

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

March 31, 2008

Council Chamber, 8th floor

CONVENE: 9:06 a.m.

PRESENT: VOTING MEMBERS:

Councilmember Joseph Pontanilla, Chair
Councilmember G. Riki Hokama, Vice-Chair (in 9:08 a.m.)
Councilmember Michelle Anderson (in 9:09 a.m.)
Councilmember Gladys C. Baisa
Councilmember Danny A. Mateo
Councilmember Bill Kauakea Medeiros
Councilmember Michael J. Molina
Councilmember Michael P. Victorino

EXCUSED: Councilmember Jo Anne Johnson

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

Leinaala Kihm, Executive Assistant to Councilmember Medeiros
Jock Yamaguchi, Executive Assistant to Councilmember Anderson

ADMIN.: Fred Pablo, Budget Director, Office of the Mayor
Cheryl K. Okuma, Director, Department of Environmental Management
Greggory R. Kresge, Deputy Director, Department of Environmental
Management
David Taylor, Chief, Wastewater Reclamation Division, Department of
Environmental Management
Michael Rattei, Operations Superintendent, Wastewater Reclamation Division,
Department of Environmental Management
Virgil Viernes, Assistant Operations Superintendent, Wastewater Reclamation
Division, Department of Environmental Management
Tracy Takamine, Chief, Solid Waste Division, Department of Environmental
Management

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Traci Fujita Villarosa, First Deputy Corporation Counsel, Department of the
Corporation Counsel

Seated in the gallery:

Brian T. Moto, Corporation Counsel, Department of the Corporation Counsel

OTHERS: Item 1: Others (5)

PRESS: Akaku: Maui Community Television, Inc.

CHAIR PONTANILLA: . . .(*gavel*). . . Good morning, Members. I hope you had a restful weekend. The Chair had a very good weekend. The Budget and Finance Committee meeting for March 31, 2008 is now convened. The time is 9:06. At this time, the Chairman would like to recognize the Members that are here this morning. We do have Member Mateo, Member Baisa, Member Medeiros, Member Molina, as well as Member Victorino.

COUNCILMEMBER VICTORINO: Good morning, Chair.

CHAIR PONTANILLA: Good morning. Excused at this time are Members Anderson, Johnson, and our Council Chair Mr. Hokama. Upfront with us this morning, we do have the Director of Budget [*sic*], Mr. Fred Pablo, as well as our First Deputy from Corporation Counsel, Traci Fujita Villarosa. Supporting the Committee this morning, we do have Lance Taguchi, Gayle Revels as well as Mike Geers. All three of them are Legislative Analysts. And supporting the Committee also is our Committee Secretary, Yvette Bouthillier. Yvette, do we have anybody signed up for public testimony?

MS. BOUTHILLIER: No.

CHAIR PONTANILLA: Thank you. Is there anyone out there that want to provide public testimony at this time? Seeing none. Members, if there's no objections, the Chair would like to close public testimony.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

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ITEM NO. 1: FY 2009 BUDGET (C.C. Nos. 08-55 and 08-56)

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

CHAIR PONTANILLA: For today's meeting for the Environmental Management, we'll take the Program Budget's for the two divisions – Wastewater as well as Landfill . . . Solid Waste, and tomorrow we'll review the Capital Improvement Projects for both of the divisions. So, at this time, the Department would like to provide Members here this morning with an overview presentation on the Environmental Management Operations. And Members, on the Q & A for the overhead, please hold your questions until we're done with the presentation by Environmental Management. So, at this time, the Chair would like to call a short recess to lower the screen. And as soon as they lower the screen, we'll reconvene and start the overview with Environmental Management Department. So, at this time, the Chair would like to call a short recess. . . . *gavel* . . .

RECESS: 9:08 a.m.

RECONVENE: 9:09 a.m.

CHAIR PONTANILLA: . . . (*gavel*) . . . The Budget and Finance Committee meeting is now reconvened. At this time, the Chair would like to call on the Director, Cheryl Okuma --

COUNCILMEMBER VICTORINO: Good morning, Cheryl.

CHAIR PONTANILLA: --to introduce the Members of the Environmental Management team to the Members this morning and start their presentation. Director?

MS. OKUMA: Thank you, Committee Chair Pontanilla and Committee Members. With me today are Gregg Kresge, our Deputy Director; Tracy Takamine, Division Chief of Solid Waste; Dave Taylor, Division Chief of Wastewater Reclamation; his Operations Superintendent Mike Rattei, from Kihei; and with him is Virgil Viernes as well.

Thank you for the opportunity today to do a 30-minute PowerPoint presentation to provide you the context for our Budget request. The operations of Wastewater and Solid Waste are highly regulated by State and Federal laws to protect the environment, health, and safety. And therefore, our goal is to meet a performance standard to protect

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environment, public health and safety of our community. By performance standards, we mean that our operations must comply with Federal and State laws and regulations. Our infrastructure must be reliable and not subject to failure. Our infrastructure must have the capacity to handle what the community generates in terms of wastewater and solid waste. What we need to meet performance standards, what we mean by that is in order to operate properly we need proper staffing and equipment. There are necessary CIP projects needed to ensure compliance, reliability, and capacity. Rates and fees need to be addressed to support what is needed to maintain these performance standards. Our administrative objectives are to do what is needed to maintain these standards through our staffing review of our policies, procedures, regulations, improve our existing programs as well as plan for new programs. To summarize further, Wastewater Reclamation Division has over the last 15 years sought enforcement actions which resulted in the development of a long range CIP plan over the next 20 plus years. A lot of work has been done in the past. Going into the future the challenges maintaining the reliability of our sewer infrastructure, which comes at an increasing cost, we feel this cost more today because there are no Federal funds and SRF funding has dried up for Fiscal Year '09.

With respect to the Solid Waste Division, the last 15 years, resources were not put towards this operation which consists of four active landfills, three closed landfills, possibly a fourth one where there seems to be some lack of clarity over County responsibility. But over these last 15 years, regulatory requirements came into place as a result of Federal laws, such as Subtitle D for landfills which requires that we do more. Because existing resources could not adequately support these requirements over 15 years, today we have outstanding enforcement actions on our landfills. In addition, we have 30 years of responsibility over closed landfills. And in spite of good efforts of Staff, because the resources did not support the complexities of this operation, which now requires land experts, engineers, environmental, regulatory, safety and compliance experts, we are in catch up. Further adding to this difficulty is that we are facing increased requirements in the future, and we feel this cost because there are no Federal funds and SRF funds have dried up for Fiscal Year '09. In essence, the Solid Waste Division's pattern of an increasing budget reflects perhaps where Wastewater Reclamation water was 15 years ago. Wastewater Reclamation has gotten out of the hole and we want to keep it that way. Solid Waste, unfortunately, is in the hole and we need to find our way out of that. Thank you. I'd like to now pass this on to Dave Taylor.

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MR. TAYLOR: Good morning, Committee, and thanks for the opportunity to put on this presentation. For the Wastewater Division portion we're going to try to stick with the big picture and give you a sense of what we're doing and how it ties in to the long range goals and strategies of the Division.

Global performance measures – something we went over last year. How the public judges us is by reliability of our facilities, meaning how little sewage we spill, expanding the sewer system to non-sewered areas, increasing volume of reclaimed water, improving the quality of treated effluent and decreasing odors. This is how the public judges our success. And just like last year this is going to be another year where we're almost completely focused just on reliability of existing facilities. The other things are basically taking a back seat again because the reliability, the existing facilities, preventing sewer spills, keeping the plants operating is so expensive is that we're not able to afford these other items.

Another slide from last year - a quick overview. We have 210 miles of gravity sewer lines, 42 pumping stations, 24 miles of pressurized force main, five treatment plants, 22 percent of our water is reused, and 78 percent of our treated effluent goes down the injection wells. The funding history, again, another slide from last year - in the early days raw sewage was basically just dumped to the ocean before 1970. Federal funds at that time built all the wastewater collection and treatment systems and then we have been rehabilitating, replacing, and doing reliability upgrades since then. The funding source used to be subsidized by General Fund and Federal funds. Today, the sewer system is completely funded by sewer fees only. So this is why rates have been going up and up and up because in the old days, the rates never fully accounted for the real cost of operating the system because of the large Federal funds and General Fund subsidies. This is really the reason why rates have continued to increase.

Reliability – when we talk about reliability, and this kind of looks complicated but it's pretty simple. In the years 1990 to 1994, we processed about 15 billion gallons of wastewater, spilled a little over six million gallons of it. This comes out to 99.9575 percent that we did a good job on or 3 hours and 43 minutes of equivalent annual down time. Now, although number looks pretty high, we were sued by the EPA for violations of the Clean Water Act. And the public was very unhappy with this level of performance. By 2003 to 2005, again, about 16 billion gallons of sewage processed, we only spilled a few hundred thousand gallons had that reliability percentage up to 99.9978 percent or equivalent

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of 12 minutes of annual down time. This is where the public seems to be pretty reasonably happy. If you try to make this percentage any higher, it becomes economically unfeasible. If we go any lower, it becomes unacceptable. So, this is really 99.9978 percent reliability is our realistic goal of reliable wastewater treatment. Now, to do that, we rely on our infrastructure and equipment. Now, I don't expect any of you to be able to read this. This is our 20-year CIP schedule and a larger copy is over in the corner on your left that I can walk any of you through during one of the breaks. Basically, what this is you see 20 years here it goes out to 2030 along the top and here's all of our different facilities, pump stations, force mains, treatment plants, major projects like odor control, reuse, everything is listed here one way or the other. And then the year we're planning on doing it, we fill in how much it costs. So in each of these little cells here there's a number of what the anticipated cost is in today's dollar. So you can add up any year vertically and see what the total CIP cost is for that year. And then the next slide you're going to see a summary of this. You see some different colors. The colors are important because they show priorities. Yellow, most of what you see is yellow. Yellow means it's a reliability project. It means we have to do the project to keep existing levels of service. This is all of the force main and pump station upgrades and replacements and the plant equipment replacements to keep the same level of service. The projects you see scattered in blue are efficiency upgrades. Those are things like odor control, sewerage unsewered areas, baseyard improvements, things that the public would like us to do that we'd like to do but there are sort of icing on the cake. You don't have to do them. The projects you see in purple you see some projects in purple here and here, that's a program to increase the amount of reclaimed water from 22 percent to up to about 50 percent. You see some green projects scattered about. Those are growth related projects. They're kind of place holders for the General Plan. If we're expected to fund large infrastructure improvements to support growth, that's what the green is. So when you add the colors up vertically, you get this graph. I'm going to explain. This is really the summary of everything that we're doing, everything we're going to do. When you add up all the yellow projects year by year, which are the reliability projects, you can see it kind of fluctuates but it's around. . .spread on this left hand axis, around \$30 million a year. So it's going to cost about \$30 million a year on ongoing wastewater CIP to keep up the reliability of our system. And there's a few spikes here and there. We'll move projects forward and back to try to smooth those out, and because we borrow money it tends to smooth out the expenditures. So the spikes don't worry us. We can smooth those a little bit. So you see the blue projects which are again sewerage, unsewered

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areas, odor control, baseyard improvements, efficiency upgrades, things like that, you can see how much they would add to the overall costs. And the purple projects are those reclaimed water projects what it would cost to move reclaimed water from 22 percent to about 50 percent. Okay, so that's what the bar chart is. These lines are read off the right hand axis here which is the monthly sewer rate. This year in the '09 proposed budget monthly sewer rate for a single family home is about \$50.00 a month. If we only do the yellow projects, meaning only reliability improvements that we need to keep this system operating, sewer fees are going to go up along this black line. Now, this includes operations, inflation, electricity and everything. So, this is a really cause and effect graph if we just do the reliability CIP plus operations, you'll see rates will go up to about \$73.00 in about 10 years and up to around \$96.00 by the year 2025, 2028 somewhere around there. If we do all the projects, we do reliability plus we do sewer, unsewered areas, we do reclaimed water, we do everything, that will follow this red line. So you can see it's a little higher. It's about \$83.00 a month by the time we're out about 10 years. So this is really the choice for the County Council is how much do you want to do and how high do you want rates to be or how low do you want rates to be. One of the problems that we're having this year and the reason why we're only about \$20 million is as you've heard we didn't get any SRF loan money this year so we had to get money from the General Fund. So because there's only a limited amount of General Fund money, we had to push back a bunch of projects till 2010. That's why you see a big spike here that we'll try to smooth out in the next few years. So, more than just how much we charge is we can afford the debt service on all of this or money if the County can borrow this much money. So, here you can see if we really going to do sewer, unsewered areas, new reclaimed water, you can see that will be about 40 million a year and so the County is going to have to borrow that money or if we do cash, obviously rates will have to go up even higher. One project that isn't on our 20-year plan is relocation of any of our treatment plants. Now, as you've heard before, relocation of the Kahului Treatment Plant would probably cost \$400 to \$500 million. If we put a bar chart of that on here, it would literally go way through the roof and rates would jump up from \$50.00 to about \$100.00 and the line would be up to around here. So if we were going to relocate a plant, we'd have a large amount of borrowed money plus we'd see rates up in this range where I'm pointing. So, this shows the cause and effect and what we really want to show is that is that we don't look at budget from what are we going to do this year, what are we going to next year. We try to look at it from long term and balance the results we're getting over the

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long term with how much we're charging now and how much we will charge in the future.

