it through and working closely with our Department of the Corporation Counsel, but taking it through the processes, as well. So that's why there was a need to add in legal services and the cultural impact, I'm sorry, agricultural impact assessment. Any other work that's covered under this contract, well proposed contract, would be for the massive planning that Mr. Mitsunaga's firm will do, as well as soils, environmental and TOPO work, engineering that would be required for the project. So I'm gonna turn it over to Mr. Mitsunaga at this point.

CHAIR PONTANILLA: Mr. Mitsunaga.

MR. MITSUNAGA: First of all, thank you very much for allowing us to present the project today. I might want to clear up a few points so that you could

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

understand the effort and the, and the direction in which the money will be expended. You know, it's very easy to come up with a conceptual design or a master plan just by looking at what's already available in terms of public records and information. You can come out with the best design, but then when it comes time to implement, you know, then that's where you have to really be accurate. Our intent on this project is to work very closely with the community to establish exactly what is needed and to look at the outlying areas. The adjacent 50 acres is being provided for the Department of Education. At this time, I believe it is intended to be utilized as a high school. And along with high schools there also becomes traffic problems. You have additional requirements for utilities and infrastructure.

When we do the conceptuels and the master planning for this affordable project, we want to make sure that everything else around it, as well as within the project itself operates, you know, to a "T", we don't want to find out later that when its time to implement the project, that there's gonna be problems. That's why at this point, there's certain steps being taken we're doing a topography to make sure that everything is accurate and everything will be in its place. We have the soils to, to at least confirm that there is no known values there that would impede the project. You know, we're, we're, wanna make sure that the lifestyle on Lanai is not impacted to a point where it, you know, causes problems for them. So, as I say, you know, at this point, the money that's being requested will ensure that, you know, everything is developed properly.

Just to give you an indication of where it's headed, once the, all the entitlements are completed and the conceptual design and the master plan is completed, there are still additional phases to be conducted. After that, we have to implement the design development phase and then go into the development of construction documents for construction. So, you know, it, its, there's still a lot of work that has to be done after that. And by, by investing early and, and putting the resources early, it, its, you can be sure that when it's time to implement that everything will be working the properly. You know, the traffic studies will have been done, the coordination with the school. At this point, we intend to contact the Department of Education at least to, to see what they have planned for the adjacent 50, 50 acres. Oh, excuse me. Excuse me. But anyway, the, you know, intent is to develop a master plan that's very workable. You know, we've, we've seen master plans in the past that look nice but, you know, as soon as you start putting into action, then you know, you run into

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

questions in grey areas. We're hoping that we will be able to provide a very accurate job for you, yeah.

CHAIR PONTANILLA: Thank you, Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chair. So, of the 65 acres, how much of that will be used for the community center, parks and social service offices?

MR. MITSUNAGA: That is something that has to be decided with the community. I, I believe it will be according to need. When we have the topography also completed, we'll find out how much area is actually useable and there's gonna be some areas that will not be, you know, will be used for drainage or other . . .

COUNCILMEMBER ANDERSON: Do you have any idea, do you have any idea at all? I mean there must have been some determination made if we gave 50 acres to the State that there would be enough of that 65 acres left to do so much housing. So can you just give us a ballpark on how much housing we might be looking at? How many dwelling units, say, say if it was all single-family?

MR. MITSUNAGA: Well, if you, if you just round numbers on, on the acreage and say you have a 43,000 square feet in an acre and if you look at 6,000 square foot lots and they're all single-family, you know, you're looking at say five, five units per acre times 65. So what is that, you know? But, but looking realistically . . .

COUNCILMEMBER ANDERSON: I mean is it, is it . . .(end of tape 1A). . . but at conceptual stage here and we're committing money towards an end product. And so it would be nice for us to get some kind of conceptual idea. If, if ten acres of the 65 acres have to be set aside for these other amenities, a park, a community center and social service offices. Then . . . I mean is that reasonable to say that, let's just say we're gonna end up with 50 acres of housing and 15 acres with other amenities. Would that be reasonable?

MR. MITSUNAGA: I think at this time really, you know, like I say, you know, you can come out with a very conceptual and something that looks nice, but then, you know, at this point, what we trying to do is, is look at all the elements and, and, you know, provide something that's accurate. That's why if you, as I say if you looking purely at housing, then, you know, if

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

by, by just estimation you're looking at so many units per acre. But, in this case, there's also the possibility of providing a greater density by going to duplexes or fourplexes. Depends on what kind of amenities you want to provide for the community. Within a community center itself, is there a need for classrooms, is there, you know, for meeting room, is there a need for daycare or a preschool or, you know, all these elements that would somehow support the fabric of the community. So, you know, as you, you're asking for an actual number, at this time, you know.

COUNCILMEMBER ANDERSON: Just a conceptual. Because, you know, I hate to give anything up that should be used for affordable housing for other uses. You know, I'm trying to see how much housing we're really gonna get out of this. And, especially since half of it was given up to the State for their needs and, yeah, all of these things are needed uses. It's not like, you know, we should have to choose one from the other. Because if a community center is needed and there is a need for social service offices, I, I'm sure there's a way we could find that. So, I'll just go on the five houses per acre and see what I can come up with.

CHAIR PONTANILLA: But the roads. The roads. Twenty-percent.

COUNCILMEMBER ANDERSON: And 20 percent. Take 20 percent away for infrastructure.

MR. MITSUNAGA: Yeah, you know, to, to . . .

COUNCILMEMBER ANDERSON: I mean it just seems like we should be able to get some kind of ballpark figure here because were are dedicating over half a million dollars towards the concept and I'd like to know what that concept is heading towards, besides just generalities. What is the trigger for the environmental assessment?

MS. OHASHI HIRAGA: Councilmember Anderson, the trigger for the environmental assessment is the use of County funds.

COUNCILMEMBER ANDERSON: Exactly. Okay and then --

MS. OHASHI HIRAGA: And land.

COUNCILMEMBER ANDERSON: --and County land. Gwen, you might want to stick around. Put your foot up. And, and do you know if we got anything in trade from the State for the 50 acres that they got?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MS. OHASHI HIRAGA: I'm sorry, Councilmember Anderson, I'm not familiar at all with the discussions that have occurred with the State for the 50 acres.

COUNCILMEMBER ANDERSON: And then what 201H exemptions are you looking at?

MS. OHASHI HIRAGA: We have not defined the 201H exemptions at this point. But it would be, probably, and we'll take into consideration some of the recent amendments that the Council had passed with the Workforce Housing Ordinance. But generally, it would be things relating to certain fees, which I know this Council has already taken a position. But we have not come up with the identified uses or list of all of the exemptions and I can get that for you, you know, in general what, what it is we are looking for, but I don't have it with me today.

COUNCILMEMBER ANDERSON: That's okay. I guess what I'm trying to get at, Gwen, is that, the reason you're doing this as a 201H is so that you can get exemptions? Is that correct?

MS. OHASHI HIRAGA: That, but also the expedited process and review.

COUNCILMEMBER ANDERSON: Okay. And then why is that you would, is that the same reason you're doing the 201H for the DBA?

MS. OHASHI HIRAGA: For the Land Use Commissions, yes.

COUNCILMEMBER ANDERSON: 'Cause then that fast tracks it through there?

MS. OHASHI HIRAGA: Yes.

COUNCILMEMBER ANDERSON: Okay. And then I had one other question Mr. Chairman and then I'll yield.

CHAIR PONTANILLA: Go ahead.

COUNCILMEMBER ANDERSON: How is this going to be financed? You know, the end product. How will it be financed?

MS. OHASHI HIRAGA: You mean the construction of the individual units?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER ANDERSON: Yeah.

MS. OHASHI HIRAGA: At this point, I think I want to defer to either Ms. Ridao or to Chair Hokama since this is a County housing project.

COUNCILMEMBER ANDERSON: 'Cause I'm just wondering. Thank you. I'm just wondering, Mr. Chair, if there's a possibility of using the housing in-term financing and buy-back revolving fund?

CHAIR PONTANILLA: Ms. Ridao.

MS. RIDAO: You know, I, I haven't thought that far ahead. But, I can think that, I mean sitting here, I'm thinking there's several ways that this could be done and one is that it could be a County project. One way you could do it is in partnership with a developer, a non-profit. You know, you could use besides County funds probably you could get Federal funds to do the, to get the end result.

COUNCILMEMBER ANDERSON: And have you, in that list have you considered the, the revolving loan fund?

MS. RIDAO: I, I have not gotten that far ahead, no.

COUNCILMEMBER ANDERSON: So if, maybe you could check Chapter 3.32. Because we used that successfully in the past, Mr. Chairman, and I like that because it's, you know, it's just like going to the bank and getting a really good interest rate on a loan and you go and you build and then it's totally under County control. And then as you sell the units you pay back the revolving fund. And then you go and do it somewhere else. And we did that successfully in the past over and over and over again. And I would love to see this project, you know, start, be a pilot project for us to start doing that again, because nobody has better credit than the County so why don't we just use it, you know, to effectuate what we desperately need all over this County and then we have control over not only the pricing on the housing, but who gets on the list, you know.

I don't like the fact that developers, when they get involved, they control who gets on the sales list. I mean we've had too many testimonies from people saying I was there first and I got knocked out and nobody could tell me why and I qualified. You know, so if they're gonna be, you know, serious about providing affordable housing, we gotta cover all those bases and make sure that it's fair and equitable for everybody, that everybody

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

gets a fair shot and so that's why I like the County doing it. This is, you know, County land, this is all County, let's keep it that way as best as we can. So, and somewhere down the road if someone could tell us, do we just give up that 50 acres to the State with nothing in return. I mean we're strong armed by the State all the time, so maybe the Chair could elucidate?

CHAIR PONTANILLA: I guess the best person to answer that is Chairman Hokama. He goes way back in regards to this 115 acres, which when I first got on the Council, you know, now this is news to me. Chairman Hokama.

VICE-CHAIR HOKAMA: Thank you. And, and again, Members, for me, with the projects on Lanai, I'm in my 41st year following project development on Lanai. But regarding the 115 acres, what is, was given to the County was basically to have the County be the steward for the community. The land was actually given to the community, okay, but the only recipient that could receive it on behalf of the community was the County of Maui. It was also the community that asked the County that it wanted 50 acres of its 115 to go to the school. This was a community request. This was not a departmental request or DOE for the school. The community came and asked that we are planning to expand, we need land, and you have the land. So we want you to grant our land for this purpose. And so that, that's how it became that the 50 acres is being worked with the Department of Education for the, the school's needs because that was driven by total community process, which is the school community based program that's currently around the County.

We are not getting anything back from the State. And, and, and to be realistic, yeah, Members, the State is about the smallest, minutest landowner on the island of Lanai. We have more land than the State. So we would never get any type of reciprocity exchange because they don't have the land to exchange with us on that island, on our island of Lanai. But I can tell you that this has been driven by our community from the very start. They are very, wanting to get us to have the entitlements to be able to move construction forward. And, you know, Ms. Anderson, I wish we could, you know, give, you know, we could give you a conceptual today but that does, has not, why, why am I hesitant to show that to you and have it on the cameras is that I would really like the community to see it first, to give their, get their input. Because they may say, yeah it looks nice, but this is not what we want. This is what we want and I would like to bring that back to Council, to the Committee, and say this is what the community has worked on with the consultants and this is

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

their vision of how the community is gonna expand. Because we would like to retain some of, you know, the features that Jim Dole placed in what we believe in has been used in planning as a modeled community, with streets, center park, walking to the retail outlets.

We want to maintain that walkable community sense and, and that's something that Mr. Mitsunaga and Ms. Hiraga is very sensitive to. And the other thing, Members, is that our land abuts the school. It abuts the County, the company's recreational site and so we're close by to amenities that for us makes very good planning sense. And for, for those of you that may have some concerns regarding the agricultural component, and if I can recall well the production. You know, its been fallowed for 20 to 25 years and was always used in the past as productive pineapple fields that has been fallowed by the company for many years and then for the last 20 plus years, it has been non utilized in any agricultural manner. And, of course, then we got ownership of the, of the 115 acres.

So that's part of the history and background of this project site, Members. Hopefully if we have time during the budget review on Lanai, we can try and arrange to make sure we have a chance to go to the project site so you can get a sense of what we're talking about and the size of what 65 acres really means. 'Cause that's a lot of land, 65 acres, people, a lot of land. You know, and I'm looking at, you know, between 300 and 500 units depending upon the mix that the consultants will work with the community, as well as the different prices, affordable ranges for different types of unit mixes that again, it is my hope that it fits the Lanai economy. So what they're earning there can pay for the homes that they want. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER ANDERSON: Thank you for that explanation, Chair Hokama. I appreciate it. I still think the State could have, you know, they could give us 50 acres on Maui for affordable housing.

VICE-CHAIR HOKAMA: Yeah. What about that. What about that.

COUNCILMEMBER ANDERSON: You know, and I think we need to strong arm back a little bit. Because it's always us giving to them, you know, and anyway. It's good for Lanai. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Medeiros.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. Let me see, I'm gonna try look at my questions and direct them to the consultants first. But, before I do that, certainly, you know, I support this project because I'm sure we all know the need for affordable housing throughout the County but especially on the outlying districts and other islands such as Lanai, Molokai and the district of Hana. And maybe I can give Member Anderson a little bit hint of how many houses, because in working with our Hana affordable housing project, we have to do 10,000 square foot lots because it requires septic tanks, we don't have sewer systems. So on 15 acres, the conceptual plan was for 42 lots and that kind of gives you an idea. But, for Ms. Hiraga, thank you for your timeline report that you provided us. That really helps understand what a immense process this is. But, so the funding we're, that was already appropriated and the additional funding being consider today, that would cover the cost of what part of your timeline or does it cover all of it?

MS. OHASHI HIRAGA: The, if I can respond to that, the initial 500,000 there is no contract awarded, per se. We're looking at a, excuse me, the 500,000 plus the 350 to award one contract. So it'll cover everything that's provided in Ms. Ridao's breakdown.

COUNCILMEMBER MEDEIROS: Okay. Now, part of the list you provided here, does the project require an archaeological study, to identify any potential cultural sites?

MS. OHASHI HIRAGA: Yes. Yes.

COUNCILMEMBER MEDEIROS: Okay and is it listed here?

MS. OHASHI HIRAGA: It's part of, it's part of and it's not broken down. It's part of our office's contract for and we're gonna be contracting Cultural Surveys, Cultural Surveys of Hawaii to be the archaeology. So it's not a specific line item on the breakdown that Ms. Ridao provided you, but it's part of our, my company's scope. We have four sub consultants that are under our contract.

