

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

December 15, 2008

Council Chamber, 8th floor

CONVENE: 1:32 p.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember Michelle Anderson, Member (out 3:45 p.m.)
Councilmember Danny A. Mateo, Member
Councilmember Bill Kauakea Medeiros, Member
Councilmember Michael J. Molina, Member
Councilmember Michael P. Victorino, Member

EXCUSED: Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Jo Anne Johnson, Member

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

Leinaala Kihm, Executive Assistant to Councilmember Medeiros

ADMIN.: Frederick Pablo, Budget Director, Office of the Mayor
Kalbert L. Young, Director, Department of Finance
Zachary Helm, Deputy Director, Department of Parks and Recreation (BF-133)
Ron Kubo, Golf Course Superintendent, Department of Parks and Recreation
(BF-133)
Lance Hiromoto, Deputy Director, Department of Personnel Services (BF-133)
Eric Yamashige, Deputy Director, Department of Water Supply (BF-5)
Herb Chang, Engineering Program Manager, Department of Water Supply (BF-5)
Traci Fujita Villarosa, First Deputy Corporation Counsel, Department of the
Corporation Counsel

OTHERS: **Item 133:** Larry Gilhuly, Northwest Director, United States Golf Association
(via telephone conference)

PRESS: Akaku: Maui Community Television, Inc.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

CHAIR PONTANILLA: . . .(*gavel*). . . The Budget and Finance Committee meeting of December 15, 2008 is now in session. Thank you, Members, for being here this afternoon. The Chair would like to recognize the Members that are here this morning, this afternoon. We do have Members Mateo, Members, Member Anderson, Member Medeiros, Member Molina, Member Victorino. Excused at this time are Member Baisa, Member Johnson, and our Council Chair, Member Hokama. Supporting the Committee this morning are Michael Gears, Lance Taguchi, as well as our Secretary Yvette Bouthillier. Upfront with us this afternoon, well, we do have our First Deputy Corporation Counsel Traci Fujita Villarosa, our Budget Director Mr. Fred Pablo, our Deputy Parks and Recreation Director Zach Helm, as well as the Golf Course Superintendent Ron Kubo. The Chair doesn't have any person signed up for public testimony. At this time the Chairman would like to call anybody in the gallery that want to provide public testimony at this time. Seeing none coming up, the Chair would like to close public testimony at this time if there is no objections.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

ITEM NO. 133: WAIEHU GOLF COURSE AUDIT (C.C. No. 08-279)

CHAIR PONTANILLA: Members, we do have our first Item BF-133 which is the Waiehu Golf Course Audit. We do have on the phone right now Mr. Gilhuly. Mr. Larry Gilhuly is the Northwest Director of USGA Green Section. And the Council requested an audit of the Waiehu Golf Course to address concerns regarding the playing conditions and operations of the golf course. These concerns were brought forward by members of the public during our deliberation of the Fiscal Year 2009 Budget. A report prepared by the USGA entitled "USGA Green Section Turf Advisory Service Visit, Waiehu Golf Course" that was done on October 29, 2008 and it was submitted by Mr. Gilhuly again of the Northwest Director of USGA Green Section. Mr. Gilhuly is a consultant to many of the golf courses in Hawaii as well on Maui. He brings many years of experience in the golf course maintenance and operation. Mr. Gilhuly joins us via speakerphone this afternoon. At this time the Chairman would like to

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

open the meeting on BF-133 to have Mr. Gilhuly provide us with some comments at this time via telephone conference. Mr. Gilhuly.

MR. GILHULY: (via telephone conference) Okay. Lance, I can hear pretty well but it's not quite as sharp as your voice, but I, I think I got the gist you want some opening comments. First of all it's nice to be back home, but at the same time I wish was there. I was just over on Maui last week and visited Makena and got to experience some of the hardest rain I've ever seen on Oahu. It's now 28 degrees here in Gig Harbor, Washington with snow on the ground, so I wish I was in Hawaii. I sure enjoyed my time at Waiehu. I've been coming over there, this is probably my sixth or seventh visit. I was there in late October, had a nice tour around the golf course, and I think my report pretty much reflects the things we saw as far as agronomic conditions as well as discussions about the fee structure.

CHAIR PONTANILLA: Thank you. At this time the Chair would like to call on the Budget Director for any opening comments.

MR. PABLO: Thank you, Chair Pontanilla. I just have a short comment on behalf of the Budget Office administration I would like to thank Chair Hokama and Council Members for arranging this review by the USGA, and also to thank Mr. Gilhuly. Thank you.

CHAIR PONTANILLA: Thank you. Mr. Helm, any opening comments?

MR. HELM: Thank you, Chair Pontanilla and Members of the Budget and Finance Committee. I too would like to thank the Budget Chair Joe Pontanilla and the Council Chair Riki Hokama and all of the Council Members for coordinating the USGA Green Section advisory service visit and audit and especially to Mr. Larry Gilhuly. Our administration and staff takes the report very seriously and that our staff will be looking at the recommendations and putting it into action. We also appreciate that the audit report recommends that we give the golf superintendent time and support to enact needed changes. And at this time should you have any further questions myself and our Golf Superintendent Mr. Ron Kubo will answer any of your questions. Thank you.