This is the pie chart of the FY '09 expenditures. As you can see, CIP and debt service on the CIP is about 56, almost 57 percent, fifty . . . yeah, about 57 percent. So getting 60 percent of our costs are infrastructure. Salaries are only around 10 percent, operations under 10 percent, electricity under 10 percent. So if you imagine this pie chart every year – 2010, 2011, 2012, all the way to 2030, the pie charts are going to look about the same. And we've initiated a number of programs to try to be efficient with our electrical use, be efficient with our operations and salary money. There is only so much more fat to trim and we, basically, think we're running a pretty efficient operation. If we're going to control rates, we need to really attack CIP because that's what drives the rates. The only way to do that is to have the infrastructure last longer. And what we need to do is initiate a program to make all of the infrastructure last 25 percent longer. If about 60 percent of the budget I guess if you look at it and saying, if we make all the projects last 25 percent longer and that's 60 percent of the budget, that would drop about 15 percent from future budgets and that's what we need to do. The way to do that is by increasing preventative maintenance and by increasing operations to the point to where we are optimizing all the facilities and we don't need the CIP projects so soon. That's going to see an increase in the next couple of years of operations and salaries. We're starting this year and you're going to see four positions – a painter, an assistant plant operator, a sewer maintenance repairer II and an operations clerk. Those positions are all directly related to either preventative maintenance, optimization or support of those activities. They don't have instant pay off. They are intended to slowly increase the cost of operations and salary and the real pay off is after the year 2015 we'll have all these projects that we don't need to replace as quickly. And that's what we're going to start seeing a more dramatic decreases and the need where we won't need the CIP as soon. So, any kind of preventative maintenance whether it's your car or the sewer system or anything else, preventative maintenance and optimization always costs more upfront because it's a long term investment in the future and that's where we're trying to move and that's why we're trying to look at the overall long-term, big picture. And all of that is summarized in this statement. The goal of our division and the goal of our budget when we put it together is to reach 99.99 and 7/8ths percent reliability over the next 20 years at the lowest total cost. Now, this means that we assume that everybody is paying a sewer bill is going to pay a sewer bill for the next 19 years. And we're saying that we want the total amount

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they pay over that 20 years to be as low as possible. That means that it may have to be a little higher the next few years to push back that CIP. We already talked about that if we raise this percentage it becomes economically unfeasible. If you lower it, you start spilling too much sewage. If you take the 20 years and lower it down to one year, three years, five years, you basically just axe the preventative maintenance, you axe the CIP, and you've got these huge costs that are hiding just beyond the horizon. So by stating our goal this way, it's really able to force us to optimize the long-term goals of the Division and not sacrifice the long-term for the short-term.

So, to summarize these issues, increase reliability of existing facilities, expand the sewer systems to unsewered areas, increase volume of reclaimed water and prove the quality through effluent and decrease odors. If you were still focusing on reliability of existing system, these are the things that we're taking a back seat but now you can see with some of the numbers we've presented how much it might cost if we wanted to do these things. And the one graph that showed the bar chart and the rates, there is a full size copy we handed out so you can take a look at that in the future. So we appreciate the time to put this on and hopefully this gives you a bigger picture of what we're trying to accomplish and, next, I'll hand the presentation over to Mr. Takamine who will talk about the Solid Waste Division.

MR. TAKAMINE: I want to thank the Committee. Good morning. Thank the Committee for allowing us to do this presentation and I look forward to the interchange of questions immediately following this presentation. I'll be going over the Solid Waste Division budget. I only have four slides this morning so it won't be as long as Dave. Most of you know the Solid Waste Division; however, I just want to explain that we have the Administrative section which is responsible for the management of the Division, to provide residential refuse collection, management and operation of sanitary landfills, the recycling operations, abandoned vehicles and white goods collection and processing. We have ten staff in that section. Under the landfill disposal program, we have 35 staff and we're responsible for the operation and management of four active landfills located on Molokai, Lanai and Maui. And we also maintain five closed landfills. Under the residential refuse collection side, we have 46 staff. We're responsible for the collection and disposal of residential refuse and the collection of white goods at this time. Under the Landfill Diversion Program, I have a staff of four and we're responsible for the planning, coordination, monitoring and implementation of recycle

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operations throughout the County of Maui. And abandoned vehicles, we have a staff of three, and we're responsible for the administration, coordination, and management of abandoned vehicles and disposal.

Although I don't have a slide on the goals, I just want to mention that the objectives of the Solid Waste Division are in direct support of the County's mission and objectives by ensuring that the residents of the County of Maui are not exposed to any adverse health or safety conditions. Some of our goals this year to expand residential refuse, automation for Upcountry and Lahaina. We had a press release last week on that. We want to be more proactive in landfill management and planning thereby reducing the number of the instances of DOH notice of violations. And we also want to provide a better customer service in our accounting section.

Okay, this slide just basically shows a history of the Solid Waste Division's budget starting from '04. If you notice, in FY '06 we started increasing our costs of operation. The big cost you see here is our landfill operations. And the big thing that happened in FY '06 was actually the closing of the Central Maui Landfill Phase I and II operation and we moved into the new Phase IV, at that time A landfill, that was back in December of 2005 we actually moved into the new Phase IV. In addition to that, this jump in increase in '07 to '08, a lot of the operations of this new landfill, if you've ever been down there, is very manpower intensive compared to the old way of doing business. Where in the past in Phase I and II, the resident would just drive in right through the working phase of the landfill, dispose of their trash. Under the current operations, we have the resident is not allowed to go into the landfill so we operate a drop-off bin for residential at the entrance facility. We also have recycled facility operations. With the new Subtitle D operations all this landfill is lined so we now have leachate disposal, leachate maintenance operations, we have pumps for these leachate system, we also have a generator, we have buildings. In the past, if you've been to the old landfill, all they had was one scale house and a little trailer; very small area for the entire staff. Now, we have a very nice facility for operations, lunch room, scale house and so forth. Another cause of this increase here, in this year we bought approximately I think we had an equipment purchase I think it was about \$3.3 million worth of equipment that we purchased for FY '08. We also started increasing our soil purchases and also we had a large jump in our fuel cost due to the additional equipment and operating time at the landfill.

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And this slide, I'm just going to try and show you on this slide is these gold numbers reflect what's in your budget now comparing our '08 budget to our '09. So these numbers are actually in your Details that you received. What I'm trying to show here is a more, I guess, more accurate numbers. For example, although it shows zero in '08, we did have control of this program although the program was under the Director's office and was funded from the General Fund, which changed this year. In '09, it's under the Solid Waste Division and because it wasn't there last year it shows zero when in fact we did have a budget and it was \$2.133 million. So if you look at the actual number and what we're asking for this year it's actually a decrease of \$400,000 which gives me a negative 18 percent change. This number here in the landfill what I'm trying to show here is in '08 and we'll discuss it more in detail, Cheryl will discuss it more in detail when we do our presentation, but in '08 we had a Hana Landfill Recycle Metals Program budget of \$2.2 million, a one time project, and it was carried over to '09 but reduced to \$1.5 and we don't actually need that funding because it was a one time funding for the '08 calendar year, fiscal year. So we're reducing it but, again, we'll discuss it later, by a million dollars which reduced my landfill budget by almost \$900,000. And when you add that all up, I'm actually negative at least about a 1 percent change in my budget from '08 to '09. So, I just wanted to summarize this. I know we can discuss it in more detail when we get to the floor.

MS. OKUMA: Why don't I go ahead and address that, that 12.5 since this slide is up there. Just to . . . just again to summarize or add to what Tracy is saying, in what you see in terms of the request now, there's 1.5 for Hana metal scrap. We have ongoing right now an effort to do a removal of that scrap metal in Hana and we feel that, that is a one time thing and it looks like we're gonna be okay. But I just need to mention to you that with respect to that Hana scrap removal we are now working with that vendor to try to finalize the language of the contract. It just came up like just a few days ago and I've been in touch with the CEO of that particular vendor. I'm hopeful that we can work the language out but I wanted to let you know that in case the worse should happen, which we don't close that deal, then we will be looking at going to the next vendor who is approximately 700,000 more and we would need some of that funding out of that 1.5. In addition, I just want to mention a second point is we would actually need about half a million dollars for Lanai equipment. We've been in the midst of trying to negotiate with Castle & Cooke for the transfer, conveyance of that property and Council Chair Hokama together with the Mayor have been very instrumental in trying to bring the parties close together and we, in fact, do have a conceptual understanding. And

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our Corporation Counsel is now working on language that would reflect that agreement. And part of that agreement would involve the County being responsible for hauling of the soil materials needed for landfill covering and we would need those pieces of equipment to do that removal. So, we would actually need about half a million out of that one million and possibly if the other deal on the Hana scrap, if that contract language is not worked out, we would need that too. But again, I'm hopeful that we're going to be able to work that out, that language out very shortly with the vendor.

MR. TAKAMINE: My last slide basically shows I know there's a large concern about the General Fund transfer to the Solid Waste Division and how it's been increasing so I wanted to show you and show you the comparison of the actual cost, which is the brown column, versus what the revenues we take in based on our current rates. So for the landfill, our operating cost is almost \$18 million and this is for FY '09. Our current rate is \$53.00 for commercial. Based on that rate and the tonnage that's coming in, we're bringing in a revenue of about \$10 million. So we're short about \$8 million in landfill operation.

Residential refuse collection the actual operating cost is about \$10 million and this includes, by the way, the disposal of residential trash at the landfill. When you add to the cost of a refuse collection, the cost to pick up trash for residents is about \$10 million. We currently charge \$12.00 per month so you can see we've got about a . . . we need to triple the rates to actually pay for the cost of service. On the diversion the cost of operation is approximately \$3 million. We currently charge a . . . \$10.00 recycle surcharge which brings in a revenue of \$2 million. So these are a big disparity in terms of what we bring in revenue and what the actual costs are. I just wanted to present that to the Committee. If we want to reduce the amount of General Fund transfer, we need to seriously look at increasing rates. And I know that this has been an issue over the past in terms of we start increasing rates then people have the operation of not taking service and throwing it on the side of the road. Maybe we need to and we are looking at that in the next integrated solid waste management plan is also changing how we . . . *(end of tape 1A - 9:36 a.m.)* . . . maybe go to some type of universal trash collection which would force everybody to be on the service and not give them that option. That concludes my presentation and I'll turn it back over to Cheryl to conclude the Department's presentation.

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MS. OKUMA: Thank you. So very quickly, in conclusion, this sort of wraps up and summarizes what's important to us in terms of our performance standards, compliance with legal requirements because failing to comply has severe consequences, reliability of our wastewater and solid waste infrastructure, and the capacity of our wastewater and solid waste systems needs to be able to handle what our communities produce. Thank you for the opportunity. And, um, I think . . . yes, we are done.

CHAIR PONTANILLA: Thank you, Cheryl, for that presentation. And thank you, Mr. Taylor as well as Mr. Takamine. Members, the Chair will call for a short recess to raise the screen. Recess. . . . (*gavel*) . . .

RECESS: 9:37 a.m.
RECONVENE: 9:38 a.m.

CHAIR PONTANILLA: . . . (*gavel*) . . . The Budget and Finance Committee meeting is now reconvened. Members, before I call on Mr. Pablo if you could turn to Page 2 and 3 of the proposed bill as well as on the Program Budget book, 7-1 to 7-32, and on the Budget Details on Pages 5-1 to 5-59. Members, at this time, the Chair would like to call on Mr. Pablo. Director?

MR. PABLO: Thank you, Chair Pontanilla, and good morning, Council Members. There's a handout in front of you. It's a 12-page handout and I designed this so that we could go through the different programs in a much, much more efficient way. On the first page is an overview of the Department of Environmental Management and most of that you've already seen in that excellent slide presentation. We can break the Department into three programs or three fund areas. One is the General Fund, the second is the Wastewater Fund, and the third one is the Solid Waste Fund.

On the General Fund, there was previously two programs. There was an Administration Program, that's the Director's Office and there was an Abandoned Vehicles, Scrap Metal and White Goods Program. For Fiscal Year '09 we have transferred the Abandoned Vehicles, Scrap Metal and White Goods Program to the Solid Waste Division. In fact, the Solid Waste Division has always managed that program. The Abandoned Vehicle had been under Mr. Tracy Takamine. The other reason for the transfer was so that we can reflect what the solid waste costs actually are and this is a concept for the developing cost centers. We have a cost

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center for solid waste and that's why this cost should be reflected under that particular cost center.

In the Wastewater Fund that you saw a presentation by Dave Taylor, there's two programs, and he'll cover that later. One is the Admin. Program, which is his office and operations, and then there's a Wastewater Operations Program. Under Mr. Takamine under Solid Waste, he had to cover that, there's five programs – the Admin., the Landfill Disposal, Residential Collection, Diversion Program, and the Abandoned Vehicles, Scrap Metal and White Goods Program. That's an overview of the operating budgets. If you look at that third column, you'll see the amounts of increase in Fiscal Year '09 compared to Fiscal Year '08.

For the expansion positions, this was mentioned in the presentation. The Wastewater Fund we'll be looking for requesting four expansion positions in the Wastewater Operations Program. In the Solid Waste Fund, Mr. Takamine is requesting seven positions – two in the Administration and five in the Landfill Disposal Program. As far as equipment, I've also summarized this to show where they're coming from. In the General Fund, there's a request from Administration of \$23,000. In the Wastewater Fund, total equipment totals \$807,000. And in the Solid Waste Fund, there's equipment request for \$2.3 million.

Now, if you go through the subsequent pages, each page is an overview of each of the programs. And here on Page 2, is Administration Program, you'll see there was salary increase for \$44 million [*sic*] for six employees. There's an operations cost increase of \$55,000 over '08 and the major costs are there. They were professional services, air fare transportation, and building rental. And an equipment request for \$23,000 is made up for three items. Later after I finish the overview, Cheryl Okuma will go through the Administration Program with you. Page 3, just for your information, that's the Abandoned Vehicle Program, Scrap Metal, and White Goods, that as I said, has been transferred to the Solid Waste Fund and will be covered under that program. The next two pages are for the Administration Program and Operations Program under the Wastewater Fund and if you look for the Administration Program for Mr. Taylor's office, from '09 versus '08, you'll see that the largest increase that accounts for the \$2.1 million change over '09 versus '08 is for operating special costs. And these are the costs that Kalbert Young had described last week. This is Countywide costs and this Countywide costs are allocated to all the special funds and enterprise funds. The salary increase for this Admin. Program was 76,000 and that was for 18

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employees. The operations costs, like I said, is very minimal mostly it's the operating special costs. On Page 5, is a second program under the Wastewater Division and that's for operations. Here the overall increase over '09 was 1.0 million. Half of that was for salaries of 537,000 and this was for 95 employees. In this particular program, the Operations Program, Mr. Taylor is requesting four positions which I said will be for preventative maintenance. One is the Painter, an Account Clerk, an Assistant Wastewater Treatment Plant Operator, and a Sewer Maintenance Repairer. These are four requested expansion positions. Again, looking on the third column, the operations increase over '08 is 423,000 and the major changes are summarized at the bottom of that page. On Page 6 will be a list of equipment that the Wastewater Division is requesting.

On Page 7, we enter the Solid Waste Fund under Tracy Takamine. And the Administration Program again when we compare the '09 budget with the '08, Council adopted budget, it's an increase of 1.7 million, and again, similar to the Wastewater Fund, the majority of that increase is to the operations special cost. These are the Countywide costs that the Finance Department allocates to the Special Revenue Funds and Enterprise Funds. There was an increase of 178,000 for salary and wages; that's for ten employees. And the Admin. Program is requesting two expansion positions, a Safety and Compliance Officer, and an Assistant Division Chief. As far as Operations, there's a modest increase of 88,000 and you can see that increase there for printing, professional services and building rental. In the equipment area, this program is requesting \$6,000 of equipment and they're listed at the bottom of the page.