COUNCILMEMBER MEDEIROS: Okay, thank you for that. I think, let me see. I can understand the reasoning for, the request for the additional appropriation because, you know, as we discussed, Molokai's fire station, we were made aware of the square foot costs on Molokai and I think it was even brought up that in Hana the cost can get as high as \$1,000 and I

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

think Molokai was \$500. So I can see where the cost on Lanai because of the distance from most supply distributors and so forth, that it does escalate the cost, so I'm understanding that. So I, I would be in support of this. And, Mr. Chairman, I would have questions for the Administration later. Mahalo.

CHAIR PONTANILLA: Thank you. Members, any more questions for both Mr. Mitsunaga, as well as Ms. Hiraga. Member Baisa.

COUNCILMEMBER BAISA: Just one quick question while I have the opportunity and we have Ms. Hiraga here with us. I, I think it's really an interesting piece of information that maybe she can provide us with. What does a basic archaeological survey on something like this run, more or less. I understand you can't give us a definitive amount.

MS. OHASHI HIRAGA: No I can't. As I mentioned, you know, we have four sub consultants under our office contract and one of them is the archaeological or archaeologists.

COUNCILMEMBER BAISA: Yeah.

MS. OHASHI HIRAGA: The estimate that we got from Cultural Surveys Hawaii is 35,000. And . . .

COUNCILMEMBER BAISA: Thank you. I've always wondered, you know, what these studies and surveys cost, because, you know, we require so many things and which it all adds up to what these things cost.

MS. OHASHI HIRAGA: And, you know, if you'd like that further breakdown, we can provide that. As an example, traffic is gonna cost about 26,000.

COUNCILMEMBER BAISA: Wow.

MS. OHASHI HIRAGA: As I mentioned, the archaeology is going to be about 36,000. Mr. Hobdy's work on flora and fauna is going to be about 8,000 and the final ACM Consultants it's about 21,000. And our work is approximately 58,000.

COUNCILMEMBER BAISA: And then we wonder why things cost so much. Thank you very much.

MS. OHASHI HIRAGA: You're welcome.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Thank you. Members, any more questions for . . .
Member Molina.

COUNCILMEMBER MOLINA: Thank you very much, Mr. Chair. Good
afternoon Ms. Hiraga and Mr. Mitsunaga. Just a quick question,
clarification on your timeline, Ms. Hiraga. You guys anticipate provided
there's no major challenges to the EA, you're looking at by the time this
goes, gets an 201H application that will come before us. What again are
we looking at? October of 2000, excuse me, first quarter of 2009? Am I
correct?

MS. OHASHI HIRAGA: Yes. This, this timeline was prepared back in
December and this was before it was realized that, you know, funding may
become an issue. So if we were to, when you look at this timeline and
instead of starting with January, with the first quarter, we'll actually be
starting with second quarter. So everything moves, you know, three to
four months, yeah. And so based on when the Council would receive an
application, we're really looking at the second quarter of 2009.

COUNCILMEMBER MOLINA: Okay, thank you for that clarification. Thank
you, Chair.

CHAIR PONTANILLA: Thank you. Members, any more questions for the
resource people. If not, thank you for answering all of those questions.

MS. OHASHI HIRAGA: Thank you.

CHAIR PONTANILLA: Mr. Medeiros, you had a question for the Department?

COUNCILMEMBER MEDEIROS: Well, maybe both the Department and
Council Chair Hokama and whoever receives and can answer the question.
The 50 acres designated for the Lanai High School, will this be an
expansion of the existing campus, will this be a new site, and who owns
the old site, well not the old site, but the current site that the school is now
on?

VICE-CHAIR HOKAMA: Chairman, if I, if I may please?

CHAIR PONTANILLA: Yeah, Mr. Hokama.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

VICE-CHAIR HOKAMA: Thank you. What we're looking at, Members, and, Mr. Medeiros, is that the 50 acres would be adjacent and abuts the current school property. So it would be an extension of the, of the campus itself. And it has its advantages of doing that. For whatever strange reasons and again we gotta go back to the early 60's when the counties turned over jurisdiction of the schools to the State of Hawaii after Statehood. The majority of the current existing school campuses, State of Hawaii, Department of Education for whatever reasons, I think there's a few slivers in the existing school property that is County of Maui. Why, you know, it's, it's strange and again, you know, everything was done by hand the old days, including title recordation's and what not and it still befuddles me that we haven't corrected that. But that is one of the reasons why the State built supposedly school tennis courts on school property than later found out it belongs to the County, now its been given back to us and we maintain the school's project. Go figure. But, you know, regarding the school, Mr. Medeiros, it's a extension and it'll again about the balance of the 65, which would be for the housing.

COUNCILMEMBER MEDEIROS: Okay. Thank you for that clarification. And then I think Member Anderson asked this question but I didn't hear a response to it. I think like most affordable housing projects within our communities, we hope and intend that those housing units will go to local residents. Being that public money is being used for this project, is there any assurance that we can somehow require that or make it for residents only or we can't do that because it's public funds? Whoever has an answer for that.

CHAIR PONTANILLA: Department? Ms. Ridao, I think you . . .

VICE-CHAIR HOKAMA: You know, Chairman, if, if I may because Ms. Ridao is, gets, gets put in a very difficult situation. I can say for our community that it is my hope that part of this consultant will also help us assess the housing needs of the current community and that we would phase construction to take care the existing community needs first, which means we take care our residents that are already on the island. And we wouldn't want to build more units than we need, because again, as I have learned from experience, interim construction financing, the need to every four weeks too add interest to lots or homes not sold, eventually just the interest added on every four weeks, starts pricing the unit out of the affordable brackets. And so we wouldn't want to overbuild units that cannot be bought by our residents.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

So that's how I would like the County to approach phasing this project is that we take care through a assessment of housing needs on the island and that's how we would come up with the, the unit count for the initial phases. But the other thing I would also say, Members, is that, yes the employer, Castle & Cooke has built housing but they've always taken care of their employee needs first. It's, you know, it's natural, I guess, in a sense. What the County's project will allow us to do is take care the non-employee but still essential needs of a community such as the school teaches, such as our firefighters, our police offices, those at the hospital, those at the State DOT, the County highway crews, our County park's employees. They are in lower priority to get a company home, rental or purchase than anyone else. I think part of our ability with our project is to allow the rest of the essential community requirements for our residents to be addressed in a more fair manner. And that is one of the hopes that we are, are looking at through this project.

COUNCILMEMBER MEDEIROS: Mahalo, Council Chair Hokama. Yeah, I, I think that's a good plan to have and my hope is just that if which we sometimes see in other affordable housing projects is that we do have a good intent, however, sometimes the people we want to be moving into those units sometimes don't qualify financially to purchase the units and then we see people from the outside coming in and purchasing the units. So I hope we can do something to really be sure that the people of Lanai, the residents there and like Council Chair Hokama said, certainly the police, fire, school teachers, the hospital personnel and so forth have, have some kind of preference and, you know, being members well, you know, getting some of that housing units. And I know we are in the very early stages of this, planning this project out, but maybe again, either for the Housing Department or for Council Chair Hokama. My final question is will the consideration and again I know that the consultants will go to the community to see what the community wants, but would the affordable housing include fee ownership and rental units?

MS. RIDAO: I, I think as the consultants, as well as Chair Hokama mentioned earlier, it's going to be a planned development that is planned by their community. So I would, I would venture to say that the outcome will be, it will be mixed, fee as well as, as rentals.

COUNCILMEMBER MEDEIROS: Okay. Mahalo for that response. Mahalo, Mr. Chairman.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Thank you. Just a note, you know, when you come to affordable housing projects and this is a good example and you mentioned about qualifications. You know, this is a good time for people who don't own homes somehow try to get qualified prior to any projects being done so that when time come, you know, they qualify. In most cases, they don't qualify because of their financial status. So, you know, this is good opportunity, good time to start now. So, thank you, Mr. Medeiros. Member Molina.

COUNCILMEMBER MOLINA: Thank you, Mr. Chairman. You know, at this point, Mr. Chair, I'm ready for your recommendation because I know there's been a lot of good detailed questions at this point, but everything is still in the conceptual stages, its preliminary. And as Member Hokama, Chairman Hokama had stated, the community still has to meet and work out the details as to what fits for this community. So I for one would like to get the process moving on this and hopefully this is the last time we see any additional requests for more appropriations. So at this point, for myself, I'm ready for your recommendation so we can move this.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MOLINA: Thank you, Chair.

CHAIR PONTANILLA: Members, any more questions for . . . Member Mateo.

COUNCILMEMBER MATEO: Chairman, in addition to your encouragement for preparing financially. I think because there's a lot of time available now, I think perhaps notice to the Department that they can start working because the County moves like a, at a snail's pace, and the permitting process is very important. So now that we have time, they should start working on the, on the departmental needs of trying to expedite. Especially if this is gonna be a joint effort or even if, primarily if it is a County effort in itself that there should be no excuses for delays, et cetera. So heads up. Times, you know, we got time. Thank you.

CHAIR PONTANILLA: Thank you, Member Mateo. And probably the next island is Molokai. I know we got land, a lot of land. So, Members, if there's no more questions, the Chair would like to recommend to adopt the proposed bill and also the filing of the communications.

VICE-CHAIR HOKAMA: So move.

**BUDGET AND FINANCE COMMITTEE
Council of the County of Maui**

February 21, 2008

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: Moved by Member Hokama, second by Member Medeiros. Members, any more discussion? All in favor the motion, please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Motion is carried. Eight ayes, one excused.

VOTE:

AYES:	Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Vice-Chair Hokama, and Chair Pontanilla.
NOES:	None.
ABSTAIN:	None.
ABSENT:	None.
EXC.:	Councilmember Victorino.

MOTION CARRIED.

ACTION: FIRST reading of proposed bill; and FILING of communication

CHAIR PONTANILLA: And, Members, the Chair would like to, with no objections, your approval to revise the proposed bill prior to first reading to incorporate independent budget amendments that may be before the Council and make any nonsubstantive revisions as required?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. Mr. Hokama, that didn't take ten minutes.

VICE-CHAIR HOKAMA: Thank you, Chairman, for that trick ten minutes.

CHAIR PONTANILLA: Thank you, Ms. Ridao, for being here.

MS. RIDAO: Thank you, Mr. Chair.

ITEM NO. 57: WATER RATE STUDY (C.C. No. 07-254)

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Okay. At this time, the Chair would like to go to the first agenda item. And if we can have the Water Department personnel, as well as Ms. Ann Hajnosz, project manager for the study up forward. . . .(end of tape 1B). . . Okay, Members, this afternoon we also have with us the Water Department. The next agenda item is BF-57, Water Rate Study. The Committee is in receipt of the Fiscal Year 2008 Water Rate Study prepared by R.W. Beck, Incorporated from the Department of Water Supply. So at this time, I'd like to call on the Director to provide some opening comments and introduce your, the members that are with you this afternoon.

MR. ENG: Thank you, Mr. Chairman and good afternoon. First, I would like to reintroduce to the Committee again, Ms. Ann Hajnosz. She is our consultant with R.W. Beck out of Seattle and if I may briefly just summarize our Fiscal Year 2008 Water Rate Study. The report basically summarizes methodology, assumptions, analyses and results for the Department's rate review process that occurred from June, 2006 through May, 2007. The resulting proposed rates represented an overall system rate increase of 18% and it became effective July 1 of '07. R.W. Beck was initially retained by the Department in 2004 to conduct a comprehensive water rate study. During that study, a water rate stakeholder's committee determined that the Department's rate were not providing a strong enough conservation signal to its customers, especially to its residential customers.

Therefore, the main focus of the 2008 Water Rate Study was implementation of more conservation oriented rates, the creation of a single-family rate class and separating out the cost of power charges. However, during the course of the rate review and budget process, the County Council expressed concern over the significant potential rate impacts on certain single-family customers and, therefore, the proposed rates and rate structure were not adopted in their entirety and, therefore, the existing rate structure was maintained. And, therefore, we still have the general rate class an ag rate and a non-potable rate. Thank you.

CHAIR PONTANILLA: Thank you, Director Eng. Members, do you have any questions for the Director or our resource people? Or maybe, Director, if you could go into the Water Rate Study that we have?

MR. ENG: Is there any particular area that . . .

COUNCILMEMBER ANDERSON: Chair?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Well, Members, do you have any questions? Member Anderson.

COUNCILMEMBER ANDERSON: Yeah, can we just cut to the chase and are, are we gonna, are you gonna, what's the, what's the purpose here? I mean are we gonna get new rates presented to us now or are we gonna wait till the budget comes out?

MR. ENG: We would prefer that we, we wait till the budget comes out, because we're still finalizing our budgets, as well as the resulting rates and we're still in consultation with the, the Mayor. And again, things have not been finalized, so it's probably premature for us to really discuss in depth any of the, of, of the rates for, for Fiscal Year '09. As was reported earlier to this body or another body, we are anticipating a, a rate increase for '09 in the order of 9.6 to 10 percent.

COUNCILMEMBER ANDERSON: Well, that cuts right to the chase. I like that. Let's round it out, a 10 percent increase. And so, that would be across the board for everybody. And if I have to keep that to the study, is that what the study says?

MR. ENG: Actually, we're projecting for '09 a little bit lower increase than what the study had, had projected for Fiscal Year '09. This study indicated a potential 11 percent increase and that was pretty much our guidance, but from early on, it did look like it was going to be coming in at around 11. Last minute adjustments have brought it down to, we believe, less than 10 *percent.

COUNCILMEMBER ANDERSON: So, Mr. Chair, I'm just looking for guidance. Are you asking us to discuss a methodology used in this study or?

CHAIR PONTANILLA: You could go, if you want to ask that question, fine. Cause when we go into the rate fees, hopefully, you know, that we can discuss some of those issues that we always have right here in this Committee meeting so when come budget time, you know, we cut to the chase and we all know what's happening.

COUNCILMEMBER ANDERSON: So, is there, let's put it this way. This study, last year we singled out residential users, right, for a different rate

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

classification? So, is there any, is there any move to single out any other rate classification or rate users within a subclass?

MR. ENG: Member Anderson, right now for '09 we're planning to stay with the rate design structure we currently have and that is the general rate class, basically. And again, we want to be responsive to the concerns of the Council and that is not being unfair to any particular customer class and that seemed to be the concern last year. So our proposal for Fiscal Year '09 is to continue with the same rate structure, but there will be increases at each of the, the tiers, the blocks. We still want to somewhat protect those in the lower two tiers of the general rate class. And so, you're question was if it's going to be let's say 10 percent across the board, no it won't be, it's 10 percent overall increase. So we believe the lower consumers, those who use less water will, will experience a lower increase in their rates versus those in the, in the higher tiers.

COUNCILMEMBER ANDERSON: And those in the higher tiers would be the people under the general rates?

MR. ENG: Yes.

COUNCILMEMBER ANDERSON: And the, and so there's no and maybe we can ask . . .