COUNCILMEMBER PONTANILLA: Thank you. Mr. Gilhuly, if you could please us, please provide us with your audit report, on your audit report the things that you've seen at the Waiehu Golf Course and your recommendations. We do have copies of your report, and I think every Member has a copy. So if you could either go page-by-page or the, you

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

know, go to the most important things that we need to take care here at our Waiehu Municipal Golf Course. Larry.

MR. GILHULY: All right. Well I think we all are on the same page. I was called to come in and look at this golf course and I have over the years. In this particular case the concern is, is the weed population, and it is a problem. I have seen the golf course ebb and flow with weeds. I have seen it much worse than it is now. But couple years ago, a few years ago the chemical companies came up with a new product called Revolver. That product when it became available golf courses all over Hawaii greatly reduced their goosegrass population, and Mr. Kubo and his staff did a really good job. I was very impressed. I think it was two or three years ago when I saw the golf course just how much the weeds had regressed. In that time though I guess there was some equipment malfunction, a key staff person was out for a period of time, and those weeds took over again. 'Cause even though you spray the weeds there's millions of seeds there and you have to stay on top of it. So the number one issue, no question, is the weeds all over the golf course, specifically in the playing areas down the middle. The one thing that I didn't really talk too much about your bunkers, didn't really get into your tees, didn't really get into the agronomics and playing conditions on the rest of the golf course, 'cause the weed issue is so overwhelming the number one thing. The main question that was, has been discussed that was immediately obvious to me was should, the question was should the fees be raised, because you have in excess of 80,000 rounds and you're running at a pretty large deficit, and my immediate response is no way. You can't raise fees with the conditions the way they were. You have to fix the problem first, and was told by many that once the problem is fixed then there would be a reasonable fee increase that would have to occur. And that, that's in the third portion of the report. So went through the report or through the golf course and talked about those subjects. On the second page is an executive summary. If you'd like I can go through each one of those point-by-point or how would you like to proceed?

CHAIR PONTANILLA: Yeah, if you go, would go point-by-point that would be good.

MR. GILHULY: All right. Well first section is current conditions. The weeds have been worse, they're much worse than two years ago and that's, I already, I mentioned that. It is a problem. That is on page, Page 3 of the report, and it talks about just how bad they were, and again there are literally millions of seeds that are there. Weed control is, is a really a

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

two-pronged approach. It's setting a base with pre-emergence herbicides that are not cheap, and the prices have skyrocketed in the last year. It's staggering how much the cost of chemicals has gone up because a lot of them are directly related to fuel costs even though they've come down recently. For some reason the chemical costs have not come down. And so the pre-emergence has to be done at least three times a year to really set a base to stop the weeds from, from establishing a foothold. Then a product like Revolver comes in and is used as a post-emergence. And so you have this combination approach that has to be done, and I think that it was not followed as strongly when the product first came out in two or three years ago. And then for various reasons again the sprayer was broken down, the mechanic was out, there are some, there's some reasons. But it was, it just got out of hand. There was just too many weeds there. The second . . . *(inaudible)* . . . is who is responsible? Golfers caused it, staff needs to address it. Like I said the goosegrass is a prolific weed and it loves traffic. Anywhere there's traffic you're going to find goosegrass and you've got lots of traffic 'cause you have lots of play.

CHAIR PONTANILLA: Larry, let me interrupt you.

MR. GILHULY: Yes.

CHAIR PONTANILLA: Because I'm one of maybe two or three Members that are golfers, you know, maybe if you can explain why weed control is very important on a golf course before your proceed.

MR. GILHULY: I'm sorry. Who am I speaking with?

CHAIR PONTANILLA: Joe Pontanilla.

MR. GILHULY: Joe. Okay. And the question again, Joe, I apologize but I, I can hear but it's really faint, and your question was why is weed control so important?

CHAIR PONTANILLA: Yeah. On a golf course.

MR. GILHULY: Okay. Well we'll back up a little. I apologize to those folks that don't play the game. I just assume incorrectly that everyone understands the game. And those that play the game, we still don't understand why we do it, but it's a, it's a fun and frustrating sport.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

Weeds are incredibly important on putting surfaces. The way a ball rolls on a grass that's maintained at sometimes as low as a tenth of an inch but generally about an eighth of an inch, if you have a Bermuda grass or a seashore paspalum stand the ball rolls, if you watch on TV you'll see the ball just roll and it doesn't bounce. But you put weeds in the mix and the ball bounces all over the place. It is a, the number one thing that you cannot have on greens is weeds, and if you get weeds and then kill those weeds you now have depression which is even worse than the weeds themselves. So consistency of a putting surface, the speed that's desired by players, everything keys on the, on the green, that is the focal point. It's small acreage but the most expensive place to maintain because the demands are the highest on greens. Secondary portion for weeds is critically important is around the green. Now where on a green you use a putter and it requires touch and feel, around the greens is even more difficult. You have to chip the ball with various types of clubs and be able to hit the ball a certain way just to get it on the green and make it stop. If you have weeds and especially goosegrass you cannot get the club on the golf ball; therefore, you cannot hit the shot. You have no chance, and all that does is make golfers angry. And it can be, when the weeds grow and they grow faster than the grass they can dominate an area making it virtually unplayable. So it's critical that weeds be taken out around the green, and one of the suggestions I've made was to, to mow down the green surround so that the weed impact was a little bit less around the green.

