

COUNCIL OF THE COUNTY OF MAUI  
**BUDGET AND FINANCE COMMITTEE**

March 7, 2008

**Committee  
Report No.**

\_\_\_\_\_ 08-37 \_\_\_\_\_

Honorable Chair and Members  
of the County Council  
County of Maui  
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on February 21, 2008, makes reference to County Communication No. 07-254, from the Director of Water Supply, transmitting a report entitled "FY 2008 Water Rate Study, County of Maui, Department of Water Supply, July 2007", prepared by R. W. Beck, Inc.

The purpose of the study is to summarize the methodology, assumptions, analyses, and results of the Department of Water Supply's (DWS) rate review process that occurred from June 2006 through May 2007.

Your Committee notes that the study recommends proposed rate adjustments for various customer classes, indicates the actual water rates adopted by the Council in its Fiscal Year 2008 Budget, and identifies "Issues for Further Consideration".

At its meeting, your Committee met with the Budget Director; the Director of Water Supply; a Fiscal Officer, Department of Water Supply; the First Deputy Corporation Counsel; and Ann Hajnosz, Project Manager, R. W. Beck, Inc.

There was no public testimony.

The Director of Water Supply stated that the main focus of the FY 2008 Water Rate Study was to recommend the implementation of more "conservation-oriented rates", the creation of a single-family rate structure, and the separation of the cost of power charge.

The Director of Water Supply noted that the Council did not adopt the proposed water rates and rate structure in the Fiscal Year 2008 Budget because of the possible impacts on single-family customers.

Your Committee commented that water rates could be based on the total amount of water used and that high users, like hotels, should incur a higher water rate than those

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who use less. Your Committee questioned whether the County could establish a separate hotel class of water users.

The Director of Water Supply explained that it would be difficult to identify all hotel users and determine what would be considered excessive water use for a hotel.

Ms. Hajnosz stated that there are other municipalities that separate different classes of users and apply various rates according to usage. She further explained that a complex rate system may confuse customers and will be more difficult for the County to administer.

Your Committee was concerned that past increases in the water rates have not resulted in improvements in the water system infrastructure or the development of additional water sources.

The Director of Water Supply explained that most of the water rate increases were required for “cost of living increases” such as increased electricity charges and insurance. He further stated that it is difficult for the County to raise water rates to a level that addresses all of the needs of the County’s water system’s infrastructure.

Your Committee voted to recommend filing of the communication.

Your Budget and Finance Committee **RECOMMENDS** that County Communication No. 07-254 be FILED.

Adoption of this report is respectfully requested.

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