MR. ENG: Ms. Ann Hajnosz?

COUNCILMEMBER ANDERSON: I'm looking at a long, long last name. Oh, that's Ms. . . .

MS. HAJNOSZ: Hajnosz.

COUNCILMEMBER ANDERSON: Hajnosz.

MS. HAJNOSZ: Yes.

COUNCILMEMBER ANDERSON: Are there any other jurisdictions that breakdown their general rate users in to more specific categories like, you know, commercial, you know, and then commercial could be retail or light industrial?

MS. HAJNOSZ: Yes, there are. There, you know, quite a few utilities. And the only one here in the State is Honolulu Board of Water Supply and, of

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

course, that's much bigger. So they do have more classes like single-family, multi-family. They have I think a couple either industrial or commercial, probably commercial classes. But I've seen other rate structures that do break it down into the more specific categories, you know, like for example hotels, those kinds of things. You know, these are classes that are definitely, you're going to get a higher level of equitable and fair rate structures just because you're gonna target specific uses. But when you, when you talk about trying to get data to substantiate those types of rates, its, it becomes a daunting process to be able to collect that kind of data if you're not doing it right now. You've gotta put the effort into identifying those customers, figuring how many units each of those customers has. For example in the case of multi-family, you know, right now you have one meter going to a multi-family, you know, an apartment. You need to know how many units are in there, you know, that sort of thing and that's how you would design rates for each one of those units. Now I'm not saying it can't be done, it's just going to take some effort to get that data before we can go forward and design rates. It's not like you can't do it.

COUNCILMEMBER ANDERSON: Yeah, well, and the reason I bring this up, Mr. Chairman, is, you know, we are looking at tightening our water belts.

CHAIR PONTANILLA: Yes.

COUNCILMEMBER ANDERSON: And that means looking at those people who use the most water. And I think, you know, ag aside, 'cause we don't want to touch them, except some of them that might be using water from Na Wai Eha. But and in the process of trying to get more conservative about our water use, I think it is important to look at those people who are the greater users and hotels undoubtedly use the most water of anybody, ag aside. And, you know, I know that we have a quantified number for hotel users and so I'm just wondering if, you know, it's one thing to have an accelerated rate for people that use, you know, over so many gallons per day for residential. But how do you quantify that for a hotel?

MS. HAJNOSZ: I mean it's difficult because you've got various sizes of hotels. So you're gonna have to come up with some sort of definition of what constitutes a hotel also, right? 'Cause their different, yeah, there's the Marriott and Wailea or whatever, but then there are maybe the smaller hotels, you know, so you have to kind of draw the line somewhere and that's, that's a difficult process. That's why when . . .

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER ANDERSON: Well, I mean, most of our hotels are, you know, substantially sized and, you know, I wouldn't classify somebody like the Maui Beach Hotel with the hotels on the west and south side. And, and I know that the hotel properties have, you know, various meters. So . . .

MS. HAJNOSZ: And I, and I've seen rate structures where they try to categorize these types of, you know, industries by size, so they may have for example an industrial rate and they may have small, medium, large types of rates, you know, for those types of entities. But when it comes to trying to design rates for a customer class, when you're talking about a customer class, you want to find a group of customers that's pretty homogeneous and that's why we always look at single-family customers because they tend to have more homogeneous usage characteristics and they tend to all be on the, you know, either 5/8 inch or a 3/4 inch meter. And, and the data at least that's out there for many utilities seems to suggest that you can look at single, single-family usage and say for a 5/8 inch meter you, you estimate 600 gallons per day, that's pretty much standard. That's what you would base things like your water system development charge on. That's what you would design, you know, that's what you plan for based on those kinds of standards. It's a lot easier to design rates for a single-family customer class when you've got those kinds of standards.

COUNCILMEMBER ANDERSON: Yeah, I understand that, but I want us to go another step beyond easy. You know, we're looking at conservation measures as a way, we saw that in our Committee this morning, Chair, as a way of stretching our water budget. And I'm just thinking that, and I guess maybe I'll just ask my questions during budget since it's not addressed in this rate study and that is what is on your agenda for discussion. But I think we need to look at hotels. Hotels have various meter, a meter that goes to the hotel for its internal use and then they have meters that are specifically used for irrigation purposes. I'd like to see those hotels that use brackish wells, I know there are some hotels that use non-potable water, whether it's brackish or R1. I mean there's lots of ways that we can be looking at stretching our potable water supply and, and I think that the idea in our rates, in increasing the rates is to do that also, to discourage excessive use of water.

And so, I just, and that's why I think, you know, I think one size does not fit all and to put everybody other than ag and residential in one general rate is just too broad. Especially when we have a specialty category in Maui County of hotels that use so much water. I mean, and, you know,

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

maybe they can afford it because we have the highest room rates in the state and they just pass it on to their customers, but how does that affect the residential users who, you know, is tightening their water bill to meet our conservation needs? So, I would like to see in some way, maybe the Budget Committee during budget or the Department, look at a way to break out the hotel users within this general rate. Even if it's just a, a start, 'cause I have seen the figures, you know, in one of our budget sessions, I think it was a question I asked and we did get a breakdown and I was shocked. I mean, the hotels use more water than probably all of our residents combined. So, you know, they gotta, they gotta bite the bullet like everybody else and a 10 percent reduction for them, Mr. Chair, is nothing compared to a 10 percent reduction for a single-family homeowner. Thank you.

CHAIR PONTANILLA: Thank you. And, and I think the one slide that they showed this morning indicated, you know, where resort areas were located that the water, daily water usage was pretty high.

COUNCILMEMBER ANDERSON: Yeah, it is. I mean when you consider a spa customer uses maybe four or five towels in one visits, think about that, just that! They all get washed.

CHAIR PONTANILLA: Thank you. Member Molina.

COUNCILMEMBER MOLINA: Thank you, Mr. Chair. Well, you know, I use 10 percent less water when I take a bath now so I don't know, I don't feel the difference, maybe my wife might tell the difference. Anyway. All kidding aside, you know, coming from an area where we're accustomed to cutbacks, you know, we've, we've had to adjust as I think Councilmember Baisa can attest to that as well. Good afternoon, Ms. Hajnosz, and, Mr. Director, and, Ms. Perdido.

You know, the Water Rate Study that we've, I guess made our, based our rates upon from last year, and you come from Seattle, and I guess King County is that the biggest county in Seattle? Can you share with us the, I guess, the results of counties like, if it's King County, that have based their rates using this kind of study, which I guess promotes conservation and, you know, rewards those who use less water and I guess in a way penalizes the heavy water users.

MS. HAJNOSZ: Right.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER MOLINA: Can you share with us the results over, I guess, you know, the last several years with some other things you've dealt with?

MS. HAJNOSZ: Sure. Yeah, in the City of Seattle, you know they, the methodology that we use to set these rates is pretty consistent with the American Water Works Association, AWWA. And so the methodology is pretty straight forward, but of course, the differences are always going to be in what kinds of policy issues the, each of the counties wants to implement. And in Seattle, several, well maybe more than several years, 10 years ago or so, when we went through a pretty significant drought, the City of Seattle implemented some very stringent conservation oriented rates. And I, I don't recall the specifics but I remember they had maybe three or even four tiers that was heavily, heavily penalizing. And it got to a point where typically you'd like to see between 10 to 15 percent of water usage in that top block. And they were seeing quite a bit of usage up there, you know, because people were just really heavy water users.

When the drought hit and they put those heavily penalized rates in there, they did see consumption go down. And, in fact, I like to relate the story around where I live, people were actually painting their lawns green, you know, it was pretty bizarre, but they were. But everybody realized that actually the lawns came back even after the drought. You know, we didn't lose, maybe we lost some shrubs, but at least the, the grass came back and so water usage in the Seattle area really has not gone up that significantly. I think they've actually scaled back some of those very high rates, because I think they almost when too far in penalizing people and so I think they've scaled some of that back. And so that,, that is a really strong, that's the power of conservation-oriented rates. And it's always kind of difficult to figure out how far you go versus maybe you have to tailor it back a little bit.

But another example, we did rates in Tucson, Arizona. They have a very complicated rate structure over there and I think this is where you have to kind of balance the ease of administration of rates with what you want to accomplish from conservation. And their rates typically they, they use there winter water usage as a basis for year round rates and then in the summer, they basically sat if you've got, your using 25 percent more than winter water usage or 50 percent or 100 percent more, that's how they base their rates. So each customer has a very distinct bill, okay based on their winter water usage, but administratively it's pretty complicated, you know, to try to explain that to your customers and then try to administer it

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

and collect. You know, they've had it for a long time so they used to it, but that's one way to get pretty personal with your water bill.

COUNCILMEMBER MOLINA: And that, that's something you wouldn't recommend for our County, it might be pretty tough on our Department to try and administer?

MS. HAJNOSZ: You know, it's all a matter, it's a trade off.

COUNCILMEMBER MOLINA: I never thought Seattle, you'd be talking about droughts in Seattle.

MS. HAJNOSZ: Right, right, no we . . .

COUNCILMEMBER MOLINA: It occurs everywhere.

MS. HAJNOSZ: You know, we have pretty, our source of supply is in the mountains and so if we get a lot of snow we get, we don't have a problem.

COUNCILMEMBER MOLINA: And sort of dove tailing off Member Anderson's inquires about the heavy water users, the hotels. In Seattle, was that, is that, does that parallel with what we have here in Maui? The hotels using heavy, a lot of water?

MS. HAJNOSZ: You know, I've seen some numbers that would suggest I think that some communities, commercial water users might even tend to pay less than residential water users and, you know, the theory that I've heard and, you know, we've, we've seen this happen is that a lot of times and it depends on the size of the community and, of course, what kind of industries we're talking about. But, you know, typically you, you see residential customers almost subsidizing commercial because they, they want that, those are the benefits of having a commercial customer in their, in their county. You know, increased jobs and that sort of thing. And so you could kind of see it almost go the other way. I think when you're talking about resorts, it is, it's slightly different because, you know, you're getting, you know, outside, or outside tourists, money coming in, you know. So it's slightly different but it's not uncommon to see single, residents subsidizing commercial.

COUNCILMEMBER MOLINA: Thank you. And earlier the Director mentioned about what we're looking at, a potential 9 to 10 percent increase and your study recommended 11. Is there, I know for a lot of consumers out there,

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

they might feel that it's sort of a shock increase. Is there any possible way to maybe lower that to as avoid the shock? I don't know if the Water Director wants to jump in on that one because its. I know we've seen steady increases over there, over the years and we're just getting caught up.

MS. HAJNOSZ: You know, I can just make one comment about that because we, when we looked at the current rate recommendation. What we, we took a hard look at how we were forecasting future growth in water sales and it was a very interesting statistic because, you know, since Fiscal Year '06 there's been a 12 percent rate increase, '07 was another 12 and then Fiscal Year '08 was 18 percent. I mean those are very high, you know, rate increases. And where you would expect to see water consumption really plateauing, you know, we didn't really see that in spite of some very significant rate increases. And so, you know, it tells you a couple things, either we've got such high growth here that it's overcoming, you know, the decrease in consumption that people are reacting to the high rates or the rates are still too low. Okay.

COUNCILMEMBER MOLINA: And, and you know, I ask that because, you know, we're the ones that have to explain to our constituents why another rate increase so it helps all of us in trying to, if we have to approve a rate increase, helps us to defend it so any kind of additional information we can get to defend it, it helps. And I think customers I guess can tolerate it so long as various CIP water projects are getting done.

MS. HAJNOSZ: Yes.

COUNCILMEMBER MOLINA: So I think that's an important part of the equation with a rate increase. Because the first thing they're gonna say, I get calls that okay I don't mind paying an increase but what am I gonna get for my money in return. So, anyway, thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Baisa.

COUNCILMEMBER BAISA: Thank you, Chair. My question is probably because I haven't been around here that long, but I'm very interested in knowing why we have the tiered general rates the way we do. It's zero to 10,000 and then 10,000 to 30,000 and then 30,000 more. Why that huge spread in the middle between ten and thirty. Why not ten and 2-, because it makes a big difference? The person that's using 10,000 gallons is using about 300 gallons a day and the person that's doing 40 is using about a

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

1,000 gallons a day, it's three times as much. So I don't understand what the spread and why it's used.

MS. HAJNOSZ: And let me just clarify. That spread is a bi-monthly spread. Okay. And so, I like to talk on a monthly basis.

COUNCILMEMBER BAISA: Okay.

MS. HAJNOSZ: Because it's a little bit easier to relate to. But, so for the first block, the zero to 5,000 that was what we typically refer to as the life line block. And so it's for people that are really on limited income, maybe a single person that really doesn't, you know, has limited income and can't afford a lot of, to pay a lot of utilities and so, we always want to kind of pay attention to that first block. The second block we try to look at your average user and so that would be between, you know, over five and 15,000. And what we determined here in Maui, County of Maui was that the average use was something about 16,000 gallons for month.

COUNCILMEMBER BAISA: A month?

MS. HAJNOSZ: Yeah, yup, yup. For, you know, the typical and most of your customers in the general rates are single-family customers, they're mostly residential. Okay. Sixteen thousand gallons a month. Yes.

COUNCILMEMBER BAISA: Is our average. Cannot be because we, we just looked at something that said it was like what three?

CHAIR PONTANILLA: Three.

MS. HAJNOSZ: Well.

COUNCILMEMBER BAISA: Three hundred per day?

CHAIR PONTANILLA: Three hundred a day.

COUNCILMEMBER BAISA: So three times 30.

MS. HAJNOSZ: Thirty. Three hundred times thirty.

COUNCILMEMBER BAISA: A thousand a month makes sense, but 16,000?

CHAIR PONTANILLA: Three thousand.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MS. HAJNOSZ: No, typically a 5/8 inch meter is about 600 gallons per day, that's about average use times 30 you're at 18,000. Right.

COUNCILMEMBER BAISA: That's really high.

MS. HAJNOSZ: Yes, it is, it is. And, and compared to other counties you're probably 30 to 50 percent higher. That's why when we did the water rate study in 2004, the stakeholder's committee was so adamant in saying we need more conservation oriented rates. Okay? And so that's and, and these blocks have been there for a long time, you know, but that was pretty much the justification for trying to keep the second block about at the average usage level and then anything over that was deemed, you know, above average.

COUNCILMEMBER BAISA: Okay. I guess if it is that high it makes sense. But it certainly is not what I'm familiar with based on my own house. We use less than 300 gallons a day and we have a four bedroom home and we have a quarter acre lot and a huge garden and we take a bath, believe me.

MS. HAJNOSZ: And again, these are very, they're simple averages so.

CHAIR PONTANILLA: Thank you, Member Baisa. I, I remember at one meeting it was like 250 to 300 gallons per day for central and, you know, not no 500, 600. So, that was given to us by the Department. Member Mateo followed by Member Medeiros.