The second program under Solid Waste is the Landfill Disposal Program. As Mr. Takamine explained, this is the largest segment of the Solid Waste Fund. It has been increasing every year with the new phase of the landfill program. The salary and wages had an increase of 235,000; that's for 35 employees. And the Solid Waste Division is requesting five positions – 3 Laborer IIs, a Landfill Work Site Supervisor; and a Cashier. In the Operations, there's an increase of 931,000 over '08 and the major increases are summarized at the bottom half of the page and you can see it's for four landfills – the Central Landfill, the Hana Landfill; Molokai and Lanai. The following page is a list of equipment which this Division, which this program is requesting. The largest side there you can see on Page 9 is for a D-7 Dozer.

Regarding the Residential Collection Program, you can find this on Page 10. This is one you have heard about recently in the news – automated

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collections have started or will be starting for Upcountry and the Lahaina area. Here you can see salary increase for collective bargaining agreement – 107,000 for 46 employees. No expansion positions are being requested for this program. There's a modest increase of 94,000 operations and they're basically for the Wailuku refuse and the Makawao refuse offices. And equipment it's a lesser request this year of 190,000 versus in '08 there was 1.2 million for equipment. There has been a decrease in collect, collection equipment.

The next program on Page 11 is the Landfill Diversion Program. Here we have four employees and they had a modest increase in salaries of \$552.00. In operating expenses, '09 versus '08, we had a 241,000 increase and you can see basically where it's coming from. And this is solid waste alternatives. And equipment, there is no request for equipment this year as compared to last year's request of 30,000.

The last program in Solid Waste is the Abandoned Vehicle, Scrap Metal and White Goods Program. This is the program we mentioned was previously under the Director's Office but actually fell under the Solid Waste Division Chief. So we have transferred it to the Solid Waste and what we've done there and the second part, although it's under the Solid Waste Program versus the General Fund Program, we thought that the comparison '09 versus '08 would be helpful. In the salary area, what you refer to as Account A, there's a 15,000 increase for three employees. Operations has actually gone down by about a half a million. And equipment there's a modest request for \$25,000.

So that's an overview of the Department of Environmental Management and the General Fund Programs, Wastewater Fund Programs, Solid Waste Fund Programs. Now, I'll hand it over to Cheryl Okuma who will be able to answer any of your questions with her staff. Thank you.

CHAIR PONTANILLA: Thank you, Fred. Members, the Chair would like to go in this manner. We'll cover the General Fund area first and then go into Wastewater Fund, and for the last item would be the Solid Waste Fund. Ms. Okuma, do you have any comments to make at this time?

MS. OKUMA: We are available to answer any questions. At this time, I don't have anything further to add.

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CHAIR PONTANILLA: Thank you. Members, any questions in regards to the overview that was presented to us this morning on the Administration area? Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. So, we can ask questions on the presentation this morning?

CHAIR PONTANILLA: On the Administration program.

COUNCILMEMBER MEDEIROS: Just the Administration part?

CHAIR PONTANILLA: Yes, so that we don't jump all over the place this morning.

COUNCILMEMBER MEDEIROS: Okay. I'm going to yield until we get to the areas where I have questions.

CHAIR PONTANILLA: Thank you. Members, any more questions on the Administration program? Member Mateo?

COUNCILMEMBER MATEO: Chairman, thank you very much. I'm hoping you're referencing the presentation that was provided to us this morning?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MATEO: Thank you. I believe, I just want to ask two very minor questions. The first one was the Director referenced several times regarding the major reduction in Federal funding for Fiscal Year '09. Maybe the Director could comment regarding Fiscal Year '09 is the only projected fiscal year with these major reductions in Federal funding. Is it something that in the next fiscal year it would resume again?

MS. OKUMA: Okay, good question. There were two things I was referencing and, thank you, I can now clarify that. First of all, you heard Dave Taylor's presentation on Federal funds that were available a number of years ago back in the '80s and I believe phased out around the early '90s. Those funds for wastewater are no longer available so it's gone. The second component or the State Revolving funds, which are the low interest loans that we've been able to get from the Department of Health which does out of EPA so it does flow out of a Federal program, we've been informed by Department of Health not to expect SRF funding for 2009. So that's why they have a reliance on General funds. With respect to

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Solid Waste – Solid Waste never really had those kinds of Federal funds that helped Wastewater, the building of the large treatment facilities. Those funds were never there. With respect to the State Revolving Fund, we were really fortunate that Tracy Takamine who had experience from wastewater side in terms of how that program worked, was able to jump right into that cycle and actually obtain SRF funding for our CIP Solid Waste projects, some of which you have heard about. And those funding are not available to us in '09. So from that aspect, it's exactly the same as Wastewater.

COUNCILMEMBER MATEO: Thank you. And finally, in the last presentation there was a reference when we take a look at the global performance measures which was one of the . . . I guess it's the slide on Page 5, the priority is to address increased reliability that was the whole focus for Fiscal Year '09. And other areas that would take the back seat would be inclusive of one of the items of interest to me – the increase in volume of reclaimed water because that is an area that we are falling short in. So if that, in fact, has taken the back seat how are we going to continue to meet the increased needs for utilization of reclaim?

MS. OKUMA: I think that is in fact the challenge and that was the presentation made by Dave Taylor that, that would come as a cost and so, to a large extent, that's a policy decision in terms of whether we're going to change and restructure the priority. But there may be a consequence to that. It may affect our ability to maintain reliability. And as I mentioned, you know, Wastewater did a great job getting through those enforcement years and the period of time over the last 15 years to get to this point to where we're now in pretty good shape. Our challenge, however, is the future and how we're going to meet the needs of the future in terms of cost – what efforts will you put towards reliability versus reclaimed water for example which is what you're bringing up. So, admittedly, that will be a challenge if there's more attention needed or desired on that particular program.

COUNCILMEMBER MATEO: Thank you, Madam Director. Thank you, Chairman.

CHAIR PONTANILLA: Thank you, Member Mateo. Member Anderson?

COUNCILMEMBER ANDERSON: Thank you, Chair. I'd just like to follow up on that because I feel like Member Mateo. I see it kind of as a priority but we don't have any cost figures. Based on the chart that we were given it looks like there isn't the intention to increase the reclaimed water use.

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Right now, of the reclaimed water that we process only 22 percent is used. And it looks like by 2018, in ten years, they intend to use 55 percent. So, and it seems to me that the main factor in not increasing the years is that we don't have the distribution lines. And so, could we get some cost figures on that, and I don't know, Mr. Chair, if you want to go into that now or when we get into Wastewater?

CHAIR PONTANILLA: Yeah. We'll wait until we get into Wastewater and probably through the CIP area for these cost estimates.

COUNCILMEMBER ANDERSON: Okay. And then the other thing I'm concerned is that you know if we increase our use of reclaimed water, then we are decreasing our use potentially of potable water. So, is there any intention to try to share these costs with the Water Department in any way? Has that been considered?

MS. OKUMA: We certainly thought about it. We certainly have been in some discussion about it. We even looked at whether our existing systems are truly displacing potable water and many of those cases were not. So, it appears that, that would be difficult. But certainly you raise a very good point and we have certainly thought about that and perhaps you'll hear more about it when we get to Wastewater's portion. Thank you.

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

CHAIR PONTANILLA: Thank you. Members, any more questions on the overview . . . and the Administration program? So, if not, we'll continue with the . . .

COUNCILMEMBER MEDEIROS: Chair?

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: And the question for the Administration is just on the overview?

CHAIR PONTANILLA: Overview and . . . as well as . . . we go forward, Page 2-12.

COUNCILMEMBER MEDEIROS: Okay. I had a question on the Administration's vacancies. Should I ask that at this time?

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CHAIR PONTANILLA: That's the Wastewater I think the vacancies comes up too. The Administration's program is basically her office right now.

COUNCILMEMBER MEDEIROS: Right. And according to the December 31st report --

CHAIR PONTANILLA: Oh, okay.

COUNCILMEMBER MEDEIROS: --there are three vacancies.

CHAIR PONTANILLA: Go ahead.

MS. OKUMA: Yes.

COUNCILMEMBER MEDEIROS: Thank you. Director, so according to the last quarterly report we received from the Director of Finance, it shows three vacancies in your Administration -- an Administrative Officer, Department Personnel Clerk, and a Clerk III. And it says, status -- interviews pending, waiting for AO. What's an AO?

MS. OKUMA: Administrative Officer which is our key position in our Administration.

COUNCILMEMBER MEDEIROS: So in order for you to decide on two of the positions, you're waiting for the Administrative Officer first?

MS. OKUMA: Well, let me just explain and thank you for the question. One of the things, we are currently 50 percent staffed in our Administration. In our current location there was no way we could fit the additional three people in. And a lot of it was a matter of timing and trying to negotiate a lease for larger space which is actually across the hall. So we could not, so we had to time everything. One of the things was the Administrative Officer position they had, in fact, started the recruitment for us before July 1. Unfortunately, we had to re-recruit because of lack of candidates. And then we find ourselves over the holidays and things like that. So, that is in process and we hope to be able to fill that . . . complete that process shortly. The other position, the Clerk, we have a Clerk III position we've actually hired someone. They will start tomorrow because as a matter of fact while we had expected to move into our new office in mid-March, we got a little bit delayed and then it seemed too unwieldy to try to move in the middle of our budget matter here. So we're going to start moving in shortly after Tuesday and now we have space for that Clerk III. The third

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position, the Personnel Clerk position, which would support the Administrative Officer, I would prefer to wait for the Administrative Officer to come on board to help with that process of hire as that Personnel Clerk will be reporting to the Administrative Officer.

COUNCILMEMBER MEDEIROS: Okay, Director, thank you for that information. On the PowerPoint presentation and I don't know how much of it is under the Administration or a different division but on the slide which is on Page 4, the middle slide of 20 year CIP schedule. Any where in our documents do you have a copy of this slide that we can read?

MS. OKUMA: Are you talking about the 20-year CIP for Wastewater?

COUNCILMEMBER MEDEIROS: Well, it doesn't say Wastewater. It just says part of your presentation.

MS. OKUMA: That's the reference to Wastewater --

COUNCILMEMBER MEDEIROS: Okay.

MS. OKUMA: --and it's basically right here.

COUNCILMEMBER MEDEIROS: That one, right. So, you want us to wait for Wastewater to ask for that slide?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MEDEIROS: Okay. And then I guess so . . . under Abandoned Vehicle, we're going to wait for Solid Waste?

CHAIR PONTANILLA: It does come under the Administration so . . .

COUNCILMEMBER MEDEIROS: It does so I can ask a question on that?

CHAIR PONTANILLA: Yeah. Right now we're on that first . . .

MS. OKUMA: Excuse me. Actually it's Solid Waste Management.

CHAIR PONTANILLA: It's Solid Waste?

MS. OKUMA: Yes.

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COUNCILMEMBER MEDEIROS: Okay, so we'll wait for Solid Waste. And . . . okay, so any of the landfill projects or funding we'll wait for that?

CHAIR PONTANILLA: Yeah.

COUNCILMEMBER MEDEIROS: Okay. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Members, any more questions in regards to the Administration? If not, we'll go into the next area. Turn to Page 4, which is the Wastewater Funds. And Cheryl, if you could introduce the people that are with you now.

MS. OKUMA: Okay, thank you. To my right, is Dave Taylor, the Division Chief for Wastewater Reclamation Division. And next to him is Mike Rattei, the Operations Superintendent, and our Ops center is actually out at Kihei.

CHAIR PONTANILLA; Thank you. Members, questions for the Department in regards to Wastewater? Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. Mr. Taylor, thank you for the PowerPoint presentation. But in any of our documents do we have a readable 20-year CIP schedule?

MR. TAYLOR: Thank you, Member Medeiros. No, we do not . . . we didn't give that to you. That's what's shown to my right on this big board. The summary of that is the next slide, which we did give you a full size copy of that, and that shows the bar chart summary, which basically adds up all those projects. We didn't think the Council really wanted to know the details of which pipe we're replacing with each year but we felt that the summary and the bar chart really shows you the cause and effect of the overall CIP programs versus the rates.

COUNCILMEMBER MEDEIROS: Okay, thank you for that.

MR. TAYLOR: We could, if you're interested, I mean, we could e-mail you the Excel file. It's, as you can see, it's pretty big. It's sort of difficult to print out. But if you'd like one, just let me know. We can certainly e-mail you the file.

COUNCILMEMBER MEDEIROS: Okay. Mr. Chairman, I would request if I could get a copy of that, please?

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CHAIR PONTANILLA: Okay. Department, if you could provide the Committee with that information.

COUNCILMEMBER MEDEIROS: And then . . . also, just in putting together of the PowerPoint slide I was just wondering if and the hard copy that was provided to us, which is always something very useful for us because we keep that with our other budget documents, just why the copies weren't larger? Why not put one slide on one page and the next slide on the back of that page because some of them are really small especially when it comes to charts.

MS. OKUMA: Uh, yes, Councilmember Medeiros, we understand and I apologize for that so if you would like to have a full size 8 ½ x 11 sent to you we can do that.

COUNCILMEMBER MEDEIROS: Okay, Mr. Chairman, if we can request that?

CHAIR PONTANILLA: Okay.

COUNCILMEMBER MEDEIROS: And so we're in Wastewater right now right and I'm looking at your vacancies also and as of December 31st there were 12 vacancies. Can you give me a status of that?

MR. TAYLOR: Thank you, Mr. Medeiros. The vacancy report I don't think is up-to-date and Mike Rattei, our Operations Superintendent, can walk you through the current status.

COUNCILMEMBER MEDEIROS: Okay.

MR. RATTEI: Thank you, Councilmember Medeiros. Yeah, the latest update is actually not as accurate as the information we have now. Out of the 95 positions that we have, we actually only have six that are vacant, and looking back at the last five years, that's actually an improvement. It's the best that it's been in five years. In addition to that, we do have a reorganization plan that we're putting together. There is a couple of positions that we are holding back to affect that reorganization. Other than that, we have positions that are in process of being filled at the present time. So, yeah, we have only actually six right now.

COUNCILMEMBER MEDEIROS: Okay, thank you for that information. And part of the question why I asked about the vacancies is that in trying to reduce operational costs and salaries, vacancies some times cause

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overtime pay and that seems to be a very high portion of the extra personnel pay that we have to fund. So in your estimation, the six vacancies that are not being filled currently would not result in overtime pay to other workers?