On the teeing surfaces, it's number three. In reality on a tee you get to put it on a wooden peg, you get to hit it off a wooden peg, and really it's more important that the tee be firm and flat than be covered with weeds because it really doesn't impact as much. The tees are small but it is a visual thing, and players like to have tees that are free of weeds. And then finally the fairways which is probably more important from a play standpoint, the largest area on a golf course. Again you're not allowed in golf to touch that golf ball. Well if your ball ends up on the backside of a weed you can't hit it, and so that just raises the ire of players. So when you go to the very high end golf courses, weeds are generally not there, you won't see them. But Waiehu, I used to see it at Wailua, I certainly see it at the municipal courses of, of Oahu. It is a problem that needs to be addressed. So that's a long answer, Joe, but I hope that. . . suffice.

CHAIR PONTANILLA: Yeah. That was good. Thank you. Continue though.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. GILHULY: So we'll continue forward. Weeds are the issue, and wherever there's traffic you're going to battle weeds. Compacted soil, as a homeowner everyone has a home lawn. One of the best tips I can give you is if you have a home lawn on Maui and you want to get rid of weeds just, most of the time you'll see weeds come into your traffic areas if there are any. Keep it fertilized, that's one of the best ways to do it, and I'd tell you to go to seashore paspalum because you can take it out with salt, you don't have to use herbicide. That's another subject of this report. So it's, but Ron and I had a good conversation, and ultimately he is responsible as the superintendent to make sure that the, that the goosegrass does not overrun that golf course.

The next portion I talked about a fee increase now and not until conditions improve, and I'm empathic on that. I don't think it's appropriate to charge your players at this point more money to play that golf course with the conditions the way they are. In the future you're going to have to because the fees, one of the things the USGA is very, very strong about is affordable golf. We don't need any more high-end resort or private clubs, we need affordable public golf. Waiehu provides that beyond anything I've ever seen. I, just real quickly I'll sidelight out of this report. I talked to a general manager of a private club here in Washington this morning and asked him what would you expect the fees to be at a municipal golf course in Hawaii for local senior play? And he started at \$15 during the week and went to 20 on the weekend and progressively went a lot higher. And when I told him the amounts and told him how much play he couldn't believe it. So the golfers on, on, at Waiehu as well as all the golfers in municipal courses in Hawaii are really getting a great price, and I think that this, this situation can be taken care of but not at this time until the weeds are gone. So I talk about that, that they need to be addressed first and then we can move forward.

The programs for improvement, I think I just touched on that, focused on the weed control on the green, on the green surround and the tees. It's on Page 4 and I don't need to go into great detail I don't think, unless somebody wants me to of how to go about that.

I talk about lowering the mowing heights on Page 5, you can see. I think one of the things, folks, I like to do is put photographs in my reports because you're not there, and because you're not there it's hard to describe playing conditions. It's a lot easier to show a photograph like you see on the top of Page 5 and put a camera down low and just see how impossible it is to hit a golf ball like that. So that's why that picture was taken, and

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

they just, and you can lower the heights down but you're still going to have difficult lies. I talk about the combination of pre-emergence, post-emergence, and spot spraying in that section on Page 5.

Again if there aren't any questions about that I get to. . .the bottom of Page 5 and the start of Page 6. Probably it would be construed as a controversial recommendation by some. Personally I've been coming to the golf course over the years for two decades, and I don't believe that this recommendation is out of line after having heard four administrators/superintendents complain about the, the person that I'm not naming. There has, it's enough in my opinion. I'm not suggesting that you fire anybody. I'm just suggesting there be a movement laterally as was done at Wailua, and miraculously their golf course turned the corner when it occurred. So I think there needs to be a change. I will tell you this much, folks, when I was going around the golf course, we had a nice tour around the course, got to the maintenance facility at around lunch time, Mr. Kubo was with me at the time, went into your magnificent maintenance facility. I got to tell you folks you can build a building like that, we can facetiously call it the garage mall. That is the finest maintenance facility I have seen at any municipal golf course ever and certainly ranks with some of the best that I see at golf courses all over Hawaii. And believe it or not I don't think it's overdone. I think it's a really solid facility that I know you've won some awards and you should, it's very well done. So we went into the lunchroom and the staff was there, had a really nice conversation with the staff, very uplifting for me, and I think for the staff it was a good conversation about how good Waiehu could be. I firmly believe that Waiehu is one of the top two clubs in Hawaii municipal. I think Wailua maybe beat you architecturally, but boy I'll tell you what, your backside, your back nine is a lot better than people give it credit for, and you've got the ocean right there. So I think it has the potential to be there, and these guys responded to that verbally in discussions, we had a great conversation going. But when this person came into the room I noticed something changed, they didn't talk to me as much, there was a feeling of uncomfot [sic] and I've noticed it before. So it's not a comfortable recommendation for me to make at any time, but it is what it is and that's why I, I made that recommendation. Okay.

The next one is adding a 300-gallon sprayer to the operation. I think the real key to weed control is to have a unit that you can get out and get after the weeds rapidly without getting in the way of play, something that allows you to do it without interruption. And a 300-gallon sprayer would really help the maintenance staff become more efficient and address this

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

issue. Besides, the current sprayer is too small and it would really help for the smaller sprayer to go on the greens and then a larger 300-gallon to use for, all on the golf course and the larger acreage areas. So that would be an addition that would be nice. And then I think I mentioned about a second pesticide applicator should be used to its full extent to address the weed issue discussed in the report. So your equipment is just a tad short but not bad, but it needs that one more piece.