COUNCILMEMBER MATEO: Thank you, Chairman. And I'd just like to follow-up from questions that, that Mr. Molina asked a little bit ago. Because for the last number of years, cumulatively we've seen a rather large percentage of increases and, you know, from those years up until the projected 9 to 11 percent increase this coming year, I think the difficulty comes in having the public understand either the need for because we still have droughts, we still have water shortages, we haven't really developed adequate source, we haven't addressed storage capacity, we haven't addressed the replacement of line so what the hell is all these increase going towards? And I think if the public can understand that in your request for additional, you know, it might make it a little more palatable, not much, but a little more palatable to know that with these increase, it could mean that Upcountry will not have to be on a drought lotus every summer, et cetera. So, I think instead of just justifying on paper the need for the increase, it had better come with specifics that's gonna earmark

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

where these increase are gonna be spent at. So maybe, maybe Mr. Eng could, you know, share with us?

MR. ENG: Yeah, thank you, Member Mateo. I won't go into too much detail right now. You will have your opportunities to take your shots at me during the budget review. But in general, the rate increases that we've experienced over these recent years really haven't gone towards, really capital improvements. Even though we come in with significant budgets because most of those are really paid, a lot of it by bond funding. So those interest payments kick in a little bit later. At least a year after the projects are completed. What we've been experiencing in recent years are just the costs to keep the lights on, you know, basically power. Like I think for '09 we're looking at budgeting maybe \$3 million more for electricity and that I think comes out to close to or maybe greater, little greater than 7 percent of our increase right there.

We do on an annual basis want to transfer like 3 million from our revenues, our cash, to capital replacement projects, dedicated to pipeline replacements. That again is another maybe 7 percent. The rest is for, you know, labor charges, general overhead, like insurance. There's not a lot of fat in our budgets, it's just for these cost of living increases that we've been experiencing every year. And so the capital budget portion of that is fairly nominal. We don't really fund anything by cash, except for the capital replacement, the 3 million per year. So, it's a big increase. I, I do admit that, but it really just keeps the lights on.

COUNCILMEMBER MATEO: So then eternally we will constantly play catch up because we're not seriously addressing the need that the Brown and Caldwell report for example that, you know, we're very aware of, of the significant deficiencies that, that our system currently has. So, in terms of trying to catch up and trying to address then we perhaps could end up paying the highest water rates in the nations just in order to make a dent in what we need to have corrected?

MR. ENG: You know, Member Mateo, your, your, I won't say it'd be the highest rates in the nation, but they'd be significant increases. You have mentioned the Brown and Caldwell report a number of times and just recently . . .(end of tape 2A). . . then. And I did make a strong recommendation that, you know, the Department, the County would have to fund capital replacement in order of \$8 million per year. And right now, we're planning to do about 3 million per year. So there's 5 million more to go. Again, that \$5 million, if we wanted to comply with the

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

Brown and Caldwell report we'd have to increase our revenues by 5 million in cash. That would be probably an additional 12 percent increase to the approximately 10 percent we're currently facing, you know. So, yeah we've been under funding per their recommendation by at least 5 million, but that's another 12 percent increase a year. So, you know, we also have to balance things too. You know, we do understand the concerns of our rate payers. We all have to address them and, and they're facing a lot of cost increases everywhere across the board in their lives so it's a struggle. It's a balancing act for all of us. So, and I think you folks understand that in your positions, but that's what we're trying to, you know, project and come up with is something that is fair and reasonable and that we can all live with.

COUNCILMEMBER MATEO: Thank you, Mr. Eng. Thank you, Chairman.

CHAIR PONTANILLA: Thank you, Member Mateo. Member Medeiros.

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. I, I really didn't have, you know, an opportunity to really go through the report in depth and so if my questions are, there's answers in the report then I, I, I'm sorry, you know, but I still need to ask them and especially since our constituents and the communities don't have this report. They depend on our meetings to get their information. So, first question is, is the sewer bill still attached to the water bill? And the reason I ask that is in Hana we don't have sewers so we don't get a sewer bill.

MS. PERDIDO: Yes, the sewer bill and the water bill are, are billed together.

COUNCILMEMBER MEDEIROS: Okay, so a rate increase will not be well received, especially with the sewer bill attached to it. It's gonna show a significant difference and I don't know what the recommendation from the rate study is. Was there any consideration about not attaching the water, I mean the sewer bill to the water bill or did you folks consider that in your rate study?

MR. ENG: Member Mateo, Medeiros it was never considered.

COUNCILMEMBER MEDEIROS: Okay.

MR. ENG: So they, the, the billings are, are combined.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER MEDEIROS: Okay. Because now you're talking about separating out the power charge, correct? So it's gonna be on the bill but it's gonna be a separate amount now, is that correct?

MR. ENG: Yes, Member Medeiros, we've implemented that since around July of '07. It gives the customers, the rate payers, an opportunity to see what the impact of just power alone is to the cost of their water and, and maybe down the road when we have a system that can do, make more adjustments to that power cost, particularly as the cost of electricity sometimes climbs dramatically and quickly. You know, it'd be ideal for the Department to be able to merely pass on those increases to our rate payers. So by separating it we begin the mechanism to do so.

COUNCILMEMBER MEDEIROS: Okay. Yeah, I think that notifies the consumer about that. However, there's a lot of skepticism on that because, you know, we get electric bills with fuel adjustment charges, all kinds of different taxes and, you know, I think the person in the community is wondering, you know, if the fuel charge ever went down, would we see a decrease in the fuel adjustment? It's always, you know, nothing I see that goes down. And so when you're talking about power charge in the water bill, would it be that it, it reflects currently and accurately the power charge connected to that bill?

MR. ENG: Are you saying that the connection between our power charge with what the . . .

COUNCILMEMBER MEDEIROS: No. Yeah, you said you, you currently on the electrical bill you have a power charge? You know, like, you know, I have a home in Hana that I don't pay electricity so I'm not sure. Not that I connected it on my own, but, but so I want to know on your water, do you have a power charge you said currently?

MR. ENG: Yes.

COUNCILMEMBER MEDEIROS: Okay.

MR. ENG: We separated the cost of power.

COUNCILMEMBER MEDEIROS: Okay. So, if there's any a chance that the power charge or the cost of power goes down, would that be reflected on the bill?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MR. ENG: Yes. Yes.

COUNCILMEMBER MEDEIROS: Okay.

MR. ENG: It would be reduced too. I

COUNCILMEMBER MEDEIROS: I, I, I, you know, there's some advantages to that and there's some disadvantages. I know a lot of people when they get their bills and there's all this additional or separated charges, to me its, for a lot of people that I, you know, I talk to, things like that out of sight is out of mind, they don't worry about it when you put it all together, but when you separate it out then they say, wow look how much different charges, you know, is attached to this bill. So, I just wanted to bring that up. In considering the rate charges and I know Ms. Hajnosz?

MS. HAJNOSZ: Hajnosz. Yes.

COUNCILMEMBER MEDEIROS: Talked about single-family rates and the zero to 5,000 gallons, trying to address those that use very little water that possibly were on fixed incomes and so forth. In other jurisdictions that you're familiar with, are there considerations in rates for seniors, retirees, fixed incomes like you mentioned, that's a separate rate?

MS. HAJNOSZ: I haven't seen a separate for those categories you mentioned, but what utilities often do, is they do give discounts. You know, they'll, they'll give maybe I don't know whatever 10 percent, 25 percent type of discount based on need, you know.

COUNCILMEMBER MEDEIROS: Based on need of what income?

MS. HAJNOSZ: Financial. If there is some financial hardships involved or something like that.

COUNCILMEMBER MEDEIROS: Okay.

MS. HAJNOSZ: But I think the electric utility is probably our most common, most commonly do that.

COUNCILMEMBER MEDEIROS: You know, some of us on this Council are part of the baby boomers generation and the generation before us is living longer. I mean my dad's gonna be 90 years old this year and so, but they come from retirements way back that, you know, they get very small

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

retirement pay and they are really on fixed incomes. So I just was wondering in your experience of doing these rate studies for other jurisdictions, if any jurisdiction considered a separate rate for these people, this, this group of people. Because in real property taxes, you know, we give home exemptions and circuit breakers to help those people out based on income criteria. So, any, any consideration for that in your rate study?

MS. HAJNOSZ: I know we've in the past we've addressed it in terms of yeah this is something that we're very concerned about and so that's why we've tried to keep this life line, you know, first block. You have to weigh the sort of administrative side of things also and how you're gonna administer and qualify people for a discount, for example. When we did this for Honolulu Board of Water Supply a few years back, I know they were thinking of maybe even a set aside of a fixed amount of money that they would keep in a pool to help residents that were having a hard time paying their water bills pay for it, you know. So there's that, that approach, as well. So we've looked at different ideas but in the end we felt like this was the most administratively easier to, to keep it this way.

COUNCILMEMBER MEDEIROS: I see. Okay, thank you and I enjoyed your city because my son's a police officer up in that area.

MS. HAJNOSZ: Oh, wonderful.

COUNCILMEMBER MEDEIROS: Thank you, Mr. Chairman.

CHAIR PONTANILLA: Thank you, Member Medeiros. Before I go to Member Anderson and Member Johnson, you know, interesting this morning we had a presentation in regards to conservation of water and one of the things that they showed was new technology in regards to, you know, water closets, you know, things like that. And if we're attaching the sewer bill with all this new technologies, as well as water saving devices, you know, I, I think we need to take a, you know, step back and look at the sewer rates because of new technologies, you know, being, you know, available now yeah. So with that, Member Anderson.

COUNCILMEMBER ANDERSON: Good point. This is going to be a trick question for Mr. Eng. Of all the electrical users in this County, everybody that pays an electrical bill, who is the biggest electrical user, who pays the largest bill to MECO every month?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MR. ENG: I bet you know the answer already. It is, it is the Water Department and in fact, one of our accounts, their accounts is our Kamole high lift pumps and that is the one highest individual account with MECO.

COUNCILMEMBER ANDERSON: And I just thought it was important to bring that forward for people to understand that, you know, using water is a big electrical user and to deliver that water to people. And who has the lowest water rates in this State?

CHAIR PONTANILLA: We do.

COUNCILMEMBER ANDERSON: Maui County. So, and who has the highest electrical rates, nationwide? Does anybody know the answer to that one? They say that we're pretty close and climbing. You know, I was gone for two weeks in December. My electrical bill was more than it was the month before when I was home using my electricity. So, and I've seen a few letters to the editor about the climb. So, it's like, you know, seems like very six months we're, we're suffering a huge increase in electrical rates. So, you know, people can complain that we have to raise our water rates, but as you just explained, Mr. Director, you know, it's just to keep up with the rising cost of living. And it's a sad thing, especially in Maui County, when our cost of living is already so high.

So, hopefully we can find alternative energy sources quickly before none of us can afford electrical rates or pumping our water to anybody. Because Member Mateo is right on a serious note, we gotta start taking care of our maintenance needs and if that means a 12 percent increase every year, maybe it's better sooner than later while that increase is still small, you know what I mean, as far as relatively speaking so that we can build towards finding some level of being caught up. Because if, if you're, if you are behind already and you don't do anything to really catch up every year, you know, in ten years your so far behind that you've got an EPA consent decree on your back. So, I guess really the meat of the discussion about the rates will come during budget, Mr. Chairman, so and I see we have an awful lot left on your agenda.

CHAIR PONTANILLA: Well.

COUNCILMEMBER ANDERSON: I don't want you to get stuck like I did.

CHAIR PONTANILLA: No, we'll, we'll go as far as we can just to let to the Members know, before I call on Member Johnson. When we go into the

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

next agenda item, we'll go, you know, maybe for half an hour and then whatever is left over, we'll get information from the departments and shuffle it to the various committee chairman, subject matter chairman so that they can bring it up on their meeting. So please get used to. Member Johnson.

COUNCILMEMBER JOHNSON: Yes and, you know, I'm not sure of this because, you know, how widespread it is throughout Maui County, but we have at least one property situation that I'm aware of where when it was initially constructed, there were not individual water meters set up with all the units. It's like different sections. This is out at Napilihau. And so, what's happening is in your water rate study it's very difficult to look at that kind of a complex, which has multiple users on one meter and then come up with the full rate that should be charged to people that may have five individual homes attached to that. So how do you address that in your water rate calculations?

MS. HAJNOSZ: There, there are different ways that you can address it, but we've looked at for, for different customers and different clients. And one them, if you don't have a different classes of customers you can have it by different, you can have rates by different meter sizes. So you can have specific rates for 5/8 inch meters, you know, one inch, two inch, that sort of thing. And that's sort of surrogate for customer classes and we did look at the possibility here and we found that it wasn't gonna be feasible just because, well without getting into a lot of details, it basically would reverse some of the revenues that we were getting from the larger customers it would actually decrease some of their usage and decrease their revenues and subsequently, some of the lower users would have significant increases in their rates. And so that was not, that just wasn't gonna work for Maui County. It, the only way to handle something like that is if we go to something like a multi-family customer class where you could identify so many different units on one meter and then you could design rates on a per unit basis, not per meter basis.

COUNCILMEMBER JOHNSON: Yeah, and, and because the complex pays the entire bill for, you know, everyone, you know, it just seems though that because of how the rate's structured based on usage, it gives the appearance that somehow, you know, they may go into a really large use of water when they're really not.

MS. HAJNOSZ: Right.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER JOHNSON: I mean if you divided the number of units, you know, into I guess if you just created an average of what the average gallon is, I mean maybe that's the way we currently do it for that particular property. But I just personally think that in this case it really is not from a rate perspective, it's not helpful to people that are in that situation because the reason that they probably put in, you know, fewer meters, keep down on costs and everything else. So where they economized in one respect, now they're being penalized because the usage would tend to be very great, but I don't know perhaps Mr. Eng has other thoughts.

MR. ENG: I have no other thoughts at this time.

COUNCILMEMBER JOHNSON: Yeah, but, but that for me, Mr. Chair, even if we could address when rate calculations are done, that for properties that fall into this classification and I don't, I don't think there's that many in all of Maui County that even though it may be a hassle, you know what, they should be looked at even when it's just, if, if you just simply divide it out. Because then that way, they're paying a fair rate based on what their actual usage is and not being thrown into a higher category because their overall usage cumulatively puts them into a different class.

CHAIR PONTANILLA: Thank you, Member Johnson. Members, the Chair will cut the Q&A at this time. I want to thank the Department, Ann, for being here. You get hard name for, last name to pronounce so I just call you Ann, Ann H. Anyway, again thank you very much for being here.

MS. HAJNOSZ: My pleasure.

CHAIR PONTANILLA: Department, stick around because you're on the CIP agenda item. Again, Members, thank you very much. At this time, the Chair would like to call a short recess, five minutes.