MR. TAYLOR: We definitely use overtime to compensate for vacant positions. The bulk of our overtime, however, is because we run a 24/7 operation but we're only staffed five days a week, eight hours a day. So everything that has to happen outside of the 40-hour work week, we use overtime to staff that. So that's the biggest reason of our overtime. It's not as much because of vacant positions. It's far more because of the after hours issues that we have to use.

COUNCILMEMBER MEDEIROS: So, when you say you operate a 24-hour operation, is that personnel on-call or personnel assigned to a shift?

MR. TAYLOR: What I mean by that is that our facilities operate 24/7 and everything is operating on automatic. We have all kinds of computer controlled alarms and things. So any sort of event that happens that happens after 3:30 in the afternoon, somebody on standby has to respond. So that could mean a group of mechanics have to come in the middle of the night to fix something, et cetera, et cetera. So because we're only staffed 40 hours a week from a full staff, we actually have more hours that we're not staffed than we are actually staffed. So that's what the big overtime premium pay money is for that after hours staffing and response.

COUNCILMEMBER MEDEIROS: I see. Okay, thank you for that. I was going to ask you on the slide presentation about . . . there wasn't any kind of projections for increasing the use of reclaimed water, which Member Anderson and Member Mateo were asking. So, I'll leave it for them to follow up on that question. Thank you, Department. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you, Member Medeiros.

COUNCILMEMBER VICTORINO: Mr. Chair?

CHAIR PONTANILLA: Member Mateo followed by Member Victorino.

COUNCILMEMBER MATEO: Thank you, Mr. Chairman. Mr. Taylor, I'd like to follow up with that question Mr. Medeiros asked regarding the vacant positions. Did the Department . . . *(end of tape 1B – approx, 10:06 a.m.)* .

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. some of the existing vacant positions to redescribe it so that you don't have to come to us to ask for additional bodies?

MR. TAYLOR: Actually, that's exactly why we haven't filled a few of the positions. They tend to be more the management positions. The extra bodies we're asking for are, if you look, they're UPW Blue-Collar positions, basically. So, we need that extra work done. The reorganization that we are proposing doesn't have any changes in position. So we're sort of just shifting people around and changing and reclassifying, so we're doing exactly what you mentioned. But we do have, we do need to do more workload of preventative maintenance and system optimization where we do need more positions to actually do the increased workload.

COUNCILMEMBER MATEO: Okay. Well, I hope that is exactly what you're doing by utilizing the vacant positions to redescribe. So then if that is what you're doing then why do you want these additional four bodies?

MR. TAYLOR: The additional four bodies are not management positions. They're not really related to the reorganization.

COUNCILMEMBER MATEO: So the existing six vacant positions are currently management positions? Is that what you're telling me?

MR. TAYLOR: They either are management positions or we're using them to create supervisory or management positions that don't exist, some of them. So that's the . . . the reorganization needs a few more supervisors/manager-type people. So we need to leave a couple of positions open to redescribe for those kind of positions.

COUNCILMEMBER MATEO: Chairman, thank you. I have additional questions regarding those positions then because I would like more specific information on their redescribing and what their reorganization will now I guess show in terms of classifications. So I would like to get that in writing, please.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MATEO: Thank you. I'm done.

CHAIR PONTANILLA: Okay, Members, --

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MS. OKUMA: Can I . . .

CHAIR PONTANILLA: --for your information right now we are awaiting the vacancy report from the Personnel Services Department. So, once we get that we'll distribute to all of you; hopefully, we got up-to-date information on that particular report.

MS. OKUMA: May I?

CHAIR PONTANILLA: Go ahead.

MS. OKUMA: May I just clarify to what Mr. Taylor referred to on the reorganization? The reorganization at this point in time is not final. We still have to go through a process before it can actually be implemented, so we're still in that process. But I think what Dave is referring to is that we wanted to have some flexibility in the event that that reorganization is approved and, therefore, then something we can implement. So we needed to have a little bit of flexibility in terms of our positions and the ability to redescribe them in the context of a reorganization once that does get to the, hopefully, at the end of the road and is ready for us to implement.

CHAIR PONTANILLA: Member Victorino?

COUNCILMEMBER VICTORINO: Thank you, Chair. Mr. Taylor, I was looking and I apologize if I cannot locate it, I went to Page 7 of 8 on the budget proposal and I see where you estimate how many gallons of wastewater are processed per year and how many gallons are re-used. What I was interested in and I've been looking and I just might not be able to find it is, where do you put that down for and how much do we recover as far as monies are concerned? 'Cause we charge these people who use the wastewater, right? So, what is the percentage or what is the per gallon or whatever figure you use and what is the total that we recover because I'm sorry I couldn't find it and it may be in here and I just couldn't find it.

MR. TAYLOR: Thank you, Member Victorino. I think the number you're looking for isn't in there. But basically, if you look at the whole reuse program, --

COUNCILMEMBER VICTORINO: Yes.

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MR. TAYLOR: --including debt service, operations, electricity, everything, currently, the money we collect in rates, pays about 17 percent of that overall program. And it's subsidized about 83 percent from people who pay their sewer bill. So I think those are the numbers you're looking for.

COUNCILMEMBER VICTORINO: No, not really but thank you, Mr. Taylor, for defining the differences in what we actually get versus what we actually pay out. What I was asking is, how much per gallon or per every thousand gallons we get? And secondly, because water rates are continuously going up is there a thought to raising that? That's kind of like where I'm looking to find an answer. 'Cause if you have 1.25 million gallons, how much of that per thousand gallons or whatever we charge, how much do we charge right now?

MR. TAYLOR: Okay, the current reuse rates and where they are is they're actually in the rates and fees section of the budget.

COUNCILMEMBER VICTORINO: Okay.

MR. TAYLOR: So, per thousand gallons for agriculture is \$.25 per thousand gallons for agriculture, and for all other users it's \$.97 per thousand gallons. So you can see they're . . . and most of the water is used at that lower cost for agriculture.

COUNCILMEMBER VICTORINO: For agriculture.

MR. TAYLOR: Or some of them under some special agreements about deferred costs but the bottom line is reclaimed water is much, much less expensive than potable. And our actual cost per thousand gallons for full cost recovery is \$2.08 per thousand gallons. So, I think between all those numbers you can see that if Water keeps raising their rates basically we've always, since the program began, we've realized that we need to keep reclaimed water rates below potable rates to keep it palatable. So, as potable water rates go up, it's probably palatable to raise reclaimed water rates. But you can see that it's pretty far away from the \$2.08 per thousand which would be the full cost recovery.

COUNCILMEMBER VICTORINO: And you, I want to, you know, let the agricultural community know that we're not looking to raise rates because it's a good thing to do because agriculture has a very difficult time surviving and water is one of the key elements. However, if the disparity gets bigger and larger, you know, we may have to think about it because

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it's costing us more and if there's any way of getting people to use more reclaimed water, that's another issue. But the cost disparity is what I was concerned about. For \$.25 versus \$2.08 if you went up to \$.50, you know, and that's just hypothetical, look at the difference that is raised and how much more we can lessen the General Fund portion of the contribution. And that's what we have to start looking at because we either pay Peter or we pay Paul somehow, somebody has to pay for it. And that's what I'm trying to . . . say user paying as much as possible is important.

MR. TAYLOR: Just . . . if I can clarify. Wastewater Division we get no General Fund subsidy. The subsidy I talked about for reuse was from sewer bills. It's still within our operating budget. So, we're not subsidizing reclaimed water with General Fund. We're subsidizing reclaimed water . . . as reclaimed water users pay a rate, we're subsidizing those operating costs with sewer rates.

COUNCILMEMBER VICTORINO: So if we have any shortfalls that doesn't come out of that, out of General Funds?

MR. TAYLOR: No, it comes out of Sewer Fund.

COUNCILMEMBER VICTORINO: It comes out of Sewer Fund.

MR. TAYLOR: That's correct.

COUNCILMEMBER VICTORINO: And if there's a shortfall in the Sewer Fund, where does it come from?

MR. TAYLOR: Since we became self-sustaining back in 2001 or 1990 whatever it was, we have not had that happen. So, hopefully, we'll keep our rates and fees high enough that we won't have that . . .

COUNCILMEMBER VICTORINO: So, in other words, it comes from the consumers. I guess that's the answer that as the disparity grows and we need to charge more to the consumer, so again, somebody is paying for it but there's not a free lunch somewhere in this whole deal?

MR. TAYLOR: That's right. There's no free lunch. There's no outside subsidy from a non-County entity. And that's why we showed in a bar graph we showed a future rates versus CIP. Basically, if we wanted to do more reclaimed water we either need to raise reclaimed water rates, get General

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Fund subsidy or raise their rates. Or get some money from somewhere else.

COUNCILMEMBER VICTORINO: Thank you, Mr. Taylor. Thank you, Mr. Chair for allowing me that question.

CHAIR PONTANILLA: Thank you. Member Hokama?

VICE-CHAIR HOKAMA: I would like to hear it on the record the Department's approach to system expansion. I think one of your global measures you mentioned to us this morning was to expand the system to non-sewered areas. So when you say that, you're talking about the County or you're just talking about a sewer system needs to be expanded to non-sewered areas?

MR. TAYLOR: Thank you, Chairman Hokama, so I can clarify that. The performance measure we mentioned about expanding sewer service to non-sewered areas that corresponds to the big CIP chart and the projects laid out in blue. Those are areas that are sort of within the current sewer areas that aren't sewer. Areas like Maui Meadows, Wahikuli, Stable Road, I can go on. Areas that all around them are sewer but those areas themselves aren't. We would like to sewer those. We don't have any plans to sewer Upcountry or future developed areas that are far outside of our current sewer areas. But that performance measure is really about the last of the unsewered areas within the normally sewer areas.

VICE-CHAIR HOKAMA: You folks have made a line? You folks have drawn a line, I'm assuming then. Were you willing to have the County . . . where you are willing to ask us whether the County should expand or not?

MR. TAYLOR: Because we haven't asked yet, it really hasn't come down to that but the line is pretty simple because these projects are, these areas I mentioned are pretty clear just from a map. There's pretty clear delineations right now just from the roadways of what are the sewer areas and what aren't. So, when you look at West Maui, for example, there's a couple places like Wahikuli, everything is sewer in West Maui except Wahikuli. When you look at Waiehu, everything is sewer except for Lower Waiehu Beach Road between Ho`ohui-Ana and the golf course. You know Stable Road in Spreckelsville, there are these certain areas that are so clearly not sewer when everything around them is sewer. And those are the only areas I'm really talking about.

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VICE-CHAIR HOKAMA: So is the Department's policy currently then that all new subdivisions that are not within these lines are to be private?

MR. TAYLOR: Like everybody else, we're waiting to see the final urban growth boundaries that come out of the GPAC and out of the Council. We . . .

VICE-CHAIR HOKAMA: Let's say that never happens. What is the Department's approach?

MR. TAYLOR: If that's the approach, then what we're looking at is major developments outside of the current line, say 500 – 1,000 homes, things of that size that have the critical mass to build their own facilities then we would be recommending that they build their own treatment plants, and everything within this line that hasn't been drawn of currently sewered areas that we save the capacity for those. And that really comes out of the cost you saw presented. We're going to have trouble funding reliability improvements just within what we have already. So, drawing that line and working with Council . . . kind of understanding where that line is, is real important for us to understand our obligation and our future funding.

VICE-CHAIR HOKAMA: Okay. So, we choose not to do outside of your comfort zone. Then you would agree we should not, if asked, take over private systems?

MR. TAYLOR: We would recommend against taking over private systems. And I want to add that since the Federal funding, the Federal grants program stopped, the County hasn't been in the business of sewerage unsewered areas and that's why. And it's something that we'd like to do but when you look at the per household cost, the cost per house of hooking these up, they're so . . . these things are so expensive that without the Federal grant money, the County has never really been in that business. So the number of houses we've hooked up using County funds has been just a few dozens over the past 20 years. And ever since the Federal grant program dried up we haven't sewerage unsewered areas. So that's why it keeps getting pushed back and why we've been recommending against it. It's really just a cost issue. If there's enough funding, we'd be more than happy to do it.

VICE-CHAIR HOKAMA: But you have no other revenue option for us?

MR. TAYLOR: No, we don't.

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VICE-CHAIR HOKAMA: So, I would assume then that the Department's position would also be that if a proposal of development is outside the reasonable length of our critical mass areas, you wouldn't be supported of systems that would be placed on the County's burden then?

MR. TAYLOR: We wouldn't at this time, and let me just say that if there were enough of them in the future, at that point I think the County could look at taking them over. But when there's only one or two or three, there's not enough critical mass. They have a different operating strategy and it's very difficult for us because we're set up to run large treatment plants. So, if there was ten of them, that's something I think we could . . . you know we could add the staff and take that over. To be honest, right now the companies that do that are all made up of our ex-staff who formed private companies. So you're really getting the same level of experience and commitment. It's just private companies are doing it and they're all made up of our former staff members.

VICE-CHAIR HOKAMA: No, I'm just wondering in advance of potential requests. If we're going to need to expand this type of financial commitment to replace existing infrastructure and you gave us your print, 20-year projection, the private systems must be aging the same as ours, right? So, I'm not confident that they've placed aside monies to do their replacement. So, am I going to get a whiner later on and cry to the County to take care their private systems?

MR. TAYLOR: We hope at least for the new ones you won't. We hope that the newer systems there's enough sophisticated basically homeowner's association management that understand that they need to keep their rates high enough to keep a replacement fund, and they need to start that immediately.

VICE-CHAIR HOKAMA: Those systems at least give you a report that says, you know, we're maintaining the system at certainly quality or current standards.

MR. TAYLOR: They don't give us a report. They give that report to the Department of Health. Department of Health is the regulatory agency for us as well as anyone else that owns and operates a wastewater treatment plant. So, they are inspected annually just like we are. They essentially become their own PUC regulated municipality so they operate under those rules.

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VICE-CHAIR HOKAMA: Okay, Mr. Taylor. But you would not recommend us to take the path that City and County has taken, which is let your system go down the crap chute and wait and pray for Federal appropriations to be bailed out?

MR. TAYLOR: We're certainly not recommending that.

VICE-CHAIR HOKAMA: Okay, Chairman, I'm done for this round. Thank you.

CHAIR PONTANILLA: Thank you. Member Molina?

COUNCILMEMBER MOLINA: Thank you, Chairman. Good morning, Madam Director and Mr. Taylor and I'm sorry, Mr. --

MR. RATTEI: Rattei.