Expand the pre-emergence herbicides on the fairways and near roughs. These are in-play roughs that does not include necessarily the entire golf course. I want you to focus on down-the-middle first. And then the picture that's shown on Page 6 is I believe on one of your back nine holes like 13 maybe. You have to help me there. And I couldn't, just the amount of weeds that picture doesn't show it, it was more weeds than grass in that area. And next to fairways is important that weeds be controlled too. So use of Ronstar and pendimethilin for pre-emergence and then post-emergence control is important in these areas.

Let's see, I mentioned the next point, place secondary focus on goosegrass on the back nine fairways and near the roughs. I think the greens, green surrounds are absolutely the most important, and the back nine fairways had a lot of weeds and they need to be addressed. But I would really focus on the landing zone first, places that are in play if you have a budgetary issue. So. . .and again, this is going to be something you're going to really go after next spring when the warmer weather arrives.

On Page 7, again this could be construed by some that play golf as a controversial recommendation. After having been on both sides of this issue it's not controversial at all, it's the right thing to do for Waiehu. This, immediately purchase seashore paspalum for Nos. 6, 7, and 8. I have been recommending this for many years now, and as Mr. Kubo could probably attest, I used to try to help get rid of the grass because I mistakenly thought it was not a good playing surface. I was wrong. About 15 years ago, maybe 13 years ago, I saw that it can be a good playing surface and now have been proven correct by golf courses all over the other islands with the exception of Maui. This is a grass that can not only be a quality putting surface, it can, it's the right thing for a municipal golf course that's concerned about the environment too. It uses half the fertilizer. You can, you can kill weeds in it with salt. It is naturally resistant to goosegrass so, so from a pure budget standpoint this is the right thing to do for your golf course. It's got a couple of other things that are pretty exciting about it. When you mow seashore paspalum it

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

naturally stripes up. Golfers like that, and it has one other real major thing that golfers love, it's green and it's a bright green. Golfers are attracted to bright green, striped-up golf courses, and on greens they love it. I have had numerous conversations with golfers in Hawaii over the past decade, and I haven't found one mainland player yet that said that they dislike seashore paspalum. They sure hate the grain in Bermuda grass. So it's, it's something I think should be started. I would like to see it get started. And so I go through that entire page on a system to incorporate paspalum into those greens along the ocean. It has a natural salt tolerance and would really recommend that this be looked at. Wailua is doing it and the results have been nothing short of spectacular. The courses on Oahu, with the exception of Ala Wai, are all converting to seashore paspalum. It's the right thing to do. I know that the Cavendish course over at Lanai has greens that I, sorry, Ron, but they're better than yours, and it's a free golf course and they're all pure paspalum. When they were Bermuda grass they were nothing but weeds and now they're nothing but paspalum at virtually no cost. So it's the right thing to do.

On Page 8 begin a demonstration for seashore paspalum on the practice green. This is something I'd suggested before and suggest it again. The practice greens load it up with goosegrass and you may not be able to start it right this minute. But I would be prepared to go into that second half of that green on the backside and I'd put in seashore paspalum, and let's see what it does in a full-on approach of adding some of the newer ones that are there, specifically SeaDwarf which is a really good material. You have a possibility there to show your players what you can do. It's very visual, very visible. I think it would get an excitement level up for your players. It might promote converting the greens faster. I know that Wailua did this approach. They had a smaller practice green about equivalent to what the size I'm suggesting and they put in paspalum. It's easily surpassed their regular practice green, and they've, the maintenance staff has learned a lot just by that one practice green. So I think it's important that this be, this be done at Waiehu on the back half of that green. SeaDwarf and Supreme are the two varieties suggested, and I go through the process on how to do that. So it's, it's all there.

The nice thing that I was very excited to see in addition to the building is the next point, renovate the existing No. 2 tee with seashore paspalum. There has been a tee constructed, thank goodness. The previous tee was way too small. And it was constructed and seeded with Sea Spray or seashore paspalum. This is a seeded type of grass that's primarily good for tees, roughs, fairways although there's no one that's used it in Hawaii

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

on greens, and I really don't want to see you guys be the guinea pig for using this grass on your green. So once those, that fairway is grown in, the new one, the seed I would assume, Ron, that it's, it's germinated by now and it's growing actively. This, the tee that was next in front of the maintenance facility needs to be redone and I would do that one in Sea Spray too so I think that's the right choice, glad to see that started.

On Page 9, greater attention to detail is needed for irrigation practices. After driving around and looking at everything I agree with that comment. I think there were a lot of wet spots that were over-watered. They have to be carefully controlled. I will tell you all folks that one of the things that's kind of exciting in the general golf industry is *Golf Digest* has just announced starting in January all of their raters, there's over 900 of them, are now instructed to not rate a course because it's green. They're rated, they'll rate it higher if the course is firm and fast, if the ball rolls. What that means is they're going to rate courses as better courses if they're fertilized less and they're watered less, and that is a quantum difference over what they always had in the past. So Waiehu I think needs to go in that direction. Now there will be some brown spots, but the grass isn't dead and golfers can play on grass that's brown. You can't play on a mud. I have a standard line I use all the time, the golfers can't tell the difference between grasses but they sure know the difference between grass and dirt. You can't take it to dirt but I think the irrigation guy just needs to be careful about putting too much water down and focusing on green.