UNIDENTIFIED SPEAKER: Are you going to file the item?

CHAIR PONTANILLA: I'm sorry, Members, if there's no objections, the Chair would like to file this item.

COUNCILMEMBER MOLINA: So move.

COUNCILMEMBER MEDEIROS: Second.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Thank you. Anymore discussion? All in favor of filing of the communication please say aye.

COUNCIL MEMBERS: Aye. Motion is carried, seven ayes and two excused, Member Hokama, as well as Member Victorino.

VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, and Chair Pontanilla.**
 NOES: **None.**
 ABSTAIN: **None.**
 ABSENT: **None.**
 EXC.: **Councilmember Vice-Chair Hokama, and Victorino.**

MOTION CARRIED.

ACTION: FILING of communication by C.R.

CHAIR PONTANILLA: Okay. Members, we'll take . . .

COUNCILMEMBER ANDERSON: Mr. Chair, before, before you go on.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: Yeah, I bullied my way up to your Staff and, and got a copy of the handout that you're gonna be giving on this next item, the CIP implementation reports?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER ANDERSON: And, in all fairness, I think it'd be helpful since we only have a half hour for this, if all the Members before you recess, I, we could have all the Members get a copy of this.

CHAIR PONTANILLA: Yeah, Mr. Taguchi is gonna pass it out.

COUNCILMEMBER ANDERSON: Okay, good, so that you can get a chance to look at it during recess.

CHAIR PONTANILLA: So we'll return here at 3:30? Okay. Meeting is in recess. . . .(gavel). . .

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

RECESS: 3:25 p.m.
RECONVENE: 3:31 p.m.

ITEM NO. 5: CIP IMPLEMENTATION REPORTS
(C.C. No. 07-327 & 08-34)

CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee meeting is now reconvened. Thank you, Members, for that short recess. Members, the next item is BF-5, which is our CIP implementation report. For the purpose of this afternoon's meeting, we will refer to the Capital Improvement Project Implementation Report for Fiscal Year 2008, second quarter report as of December 31, 2007. You are also in receipt of a list of projects that Staff has compiled for today's discussion. Chair made it much easier for us to review the projects that we have all listed and then the projects are listed according to the Department, which the Committee has requested personnel to discuss any concerns that we may have. Again, the Chair is aware that we may not have enough time to complete the list, therefore, I will have Staff send the list to the Department for responses. And upon receiving the response from the various departments, I will forward the communication to the Council Chair for referral to the appropriate standing committee for further discussion. At this time, okay Members, we're gonna take it by departments. The first department we're gonna take up is Department of Water Supply. And then we have Wendy Taomoto who's from the Department of Water Supply. Before I go to Wendy, Mr. Director do you have any comments to make at this time?

MR. PABLO: No, no, Mr. Chairman. I believe Jeff Eng is also on his way here.

CHAIR PONTANILLA: Okay good. Members, just to let you know that the quarter report that was presented to your earlier, some of the district designations were incorrect, as well as the start completion dates were not provided along with the Fiscal Year 2008 projects are not listed for certain departments. So, with that, if you can go to your sheet that was, handout that was provided to you, we'll go directly to the Department of Water Supply for this one here, Countywide pump replacement. The Committee would like to have current status and explain balance available. And, Members, the handout that you got shows the appropriation, the encumbered dollars and the balance available and what was the funding for. In the first one for the Department of Water Supply, funding was for pump replacements. Wendy, you have, you got this handout.

MS. TAOMOTO: I got a different handout, but I'm looking at one that Fred got.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Okay fine.

MS. TAOMOTO: The first project that's on your list for the Department is the Countywide pump replacements. That project status, I'll start with the project status. This project is being used to replace various pumps throughout the County. Projects proposed in this Fiscal Year '08 is the Waihee wells, motor control center, electrical replacement upgrade project. We awarded that contract to Maui Master Builders and they were given the notice to proceed in February on the 7th. We're awaiting submittals and we hope to be on schedule. That took a significant amount of the funding. The funding was also used to, will be used to encumber a contract for the Kepaniwai Wells pump replacement and motor replacement project. That contract is getting forwarded to the Finance Director for execution and encumbrance of funds and that will be \$414,672 awarded to Balick Drilling and we anticipate being able to issue notice to proceed by March 1st of this year. We're also using a small portion of that funding line item to buy equipment for Napili Well C and that's a minimal amount of under 10,000 for some soft starters for the well. And that's that project. I'll take any questions.

CHAIR PONTANILLA: Thank you. Member Hokama, questions?

VICE-CHAIR HOKAMA: No, Chairman, I just was curious, you know, we, we supported the Department with a million dollars appropriation and again, you know, we're through the second quarter and we still had, for me, a sizable balance so I just wanted to be apprised of what the Department was planning with the unencumbered balances and, and I'm satisfied with the response from the Department. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions in regards to that item? So we go to the next item. Hana Source Development-Hamoa Well 2 current status.

MS. TAOMOTO: Yeah, the current status is that we received the construction plans from our consultant and we're in the process of reviewing that by Engineering Division, as well as our Pump Operations Division and once that's reviewed, we will be advertising for bids and we're, we have an estimated start dated of 06/01/08 and due to the workload, we are expecting to have to push that out to August, two months, but we expect to get this done in Fiscal Year '08.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Thank you. Members, any questions on this? Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. Could you give me a brief description of what the work will entail?

MS. TAOMOTO: We drilled a well at the Hamoa site and its existing site with existing well and tank. And what we're doing is we drill, we drill the second well and we're just gonna outfit the hole with a pump and then make the appropriate electrical connections to the existing control building.

COUNCILMEMBER MEDEIROS: Okay.

MS. TAOMOTO: And this is a redundant well for reliability.

COUNCILMEMBER MEDEIROS: Okay. So, maybe for the Director. On this second well, is that, are they rotated or is it just a backup well?

MR. ENG: Yes, once this well goes on line, we will be alternating usage of those wells.

COUNCILMEMBER MEDEIROS: Okay and so, you haven't put it out to bid yet and what, you expect that possibly to start August of '08 and you still think you'll complete within, did you say the fiscal year or the calendar year, '08?

MS. TAOMOTO: We hope to award it, advertise for bids in August of '08 and once we encumber the funds the funds will be secured and our construction because it's remote also I think it's going to be like something like 240 days from about if we advertise in August, September, October, October 1st 240 days out.

COUNCILMEMBER MEDEIROS: Mahalo for your response. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Members, any more questions for this item? If not, we go to the next one. Maui Meadows No. 17, Booster Pump Station.

MS. TAOMOTO: The project status is that we are working with Pump Operations Division again to finalize the detailed scope of work necessary

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

for the consultant work and once we get that, you know, completed we'll be doing consultant selection in March and we should be able to encumber the funds by mid, not September, mid 2008.

CHAIR PONTANILLA: Members, any questions on this particular item? Okay, next item is the Kalae Tank Replacement.

MS. TAOMOTO: This project, I think in your original status showed that we installed a temporary tank there and that temporary tank is still not connected to the system so I talked to the Molokai operations person and we're getting quotes to complete the work that the baseyard is not able to complete and my expectation is we can probably complete the work by the summer, in the summer, sometime in the summer.

CHAIR PONTANILLA: So the June 1, 2008 date is okay?

MS. TAOMOTO: It seems reasonable.

CHAIR PONTANILLA: Okay fine. Mr. Mateo, questions on that?

COUNCILMEMBER MATEO: Chair, Chairman, maybe just a clarification from, from Wendy if you can, this was a temporary tank?

MS. TAOMOTO: Yeah, because the initial Kalae Tank Replacement project was to replace the existing tank with a larger tank at a different site and due to the fact we haven't acquired a larger site, that larger tank site, we, the condition of the existing tank is so bad that we decided to go forward with a temporary tank so that we could provide water on a continual basis. So this tank was purchased in the interim and we're working out the land acquisition of the permanent tank.

COUNCILMEMBER MATEO: And the life, the life of a permanent tank is what?

MS. TAOMOTO: Fifty years?

COUNCILMEMBER MATEO: Fifty.

MS. TAOMOTO: I mean, it would expected to be a concrete tank.

COUNCILMEMBER MATEO: Okay. And this, this was a comparable temporary replacement?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MS. TAOMOTO: To the existing?

COUNCILMEMBER MATEO: Yeah.

MS. TAOMOTO: No, it's half the size I think of the existing tank.

COUNCILMEMBER MATEO: And the Department's plans of actually looking at a permanent tank?

MS. TAOMOTO: The Department's looking at a permanent tank near the, in the surrounding area of the existing tank, but it's gonna be significantly larger, like a half a million.

COUNCILMEMBER MATEO: Half a million. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions regarding that? If not, we go to the next item, Pano & Puili Place Waterline Improvement.

MS. TAOMOTO: This project is technically the Puili waterline replacement because Pano was completed. Puili waterline, we awarded that to Maui Master Builders and we issued a notice to proceed in February of this year, but there is another project that this company is working on, on Molokai, which is Oki and Seaside . . .(end of tape 2B). . . as it is, I would say 20 percent near completion, to completion requiring pressure testing and tie-ins. And in the interest, and to hold the contract accountable, the project engineer and the division actually decided to not allow the contractor to proceed with Puili until Oki and Seaside is completed being it's the same contractor. And so, I'm hoping it can get completed in two months, Oki and Seaside so we can initiate the Puili Place waterline. But we want to finish the job that they're currently working on before we start the next project.

CHAIR PONTANILLA: Thank you. As far as the completion date, okay, 09/27/08 or would that push up?

MS. TAOMOTO: Where's the paper? That seems reasonable.

CHAIR PONTANILLA: Thank you. Mr. Mateo?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER MATEO: Chair, thank you very much, Chairman. I don't think, it seems reasonable but it will not happen on time. Sometimes the procurement process, you don't get what you pay for sometimes and this particular street has been, you know, for, for years now and it, it, it wasn't completed and to have to wait for, you know, this company to complete a project that should have already been completed it just adds to the frustration of the attempts to try to complete this. I, I am just in recent, recently I just received the Department's response from my own inquiry about Pano and Puili so I do understand the need to, to wait for awhile in order to get it done, but virtually at this point, it's really difficult to understand how or what the process is in following up to see that specific projects are actually completed on, on, on time. Perhaps this company is just to spread out too thin, you know, that can't get the job done and if they can't then there should be provisions available to forego that, but procurement unfortunately doesn't allow that so my own disappointment and frustration with this project.

CHAIR PONTANILLA: Thank you. Members, any more questions regarding this item? If not, we go to the next one, Kaunakakai-Kawela Well 2-Exploratory Well. Wendy.

MR. ENG: Thank you, Mr. Chairman. I'll take this one.

CHAIR PONTANILLA: Okay.

MR. ENG: We've been over recent years trying to and we understand that we need a new, new source on Molokai. And the Department has over the years identified a couple of potential sites. One of the sites is owned by DHHL, the other by Molokai Properties. Neither of those owners wanted to allow us to acquire those sites and also there's some concerns about the sustainable yield of those areas. But overall, Molokai, we know the water situation is real tight. So, our plans now are to meet with Micah Kane and, and may do something in a joint effort. Because they have certain needs and, and a large reservation on Molokai. Our needs are basically to catch up and have some adequate backup. But I think right now our best opportunity is, is to work together with DHHL and I plan to meet with them shortly.

CHAIR PONTANILLA: Thank you. Member Hokama.

VICE-CHAIR HOKAMA: Thank you, Chairman. So, so Director Eng, you believe that you would be able to use the funds that is currently budgeted

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

for the Department's use in this Kaunakakai-Kawela area? You know, right now you have not encumbered any of the appropriations so?

MR. ENG: Yeah. I'll let Ms. Taomoto reply to that.

MS. TAOMOTO: The Fiscal Year 2008 Budget of 50,000 that's still available was going to be utilized to provide funding for a contract amended for our design contract. The initial wall site under the contract has moved and so we need to amend the contract once we secure it to move with it, forward with a design at the selected site. I think the Department's expectation is to come to an agreement or an understanding with DHHL so we can move forward. So, it's reasonable we might be able, we should be able to encumber at least the design contract amendment to move forward with that.

VICE-CHAIR HOKAMA: So, I just want to be clear, yeah, you know, we heard the Director's comments about working with State Director Kane of Hawaiian Homelands. The current site that was based for the appropriation request, that site is no longer a viable site, as I understand the Director's comments? I just want to be clear on this.

MR. ENG: Yes, Member Hokama. That was in Manawainui aquifer area and if you look at that aquifer there is some questions about its sustainable yield to begin with. But we want to be sensitive to that community and we really want to move forward since there's been significant delays in, in making any progress on this. So, I think this is a time for us to take another look at how we can tackle this project. I think by working with DHHL, hopefully we'll get more expedient results.

VICE-CHAIR HOKAMA: Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions regarding this item? If not, we go to . . .

COUNCILMEMBER ANDERSON: Chair, I just want to . . .

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: Does the Department ever consider, when does the Department consider when you have an uncooperative property owner, when do you consider eminent domain proceedings?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Department?

MR. ENG: Member Anderson, I, I hear that often from my staff about, you know, you can condemn the property and yet, when I ask them if we've done it before, they say no. So, and I don't really want to be the guinea pig, but it would, it would take some time too, you know. You know, it goes to the courts, but there is a, a process to doing so and, and the way it's been described to me is that it, apparently it's not that difficult, but, you know, that's, you know, I'd have to see it to believe it.

COUNCILMEMBER ANDERSON: Yeah. Well, I just think when you're dealing with a large landowner that if they don't want to cooperate at some, at some point we gotta say, you know, this serves the greater public good and if you don't want to cooperate then we will just condemn it. And if we start doing that, then they'll say, oh, how can I cooperate. You know, I mean we gotta bite the bullet somewhere along the line.

MR. ENG: Yes, you're right and that's probably the direction in the future, I think, the County will be taking more and more because of the scarcity of suitable well sites.

COUNCILMEMBER ANDERSON: Yeah, and we, we want the best well sites we can get for municipal use and if people aren't willing to cooperate with us in order to do that for the general public, then we should exercise our powers to make sure that we can do that, because otherwise, you're looking at, you know, site choice three, site choice four because it's the easiest route.

MR. ENG: That's right.

COUNCILMEMBER ANDERSON: Thank you, Chair.

CHAIR PONTANILLA: Thank you, good point. Going to the next one, Kamole Water Treatment Plant High Lift Pumps Retrofit. Current status, Wendy?

MS. TAOMOTO: Yeah, thank you. This project, again we're working with Pump Operations Division, as well, like the Maui Meadows and we're gonna be finalizing the scope of work and once we do that we are gonna be in consultant selection together in March. And we should be on track with the schedule we provided.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Thank you. Members, questions on this? Seeing none, next item, Upper Ulumalu Road. Status of project and explanation of why it lapsed.