COUNCILMEMBER MOLINA: --Rattei. Thank you. My questions are related to the four expansion positions but those questions have already been asked. Member Mateo did a good job in asking about them. But related to the global performance measures on the presentation, I guess one of the comments concerned that sometimes you hear from the communities regarding odors, and can you elaborate as far as how . . . um . . . I know you mentioned that it depends on how far we want to go in terms of financial resources to addressing any odor concerns. Right now, how are, what's our, I guess, position if you will on odors as far as lot of complaints? Anything we need to be concerned about? And especially I'm more concerned about odors that are toxic, you know. Of course we have the smelly odors but the bigger concern for me in my mind is anything that's toxic out there that the community may be inhaling. Can you elaborate a little further on that, Mr. Taylor?

MR. TAYLOR: Of course. I'd be happy to. Thank you for that question and showing the difference between odors that are obnoxious and odors that are toxic. In the wastewater industry, they are all the former. They're obnoxious. Nobody likes them but they are not toxic. There's been, if you look at some of the other states have standards of what is considered dangerous. Wastewater utilities like ours operate so far under those that we're no where close to any sort of health issues. There's been . . . nothing has ever been brought up to my attention that even the wastewater operator's unions have ever said, hey, being around this is dangerous. It smells, it's unpleasant certainly but we're no where near the

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concentrations of any kinds of odors where there's any sort of long term health concerns. So, we're really talking about nuisance odors and what we do about that is we've got a number of odor control devices scattered around. We have a number of chemicals we add to try to control the best we can. Wastewater odor is something that's difficult to completely control and as we're doing upgraded projects especially at the pump stations, we upgrade the odor control systems. Frankly, the biggest odor complaint that anyone has is the Lahaina Wastewater Treatment Plant that I think everyone knows. And there's nothing easy or inexpensive that we can do to control those odors. We have a project on the books, it's labeled in blue meaning maybe we'll do it, maybe we won't depending on the funding but we're estimating around \$10 million to take a bite out of that odor. It will not make it smell like a flower store, you know, we're still a wastewater treatment plant. So, odors at a plant like that are very difficult to control especially as people start developing high-end residences right up to the fence line. So, we'll do the best we can but it's a very expensive proposition to control odors at a wastewater treatment plant.

COUNCILMEMBER MOLINA: Okay, thank you. I guess I can sleep a little easier at night with Maui being a windy place you know how the odor carries. Okay, thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you, Member Molina. Member Anderson, followed by Member Baisa?

COUNCILMEMBER ANDERSON: Thank you, Chairman. You know I want to get back to the wastewater, well, first before we do that, you know, you showed in your chart, Mr. Taylor, around 1990 you stopped using General Funds. Was the General Funds used as a match to the Federal Funds or was there another purpose in using the General Funds?

MR. TAYLOR: No. General Funds were used because sewer rates were too low to cover our operating costs so they were subsidized by General Fund subsidies just like Solid Waste is now.

COUNCILMEMBER ANDERSON: And do you, is there a specific reason that we stopped doing that? Did we pass an ordinance that said that we had to use a self-sustaining fund of some kind?

MR. TAYLOR: Actually, there's a Federal law that says our operations and maintenance funds need to be self-sustaining.

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COUNCILMEMBER ANDERSON: Oh.

MR. TAYLOR: But not our CIP or our debt service. That was really a County policy decision by the County Council that the County Council wanted Wastewater to be more like Water and be self-sustaining from a financial standpoint.

COUNCILMEMBER ANDERSON: We're a long ways from that aren't we? And then one other quick question. When you were explaining to Member Victorino about the cost for the reclaimed water, the cost to the consumers is \$.97 per thousand gallons. So who collects that money? Is that collected by the Water Department?

MR. TAYLOR: We bill for that.

COUNCILMEMBER ANDERSON: And you get the funds?

MR. TAYLOR: That's correct.

COUNCILMEMBER ANDERSON: Okay, good. So, you know, I know that it's all about reliability and I understand the expansion, you know, within the existing system. But it's a little bit concerning that in ten years you only hope to increase the use of reclaimed water to 55 percent of its total volume. And could you just explain to us why that is? And also, Mr. Taylor, you know, I haven't looked at that chart over there but could you maybe give us some round figures on what it would cost to put in lines to better utilize that water?

MR. TAYLOR: Sure. I can try to do that. One of the reasons that using reclaimed water is so expensive is that by DOH law, by ordinance, or by State Statute I suppose it is, you're only allowed to use reclaimed water where there is a kind of commercial manager who's watching over what you're doing. So you can't use it at residences; it can't be used. So to make it cost effective for any users you need large areas that are currently using potable water that you displace in order to have any sort of displacement over reclaimed water. So you're talking about things that are tens of acres using potable water where there is a manager to run it. And when you look at those, they're really very few. Most of the golf courses are using brackish water. Keopuolani Park is using brackish water. We would need some really large irrigation areas to use a lot of reclaimed water all in one place. So, otherwise, we would need to run

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little lines all over the place and because there's so little volume the critical mass isn't there and the cost effectiveness sort of plummets. So, that's why it's so expensive to use it. To give some really round numbers, we met with the Water Department just last week about this. Our rough number for developing reclaimed water lines and start using our water is probably in the neighborhood of between \$10 and \$20 per gallon meaning to use one gallon or to use a million gallons we're probably going to have to spend ten or twenty million dollars. Whereas the Water Department . . .

COUNCILMEMBER ANDERSON: Wait a minute. Explain that to me, please.

MR. TAYLOR: Because we would need to build a whole parallel water distribution system just like the Water Department. It's pipes, tanks, pmps.

COUNCILMEMBER ANDERSON: That's what I'm getting at. It's distribution system.

MR. TAYLOR: Yeah. We would need to build that and we would need to upgrade the plants to make the higher quality water, higher quality reliable water that we currently don't make that much of. We don't make R-1 water and put it down the wells. We make lower quality, R-2 water, and put that down the wells. So, first of all, we need to upgrade the plants so that we can have a higher volume of R-1 water, so that costs money. Then we need to build a whole parallel distribution system with pipes and tanks and booster pump stations just like the Department of Water Supply's. But because the volume we're talking about is so much lower, there's not as many people to spread it over so the cost per gallon is so much higher than theirs. And really, this is just an economics question. We could use a hundred percent of it for enough money. But even at 50 percent, increasing it from 22 percent to 50 percent, you're probably talking about somewhere in the neighborhood of \$60 to \$80 million to try to use another five to six million gallons a day. You're talking about numbers like that because we have to build these entire new core distribution systems and there's not a lot of users. So, that's the kind of philosophy behind the economics of it.

COUNCILMEMBER ANDERSON: Well, there could be a lot of users if we required them to use the recycled water instead of the brackish. And have you done any kind of, you know, plan . . . a plan to see where there's ag use that is in close proximity to lines that you could extend? I know you folks use or send R-1 water to the Monsanto Plant by the Kihei

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Wastewater Treatment Plant. And I guess they're maybe your bigger user of all that water.

MR. TAYLOR: They are our large user and we have master plants for each area about what would be the . . . I don't want to call the low hanging fruit, the next lowest hanging fruit. So one of the big questions is, do we want to use reclaimed water just to use it or do we want to use it to displace potable? And those are two completely different uses. If we want to use it to displace potable, that's really expensive because now we've got to search out the people using potable that can be displaced. If we just want to use it and if the County wanted to buy thousands of acres near the treatment plant and just make a forest, that's not very expensive. But if you wanted to be beneficial for someone then we have to find the people who have that need and you know then we have the economics of the distribution systems.

COUNCILMEMBER ANDERSON: And so can you just briefly give me . . . this is the first I've heard that you inject R-2. I thought you were injecting R-1. What's the difference between R-1 and R-2?

MR. TAYLOR: The difference between R-1 and R-2, uh, there are a number of differences. There is the constituent of what's in it and how it is disinfected. The big reason that our water that we're injecting is R-2 because it isn't disinfected either with ultra-violet disinfection or a long enough chlorine retention time. That characterizes it as R-2 even though it is, if you look at it, it looks just like R-1 but because of the disinfection methodology it isn't considered R-1. So, we need to upgrade those disinfection methodologies in order to make all the R-2 water R-1.

COUNCILMEMBER ANDERSON: All right. Let me just take that one step further to make sure I understand. If you're not disinfecting it then there could be some kind of bacteria in it that's being injected?

MR. TAYLOR: I'm not saying that we're not disinfecting it. It's just that there are greater disinfection requirements for R-1 than there are for R-2. So we meet all the Department of Health requirements for disinfection for putting it down the wells. If we're going to use it for R-1, then we have to increase that disinfection so it meets the R-1 requirements.

COUNCILMEMBER ANDERSON: So is there potential bacteria in R-2?

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MR. TAYLOR: The Department of Health requirements are modeled after the National EPA requirements to basically kill any viruses and kill any pathogens. That's what disinfection is. So to say, are there any? There aren't supposed to be any. That's the whole reason for the disinfection. And the reason for the higher level of disinfection is because there's such a greater chance that anybody might come in contact with irrigated water that you have a higher disinfection requirement.

COUNCILMEMBER ANDERSON: I see. But do you think the higher level of disinfection in R-2 is sufficient that you're not injecting bacteria into the ground?

MR. TAYLOR: What's important to know is that the injection wells are . . . put the water into the ground, that water is filtered through the ground probably for two to five years based on the hydro-geological studies that have been done. And so anything that's in there is going to be degraded or absorbed or something before it actually gets into the ocean.

COUNCILMEMBER ANDERSON: So what I'm hearing you say then Mr. Taylor is that it's really not cost effective for us to pursue increased use of R-1 water?

MR. TAYLOR: It depends on what cost effective is. We talked about this just last week with the Water Director is that from a water resource standpoint if they can get West Maui water, East Maui water, Na Wai Eha water, that's going to be far less expensive and far more economical than reclaimed water. They can get that water, they can put it into their existing piping system. If the Department of Water Supply runs out of options and they get kind of forced into desalination, reclaimed water may be cost effective against something like desalination for life cycle costs, maybe. But it's certainly not going to be cost effective if they can get less expensive water from either surface or other wells.

COUNCILMEMBER ANDERSON: And I'm just going to pose this question. If we have people using in South Maui using brackish water for golf courses, condominium landscaping, hotel landscaping and such, and that water turns to brackish, too salty to actually continue using, and I've heard that that's the case on some of these brackish wells already. What I'm trying to find is if you've done any kind of planning or research into what it would cost to put in some, you know, you've already have R-1 lines fanning out from the Kihei Wastewater facility. So have you looked at

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any cost in expanding those lines so we could use more of that R-1 water that we currently have that's just being injected?

MR. TAYLOR: Those costs are represented in the purple labeled projects in the 20 year plan. But to answer your question in kind of a wider realm, if people want the water . . . *(end of tape 2A - 10:55 a.m.)* . . . We didn't pay a dime for the reclaimed water system there. We had our plant, Castle & Cooke needed the water, they built an ancillary plant to treat the water to a higher standard, they paid the operating costs, they used 100 percent of the water. It didn't cost the County anything. So we've got another project, you'll hear about this tomorrow when we go through CIP from a West Maui group that wants the water and they're looking at actually crossing this off our chart and paying for it themselves because they want the water. So when it really comes down to a water resource need, if people really want it and they're really willing to pay the construction costs, we know exactly what they need and we basically give them a very precise list of what they need to build. And we are working on those, we're trying to coordinate those with some developers who want the water. So just because it's not in our CIP budget it doesn't mean it's not going to happen. And if there is a wish for people and if they want the water, they may build these systems and dedicate them to us those will not show up in our budget but we'll have them just the same.

COUNCILMEMBER ANDERSON: And so you haven't done any cost analysis for expanding the R-1 distribution lines off the Kihei Wastewater Reclamation Plant?

MR. TAYLOR: We do have, we have a South Maui reuse expansion master plan that goes into what we have to build and how to expand it. The issue isn't just expanding the lines. We probably need another tank more implant, disinfection and et cetera, et cetera. So it's not just a matter of just tapping the lines. We would need to add to the production volume that we can actually make and produce.

COUNCILMEMBER ANDERSON: Okay. So, Mr. Chair, could we get a copy, request a copy of that, the South Maui reuse master plan?

CHAIR PONTANILLA: Yes. We'll make that . . . propose that to the Department as well as what you're just asking in regards to the cost.

COUNCILMEMBER ANDERSON: Okay. Thank you. Thank you, Mr. Taylor.

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CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: I'd like to thank Member Anderson and Mr. Taylor for that education on the use of the R-1 water. It was what I was going to dig into but not quite as thoroughly. But my other question is probably a lot simpler. And I speak to a lot of people wherever we're at and they will comment on sewer fees. And they get annoyed or do not understand how those are computed in relationship to water and they don't quite understand how that works. I think it would be a very worthwhile thing if you could just briefly tell us how you relate sewer fees to water fees because there's always the question I don't use all of the water I use and put it down into the sewer?

CHAIR PONTANILLA: Department?

MR. TAYLOR: Thank you, Member Baisa. That's a complicated question but I'll try to maybe over simplify it. We know that people don't put all the water they use down the sewer, which is why a big rate study was done a number of years ago where some analysis was done and said people use "x" percent. I think it was something around 60 percent or something of the water they use goes down the sewer. So, that's the amount that you build on. I don't say that's the amount you build on. That's what the rates are com . . . the rates are put together knowing that. And then the rates are further broken down this study years ago looked at how strong your wastewater was, how much stuff there was in it, and different uses whether it was residential, commercial, hotel, restaurants had different strengths of wastewater. So that was also crunched together and that's what our rate model really has in it is, it makes a correlation between how much potable water you're using and what your share of the sewer bill is based on your use and how strong your wastewater is. It should be noted that the commercial places that have two meters some have a meter for irrigation, potable meter for irrigation and another one for domestic use. They are not charged for wastewater on the irrigation water meter. So people that do separate them don't pay it, and those rates are obviously adjusted because we know that a hundred percent of what they're using is going down. So that is all taken into account with the rate structure.

COUNCILMEMBER BAISA: Thank you very much. I think it's very important to make that point because that continues to be a misunderstanding. People don't understand that you have already computed an allowance for the actual amount used for potable purposes. Thank you.

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MR. TAYLOR: Just to follow up cause you just brought that up. I just want to point out that when people are doing water conservation as we know we've heard that there's water conservation in Central, that is, we're getting just as much waste and just as much wastewater because what people are doing is they're cutting their irrigation. So we're getting just as much as we ever did and we're getting less revenue. So if that continues in the future, we may have to raise our rates to compensate just basically to get you to write the same check that you wrote last year now that you're using less water because you're giving us the same amount. So there is, you know, we are concerned, we watched these water conservation and, of course, we're in favor of water conservation but they're conserving on their grass and they're giving us just as much but paying us less. So that's a real issue that we watch and you know that's the down side to that whole situation.