The next point under that if noticeable improvement does not occur in the next year, give consideration to heading in a different direction. Mr. Kubo and I talked about this, he felt very comfortable with it. I've got to tell you, Ron, that was, those were very frank, look-in-the-eye discussions and very honest. And he and I both agree a year is enough time, there should be some improvement out there. If there isn't then ultimately Ron is responsible and there would need to be a serious look at going in another direction. And so that's another strong stance, yet a year is plenty of time. Okay. I'll stop on that section. Any questions on that section?

CHAIR PONTANILLA: Thank you, Ron [*sic*], um, Larry. Members any questions for Mr. Gilhuly at this time in regards to what was covered on the Waiehu Golf Course? Seeing none, Ron [*sic*], if you could go ahead.

MR. GILHULY: Okay. Now we're going to go into, and interesting for me, folks, a really interesting area for me. I, my background I've been doing visits to golf courses for 25 years, been busy, a lot of golf courses in

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

Hawaii all up and down the gamut and it's an Enterprise Fund creation. There was a question that was asked whether I did review of fee structures . . . *(end of tape 1A)*. . . you as well as other public golf courses in Hawaii including Wailua that have tremendous amounts of play but you're losing money. And it's amazing the amount of play that the courses have over there and the amount of money that's being lost, and that points out to the players are getting more than affordable golf. They're getting a great deal. So this section talks about your operation loss is approximately \$300,000. The price of maintaining golf courses over the last decade has skyrocketed, it is unbelievable what the prices are. Folks, we can get sand over here in where I live for \$20 a ton delivered. You folks are now paying up to 125 to \$160 a ton, and it's just staggering the difference in cost. So . . . and you all are aware of that of course. But the prices on your golf have not risen to counteract that, so your deficit, I would guess, has gotten larger with time. And that, that being said I can, I can tell you Wailua is the same way, they're, they're struggling with the same problem. First of all, I do like the fact that you're making players play or pay on a per-round basis. I think that's important. The, there are other islands that players are allowed to play on, pay on a monthly basis and their fee for the seniors for example \$3 a round is even less than that. So I'm glad you're at least making, making players pay as you play.

On Page 10, I make again the comment, don't raise the fees until the weeds are removed in the areas, and touch on some of the other golf courses, what I just said. The other courses are having losses, the same problem with the, with the fee schedule. Let's see, the, I don't think we should raise the green fee, so I touch on that as you can read through there.

The next portion is consider moderate fee increase across the board for late 2009. So I'm giving a year to get those weeds under control, and that's a long time to be able to get it under control. And now we come into the actual fee structure, and if I may it's just, there's a box there that shows the numbers I was given with your seniors paying \$3 during the week. They do pay a \$2 extra premium, cup of coffee for the weekend, and their twilight rates stay at \$3. Now your Maui County resident is \$8, on the weekend they pay the same amount, there is no premium on the weekend, and they have a twilight rate that's less. Your State residents are paying pretty much, I think, an equivalent of what you probably would pay at some of the other courses, \$30, probably a little bit less but still it's up there. And then 15 on the, on the twilight rates. And then you're non-resident is \$50, 55 and then twilight rates just a little bit lower. And then your students a very low rate which is good. I'm a huge advocate of

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

December 15, 2008

kids and keeping the rates down for kids. That's our future, that's what we need is more kids playing the game. So I make the comment that the, the senior rate is extremely low and the other rates are awfully low.

We go to Page 11 it's just some comments about what I saw, and, and my comment when I really sat down and read through the rates was, or my, my first observation was boy they, this is a community golf course, and as it should be. It is a municipal community golf course. But you folks don't want outside players to play on the weekend based on the numbers I saw. But I thought well that may not be fair so we need to look at it a little bit more. So I went through and, and did that second box with some proposed amount of play and the amount of money that's generated, and then tried to come up with some, with some different numbers for the players on the golf course that are a little more reasonable while keeping, really trying to keep affordable golf at the forefront of this. I do not want to see your local players get upset with green fees that suddenly seniors go from \$3 to \$10, that's just not realistic. But if you went to a, just a \$5 rate for your seniors during the week and maybe seven or whatever you decide on the weekend, I think that's fair, I think that's still very affordable. Same thing with your locals, an \$8 rate, go to a \$10 rate, and then 12 to 15 on the weekends. I'll let you guys figure that out. That's fair. And what that's going to do is going to change the, some of the play on the weekend that people may not want to play on the weekends. Well that then opens up exactly what you need which is more outside play, because they are the ones that are running this golf course, you know, that's the money.

I touch on it after the numbers up above, tells the entire story where the problems lie. The first point, number one, the non-resident players are carrying the golf course budget. That's very common, it's going to continue in the future, I think that's great. That allows your players to have, your local community players to have affordable golf. I think that's, that's fabulous. But as I state there your weekend play they're shut out, and by completely shutting out you got 81 percent of the play during the week only 12 percent on the weekend, you are missing an opportunity, a large amount of revenue without really raising the rates on the locals that much. Your seniors are playing 68 percent during the week, 31 percent on the weekends. I would expect that. And your regular local players that work for a living 49 percent, but almost 50 percent on the weekends and the tournament numbers are the ones that really stuck in my craw. Having tournaments for locals at \$8, not even increasing the rate and having 1,400 to 1,500 rounds, it's only generating \$10,000 to \$12,000 for your golf course. You put the same amount of rounds at \$50 or \$60 a round, you're

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

suddenly up to almost \$100,000 that you're generating just by eliminating tournaments on the weekend. That's a third of your operating loss almost, I mean it's a pretty high percent. And so that's without changing anything. So I think there really, you really need to look at that as far as weekend play and tournaments on the weekends.