MS. TAOMOTO: This, the appropriation that lapsed was not utilized because in lieu of that appropriation we used our operations budget to purchase 900 tons of . . . *(inaudible)* . . . which we ordered and was delivered and the Department of Public Works, Highways Division installed, I mean, not installed but laid, and we were notified that it was completed yesterday. And so that restoration of the road should be completed. And we've heard that the residents are happy with the work.

CHAIR PONTANILLA: Thank you. Took long time, but it's done.

MS. TAOMOTO: You're welcome.

CHAIR PONTANILLA: Member Molina.

COUNCILMEMBER MOLINA: Thank you, Mr. Chair and thank you for, at this point, good news. Has it, is it still presently there? When, when was it laid again? 'Cause I know that area you get rain and I don't know how, I don't know what's the word I'm looking for, that whatever that was laid, that material does it run off real easily? I mean is it still there as we speak?

MS. TAOMOTO: There wasn't, we heard it's recent because he just informed us like yesterday that it was completed by the Makawao baseyard of Public Works, so, we, there wasn't any rains since so we expect it to still be there.

COUNCILMEMBER MOLINA: Okay. Hope so.

MS. TAOMOTO: We hope so.

COUNCILMEMBER MOLINA: Yesterday. It was put down yesterday?

MS. TAOMOTO: We were informed yesterday.

COUNCILMEMBER MOLINA: Informed yesterday. Okay and this was the Makawao baseyard that did, did this. Okay, well I guess the residents will be happy for a little bit hopefully until the next heavy rain washes it away.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER MOLINA: Thank you.

COUNCILMEMBER ANDERSON: Yeah, 'cause, you know, we brought this up in the Water Committee a year or so ago. And so at one time there was gravel put down and then we found out that it washed away during a heavy rain. So now they put more down, but you're still intending to re-budget this in the '09 budget for a more permanent fix, is that correct?

MS. TAOMOTO: It is in our proposed '09 budget to the Mayor for consideration.

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

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MOLINA: Chair, can I ask one more question?

CHAIR PONTANILLA: Member Molina.

COUNCILMEMBER MOLINA: And again, the same, the same amount you're looking at, 250,000?

MS. TAOMOTO: The '09 budget we're requesting 250,000, is that the same? Yes it is.

COUNCILMEMBER MOLINA: Okay, so no increases based on the material and that's what you forecast 250,000 will be enough at this point for the work that you intend to do?

MS. TAOMOTO: Yes.

COUNCILMEMBER MOLINA: Okay and I, I just bring it up because we've had discussions about, you know, costs of labor and materials and so forth. Thank you.

CHAIR PONTANILLA: Thank you. Thank you, Wendy, thank you, Jeff --

MR. ENG: You're welcome.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: --for being here. The next department is the Parks Department. We do have Mr. Matsui who's anxiously waiting. Jeff, not Jeff, Pat, you got any opening comments that you want to do at this time? If not . . .

MR. MATSUI: No, I'm just available for questions.

CHAIR PONTANILLA: Okay, good. Members, the first item for Parks is Lanai Community Center Certified Kitchen. Current status, timetable for completion, Pat?

MR. MATSUI: Okay, if you can look at Lanai Community Center, we got three projects going for that. The certified kitchen, the grease trap and also just the general Lanai Community Center design. We have a consultant on board who's working on the design and so along with the expansion of the community center would come the design for the grease trap and the, the certified kitchen. As far as completion, there's no construction funds, so, you know, can't predict when we'll be under construction until the funds are appropriated for construction.

CHAIR PONTANILLA: Thank you. Member Hokama, you got any questions to that?

VICE-CHAIR HOKAMA: I just, no, Chairman, thank you. I, I just needed to be able to report back to the community the statuses of the various projects.

CHAIR PONTANILLA: Okay, thank you. Members, any more questions regarding this item? If not, we go to page 3. Lanai Community Center Grease Trap current status.

MR. MATSUI: Okay again, it's tied in with the community center expansion. You know, like I said it's the same consultant is doing the grease trap and the certified kitchen so it's in design, but we have no construction funds.

CHAIR PONTANILLA: Okay. Member Hokama.

VICE-CHAIR HOKAMA: My understanding regarding the grease trap, Mr. Matsui, was that that was to take care the construction too, that is not accurate on my part, my understanding?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MR. MATSUI: No. You know, we were planning to expand the community center so, you know, the grease trap would be sized for that new expanded community center.

VICE-CHAIR HOKAMA: Okay. Okay. That's fine, Chairman.

CHAIR PONTANILLA: Thank you. Members, any questions on that. We'll go to the next one. Lanai Community Center.

MR. MATSUI: That's the same projects again, same status.

CHAIR PONTANILLA: Okay. Questions, Members? Lanai Gym Improvements.

MR. MATSUI: Okay, Lanai Gym, we have a number of projects going for that. One is ADA handicap accessibility, putting in sidewalks. It's not just through the gym but also from the parking lot to the gym to the softball field area. There's some sidewalks there that needs to be connected. The Little League field and the Little Yield field restroom. We're also in design to redo the gym floor and taking the interior and exterior of the gym. We're gonna be putting in money in the '09 budget for the ADA and also hopefully for the improvements for the gym, the, the flooring and the painting.

CHAIR PONTANILLA: Thank you.

VICE-CHAIR HOKAMA: Question, please, Chairman?

CHAIR PONTANILLA: Member Hokama.

VICE-CHAIR HOKAMA: And, and, you know, I appreciate Mr. Matsui's efforts, but maybe for Corporation Counsel? You know, this is one really old gym. You know, I would say it's 60 plus years old. So obviously it, you know, passes the minimal threshold for historic building consideration. Regardless of that type of potential designation, ADA requirements would still be required for us to change a old historic building in, in our community? I'm just asking as a general, you know . . .

MS. FUJITA VILLAROSA: Yeah, my understanding, the general requirement is that it's a County owned facility that is needs to comply with ADA, ADA requirements, but those requirements can vary. You know, you can, you

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

just need to provide accessibility to disabled people, but you know, the means of providing that can vary greatly.

VICE-CHAIR HOKAMA: Okay and whereby we're still protecting the integrity of the historic architecture and everything else?

MS. FUJITA VILLAROSA: Right. Right.

VICE-CHAIR HOKAMA: That, that's my concern, you know, we gonna, I don't want it to be so renovated that it, it doesn't look like what it was built to be and what it, you know, what its role was with the community. Okay, thank you very much. One thing though and maybe this would fit under our gym improvements, I need for the Department because I'm getting the calls regarding the cats. Okay, and that is not to be a, you know, we don't have a Humane Society we don't have a cat shelter. But I'm getting community complaints regarding cats and, you know, I bring that up because I need to have the Department do what it can to minimize other issues that to me it should not be part of the Department operations. Chairman, thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions regarding this item? If not, we go to Lanai Youth Center current status, timetable for completion?

MR. MATSUI: Again, we have a consultant on board. We're involved in a site selection study. We've identified a site that's next to the swimming pool and where the basketball courts are. So we talked to Lanai Company about acquiring or getting some kind of long-term lease for that property.

CHAIR PONTANILLA: Thank you. Members, questions regarding this item? Okay, if not, we go to Kula Community Center Kitchen Renovation, current status.

MR. MATSUI: Kula Community Center, we're doing a number of improvements. Basically we're gonna be restoring the flooring or removing the floor tile and putting in new floor tiles. We've painted the interior and exterior. We're gonna replace the refrigerator and the stove. We're replacing the double doors and the kitchen doors and then we're gonna do some electrical upgrades to the kitchen counter plugs. You know, whenever people use it they start plugging in a lot of appliances and, you know, it trips the wires, so we're just, we're just gonna have to rewire it or beef up the wiring.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER BAISA: Chair?

CHAIR PONTANILLA: Member Baisa.

COUNCILMEMBER BAISA: I know that Mr. Victorino has been working with this with the Kula folks and, of course, I get dragged into it to, so I'm very happy to hear that it's beyond what is listed here. Because I know that they've been asking about the kitchen and I was there the other night for a forum and they plugged in the coffee pot and we had cold water. So we do need electrical upgrades so thank you very much for what you're doing.

CHAIR PONTANILLA: Thank you. Member Molina.

COUNCILMEMBER MOLINA: Thank you, Mr. Chair. I think if you recall, you and I went up there about two years ago when this whole thing first started and there was no clock in there too. Mr. Matsui, if I recall, I think the kitchen baseboard under the sink, I think that was rotting too, yeah. Was that, has that been replaced since then? I know, Mr. Chair, maybe you can help refresh my memory, but I think that was a concern with the kitchen too yeah, I think . . . *(inaudible)* . . .

CHAIR PONTANILLA: Yeah, a lot of wet, wet wood rot.

COUNCILMEMBER MOLINA: Yeah.

MR. MATSUI: Yeah, part of it was a leaking faucet so we replaced the faucet and then we're, we're gonna be replacing the flooring so we'll take care of those.

COUNCILMEMBER MOLINA: All right, thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Members, any more questions in regards to Kula? Next item is Velma McWayne Santos Community Center current status and estimated completion.

MR. MATSUI: Yeah, right now the center is closed and the work should be completed March 21st. That's when, you know, people are gonna go in and start using it. They've completed the work on the kitchen for the new coating on the floor and also replaced all of the sinks and the counters in the kitchen with stainless steel sinks and counters. Right now they're

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

working on the acoustical ceiling. And they've taken out the flooring and taken out the jalousie windows and so when they're done with the acoustical ceiling, they're gonna be working on the flooring and the, and the jalousie windows.

CHAIR PONTANILLA: Thank you. Question? Member Baisa.

COUNCILMEMBER BAISA: I'm very interested in knowing if the project is on time because, you know, it's such a needed center. I know a lot of people are counting on it.

MR. MATSUI: Yes, they're on schedule so we expect them to finish.

COUNCILMEMBER BAISA: Thank you very much.

CHAIR PONTANILLA: Thank you. Members, any more questions regarding the Velma McWayne Santos Community Center? If not, the next one is Kahului Community Center Renovations.

MR. MATSUI: We have a consultant on board who's doing the design. You know, we had a good meeting with our staff on the use and one, we're gonna upgrade the kitchen that's for sure, but the other part is we wanna redo the roof. You know, right now you have three separate roofs, you know, the center area it's almost like out in the open and so we wanna make like, like enclose the center and, and extend the roof so it's one large roof so, and so the project has kind of expanded. You know, so we're gonna need to come in for more construction funds. So that's where we are.

CHAIR PONTANILLA: Thank you: Thank you for that piece of information. Good news. Members, any more questions regarding this. Thank you, that's all we had for the Parks Department. I want to thank you, Pat, for being here.

COUNCILMEMBER JOHNSON: Excuse me, Mr. Chair.

CHAIR PONTANILLA: Member Johnson.

COUNCILMEMBER JOHNSON: I just wanted to let the other Members know and my community know that I did send in a list, but evidently staff did not receive it so we had to retransmit it again, but I did have questions.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Okay, what we'll do Member Johnson is when we get it, we'll send it to the Department and we'll give it to the Public Works Facilities Committee so that we can review your concerns.

COUNCILMEMBER JOHNSON: Yeah, staff has had it since the beginning of the week, I just was wondering why it wasn't included, but they explained to me that, you know, they had produced the list.

CHAIR PONTANILLA: Okay.

COUNCILMEMBER JOHNSON: So, it, it's, you know, neither here nor there. We're not gonna be able to finish in enough time anyway. Thank you.

CHAIR PONTANILLA: Yeah, again thank you. Okay, Members, we gonna go ten more minutes on this one here and then we'll go into the next two agenda times that we have still pending. So we'll take Public Works.

COUNCILMEMBER ANDERSON: Chair.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: You know, since we only have ten minutes, could you ask each Member to pick one item that they most want to hear about so that we all get a chance to get at least one of our items addressed?

CHAIR PONTANILLA: I was gonna take all of you, North-South Collector Road one crack. Okay.

COUNCILMEMBER ANDERSON: I mean, I, I just think that's only fair since we all sent in things and . . .

CHAIR PONTANILLA: Okay we'll do that. And then we'll send the rest to Public Works for their comments and provide it to again, Public Works and Facilities to bring it up in their Committee meeting.

COUNCILMEMBER ANDERSON: And, while I just have interrupted you, if we could also ask that we get a new listing sent to us with the date. It says as of December 31, '08 and it should be '07 and I just think that's important because we're gonna be referencing back on this and during budget.

CHAIR PONTANILLA: This is the December 31, '07 report, the second quarter.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER ANDERSON: I know, but it says –

MR. TAGUCHI: Chair Pontanilla.

COUNCILMEMBER ANDERSON: --Fiscal Year 2008 second quarter as of December, 2008.

CHAIR PONTANILLA: Mr. Taguchi.

MR. TAGUCHI: Chair Pontanilla. The report that Member Anderson is referring to is the original CIP Implementation Report that was transmitted by the Budget Director. It is not your report. The, the report from the Budget Director has some inconsistencies as to that date, as well as some of the districts other projects are incorrect and there's other things that. If you're, if we are going to ask him to resubmitted then perhaps he should take a look at the project to make the adjustments necessary to the information presented in the CIP Project Implementation Report.

COUNCILMEMBER ANDERSON: Yeah, there are, excuse me, there are various districts that are wrong. That doesn't bother as much as the date at the top because it's very misleading, especially to people who may not be very familiar and even if you are, it's confusing.

CHAIR PONTANILLA: Okay. Okay, we'll take Member Molina first. Countywide Safety Improvements. We do have members of Public Works, we do have the Deputy, Mr. Miyamoto as well as the engineer Mr. Krueger. If you can explain Countywide Safety Improvements current status of West Kuiaha and Maui Meadows speed tables.

MR. KRUEGER: The Countywide Safety Improvements, the West Kuiaha and Maui Meadows speed tables are designated for the 2008 Fiscal Year and the one on our quarterly report is the 2007. The speed tables are in the design and planning stage right now. They're trying to figure out where to put them in Maui Meadows. And it will be in house design and then we'll go out to construction, we'll bid it out.

CHAIR PONTANILLA: Okay, Member Molina.

COUNCILMEMBER MOLINA: Thank you, Chair. Member Anderson and I have been working with some of the citizens out in Maui Meadows. With regards, you mentioned it's in design right now. Have you folks had a

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

change to consult with, you know, I think the association would be interested. I mean if you guys are having a hard time deciding where to locate it, have you had a change to talk to people like Matt Schaeffer and some other folks out there, Mr. Krueger?

MR. KRUEGER: Our traffic section is doing the planning and design, so I'll pass it along to them to contact the Maui Meadows Association.

COUNCILMEMBER ANDERSON: If I could just clarify on this for Member Molina and maybe for Mr. Krueger, Chair?