COUNCILMEMBER BAISA: You know I'm really glad you brought that up because I have been a very big advocate of water conservation and that is an unintended consequence that I didn't think about. Thank you.

CHAIR PONTANILLA: Thank you, Member Baisa. Members, at this time, the Chair will call for a ten-minute recess. We'll take a mid-morning break and we'll return at 10:55. This meeting is in recess. . . . (*gavel*) . . .

RECESS: 10:45 a.m.
RECONVENE: 10:59 a.m.

CHAIR PONTANILLA: . . . (*gavel*) . . . The Budget and Finance Committee meeting is now reconvened. Members, are there any more questions in the Administrative Program for the Wastewater Fund at this time? Okay, thank you. So, we're going into Operations Program. That's Page 5 of 12 . . . on the handout. Members, any questions? Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. And yes, I just wanted to get some more information under Operations on 5 of 12, under Wastewater Operation and Administration, you have paint and paint supplies which is increased by 1,337 percent. What are you doing that was different from previous years?

MR. RATTEI: Thank you, Councilmember Medeiros. I can answer that for you. The main reason that went up as much as it did is because one of the four positions that we are asking for is a Painter I.

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COUNCILMEMBER MEDEIROS: And Painter I, what will he be painting, mostly the treatment plants?

MR. RATTEI: It's basically going to be a full-on corrosion control program. In the past we've done with outside contractors. We've done an evaluation and determined that we're actually going to get a bigger bang for a buck by hiring an in-house painter. So, yeah, treatment facilities, pumping stations, piping, buildings, valves at our stations, a lot of our emergency response valving and piping.

COUNCILMEMBER MEDEIROS: I see. So would you be able to utilize a laborer to assist the painter or is that position a one person position?

MR. RATTEI: For now, it's just going to be a one person position. He's going to have a vehicle, painting equipment that you referred to. He would be used throughout the entire Division. We don't presently have any laborer type positions but we certainly have assistant operators, operators, mechanics that can assist for some of the bigger projects.

COUNCILMEMBER MEDEIROS: And your electricity for the treatment plants which increased 5 percent, which is conservative considering the unpredictability of electrical costs coming up. So are you comfortable with that 5 percent?

MR. RATTEI: Yes. Yes, that's our best estimate and we feel comfortable sticking with it.

COUNCILMEMBER MEDEIROS: Okay. And I noticed under the Lanai Wastewater Treatment Plant, there was no electrical cost but then I looked at the top and this table is only for increase and decrease of 5,000 or more, right? Okay. Under Equipment, you have several trucks and vehicles. Are these replacements of existing vehicles, which is on 6 of 12?

MR. RATTEI: Basically, for our vehicle breakdown our Vehicle Replacement Program is on our Asset Management System. Overall just to give you a little bit of background about all our vehicles, we have about 75 vehicles division-wide and estimating about a ten-year life span per vehicle we would normally be asking year in and year out for about seven or eight vehicles a year being replaced. This particular year, we're actually asking for six replacement vehicles, and two additional vehicles are associated with the expansion positions.

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COUNCILMEMBER MEDEIROS: I see. And on your vehicles you did mention that you have a ten-year replacement program. Who does the maintenance on your vehicles?

MR. RATTEI: Our central baseyard does a majority of it according to their availability that they have. Otherwise, we'll hire out private shops to do our repairs and some of the minor repairs we do in-house with our mechanics.

COUNCILMEMBER MEDEIROS: Okay. So you do have automotive mechanics within your . . .

MR. RATTEI: We don't.

COUNCILMEMBER MEDEIROS: No. So who does the maintenance if they're not mechanics?

MR. RATTEI: Highways Department.

COUNCILMEMBER MEDEIROS: Oh, the Highways.

MR. RATTEI: Yes.

COUNCILMEMBER MEDEIROS: Okay. All right. So are your replacement or your expansion vehicles normally purchased or leased?

MR. RATTEI: Normally purchased.

COUNCILMEMBER MEDEIROS: And so the vehicles they're replaced they're normally traded in?

MR. RATTEI: Yes. I believe they're auctioned off. Highways handles that.

COUNCILMEMBER MEDEIROS: Okay. All right. Thank you, Department. Mahalo, Mr. Chair.

CHAIR PONTANILLA: Thank you. Member Molina, you've got questions? Member Hokama?

VICE-CHAIR HOKAMA: Chairman, thank you. I think Mr. Medeiros brought up a good point, Department. I think what would be helpful to you to help Mr. Pablo is tell us on your Equipment list that the same page Mr.

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Medeiros referred to is being replaced or if it's all being replaced and what is it replacing. You have a \$800,000 shopping list for us and this would be helpful for us, Department. Every year, by State law, all departments are required to sign off an inventory list of all County assets. You guys are very much aware of this and I am considering to propose a proviso that unless you folks sign off that inventory, you cannot get anything brand new. We want to know exactly what the departments have. If your Division is up to speed and snuff, you wouldn't have a problem certifying that inventory, signing off and getting those new equipment or replacements. I'm tired of hearing of phantom cars, phantom equipment. So if it doesn't exist, we'll write it off our books and we'll certify that to be true. But if you folks cannot sign off that certification, then this Committee needs to know then why, what's the problem and how do we resolve the issue. We would not like to have this County be in noncompliance with this State Statute. So, I just share that with you and, of course, I'm going to share that with all the departments and with Mr. Pablo since he and the Director of Finance needs to get this squared away for us. That would be my request under Equipment, Department. But under Operations for Lanai, I am looking at a total of about maybe 200 acres, 50 acres for the school, another 65 for our County's housing. Castle & Cooke is looking at another 30 acres for housing. They have plans to do improvements to the commercial areas so I'm looking at 20 plus acres. There may be some residual properties on the side. So what I need from you from Operations is to let us know how we're going to move Lanai forward. We're going to maintain the pond system. We're going to go to a fully reclamation program with the belts and whistles and have it at R-1 quality. Are we needing to look at a new site? Can we stay at the current site with expansion requirements because we are moving the County's housing project forward. The school is moving their project forward. Castle & Cooke is moving their commercial renovation and rehabilitation program forward. Nothing is permitted yet people but it's moving and so I am expecting everything will be connected to the County system. And if we're going to start planning, we need to do it now because you know, hopefully, with our Council's support in a matter of two or three years those County housing units will be starting to pop up. I have no idea what the company's commercial they already got zoning so they need to do a community information, get their engineering, architectural plans, check with you on capacity and other issues and then I expect them to be able to go in less than two years for construction. So I present you this scenario because I would like us to be ahead of the bullet than behind the bullet if I can put it that way. Comments please?

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MR. TAYLOR: We're aware of Castle & Cooke's program. It's actually being reviewed by our planning engineers right as we speak. Basically, the plant right now is about three-fifths at capacity

VICE-CHAIR HOKAMA: Okay.

MR. TAYLOR: So if you imagine Lanai increasing in size about 40 percent, that's about how much the current pond system can handle. And I know that the Castle & Cooke would like more water to run through their auxiliary plant, more reclaimed water, so I'm sure as long as the growth is within those parameters, we should have capacity for all of that.

VICE-CHAIR HOKAMA: You're comfortable to last us the build-out of those projects or for the next 10-20 years?

MR. TAYLOR: It really depends on the size. I mean, we took a quick look at the Castle & Cooke proposal. Basically, that happens to the full extent it's basically going to max out the system, you know, that with a few houses here and there and that would be about it. So that's another thing we're going to work with them, we'll follow up. We'll see how again the General Plan and the Lanai Island Plan goes and we'll make our plans based on how some of those things evolved.

VICE-CHAIR HOKAMA: Okay. I want to, however, bring up a point Mr. Molina brought up earlier, gentlemen, and lady Director. Lanai is ponds, you know that, I know that. The way the project seems to be going from south of the school and then east with Castle & Cooke's 30 acres potentially abutting our 65, we're getting closer and closer to the ponds. Then the issue that was brought up earlier by my colleagues of smell and other things because it's a pond system become more of a determining factor. So, I'm assuming everything is being taken into consideration for how we're going to move this forward because you know someone like me or whoever sits in this seat is going to need to deal with those community issues after we do it and I hope we can eliminate it by doing good engineering ahead of it. So, is that part of your calcu . . . I guess we'll talk about that in rates, Mr. Taylor, on how we're going to generate revenue to do this requirements. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Member Victorino?

COUNCILMEMBER VICTORINO: Yeah, Mr. Chair, thank you. Really my question basically evolves around, you know, when you're looking at

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equipment, not equipment but electrical parts and supplies especially in Lahaina knowing that Lahaina continues to grow and Kihei also. I see a decrease in that area of, well, not in Kihei, but in Lahaina of 95,000 for electrical parts and supplies. Interesting and I always like to know why we're saving when we keep growing. And I'm reading off of this – between 2008 you spent in Lahaina - 5-52? This is off the summary sheet, yeah? I'm sorry, I was reading right off of the summary sheet. I didn't mean to confuse you.

MR. RATTEI: No, no, we're looking at it here.

COUNCILMEMBER VICTORINO: It's kind of an interesting question considering that Lahaina I've been told is at capacity, you know, there's older equipment there and so I just was curious as to how we come out with that, and if that's an accurate. . .

MR. RATTEI: Basically, when we put the budget together we're looking at a previous five years of expenditures for all of our line items across the board. This, uh, reduced from 295 to 200,000 yeah, that's basically just based on the expenditures over the last five years. Some years are higher than others but it's just based on expenditures. We have been doing a little more work from our central maintenance sections as well which does tend to reduce some of the monies coming out of the individual plants. I can get further detail on this if you wish but I can just tell you that it is based on the historical expenditures that we've had out in Lahaina.

COUNCILMEMBER VICTORINO: Okay. I guess if you could provide something in writing, Mr. Chair, to the Committee because I think it's such an important, you know, each . . . when we look at these budgets and that's nearly a hundred thousand dollar savings. We hate to see something go wrong and then you come back with a budget amendment needing more money, so.

MR. RATTEI: No, definitely not. We look at division wide. We have a pretty comprehensive asset management and replacement program so we've evaluated our equipment, our pump stations at the Lahaina side and we feel comfortable with this reduction.

COUNCILMEMBER VICTORINO: Okay. And then the other question I had under the Professional Services I see a decrease there and I don't know if there's an explanation for that one but on 5-48, on same page 5 of 12, I see a \$10,000 decrease. I don't think that's a major issue but are we stopping

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doing something under the Professional Services or are we doing something in-house is that what's . . . (*inaudible*) . . .

MR. RATTEI: Not at all, not at all. What we've tried to do is again looked at the last five years worth of expenditures and tried to be as realistic as we can with our costs so there's some fluctuation back and forth based on that. Some years there's more contractual type work that goes out than others. But as you mentioned, a \$10,000 reduction is really pretty miniscule compared to some of the other line items that we have for repair and maintenance.

COUNCILMEMBER VICTORINO: Well, the reason I was asking is I thought maybe one of these expansion positions like accountant clerk or something like that maybe one of those where it attributes to some of lessening of the professional service requirements. That's the only reason. You know, I'm just kind of like . . .

MR. RATTEI: Understandable.

COUNCILMEMBER VICTORINO: That was my logic behind that but thank you very much. And thank you, Mr. Chair, for allowing me those questions.

CHAIR PONTANILLA: Thank you. Member Mateo?

COUNCILMEMBER MATEO: Chairman, thank you. Maybe if the Department can provide clarification for me of the program 7-16 listed under Molokai. The number one item that reads – completed pump force main replacement. This is under your 2007 accomplishments. Is this the same project that we funded in 2005 that's now completed that was an emergency . . .

MR. TAYLOR: That's right. That project is completed and it is on line.

COUNCILMEMBER MATEO: Thank you very much. Next question would be – if you can tell me what triggers the expansion for the treatment plants?

CHAIR PONTANILLA: Department?

MR. TAYLOR: State law Chapter 62 which is overseen by the Department of Health says that when your treatment plant is at 75 percent of its capacity you have to start a facility evaluation plant. And when you're at 90

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percent of your capacity you're suppose to start construction of expansion. So those are the two legal triggers.

COUNCILMEMBER MATEO: And at this point, Mr. Taylor, none of our plants are existing or meeting the 75 percent trigger that would require the initiation of plans for expansion?

MR. TAYLOR: Actually, the Lahaina plant is and we've recently completed that facility plan and the Kihei plant may be getting close to that and you'll see when we go over CIP tomorrow we are asking for funds to do that . . . to do that evaluation in this year's budget.

COUNCILMEMBER MATEO: Okay, so at this point if we're looking at the next five years then we're just looking at the Kihei plant?

MR. TAYLOR: Well, the Lahaina plant is already --

COUNCILMEMBER MATEO: Lahaina excuse me.

MR. TAYLOR: --in that range. So we're looking really close at that Lahaina plant. We need to do a study for the Kihei plant to kind of figure out are we at 75 or are we at 62 percent or are we at, you know, at 78 percent. So we needed to kind of figure that out and that's the point of the facility plant.

COUNCILMEMBER MATEO: Okay, thank you. And then taking it back to my district then where is the Molokai plant at this point?

MR. TAYLOR: Molokai actually is in that range of the 75 percent but the Department of Health actually told us that because there does not seem to be a great demand for a lot of capacity they actually told us that we didn't have to start the facility plan there yet because there doesn't seem to be population growth pressure.

COUNCILMEMBER MATEO: It seems kind of ironic because the County facility only goes up to prior to Hotel Molokai and there's additional residence that do want to hook up but it's the County's limitation in providing the service. So we've got this Catch 22 situation. The County would get more service if the County would expand and yet the County is not expanding because DOH is telling you not to. So dilemmas. Thank you.

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CHAIR PONTANILLA: Thank you, Member Mateo. Member Anderson?

COUNCILMEMBER ANDERSON: Thank you, Chair. You know when you were discussing with Member Baisa regarding irrigation, conservation of irrigation water, you said that on this the unintended consequence I don't think any of us really thought about this before that as water use is cut back for irrigation the use of your facilities is not cut back. So there's and that means your billing goes down. As water use goes down your amount that you bill goes down. So, what is, have you looked at what the differential is?

