

COUNCIL OF THE COUNTY OF MAUI
WATER RESOURCES COMMITTEE

March 21, 2003

**Committee
Report No.**

03-29

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

Chair and Members:

Your Water Resources Committee, having met on February 19, 2003 and March 5, 2003, makes reference to County Communication No. 03-58, from the Chair of your Committee, relating to the operations of the Department of Water Supply (Department) and the Board of Water Supply.

By correspondence dated February 7, 2003, the Chair of your Committee requested that the Director of Water Supply be prepared to provide the following information at your Committee's meeting of March 5, 2003: (1) reporting requirements; (2) copies of the Fiscal Year (FY) 2002-2003 budgets; (3) status of the Capital Improvement Program (CIP) projects and other projects; (4) CIP priorities list; (5) account balances for the end of FY 2002, and the year-to-date balances for FY 2003; (6) list of vacancies; and (7) a discussion of the "System Replacement Needs Analysis and System Valuation" report prepared by Brown and Caldwell (November 2000).

By correspondence dated February 7, 2003, the Chair of your Committee transmitted a copy of the "COUNTY OF MAUI DEPARTMENT OF WATER SUPPLY - SYSTEM REPLACEMENT NEEDS ANALYSIS AND SYSTEM VALUATION", prepared by Brown and Caldwell (November 2000).

At its meeting of February 19, 2003, your Committee met with the Director of Water Supply; the Deputy Director of Water Supply; the following employees from the Department of Water Supply: the Fiscal Officer, the Assistant Fiscal Officer, the Water Treatment Division Chief, the Plant Operations Division Chief, the Field Operations Division Chief, and the Public Information Officer; and a Deputy Corporation Counsel.

Your Committee received testimony from two individuals who provided general comments. One of these individuals also provided written testimony.

COUNCIL OF THE COUNTY OF MAUI

WATER RESOURCES COMMITTEE

March 21, 2003
Page 2

Committee
Report No. 03-29

Your Committee received an overview of the Department from the Director of Water Supply. The Director indicated that the Department's priorities include: developing sources to reduce the draw on the Iao Aquifer, mitigate drought impacts in the Upcountry area, and address normal expansion; replacing pipelines and tanks; increasing flow capacity and water pressure; strictly adhering to water system standards; complying with the Safe Water Drinking Act; protecting watersheds and minimizing risks to water sources; increasing conservation efforts and conservation education; improving customer services; and managing finances.

Your Committee received a computer-generated presentation from the Public Information Officer that provided information on the water cycle, ground water and surface water, the history of the Department, the system layout, Departmental functions, Departmental goals and objectives, compliance with regulations, upcoming projects, organization and staff, and the vision for the future.

Your Committee discussed the roles of the Department, Council, and Administration. Your Committee requested that the Department of the Corporation Counsel provide a written opinion regarding the roles of each entity.

Your Committee also briefly discussed the Department's plans for accounting procedures, pipeline replacement, drought mitigation measures, the most recent water rate increase, system integration, and actual water withdrawal from the Iao Aquifer.

Your Committee deferred the matter pending further discussion, noting that a subsequent meeting would be held to obtain information regarding the financial aspects of the Department.

By correspondence dated February 20, 2003, your Committee requested that the Corporation Counsel provide an opinion of the Charter amendments and their effect on the roles of the Department, Council and Administration related to water policy issues.

By correspondence dated February 24, 2003, the Director of Water Supply provided a response to your Committee's correspondence dated February 7, 2003.

COUNCIL OF THE COUNTY OF MAUI
WATER RESOURCES COMMITTEE

March 21, 2003
Page 3

Committee
Report No. 03-29

By correspondence dated February 24, 2003, the Chair of your Committee transmitted correspondence dated February 21, 2003 and February 24, 2003 respectively, from Councilmembers Johnson and Tavares to the Department of Water Supply, requesting information about the Department.

By correspondence dated February 25, 2003, the Chair of your Committee transmitted correspondence dated February 24, 2003 from Terryl Vencl, Executive Director, Maui Hotel Association, providing comments and concerns regarding the Department of Water Supply.

By correspondence dated March 4, 2003, the Director of Water Supply transmitted revised documents for project budget amendments for the Department's FY 2004 Capital Budget Proposal.

By correspondence dated March 4, 2003, the Department of the Corporation Counsel summarized the changes that resulted from the 2002 Charter Amendment that affected the Board of Water Supply, the Director and Department of Water Supply, the Mayor, and the Council, and the resultant roles of the parties in response to your Committee's correspondence dated February 20, 2003.

By correspondence dated March 4, 2003, the Council Chair transmitted correspondence dated February 24, 2003 from Leonard Hasse, Jr., requesting a water distribution line upgrade for Piihola Road, Makawao.

At its meeting of March 5, 2003, your Committee met with the Director of Finance; the Budget Director; the Director of Water Supply; the Deputy Director of Water Supply; the following employees from the Department of Water Supply: the Fiscal Officer, the Assistant Fiscal Officer, the Water Resources Planning Chief, and the Public Information Officer; and a Deputy Corporation Counsel. A member of the Board of Water Supply was also present.

The Director of Water Supply provided brief comments on the differences between accrual based accounting and cash accounting, noting that the Department of Water Supply uses accrual based accounting to manage its finances, but cash accounting for annual budgeting purposes.

COUNCIL OF THE COUNTY OF MAUI
WATER RESOURCES COMMITTEE

March 21, 2003
Page 4

Committee
Report No. 03-29

Your Committee received a computerized presentation from the Fiscal Officer providing a financial overview of the Department of Water Supply.

Your Committee also received a computerized presentation from the Water Resources Planning Chief providing an overview of the Department's capital budget.

Your Committee received public testimony from four people. One person, representing the Maui Meadows Homeowners Association, commented on reducing demands on the Iao Aquifer. One person provided comments on worldwide water shortages. Another individual commented on the Upcountry Priority List, other sources of funding for water, and community plans. The last testifier commented on the Department's finances. Two of these people also provided written testimony.

Your Committee discussed the possibility of refinancing bonds for the Department, and the timetable for projecting when the bonds will be managed by the County of Maui, and not specifically by the Department.

Your Committee also discussed water-related issues such as the cost of source development, pumping, and pipe replacement; energy audits; updating the "Brown and Caldwell" model; and managing capital improvement projects.

Your Committee voted to file the item.

Your Water Resources Committee **RECOMMENDS** that County Communication No. 03-58 be FILED.

Adoption of this report is respectfully requested.

COUNCIL OF THE COUNTY OF MAUI
WATER RESOURCES COMMITTEE

March 21, 2003
Page 5

Committee
Report No. 03-29

DANNY A. MATEO **Chair**

DAIN P. KANE **Member**

CHARMAINE TAVARES **Vice-Chair**

MICHAEL J. MOLINA **Member**

ROBERT CARROLL **Member**

WAYNE K. NISHIKI **Member**

G. RIKI HOKAMA **Member**

JOSEPH PONTANILLA **Member**

JO ANNE JOHNSON **Member**