I say that in the next deal, I talk about that, number three, the rates for seniors are still only \$5 on the weekends. That's, that's an awfully, awfully small price, and I thought well, and please don't take my, the wording that I'm using there is, as ...*(phone ringing)*... I apologize my phone here. Turn that off, sorry. The, you know, a simple math rule is, I'm not trying to talk down to anybody. I just, I thought wow this is really something. How many, you know, and I say this as a comment, how many senior players does it take to equal one foursome of non-resident players? At \$55 a player, an outside foursome brings in \$220 of green fees. It would take 44 players at \$5 a player to equal a single foursome. That staggered me, that many players. So hence the weekend to look at. And then you look at the same thing on, for a normal foursome and it takes 28 players. If you got all these groups of players out there and just a single foursome can, can really make a difference on the weekends. So I think you need to address the, address your rates, who plays on the weekends after the weeds have been addressed.

And I talk about the points on Page No. 11, eliminate your weekend tournaments. Have them during the week. And I understand there will be some folks that will not be happy about that. But doggone that's a, that's a lot of money you're stepping away from. I would increase the rate slightly for the seniors during the week and the weekend. But, you know, not that much certainly during the week, and then on the weekend \$5, yeah, you've doubled the rates. Maybe it wouldn't be that much, maybe it'd be \$7, I'll let you guys hash that out. But regardless of what the fee is the weekend should be a premium price, 'cause that's when you're going to make your fees. The ...*(phone rings)*... oh boy. I apologize. Folks, just a second please. Peg, I'm on a conference call. Okay. Sorry.

Increase fee slightly, point number three. The regular local play on the week and on the weekends, especially on the weekend. I was really surprised that it was \$8 flat across the board for players during the week and on the weekend. Weekends are a premium time, and even though that, that may be the only time some of them can play it's ...*(inaudible)*... Increase your fees slightly for Hawaii State residents,

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

not, not that much but you will generate some more. And there aren't a lot of players outside of Maui that play your golf course on the weekend.

You go to Page 13, a slight increase for non-resident players, despite what they're paying now it's still a darn good deal. That golf course is a stunner. The only other one that I can compare it to on Maui would be the ones, would be those that are on the ocean, and they're all \$200 green fee golf courses. And the views are just staggering so I think your non-resident players would, would love it. The twilight golf concept is, there's a question on whether or not it's bringing in more money or losing more money. You might take a look at that, and it, it, Mr. Kubo mentioned they've seen there are more rounds being played before. It might be one of the last things you look at but you might take a look at that.

So the summarization of this section was that those six recommendations the green fee increase revenues approximately \$360,000 or lower if the weekend rates are dropped to \$7 for seniors and 12 instead of 10 and 15. Costs are going to rise in some areas. It may or may not allow the golf course to break even. But I think it certainly moves you in the direction that you're looking for which is to break even or to make this golf course an Enterprise Fund. Again my emphasis, I do not want to at all make this unaffordable for local play, because it is truly a community golf course. But something has to be done all the way around. And as a final point I guess is that the comment was until you get rid the weeds then we'll be happy to pay a little bit more. Okay. So that pretty much covers that section. Any questions?

CHAIR PONTANILLA: Question, Members? Department, questions? Mr. Gilhuly if you could go on to the long-range improvements.

MR. GILHULY: All right. Well, the next section is something that I'm pretty familiar with, and I don't, you know, this may get into a philosophical difference with your County. I don't, I don't know how you folks operate, but my experience is most municipal operations and most golf courses in that matter buy their equipment. And I think times have changed so dramatically that we're seeing more and more golf courses, over 50 percent at all levels of golf courses I visit that are using cash flow model with a combination of both leasing and purchasing. I, two years ago, was in Kansas City and was, listened to a guy by the name of Todd Gray, who is with the Wells Fargo Golf and Turf Division, give one of the best talks I'd ever heard on this particular subject in 30 years of working

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

on golf courses. And it reflected what I'd always thought, but I couldn't, I don't have the expertise in this area, I'm not a banker. Afterwards I had lunch with him, had him come out and speak two years ago at all my regional conferences, and then last year had him come out to Hawaii and he spoke. He is currently working with Kapalua. He has done analysis for at least a half dozen other courses in Hawaii. He works with my club here at Canterwood. He works with low municipalities, he works all over the country. And the results have always been real positive with the superintendent and the folks that are responsible for the, the cash flow and the business end of golf course maintenance equipment. And so what I'm suggesting here, folks, is it doesn't cost a dime. They will do a complete analysis of your fleet, they will assist Mr. Kubo in setting up how the, how the replacement schedule should work. It gets you out of large capital expenditures, it gets you more into payments based on your cash flow and how much money you have. And to me it's the way that golf courses should operate, and it's, it's just a different time, a different business climate that we live in. The other thing too with equipment is primarily the mowing fleet, most of your mowing fleet, folks, it depreciates faster than a car does. And after 2,500 hours you could have a \$50,000 fairway mower that would be worth, I don't know, probably 3,000 bucks. It's pitiful. And in a climate like yours you could use that mower and it's ready to start really breaking down and be expensive in less than four years, maybe three years, depends on how many hours it's used. So your mechanic then or mechanics, because you have to have multiples, are constantly working on equipment that's broken down which then impacts the condition of the golf course which then makes the players complain. I give you your sprayer as an example. Although I think that sprayer was out too long. That sprayer should have been, you know, it should be up-to-date, it has to be always in good shape, and needs to be replaced on a regular basis. So that's the whole purpose of that particular discussion, and really the recommendation is whether you do it or not at least go through the analysis of your fleet. And I did provide a reprint from Mr. Gray and myself on an article that we wrote. That is online, you can get that off the USGA webpage.