MR. TAYLOR: Yes, our accountant took a look at that and that's, there's basically a percentage that you have to choose about what percent are you assuming of the total water usage is going down the sewer? And she looked at last year's numbers and I believe she modified that a little bit to try to compensate this. So, it's not perfect. If everybody shuts off their irrigation tomorrow and never irrigates again, we're going to have a huge revenue shortfall. So, it really . . . it depends on how much that happens. And if that happened then we can compensate for it if we knew about it. But we really can't compensate mid year. So our accountant crunched the numbers and made her best estimate about what we're expecting next year and that's a basis of the rates.

COUNCILMEMBER ANDERSON: You're not going to tell us what that was?

MR. TAYLOR: I don't know remember the percentage. If I recall, I think it's somewhere around we assumed something like 60 percent of the water goes down the sewer. I don't remember exactly what that number is but I can get that for you.

COUNCILMEMBER ANDERSON: You know if the accountant has done the number crunching, then I think the Council needs to see it for our long range planning because we are moving in the direction of water conservation on many levels. And you know as we cut back the use of water for irrigation how it's going to impact your Department's revenue is very important for us to know. And even if you don't have specific numbers you must have you know some general idea and I think, you know, if we can just get some idea, Mr. Chairman, on that it would be helpful.

MR. TAYLOR: We can get that for you. And just to be clear we support water conservation and using less water doesn't hurt our system. We just need

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to sort of adjust our billing numbers so that we get everybody to write the same check they wrote last year even if they're using a little less potable water. That's really just an accounting number crunching thing, but we can get you those numbers.

COUNCILMEMBER ANDERSON: Yeah, I mean, that's what we need to be aware of, Mr. Taylor, because we want people to conserve water but we certainly want to know what kind of adjustments need to be made to offset the loss of revenue that you folks depend on to operate the system.

The other question I had was on you mentioned you had a South Maui reuse plan, is that what you call it?

MR. TAYLOR: That's what I refer to.

COUNCILMEMBER ANDERSON: South Maui Reuse Master Plan.

MR. TAYLOR: I'm not sure. I know we had a consultant do that a number of years ago and our Reclamation Coordinator Mr. Parabolicoli has kept that updated. I don't know that we have something with a title that says, South Maui Reuse Water Master Plan that's updated but we certainly have that information that our staff member puts together where he keeps track of who wants reclaimed water, what would it take to get it to the people and that's where these numbers on our CIP plan comes from. So that's the information we can get to you. I'm not sure whether it's bound in a title of something that has that name.

COUNCILMEMBER ANDERSON: Well, in 1992, the Council funded a study by Brown and Caldwell called the South Maui Water Reuse Feasibility Study. And you know it gave us some very specific directives on how to utilize reclaimed water and the potential users in the South Maui area. Actually, the study said that South Maui is the most prime area for making use of reuse water and there are, you know, cost benefit figures in this study. So I'm just wondering if the study has been, and by the way, Makena Resort, Wailea 670 were two prime users. I guess we've missed that opportunity but I'm just wondering if the study that you're mentioning is an update of this study and that Mr. Parabolicoli is still looking at any kind of cost figures cause I really do think it is a policy decision and obviously a previous Council thought it was a good idea to spend this amount of money and lay out this study. It gives us the whole plan here. So, I'm wondering if what you're working on now is just . . . *(end of tape 2B - 11:25 a.m.)* . . . this or or something new.

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MR. TAYLOR: That's correct. That's what Mr. Parabolici, that's one of his role is he continually updates that. When you mentioned Makena and Wailea 670, for example, both of those are building their own . . . will build and have their own treatment plants to do 100 percent reuse. So, those changes have actually increased the total percentage of wastewater generated on the island that is reused even though it's not our systems, it is reuse wastewater. So, Mr. Parabolici updates those. He keeps in touch with people who may want to use the systems. We update numbers from time to time and that's why whatever we have is sort of an update to that core system. Basically, the plants up on the top of the hill you have to have tanks up above that, pumping systems to get to it and then distribution lines. So it doesn't matter where those are, where those tanks and lines are to get to the users but the general concept of what's in that plant hasn't really changed, just the details.

COUNCILMEMBER ANDERSON: Well, you know, it is the details that make it work. So, if maybe we could find out there is a list, maybe you could ask Mr. Parabolici to give us an update on Page 5-6 of the study. It has a whole list of sites for potential reuse of reclaimed water. And I'm just wondering if we could find out which, if any of these, are being utilized or being planned to be utilized. And if you folks want me to get you a copy of this page, I'd be happy to do that.

MR. TAYLOR: We have that. Mr. Chair, if I may ask. There was a current, there was a past question that came up, I think it was the fourth question that came up earlier, if this request could be tied to that to maybe just ask us a general, provide an update on the current status and future plans and possibilities of using reclaimed water in South Maui that would allow us to just put that together and submit it to the Council. I think that will meet the intentions of what Member Anderson is asking for.

COUNCILMEMBER ANDERSON: Thank you, Chair.

CHAIR PONTANILLA: Thank you. And once we receive that information, I think would be put on a committee item so that the Committee can review the total program but that particular plans that you do have for the Kihei area, Kihei-Makena area. Member . . .

COUNCILMEMBER ANDERSON: Chair, if I just could follow up real quickly.

CHAIR PONTANILLA: Okay, go ahead.

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COUNCILMEMBER ANDERSON: I'm just going to name a few County parks and you tell me after I've named them which have utilized the recycled water. Kalama Park, Kamaole Parks (all three), Wailea golf course, Piilani Park, Kihei School . . . Loko ia ko ie ie Park (sorry about that), Kihei Memorial Park, Kihei Community Center, Kilohana Park, Hale Piilani Park, Kihei Regional Park.

CHAIR PONTANILLA: Department?

MR. TAYLOR: I believe Kalama Park, the Piilani or the Kihei Community Center and the, I think Piilani Park, I believe that refers to a little park that's right along our line, and those are basically the projects that are along our limited alignment. The alignment runs north from the plant on the North-South Collector Road corridor basically to the . . . just pass Piikea Street. So, every thing that's on that alignment is using reclaimed water but that is the extent of the current distribution system. So everything that is not along that alignment is not using reclaimed water. There is a special line that goes all the way to Kalama Park.

COUNCILMEMBER ANDERSON: What about Silversword Golf Course?

MR. TAYLOR: They're right next to the treatment plant so they basically have their own service. And they've been using reclaimed water from the plant ever since they were built.

COUNCILMEMBER ANDERSON: They have?

MR. TAYLOR: Yes.

COUNCILMEMBER ANDERSON: Okay, great. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Quick question. On Page 5 of 12 of the handout, Item 551 under Wailuku-Kahului Wastewater Treatment Plant, I'm curious. There is that 89.3 percent increase in water. What is that about?

MR. TAYLOR: Increase in water rates.

COUNCILMEMBER BAISA: That much?

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MR. TAYLOR: That's our potable . . . that's based on past years when we tried to balance or average out what we've been spending and then we take into account the proposed new water rates and we make our best estimate. But the bottom line is we pay what we get charged by the Department of Water Supply. So if we don't spend all that money, if we don't use that much water then we won't spend that much.

COUNCILMEMBER BAISA: So there is an adjustment involved in here along with the likely proposed increase in water 'cause I don't think we're ever going to raise water rates by 89 percent.

MR. TAYLOR: No, it was, it was . . . basically we look at last year's use and the year before use, balance that out, add in the increased water rates and come up with our best estimates.

COUNCILMEMBER BAISA: Okay. Thank you. It just looked kind of funny. Thank you.

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

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. I'm sorry that I'm going to jump back a little bit. With all these different documents that we have I just saw this and it may have been answered already. But under the Details of the budget on Page 5-38, under Wastewater Administration and under Services, what changed from '07 to '08 that required a budget of almost half a million dollars for computer services?

MR. TAYLOR: That line item is what we pay the Department of Water Supply to process our billing.

COUNCILMEMBER MEDEIROS: Oh, I see.

MR. TAYLOR: So, we basically just pay the bill.

COUNCILMEMBER MEDEIROS: So, your billing through the Department of Water Supply was not in effect in the 2007 year?

MR. TAYLOR: I don't have those numbers in front of me.

COUNCILMEMBER MEDEIROS: Because it shows zero.

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MR. TAYLOR: I shows zero? Oh, the reason everything shows zero . . .

COUNCILMEMBER MEDEIROS: Well, just 2007 shows zero.

MR. TAYLOR: The reason it shows zero is because, my understanding of this is because we became our own department we got all new index codes. So everything from before we were . . . these index codes had zero value in the past so that's why everything is zero because it's almost like they started off fresh with new index codes. It wasn't really zero. It was an index code that was in the Department of Public Works and Environmental Management for the same amount.

COUNCILMEMBER MEDEIROS: So this \$466,088 in '08 was paid to the Department of Water Supply to do your billing?

MR. TAYLOR: That's correct.

COUNCILMEMBER MEDEIROS: I see. Thank you, Department. Mahalo, Mr. Chair.

CHAIR PONTANILLA: Thank you. Member Hokama?

VICE-CHAIR HOKAMA: Chairman, what I would appreciate and I'm going to ask Environmental Management but I think we should ask all the departments, I really need to know the amount of employees and the space we utilize that's under the County's ownership. And accordingly, how much are you leasing? How many employees are being housed in those leased spaces and type of employees, whether they're management or operations.

MR. TAYLOR: I have the answer for us. The only space that we lease is One Main Plaza. We have, I believe, 18 positions in One Main Plaza and they're all engineering, administrative or support. All of our operations people are at our baseyards where we own all those and we don't lease that space.

VICE-CHAIR HOKAMA: Okay. Those that are in One Main Plaza, Mr. Taylor, will be yourself also?

MR. TAYLOR: I'm at One Main Plaza.

VICE-CHAIR HOKAMA: The Administrative staff of the Division?

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MR. TAYLOR: That's correct. And the engineering staff, the pre-treatment staff.

VICE-CHAIR HOKAMA: Okay. So, anything whether it be water quality testing that would be at the plant sites?

MR. TAYLOR: Yes. Most of that is at the plant sites. We do have some field work done by some of our planning groups who do go out and do some field testing. The engineers who do our project development are based in One Main Plaza. But basically wherever the construction is, we have inspectors, we have our pre-treatment inspectors. We do have a number of people that get in their cars often and go to other places.

VICE-CHAIR HOKAMA: Right, right, right. Okay. That would be helpful for us what your division occupies, if it's 10,000 sq. ft., 5,000 sq. ft., and what they're assessing your Division.

MS. OKUMA: Council Chair Hokama, there is a major County effort right now doing a space study basically. And I believe that the Council has also been attending through your representative so there is a whole Countywide effort on this and we have been providing information to the consultant who is expected at some time before the end of the year to come out with a report.

VICE-CHAIR HOKAMA: That won't help you with your budget request though, Director.

MS. OKUMA: I'm sorry.

VICE-CHAIR HOKAMA: That would be too late to help you with your budget request.

MS. OKUMA: Yes.

VICE-CHAIR HOKAMA: I'm done, Chairman. Thank you.

CHAIR PONTANILLA: Members, any more questions? Seeing none. Let's see that concludes the Program Budget for the Wastewater area. Chair would like to thank the Department, Wastewater Division for being here this morning. Now, we'll bring up the Solid Waste.

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Members, the HSAC meeting is at 1:00 so . . . I thought it was 1:30 but it's at 1:00.

VICE-CHAIR HOKAMA: So, Chairman, can you tell us how you plan to . . . what you want accomplished between now and . . .

CHAIR PONTANILLA: This morning, if we can have an overview by the Budget Director in regards to the Program Budget for the Solid Waste Fund, and then we'll pick up the Solid Waste area tomorrow morning to complete the Program Budget side and then go directly into CIP soon after that. So, Members, I don't see . . . well, the intention right now is to adjourn this meeting at noon to give you your hour and a half for your lunch break --

COUNCILMEMBER VICTORINO: Hour.

CHAIR PONTANILLA: --if there's no objections to that?

COUNCILMEMBER VICTORINO: No objections.

CHAIR PONTANILLA: Thank you. Director?

MR. PABLO: Thank you, Chair. If you go to your Pages 7 through 12, this is the area which would cover the Solid Waste Program or the Solid Waste Fund. And that fund is broken up into five programs – the Administration Program under the Director, there's a Landfill Disposal Program, Residential Collection Program, Diversion Program, and now also the Abandoned Vehicle, White Goods Program. Page 7 is the Administration Program and you'll see that the major change is a \$1.7 million increase over '08 and primarily that comes from the Countywide costs which are allocated to the Solid Waste Fund. And one of the major items, you'll see, there is OPEB contribution. This is something new for '09 all the special revenue funds and enterprise funds are charged for the OPEB.

The second program is the Landfill Disposal Program. This is probably where you'll see most of your changes in Fiscal Year '09. Here the program is requesting five additional employees. The equipment for the Landfill Disposal Program is less than last year. In '08, it was \$2.0 million and this year it's about \$900,000. And by the way, our summary here is only to give an overview. When you go to the Details, the Details will show whether it's leased equipment, replacement equipment or expansion equipment.

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The third program is your Residential Collection Program. And as you can see here again, the equipment request are less than the prior year. The major increase for the Collection Program are the collective bargaining agreement salary increase of \$107,000 for 46 employees. Here, this program is requesting equipment totaling \$190,000 for vehicle safety back-up system and mini refuse trucks with lifters.

In the Landfill Diversion Program on Page 11, again, you'll see very minimal increases from '08. The major increase is in the area of operations and we've selected items which are over 5,000 listed their below. Main thing and Tracey Takamine could explain this later. There's some charges for contractual services but you'll see that there's plus and minuses and the net changes minimal.

In the last program, it's the Abandoned Vehicle, Scrap Metal, and White Goods Program. Here you can see that there's actually a decrease from '08. Thank you.

CHAIR PONTANILLA: Thank you, Director. Director Okuma, do you have any comments to make at this time?

MS. OKUMA: I don't. Thank you. But we're here to answer questions. Thank you.

CHAIR PONTANILLA: Thank you. Members, we're in the Administration program. Do you have any questions? Member Mateo?

COUNCILMEMBER MATEO: Chair, I'll pass at this time.

CHAIR PONTANILLA: Okay, thank you. Member Anderson?

COUNCILMEMBER ANDERSON: Just for Administration?

CHAIR PONTANILLA: Yeah.

COUNCILMEMBER ANDERSON: I'll pass.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: I'll pass. Thank you.

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CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: Just in the Administration part of Solid Waste?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MEDEIROS: Okay. In the Administration . . . in the overview handout on Page 7 of 12, there is a request for an expansion position of an Assistant Division Chief and, first of all, I want to know what salary rating this is. Is this an EM position?