CHAIR PONTANILLA: Go ahead.

COUNCILMEMBER ANDERSON: The Maui Meadows Homeowner's Association sent out a list of the speed tables and where they are going to be sited asking for comments from people. If there was any concerns about the sites that were chosen and the deadline was either yesterday or today. So you should be hearing back from them real soon. Thank you for the question, Mr. Molina.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MOLINA: Thank you.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: No, that's it. Thank you.

CHAIR PONTANILLA: Okay, thank you very much. Okay, the next item, gonna skip the next one, Countywide Road Resurfacing and go to Nahiku Road Improvements. What is the current status regarding that because I, I think safety was a big issue at that time because of the railing not being secured.

MR. KRUEGER: Correct, we had a pre-con meeting and since, since the project was designed, there's, there's some problems on Hana Highway. So we're doing a change order to correct that, but the contractor has been issued notice to proceed.

CHAIR PONTANILLA: Good. Thank you.

MR. KRUEGER: So it's in construction.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Thank you. Members, any more questions regarding that? Member Medeiros.

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. Mr. Krueger, you mentioned Hana Highway. Why are we doing work on Hana Highway that's a State highway?

MR. KRUEGER: Correct, it's a State highway but we're, you know Nahiku road come, comes right . . .(end of tape 3A). . . right of way and we're building a wall on, on the high side of that, you know, because the other side is a stream. And Hana Highway is right there, so they're, they're wanting to protect that new drop off that we're creating by us installing guardrails along the side of Hana Highway.

COUNCILMEMBER MEDEIROS: Doesn't the corridor of the State highway go down that road a bit or is it right up at the intersection?

MR. KRUEGER: It's not that well defined. It's more like the, the road is like in the center of the right-of-way and it's about 40 feet wide, plus or minus, but it's not that well-defined.

COUNCILMEMBER MEDEIROS: Okay. And can you give me a brief description of what the improvements would be and will the undermining of the road be addressed in these improvements?

MR. KRUEGER: We are moving the road away from the stream and we will reinstall the guardrails and, and that will stop the traffic from, from going over the undermined section of the road.

COUNCILMEMBER MEDEIROS: Okay and so, there'll be some cutting of the Hana side of that road going down because you're moving it more inward right the course . . .

MR. KRUEGER: Correct, we'll cut into the earth and put in a, a retaining wall.

COUNCILMEMBER MEDEIROS: Okay, okay. And so you have, you have a contractor already?

MR. KRUEGER: Correct.

COUNCILMEMBER MEDEIROS: And that's Pacific Pile?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MR. KRUEGER: Yes.

COUNCILMEMBER MEDEIROS: Is that Jeff Kunishige?

MR. KRUEGER: Jeff somebody. I don't, I forget his last name.

COUNCILMEMBER MEDEIROS: Okay. Okay, Mahalo. Mahalo,
Mr. Chairman.

CHAIR PONTANILLA: Thank you. Member Anderson, which one you want to take?

COUNCILMEMBER ANDERSON: Well, I want to definitely take the next one, Kihei Drainage Master Plan.

CHAIR PONTANILLA: Okay. Let's have the Department provide us with some feedback.

COUNCILMEMBER ANDERSON: Sure.

CHAIR PONTANILLA: Mr. Krueger.

MR. KRUEGER: We have a contract with a consultant to do an updated master plan for Kihei. And part of our contract was that we were to supply the contour, new contour maps for the Kihei area. The Planning Department is currently working on that. They, I believe they're gonna, they already had the aerial completed and they have the data, the TOPO data, but the actual maps they are planning on drawing it themselves. So we are waiting for the Planning Department.

COUNCILMEMBER ANDERSON: Yeah and Kihei's been waiting since 2004 and, and I just want to impress upon you the importance of getting this done because as we are waiting, our coral reefs are degrading as we sit here. We've lost a minimum of 50 percent cover of our coral reefs along the South Maui shoreline and 60 percent of that loss can be attributed to runoff whether it's from point source, non-point source, golf courses, it's runoff, and you know . . . we're one of the only places that doesn't have any real drainage in place. And I guess, you know, maybe because we're not subject to that much rainfall that it, it kind of seems like it's no big deal, but it is a big deal because we've had quite a bit of rainfall this year alone and last year.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

In the last, you know, in the last six months I can tell you at least five times when I've seen the ocean red along the shoreline, all along the coast. And every time there's an event like that, it's degrading our reef system again and, you know, since we've had some scientific studies done that show we've lost, in some places almost 75 percent of our coral reef cover is gone in a 10 to 15 year period. So, it's not just kind of a convenience thing, it's I think it's like a top priority that we need to get this done and if we're waiting on the Planning Department for TOPO maps. I mean and we've got \$350,000 just for the design before we can even start doing anything to address this problem, only \$38,000 of the 350 has been spent. Why can't you take some money and get those TOPO maps done so we can get the design done so we can get some money in our budget to actually do the drainage improvements. Are we gonna wait until we have no coral reefs along the South Maui shoreline at all?

CHAIR PONTANILLA: Department.

MR. MIYAMOTO: Mr. Chair, I just spoke with the Deputy Planning Director and we'll work with them to try and resolve this issue. It's a, she just mentioned that they have a challenge on their side that they're trying to work out with FEMA so we'll work with them to try and get this resolved and try to move this project along.

COUNCILMEMBER ANDERSON: I would hope so because to me we're in a real crisis situation. You know that \$25 million dollars a year, Mr. Chairman, is attributed to our economy from our coral reef systems. This again is a scientific study that quantifies this amount. And I just...I live in Maui Meadows and when it rains there's no drainage there either and that, that subdivisions been there for 30 years and the water just sheet flows down Maui Meadows, down, you know, across the highway, you know, I'm not gonna belabor it, but I certainly will at a later point.

And hopefully when we get to budget and this comes back up again, you can have a more definitive timeframe for us on this. And hopefully an idea of when we can actually get the design done and when you expect to bring some budget requests forward to actually do the improvements. And I'm hoping that we're not just channelizing the drainage, you know, that in the design there are sufficient retention basins. 'Cause if you're just channelizing it, I just as soon see it sheet flow and spread it out, but, you know, most . . . you guys that don't live in Kihei, you know, our whole community runs along the shoreline. So whenever there's a major rain

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

event it's, it doesn't miss anybody's attention how dirty the ocean turns immediately. So, I, I think that we're in a crisis situation in regards to this and, and I hope that we make it a top priority.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: Thank you, Chairman. And I'd be happy to skip the North-South Collector Road and the South Kihei Road and . . .

CHAIR PONTANILLA: Member Anderson, that was your one.

COUNCILMEMBER ANDERSON: I get one, I get one out of all of these? So everybody else only gets one from here on out.

CHAIR PONTANILLA: We go to Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, my, my question regarding the Lanai . . .

COUNCILMEMBER ANDERSON: He's had his five already.

VICE-CHAIR HOKAMA: Regarding the Lanai District Resurfacing. Is, is, I notice you have things encumbered so when do we expect the project getting done.

MR. KRUEGER: I was talking to our construction engineer and he says they want to start it in March, but the paving contractor has 13 projects with us. He's calling in a crew from Hilo to help on the Maui projects and he's sending one crew to Molokai. So hopefully when he finishes with the Molokai he can go to Lanai right after that.

VICE-CHAIR HOKAMA: Is this because there is only one paving contractor?

MR. KRUEGER: That's part of it. He has, sometimes he has one crew, sometimes he has two crews, but it's just that we have so many projects and the State has some large projects. So he's stretched.

VICE-CHAIR HOKAMA: And we know that the State always does their projects the last 12 months before elections. So we understand that too. My concern is they gonna come back and say that they need more money.

MR. KRUEGER: No.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

VICE-CHAIR HOKAMA: No, they won't come back and . . .

MR. KRUEGER: No they haven't been doing this because we're waiting on them and we're trying to schedule all our projects with them and we keep pushing them so they're, they're trying to schedule their projects. And every time something happens with one project then everything else falls back.

VICE-CHAIR HOKAMA: We, we understand that and, and you notice, Members, we even have monies encumbered from the 2004 Fiscal Year. So, my, you know, eventually what I, I, my point that I'm trying to make here, Department, is that I'm ready to start shifting money so that the County will have it's own paving division. I'm tired of waiting on somebody else, and for me a whole island now gets impacted. That's not acceptable 'cause I feel like we being held hostage and now we're the lowest on the priority list 'cause Oahu is gonna get the main amount of construction. They're gonna get the main amount of paving oils, the main amount of asphalt. Then it's gonna be Maui or Big Island then Molokai or Lanai? I, I have a, I don't mind waiting a reasonable length of time, I can understand that, but Members, as you can see, one of the appropriation is 2004 Fiscal Year encumbrances. And I'm not blaming the Department, I, I'm just saying that I'm ready to go out and compete against them. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. And, Members, you know, based on the 2008 budget, we have, you know, several million dollars in road resurfacing budgeted for this fiscal year. Members, that's all I'm gonna take as far as . . .

COUNCILMEMBER MEDEIROS: Mr. Chairman? Yeah, I just had that same item I had, I want to know if this is a typographical error, which I just noticed on my Nahiku Road Improvement Project. Thank you. You have the estimated date as 08/01/04, actual start 08/01/04. When are we starting?

MR. KRUEGER: The construction, the notice to proceed date is 02/11/08.

COUNCILMEMBER MEDEIROS: Correct and next to that on my report is, you know, it has a '04 start and actual. So the completion is still 08/01/07? That's what it show on mine, so about how long is it gonna take?

MR. KRUEGER: Well it'll take about six months.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER MEDEIROS: Six months. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Again, Members, because of the time constraints and we, we do have several more items on the agenda, what the Chair is gonna do is we gonna send this list to the Public Works Department for more explanation and when it comes back, we'll forward that to the Public Works Facility Committee for review of those projects. Thank you.

MR. TAGUCHI: Chair Pontanilla?

CHAIR PONTANILLA: Member, Mr. Taguchi.

MR. TAGUCHI: Are you gonna allow Members to send additional projects that they're concerned about to be incorporated into this list?

CHAIR PONTANILLA: Yeah, we could do that. If you have anymore projects, you know, not only the Public Works Department, but for Parks Department, as well as the Water Supply Department, if you want more information then, you know, in regards to the December 31, '07 report. Go ahead and, you know, submit it and then we'll refer it to the departments and then we'll refer, refer it to the various tending committees.

Thank you. Members, at this time the Chair would like to recommend the filing of this County communication.

COUNCILMEMBER MOLINA: So move.

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: Moved by Member Molina, second by Member Medeiros. Members, any more discussion? All in favor of the motion, please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you, seven ayes and two no, two excused, Member Mateo, Member Victorino.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Medeiros, Molina, Vice-Chair Hokama, and Chair Pontanilla.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmember Mateo, and Victorino.**

MOTION CARRIED.

ACTION: FILING of communications.

ITEM NO. 95: AMENDING APPENDIX A OF THE FY 2008 BUDGET (DEPARTMENT OF PLANNING - CERTIFIED LOCAL GOVERNMENT PROGRAM) (C.C. No. 08-37)

CHAIR PONTANILLA: Okay, Members. Moving to the next item on the agenda, BF-95. This is amending Appendix A of the Fiscal Year 2008 Budget (Department of Planning – Certified Local Government Program). The purpose of the proposed bill is to add the Certified Local Government Program grant of \$50,000 to Appendix A of the Fiscal Year 2008 Budget. The proposed bill will enable the Planning Department to obtain a matching grant for a program under the State Department of Land and Natural Resources and the State Historic Preservation Office. At this time, I'd like to call on Mr. Pablo if you have any comments and there, following Mr. Pablo, Deputy Director Colleen Suyama.

MR. PABLO: Thank you, Chair. Just a short comment. This Grant Certified Local Government Program was not in the Fiscal Year '08 Budget and that's why we're, we're doing a budget amendment to include it and Deputy Director Colleen Suyama is here to answer any questions. Thank you.

CHAIR PONTANILLA: Colleen, comments?

MS. SUYAMA: What happened is that, our Department made a grant proposal to the State Historic Preservation Division to do some cultural resources project in part, as part of the Cultural Resources Management Plan update that's being funded by the County of Maui that's in our Fiscal Year '08 Budget. And this, these studies will help us to get some of the raw data in terms of getting some of the cultural inventory done and based upon our

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

grant proposal, the State accepted our grant proposal and they're now willing to give us \$50,000 to add to the cultural management resources update. And that's what we're coming before you to ask for this to be placed in the Fiscal Year '08 Budget as a grant from the State of Hawaii.

CHAIR PONTANILLA: Thank you. Members, any questions for the Department? Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chair. I'm just gonna ask the question 'cause I haven't had a chance to even open this section in the binder. But, what specifically will the money be used for? Do you have a consultant that you're using to do this, or what?

MS. SUYAMA: What we've done so far is part of the cultural management resources update, we have done the scope of services and we're getting near to where we're gonna start doing the bid advertisement for our consultant. And this project would be part of that whole request for services. So we don't have a consultant at this time.

COUNCILMEMBER ANDERSON: And so the, the, the purpose is to identify more historic sites?

MS. SUYAMA: There are several projects that the \$50,000 that's gonna be proposed by the State will do three things. And they're dealing with mostly the Lahaina, the Lahaina West Maui District. One would be the photographic inventory of the national register of, you know, sites in Lahaina Town. The other one would be the cultural resources survey update of that national landmark district and the third would be doing a records catalog for the Wo Hing Society records. So that's some of the information that we're getting from the Wo Hing Society that has to do with the cultural significance of the Lahaina town district. And that monies, the \$50,000 would supplement our efforts to do the cultural resources management plan.

COUNCILMEMBER ANDERSON: And part of that plan, Ms. Suyama, is to do a cultural resources overlay map for the South Maui region?

MS. SUYAMA: That's correct.

COUNCILMEMBER ANDERSON: And when will that be done?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MS. SUYAMA: It will be done all at the same time. Rather than doing it individual contracts, we're doing it, we're gonna be proposing it as one contract and the Kihei area would be included because the cultural resources management plan would be for the whole County so it would also include Molokai and Lanai in addition to Maui island.

COUNCILMEMBER ANDERSON: So you have additional monies besides this \$50,000 to do that?

MS. SUYAMA: Right. And so we're using all of the monies that been budgeted by the Council in our Fiscal Year '08 Budget and it will be supplemented by this additional \$50,000 from the State.

COUNCILMEMBER ANDERSON: Okay, thank you very much. Thank you, Chair.

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

COUNCILMEMBER JOHNSON: Yes, Colleen, this is in addition to the amount that we usually get every year for certified local government is that correct?