All right. The next one on Page 14, seashore paspalum the answer for your greens as it has been for Wailua and many other courses with goosegrass in Hawaii. Pretty self explanatory, I've already touched on it. That is your answer, that is your future. You will not be upset at all once those greens get converted. The problem is the time that it takes to convert them, and those golf courses that have gone through this process it's, it, it can be rather frustrating. However, looking at the option of what

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

you have I'll take, or I'll take the paspalum over goosegrass any day, plus the cost is going to be significantly less for your operation. For your, answer for your tees and the practice tee no question, seashore paspalum is the answer. It will naturally resist weeds on your tees, and if you get weeds you put salt on it. And it's interesting in Hawaii you can legally put salt down as a fertilizer, you cannot use salt as a herbicide. It's a rather interesting thing. And salt has just enough nitrate in it and that's why it's a fertilizer for seashore paspalum. So you can use it.

Greens need to be reestablished back to their original size. You'll see that photograph, rather staggering, I'm sure everyone looking at that photo. We're a good 15 to 20 feet off that green and in a nutshell you're not alone on this, I can't point at Mr. Kubo or the maintenance staff. Triplex mowers were introduced in the '60s, 40 years ago. Those greens were probably out at maybe a collar where I show in that picture but the greens were definitely much bigger than they are today. I visited Waialae on this trip on the, on December the 8th and they've got greens that have expanded just as far as that photograph, and they are now starting to recapture their original putting green surfaces. Behind bunkers, they've got whole locations that are phenomenal, so do you. So that is something else, as you start to convert these greens, you want to look at is convert back to the original sizes. It's going to make your greens a lot better with a more hole location.

And then finally the, give Mr. Kubo the time and support to enact the needed changes. I think that's important, and my comment is there's only one thing that happens fast in agriculture is crop failure, everything else takes time. So it will take time to go after these weeds. But I think it can be done.

And I think, on the last page I just look forward to coming back again and following up and watching the golf course improve, 'cause it is one the great treasures in my opinion of Hawaii. It's again one of the top two, it should be in the top two municipal courses in the State. So I think that pretty much concludes my, my comments. I'll open it up for any questions.

CHAIR PONTANILLA: Thank you, Larry, for going through the audit report that you provided us this afternoon. You know I really happy that you did this for us. Now I guess the Parks and Recreation Department do have some work to do in trying to improve the golf course. Members, any questions for Mr. Gilhuly at this time? Mr. Medeiros.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. I'm not a golfer but I do have some questions. But, Mr. Chairman, if you allow me I'd like to ask the Department first before I ask Mr. Gilhuly.

CHAIR PONTANILLA: Go right ahead.

COUNCILMEMBER MEDEIROS: Thank you, Chair. Department, the water that we use on the golf course for irrigation is that potable, non-potable or well water?

MR. KUBO: Water, Mr. Medeiros, the water we get for, to irrigate the golf course it's from the well.

COUNCILMEMBER MEDEIROS: Okay. And that well is dedicated to supply water for the golf course?

MR. KUBO: Right.

COUNCILMEMBER MEDEIROS: Okay. Thank you. Mr. Gilhuly, can you hear me? This is Councilmember Medeiros.

MR. GILHULY: Yes, Mr. Medeiros. And the question that you asked was the water and it's well water.

COUNCILMEMBER MEDEIROS: Okay. And my question for you is the grass that you have recommended, are there any recommendations that would make it use less water, more drought tolerant being along the beach?

MR. GILHULY: You mean the seashore paspalum?

COUNCILMEMBER MEDEIROS: Whatever types of grass you recommended for the golf course.

MR. GILHULY: Right. Okay. The, the, there's a couple reasons why seashore paspalum I'm recommending. The first is it uses less fertilizer, the second is it uses less herbicide, the third is the water quality. And my question to Ron would be is the well water brackish water? And, Ron, are you there?

CHAIR PONTANILLA: Ron, please.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. KUBO: Yes, Larry. The well water is pretty much clean but the pond that, the holding pond has brackish water in it.

MR. GILHULY: Okay. And there's another reason right there that this grass thrives on bad water, and give it the worst water you can and it does even better. So. . .and there are anecdotal reasons out there that have been coming from the mainland that it uses less water than Bermuda grass. That has not been shown in research, that has just been mentioned by some golf course superintendents that had Bermuda grass and have gone to paspalum. What I have seen, Mr. Medeiros, is at Wailua next to the ocean their holes, I don't know if you're familiar with that golf course, but Nos. 1, 2, and 3 tee, and No. 17 are dead on the ocean just like your 7 and 8, and, and 9, or 6, 7, and 8 you're right on the ocean. And where they have seashore paspalum where they've had ocean come in and come on to that golf course they don't lose their grass anymore. They used to, not anymore. Because this grass has got tremendous salt tolerance. So I don't know if that answers your question, but overall the grass will use no more water than Bermuda grass and in some cases will use less water because it's salt tolerant.