MS. OKUMA: Could I answer that question? We anticipate, of course because nothing has been created for this, but the anticipation is that this would be EM and an engineering position of that nature.

COUNCILMEMBER MEDEIROS: So what do you anticipate – EM what?

MS. OKUMA: I think that's probably one of the things we would need to discuss with DPS.

COUNCILMEMBER MEDEIROS: But you're requesting a salary amount.

MS. OKUMA: Yes. So . . .

COUNCILMEMBER MEDEIROS: . . . indicate what . . .

MS. OKUMA: I think what we're looking at it could be a, I'm sorry, it could be an EM-5.

COUNCILMEMBER MEDEIROS: Okay. And my follow up question to that is, I'm not sure if other divisions have it but I know in Highways, which is probably the largest division in the County of any department, there is no Assistant Division Chief. There's a Superintendent. So what is the justification and can you tell me if there are other divisions that have an Assistant Division Chief?

MS. OKUMA: My understanding is that, no, there aren't. Perhaps there might have been a position in Highways, it might have changed over time but I don't have that whole history. I had been in some preliminary discussions with Department of Personnel Services in terms of a position of this particular nature and so what we've come up with is basically an Assistant

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Division Chief. And if I may, one of the things about Solid Waste is that there's four distinct type of operations. And it made sense to have an assistant primarily to help and assist with some of the challenges that our Division Chief here is having to address. And just from my observation over these past six months and knowing what the current level, seeing what the current level of work is and the challenges there and seeing where we have to go in the future, it seems that this is something that would help the Division. It's been very difficult when Tracy is not available because we have to give him vacation time and we have to account for times he's going to be out sick and there is literally no one else to turn to that has the overall oversight of this division, and has made my work very, very difficult. And having to pull Tracy back from a time that he's on vacation is not exactly something that I want to continue doing. So that's generally . . . this has been an important issue from my standpoint so, thank you, Councilmember Medeiros for my having the opportunity to address this.

COUNCILMEMBER MEDEIROS: And thank you for the information but you know my 25 years with Highways, there never was an Assistant Division Chief. There was always a Superintendent. That temporarily was assigned to the Chief's position when the Chief was not there because of vacation or sick leave or any other absence. So I'm just wondering how you decided on an Assistant Division Chief instead of a Superintendent. So I thank you for that information.

Under your Operations, Item 5-10, Printing and Binding, could you tell me why such a large increase from \$500 in '08 to \$7,000 an increase of 1,300 percent? And this is on 7-12 or 7 of 12.

MR. TAKAMINE: Councilmember Medeiros, that line item is for basically to cover CIP projects. Currently, we have CIP projects ongoing and whenever we have any type of printing and binding requirements, we just rather take it out of our administrative funds to pay for it.

COUNCILMEMBER MEDEIROS: And you did that prior to 2009 because in 2008 you had \$500. And because I [*sic*] don't show the expended amount, do you know what you expended so far in 2008 for that particular item . . . to justify you know your request?

MR. TAKAMINE: Okay. In 2006, we spent \$614; 2007 - \$5,986.

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COUNCILMEMBER MEDEIROS: Okay. You had a very sizeable increase then. Okay. And then I know that the Committee Chair had said that the Committee had requested a more current vacancy list and I'm not sure when that's going to be available to the Committee members. But on the most recent report which is December 31st, your Division shows 15 vacancies, well, I'm not sure if . . . not in Administration anyway but I'm not sure if it's broken down that way. But maybe I can ask in Operations when we, well, you only have one sheet here so is this the whole thing as far as Solid Waste is 5-12, I mean, 7-12 . . . in the overview that was handed out?

MR. TAKAMINE: 7-12 is just Administration. There is a sheet for each of my section.

COUNCILMEMBER MEDEIROS: Okay. I think I'll wait for . . .

MR. TAKAMINE: I can answer that if you want.

COUNCILMEMBER MEDEIROS: If the Chair would allow it.

MR. TAKAMINE: Currently, for the Administration section, I have three vacancies – Account Clerk III, Engineer Technician V, and Accountant III. The Engineer Technician V is an FY '08 budgeted position. Account Clerk III is an FY '08 position. Total and when we get to the section, but total for the Division we have 15 vacancies – 5 in Collection, 2 in Abandoned Vehicle; 3 as mentioned in Administration, and 5 in Landfill.

COUNCILMEMBER MEDEIROS: Okay. Thank you for the information. I'll ask more detailed information when we get to that program. Thank you, Department. Mahalo, Mr. Chair.

CHAIR PONTANILLA: Thank you, Mr. Medeiros. Members, any more questions in regards to the Administration program? Member Hokama?

VICE-CHAIR HOKAMA: You know, Chairman, what disturbs me is that there's a lot of additional new requests and yet I keep looking at what General Fund supplemental subsidy of another \$16 million for this Department. And what disturbs me is I'm trying to understand, I'm going to tell you first off that I have a hard time with the positions request. So I'm going to be very candid and I'm going to be interested in your responses. But in your Admin., you know, last year you did without overtime and now this year you're plunging in back overtime request. What is that for?

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CHAIR PONTANILLA: Department?

MR. TAKAMINE: Chairman Hokama, I can answer that. Last year there was an oversight in the budget. I had requested overtime and for some reason it was never inserted into my budget. So I've had to make do without the overtime in my office for this year. We did try to go back for supplemental budget but it never made it to the floor for whatever reasons. But we've always had overtime and, again, it was an oversight last year through budget process I did not get my overtime put in.

VICE-CHAIR HOKAMA: And it is basically used for what purposes, Mr. Takamine?

MR. TAKAMINE: The overtime in my office is for myself, my engineers and for my Admin. Staff.

VICE-CHAIR HOKAMA: Is it at a particular part of the month or the quarter like when you do your collection fees, billing, is it for that kind of situation? Is it trying to recapture a delinquent account? What's your main overtime for?

MR. TAKAMINE: Well, it varies. When we have projects ongoing, for example, my engineers for Molokai they have to fly to Molokai to do site inspections that's covered under here. Right now, my engineer out of the Central Maui Landfill, my engineer on average is doing 10 to 15 hours of overtime per week just to maintain the projects that he has. In my case, I can tell you that I put in 1 ½ to 2 hours every day of overtime because I cannot maintain my production with the amount of workload that we have.

VICE-CHAIR HOKAMA: So how many vacancies do you have just in your Admin. area?

MR. TAKAMINE: My Admin. we have three.

VICE-CHAIR HOKAMA: Three vacancies of the ten positions?

MR. TAKAMINE: Well, when I say three, I guess it includes . . . yes, yes, yes. Account Clerk III, Accountant III, and the Clerk III.

VICE-CHAIR HOKAMA: Okay. Help us understand, Department or either Mr. Takamine, last year we asked us for \$100,000. I'm assuming that was for

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One Main Plaza? This year you have that same \$100,000 request and yet you have another 70,000 you want us for rental of building. So, what's this \$170,000 for rental?

MS. OKUMA: I think Mr. Takamine can address the specifics but generally what it is, is we are in Room 175 now which is not enough space for full staffing. We will be moving shortly into Room 100, which will then have adequate space for us. 175 is needed for Mr. Takamine's fiscal section which handles a lot of the public that comes in and wants to open and close and pay on their refuse accounts. Where they are right now is a very, very tight and in my opinion not quite an acceptable location as far as access. And it's very hard for us to do business there when the public is walking in and out. So the idea is to move that section and perhaps some others into the space that we are currently and so that we were cost conscious we did that build out basically so that it would also satisfy Mr. Takamine's purposes. So, basically, we move out and he pretty much just moves in and it should pretty much address his needs. So the additional 70,000 is for the space. It's on the first floor far more acceptable to the public because it's right there when they enter One Main.

VICE-CHAIR HOKAMA: So you're doing collections and deposits out of that One Main office also?

MS. OKUMA: Yes.

VICE-CHAIR HOKAMA: And I'm assuming all the protocols of the requirements of these transactions are all squared away between your Division and Finance Department regarding how we do the transactions, how we do our daily deposits, all our recordkeeping requirements?

MS. OKUMA: I think basically we are just moving people so the infrastructure that we do have I believe that's all in place. But maybe . . .

VICE-CHAIR HOKAMA: So they still can pay at second floor Finance, or they can pay at One Main Plaza for this specific . . . (*inaudible*) . . .?

MR. TAKAMINE: Okay, you're talking the mechanics of opening and closing accounts everything is done at my office on the second floor of One Main Plaza. They can drop off payments by envelopes, sealed envelope, I believe at the second floor. But they do not, Finance does not take any payments. All payments are made through my office.

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VICE-CHAIR HOKAMA: The second floor just accepts, receives the payment but they don't process the payment.

MR. TAKAMINE: Correct. And then what Finance will do, and I believe it's even down we have a box down at the Service Center and then they'll transmit the sealed envelopes to us for opening and processing. So, right now, everything . . .

VICE-CHAIR HOKAMA: So that's where we can assist on a daily operation, Mr. Chair, at the close of business today then tomorrow your Clerks or Accountants will take care of all the required processing for today's end of the day transaction?

MR. TAKAMINE: That's correct. We have armored services come up and collect the money the next morning and take it out. We're also going to bring in the Abandoned Vehicle section which is a total staff of three into this office. Right now, they're at the landfill and the problems we have at the landfill is that we don't have the high speed Internet connection so it takes them, when they hit a button, it takes them sometimes five minutes for the screen to change. And the efficiency is very bad there. So the intent is to bring them up also. So we'll be having about a total of six people in that office.

VICE-CHAIR HOKAMA: Okay. That helps us to understand your operation and your challenges. When can we expect that integrated plan? What's your schedule, please?

MS. OKUMA: Our best estimate right now is the perhaps the third calendar year quarter, between the second and third calendar year quarter. And some of this is driven by the fact, it's a statutory requirement that we must go for public hearing. And when we do that, it may generate comments which will then take it back through the committee and through Department of Health review again. If we assume none of that happens then perhaps we would be looking at sometime in August, September as far as coming up with the final plan that the Council could look at. That's our best case.

VICE-CHAIR HOKAMA: So we're still talking after budget then, Director?

MS. OKUMA: Yes. I'm afraid that just in terms of the process and having it make sense that was the only way we could manage it and we were being mindful of the budget. There was just no way in looking at that project

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schedule that I could see us bringing anything into this budget cycle. So we're mindful that we're looking at the next budget cycle.

VICE-CHAIR HOKAMA: We appreciate that. I can tell though that it's difficult since you are still asking for expansion whether it be in personnel or equipment or programs . . . *(end of tape 3A - 11:55 a.m.)* . . . but we don't have the benefit of this plan even in draft form to see if we're moving in the right direction, if we're comfortable to move in this proposed direction, Director. So I hope you can appreciate that.

MS. OKUMA: Yes, certainly.

VICE-CHAIR HOKAMA: The other Counties all dealing with the same schedule or just for our process and our requirements this is our schedule?

MS. OKUMA: This is our schedule but maybe I can just say that every County is driven by the same State requirements. Every County is different and they're having different dynamics and discussions with their own community and so some are ahead of us, others are maybe on par with us so it's really hard to say that we should all stay on exactly the same schedule. Realty is every one's unique and that's what's driving the schedule.

VICE-CHAIR HOKAMA: Okay. Is your study planning to give us the financial perspective besides the operational perspective? It's going to be a total comprehensive approach to how the County may want to move Solid Waste forward?

MS. OKUMA: Thank you for bringing that up. The one thing that we have told people is that this is a blue print in terms of what direction we can move in the future. There will be some cost and financial information in there but they should be viewed as sort of the gross estimates because once we look at the direction we're going into we may need to do further feasibility and technical studies, see what technologies are out there, see what is feasible what the technical and financial standpoint. We're letting people know this is by no means the end of the rope. This for us probably will be the beginning once that direction is set. You're going to see numbers in there that gives you order or magnitudes but we would need to do more . . . a better, not a better but more looking at it in terms of further study.

VICE-CHAIR HOKAMA: Okay. And quickly to end my opportunity to speak with you at this point, what would be helpful for us if you have such a, I

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know you have to do your own consultation with the union, you know, whether it be HGEA or UPW employees but what would also be helpful for the committee would be if you have, especially with your position requests, and that's why I was hoping we could get some insight from the new integrated plan that is going to be submitted would be a divisional or departmental personnel structure so we can understand why the request is being made and where those adjustments are whether it be brand new positions or redescrptions since one of my other colleagues brought up redescrptions, so that we can understand the chain of command and how things are anticipated to operate so we can match up the financial request and have a better understanding of how this then turns into operations and some efficiencies and ability to accomplish its objectives is something that I would ask of you please.

MS. OKUMA: Okay and thank you for that, Council Chair Hokama. One thing I would just mention is that in terms of these position expansion requests, we're just looking at trying to keep head above water currently. Certainly when we look at the integrated plan and the direction we go in you're absolutely right we need to look at organization, staffing, whether that will sustain and support that effort together with the financials. So we anticipate that we will have to do a closer look at our organizational structure at that point. Thank you.

VICE-CHAIR HOKAMA: And again, please look at the various ways, yeah, whether it be a limited term appointment or for the short-term, near future or current situation we go to contract, uh, contract agreements because I would hate for us to set up civil service positions and then after the plan comes in we found out that the plan is recommending us to go to a slightly variant of what we've doing and then we're going to need to deal with adjustments once more. So I would ask that you look at those personnel options for us to still achieve the Department's requirements.

MS. OKUMA: Yes, certainly.

VICE-CHAIR HOKAMA: Thank you, Chairman.

CHAIR PONTANILLA: Thank you, Member Hokama. Members, any more questions?

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Member Victorino?

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COUNCILMEMBER VICTORINO: In light of what time it is and all that, if it's alright with you, I'd like to hold my questions till after our break or when we come back tomorrow if that's all right? That's up to you. You make the call, sir.

CHAIR PONTANILLA: Thank you. I misspoke earlier. We're not coming back after lunch.

COUNCILMEMBER VICTORINO: That's what I thought.

CHAIR PONTANILLA: The Chair's intention is to adjourn at this time and we'll reconvene our meeting, not reconvene but we do have a public hearing at Maui Waena this evening at 6 p.m. When we come back tomorrow morning, we'll continue with the Solid Waste Division on their program budget. Any more questions, Members? If not, this meeting is adjourned. . . . *(gavel)* . . .

ACTION: DEFER pending further discussion.

ADJOURN: 12:00 p.m.

APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

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Transcribed by: Jo-Ann Sato