MS. SUYAMA: No it is not. We no longer get monies from the certified local government. Several years ago what they did was they went to competitive bid. In other words, each County makes their proposals to the State and based upon the proposals, the State decides, which projects are gonna be funded by the, by the grant monies. And this year we put our proposals in and we were selected by the State.

COUNCILMEMBER JOHNSON: Yeah and 'cause I can remember when we had that money coming in annually but then wasn't it divided amongst all of the counties?

MS. SUYAMA: What happened in the past is that there were only two counties that had certified local governments and that was the County of Maui and the County of Kauai. And what they would do is they would alternate it every other year, each county. They got away from that. The State several years ago eliminated that, you know, alternating years for the monies and now they are asking for bid proposals from each of the counties and based upon the merits of the proposal, the State decides where the funding is going. And this year, based upon our proposal with

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

the cultural resource management update, they selected the County of Maui to receive the monies.

COUNCILMEMBER JOHNSON: I'm really glad to hear that and is it the same amount of money then recurring each year that's available?

MS. SUYAMA: It depends on the Federal funding that's, you know, allocated, so in this year we're getting \$50,000. In past years, you know, when they were doing the alternating between, between the two counties it amounted to maybe around \$30,000 that were allocated to the counties.

COUNCILMEMBER JOHNSON: Yeah, I know because when we used to have our cultural specialist, you know, our historic person that advised you, was it Elizabeth?

MS. SUYAMA: Elizabeth Anderson.

COUNCILMEMBER JOHNSON: Anderson, yes. And years ago when that was happening, you know, it was really great. But, with regard to our historic district officer that was actually in the County budget, this wouldn't, this is not predicated upon having any kind of historic district officer in Lahaina or anybody, you know, appointed to act as the point person for this project?

MS. SUYAMA: No, no, the management of the, of the grant monies would be through our cultural specialist, which is an employee of the Department.

COUNCILMEMBER JOHNSON: Okay. And we have no plans to, you know, I guess there is nobody who we were able to hire as historic district officer. 'Cause I know Lahaina Restoration Foundation, as well as other entities in West Maui had wanted that at one time. In fact, I think it was going to be Mr. Hunt.

MS. SUYAMA: Well, we have a West Maui planner, but the West Maui planner's responsibility is more than just the historic district, it's the whole West Maui area. That position is still vacant and we are in the process of doing interviews on, on that position.

COUNCILMEMBER JOHNSON: Okay, thank you very much for the update.

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

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

COUNCILMEMBER ANDERSON: Just one quick follow-up.

CHAIR PONTANILLA: Member Anderson followed by Member Medeiros.

COUNCILMEMBER ANDERSON: Who is our cultural specialist?

MS. SUYAMA: Stan Solomillo from our office is the cultural specialist.

COUNCILMEMBER ANDERSON: Stan?

MS. SUYAMA: Solomillo.

COUNCILMEMBER ANDERSON: Solomillo?

MS. SUYAMA. S-O-L-O-M-I-L-L-O.

COUNCILMEMBER ANDERSON: And his background is?

MS. SUYAMA: Is in historic preservation, as well as architectural history.

COUNCILMEMBER ANDERSON: Great.

MS. SUYAMA: So, he has, he has an extensive background both education wise,
as well as experience.

COUNCILMEMBER ANDERSON: That's excellent and how long has he been
on board?

MS. SUYAMA: He's been with our Department for about four years.

COUNCILMEMBER ANDERSON: Does he review Change in Zoning
applications?

MS. SUYAMA: He is consulted when we do Change in Zoning applications. He
also reviews all of the demolition permits, the historic structures that are
being demolished and he also works with the private developers in dealing
what they call HABS documentation for the historic structures, as well as
the history, the cultural history part.

COUNCILMEMBER ANDERSON: Okay, thank you, Chair. Thank you,
Ms. Suyama.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Thank you. Member Medeiros.

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. Yes, I just want to ask on the national register of sites and it says Maui, Molokai and Lanai, so does your office have a list of these sites?

MS. SUYAMA: Yes, we do. The site registry comes from the State and we maintain one of the listings. We also in the, in the past have nominated other structures to be included on both the Hawaii and the national register.

COUNCILMEMBER MEDEIROS: And we can get a copy of this from your office?

MS. SUYAMA: That's correct.

COUNCILMEMBER MEDEIROS: Okay. Mahalo. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you, Member Medeiros. Members, any more questions? If not, the Chair will recommend that we adopt the proposed bill and file the County communication.

COUNCILMEMBER MEDEIROS: So move.

COUNCILMEMBER ANDERSON: Second.

CHAIR PONTANILLA: Members, any more discussion? All in favor of the motion, please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Motion is carried, five ayes and four excused, Members Mateo, Baisa, Molina and Victorino.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MR. PABLO: Thank you, Chair. I just want to thank, thank the Budget Finance Committee for putting this on the agenda. We got information about this grant just recently in January and there's anticipation that we will be getting the monies in April so it's very important that this, this was placed on the agenda. Colleen Suyama, Deputy Director from Planning will be able to answer any of your questions. Thank you.

CHAIR PONTANILLA: Colleen, any comments on this?

MS. SUYAMA: Just that, you know, my staff has been in discussions with FEMA about doing this study and they basically said that they were willing to give the County \$250,000 to do the flood maps for Lanai island, which because there are no flood maps for Lanai island the second one was the Iao Stream in case there was a, you know, a breach of the, of the dam system. The berm systems that, what would happen and if so, , you know, alternative. And I just talked to Francis Cerizo from our office and what the, FEMA now wants to do is actually to, the Iao Stream one, is to expand the study, not only Mokuhaul, but for all of the berm systems within the Iao flood control area. And then, you know, a study as to what would happen if there was a breach. And this is all in relationship to what happened on Kauai when, when the dam broke in Kauai. So, you know, FEMA is basically going through the counties and saying that we want these studies done and Iao Stream is one of the places that have been selected by FEMA to the studies, one of these studies. And what they want is the County to be the managers of the, of the study and the monies.

CHAIR PONTANILLA: Thank you. Members, any questions for the Deputy Director? Member Medeiros.

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. And so it's FEMA who is identifying where these studies are going to be?

MS. SUYAMA: That's correct.

COUNCILMEMBER MEDEIROS: Okay and, and these two areas that have been identified. Is it because they don't have a current flood map for those areas?

MS. SUYAMA: Right, for, for Lanai island there are no flood hazard maps like you have in similar areas like Maui, Maui. And the other things is that, you know, Iao, Iao flood control is in one of the most, you know, heavily populated areas so they wanted to find out, you know, if one of those

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

berms or dams broke, what would happen. What is the scenario of, what would, who would be impacted? Where would the flood waters, you know, eventually end up being? So, you know, those are the two areas that they identified that they wanted these studies done.

COUNCILMEMBER MEDEIROS: Interesting. And just one comment since, you know, it's been, you know, handled by your Department, that I'm surprised that they haven't considered Lahaina, which has eight systems and they have earthen dams, they're all part of the Soil Conservation System. It used to be Soil Conservation, now I believe it's called National Resources Conservation Service. And, so I'm surprised they're not considering those facilities there. But just so that you know that West Maui has like eight systems like that, like Iao. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you, Member Medeiros. Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chair. Ms. Suyama, if you could just explain the flood insurance study of the Mokuhaul area of Iao Stream is to determine the base flood elevations should the levee fail. So the levee is what?

MS. SUYAMA: My understanding is that there's a, there's a system of levees within the flood control area and originally they identified the Mokuhaul area as where they wanted the study to, to occur, but because there are other levees within the system, it's not only restricted to Mokuhaul, now FEMA is saying that they wanted the study to be further expanded to include more than just the Mokuhaul levee, so.

COUNCILMEMBER ANDERSON: See that's what I don't understand is the levee. Does that mean that as you go up the stream, there are areas that are dammed, as you said, dammed up? Is that what it is?

MS. SUYAMA: I believe that's, that's true. I have Francis Cerizo here and maybe he can explain it better than I can.

CHAIR PONTANILLA: Francis.

COUNCILMEMBER ANDERSON: Mr. Chair, if we could, I think this is important for us to know. If he could.

CHAIR PONTANILLA: Francis, if you can come up? Thank you. If you can identify yourself and provide us with information on the, the levee.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MR. CERIZO: I'm Francis Cerizo. I'm the, work with the Planning Department. I'm the, the floodplain manager for the County of Maui, as far as the National Flood Insurance Program. . . .(end of tape 3B). . . on the stream. It's like, the, in, in New Orleans they have these dikes and they protect the, they prevent the water to, to enter into the adjacent neighborhoods. So the levees usually are, the floodwaters would actually would flood the area if it wasn't for the levees. And it's usually built on grade so on one side of the levee, you would have, you would have a road or the neighborhood then you would go over the levee and then you go down into the stream. Now, another type of stream . . .

COUNCILMEMBER ANDERSON: Mr. Cerizo, could you just stick specifically to the Mokuhau stream, because this is the first I've heard. You're not talking about the . . .

MR. CERIZO: The channel.

COUNCILMEMBER ANDERSON: The channel?

MR. CERIZO: Yeah.

COUNCILMEMBER ANDERSON: No.

MR. CERIZO: Okay, if you go up to Mokuhau road on the Iao Stream from Happy Valley, that Market Street --

COUNCILMEMBER ANDERSON: Right.

MR. CERIZO: --you go up on the, on the right side of the stream. If you drive up the stream before you get to the park, you can recall that you can drive on the road and you can look down to the stream.

COUNCILMEMBER ANDERSON: Right.

MR. CERIZO: As you go up further up mauka there's this big, they call it a levee. It's a, like a berm that actually prevents the water from entering into Mokuhau road. Now, if you go across the stream on the, on the south side of Iao Stream. There is on that side all you have is the road and you look down into the stream. There's no, there's no barrier that . . .

COUNCILMEMBER ANDERSON: I see.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

MR. CERIZO: Yeah, so a levee is something that's built on grade to protect the adjacent areas.

COUNCILMEMBER ANDERSON: And there was, there's none on the south side?

MR. CERIZO: There's none on the south side.

COUNCILMEMBER ANDERSON: Okay, that explains it. Thank you very much. Thank you, Mr. Chairman.

CHAIR PONTANILLA: Members, any more questions for the Department regarding this item? Member Johnson.

COUNCILMEMBER JOHNSON: Yes, with regard to the question that was asked earlier by Member Medeiros about the Lahaina projects. Is it because we have the Federal flood control project that's going on in West Maui and also I know we had all of our urban dams and levees inspected and there were no problems? Is that the reason why this is really not applicable to West Maui or West Maui wasn't considered as part of this study?

MR. CERIZO: We have in this past year, we received a, a request from FEMA to evaluate all the levees that we have on the island and there's several levee systems that are of, that are more prone to, or they're next to higher density areas. Levees and dams are, are can be, are two different, two different scenarios. The dam safety program is managed by the State DLNR. Levees are, usually whoever is an owner of the stream, they are the ones that are responsible for the levees. Some levees are actually remnants of where road or, or actually farming activities where they just built, they dig out the ditch I mean the stream and then they push the dirt or the material on the outside of the, the banks and they create these natural levees. And these levees over time just become, people build behind them or next to them and then, you know, they are natural levees, or not natural levees, manmade levees that if, if breeched can cause flooding. I don't have any specific knowledge of the Lahaina area, but we can review the listing and see if there's anyone that's as critical as Iao Stream.

COUNCILMEMBER JOHNSON: I think if you were to visit with Mr. Buddy Nobriga from West Maui Soil Conservation, he is quite familiar with all of

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

the issues and because we've had quite a lot of damage in the past from flooding in the Lahaina area and rapidly rising waters, which endangered lives, as well as personal property, he could probably answer those questions for you. And this would be for Ms. Suyama with regard to the amount of money. The, the way that I'm reading this transmittal, we're getting \$250,000 and, and, I'm not quite understanding. Is this a match and is this the capital that's coming out of our budget? Are we recipients of a grant and that's why we're amending the budget? Could you explain that because when I read the transmittal it really doesn't quite make sense to me.

MS. SUYAMA: Well, my understanding is that we will contract out someone to do the studies for us and then it's a reimbursement where we will be sending the billings from the contractee to FEMA and FEMA will then give the money to the County of Maui to pay off the contractor and that's how we do it. And then they did ask for not matching funds, but then just, you know, the \$50,000 to be used as part of the study.

COUNCILMEMBER JOHNSON: Yeah 'cause what I'm just reading in the second part it says, the proposed bill will enable the Department of Planning to obtain a matching grant from FEMA to perform a tsunami study for the north shore of Lanai and a flood insurance study of Mokuhaul area at the Iao Stream. So, when I'm looking at matching, I'm, my assumption is that it's dollar for dollar.

MS. SUYAMA: No, it's not dollar for dollar.

COUNCILMEMBER JOHNSON: Okay. So, the correct word would be to access grant funds or reimbursable grant as opposed to using the word matching.

MS. SUYAMA: That's correct.

COUNCILMEMBER JOHNSON: Okay, thank you.

CHAIR PONTANILLA: Thank you, Members, any more questions for the Department? If not, the Chair would like to recommend that we adopt the proposed bill and the filing of the County communication.

VICE-CHAIR HOKAMA: So move.

COUNCILMEMBER MOLINA: Second.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

CHAIR PONTANILLA: Moved by Member Hokama, second by Member Molina. Members, any more discussion? If not, all in favor, please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Motion is carried, six ayes and three excused, Member Mateo, Baisa and Victorino.

VOTE:

AYES:	Councilmember Anderson, Johnson, , Medeiros, Molina, Vice-Chair Hokama, and Chair Pontanilla.
NOES:	None.
ABSTAIN:	None.
ABSENT:	None.
EXC.:	Councilmember Baisa, Mateo, and Victorino.

MOTION CARRIED.

ACTION: FIRST READING of proposed bill; and FILING of communication.

CHAIR PONTANILLA: Members, again, if there is no objections, the Chair would like to request your approval to revise the proposed bill prior to first reading to incorporate any pending budget amendments that may be before the Council and make any non-substantive revisions as required.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. Members, any more announcements? If not, the Chair would like to thank the committee members of the administration, as well as our Staff for being here this late. Again, Members, thank you very much. Meeting is adjourned. . . .(gavel). . .

ADJOURN: 4:53 p.m.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

February 21, 2008

APPROVED:



JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:080221

Transcribed by: Christine Makua-Lopez

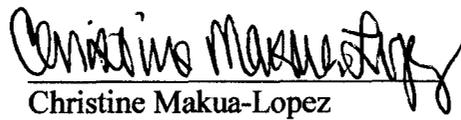
**BUDGET AND FINANCE COMMITTEE
Council of the County of Maui**

February 21, 2008

CERTIFICATE

I, Christine Makua-Lopez, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED this 14th day of March 2008, in Kula, Hawaii.


Christine Makua-Lopez