COUNCILMEMBER MEDEIROS: And a follow-up question is again, once again I'm not a golfer, but the Wailua you're speaking about is that on Kauai or on Oahu?

MR. GILHULY: I'm sorry, that's on Kauai.

COUNCILMEMBER MEDEIROS: Okay.

MR. GILHULY: And it's one of the top 25 municipal golf courses in the country.

COUNCILMEMBER MEDEIROS: Yeah. We've heard from our colleagues on that island that there's been great improvement to their golf course there.

MR. GILHULY: There...

COUNCILMEMBER MEDEIROS: And, and my last question is, I didn't understand whether it was Hawaii State law that you said that salt cannot be put on the ground or as I guess some kind of treatment because the State or, is not allowing that?

MR. GILHULY: No. No.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

COUNCILMEMBER MEDEIROS: Can you explain that more?

MR. GILHULY: Yeah. Sure. This came from Dr. Jim Brosnan who was the University of Hawaii researcher was over there until last year, and he stated that he checked with the Department of, I would assume, Department of Agriculture or, I'm not sure which department he checked with. But you can put salt down as a fertilizer on a home lawn, on any turf surface. But because salt on the label does not say it, it doesn't say on salt use this to kill goosegrass, that would be a herbicide. So because that would be an off-label usage you cannot use salt as a herbicide but you can use it as a fertilizer. So you can use salt, that's the bottom line is you're allowed to use it. You can't use salt though on Bermuda grass 'cause it'll kill the Bermuda grass. So when you have seashore paspalum and you do get some weeds that get in it, I would give you Mauna Lani on the Big Island, they get a little bit of goosegrass and then they have grass called Kikuyu grass, and the superintendent over there put salt down. And I asked him at what rate and he said white, that's the way he gets rid of his weeds.

COUNCILMEMBER MEDEIROS: Okay. Mr. Gilhuly, thank you for your information. It helps me understand a little bit more. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Member Molina.

COUNCILMEMBER MOLINA: Thank you, Chair. Question for Mr. Gilhuly.

CHAIR PONTANILLA: Go ahead.

COUNCILMEMBER MOLINA: Sorry. Good afternoon, Mr. Gilhuly, this is Councilman Mike Molina. First, of all I appreciate the, the golf course 101, I'd like to call it. I've learned so much more from this presentation than I ever have about golf course maintenance. Continuing along the lines of the seashore paspalum grass, it sounds like this is a much more environmental friendly approach and I guess beautifies the golf course and justifies a rate increase. Can you give us, based on what you've seen so far with the Waiehu Golf Course in terms of size, what kind of cost are you looking at, are we looking at basically if you have, can you provide us a ballpark figure at this time?

MR. GILHULY: Oh boy. You know I don't have, Ron might know the number for the source. First of all you have to decide which variety you're going

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

to use. Bermuda grass has varieties for putting surfaces. There's TifDwarf which is an old variety, 328 an old variety, and then the new ones are TifEagle and MiniVerde and Champion. So there's all these different types of varieties that are Bermuda grass. Seashore paspalum has the same thing. There is the, what I call the, the Hawaii variety it's called, also called Salam, there is SeaIsle 2000, and then the new ones that have just been introduced are SeaDwarf and Supreme. And SeaDwarf and Supreme you have to buy from, and SeaIsle 2000 you have to buy from a certified grower as you do Salam, but Salam you can spread around your golf course within your golf course. Some of the newer ones you have to pay for the sprigs themselves. So as far as the cost, I wish I could give you that answer, sir, but I don't know that amount. I think that what you can do, I know Kiahuna would be an example. Kiahuna took their Hawaiian type of paspalum that after Hurricane Iniki occurred they noticed this grass just took off on their golf course, it exploded. And they just started harvesting sprigs, ripping up the grass, vertical mowing and just spreading them all over the golf course, and it didn't cost anything but the manpower to do it. So you can go on that low end or you will go into a higher end, and it's something I could get back to you on and get you a better price. 'Cause I'm not sure, and, Ron, do you know the price on a bushel of SeaDwarf or a bushel of Supreme at this time from TC(?) or Southern Herb?

CHAIR PONTANILLA: Ron.

MR. KUBO: Larry, no I don't, really don't have a figure on what it would cost for a bushel at this time.

MR. GILHULY: Yeah. I, and I'm, I'm suggesting we start on the greens, and then we go to the tees. And I'm not talking about the fairways yet because the fairways are, what happens with this grass, folks, is it starts on the greens and then it'll start to show up, it'll start to jump around the golf course here and there. And once it starts going it's just a matter of introducing sprigs. The golf course can remain open, we're not talking about shutting down your golf course here. So it will be the cost of the sprigs and the cost of the labor to start the sprigs. But once they get going they pretty much take care of themselves. So again on Maui right now you really don't have any golf courses other than Pukalani which has a few tees, Kapalua the Bay course has a few tees. But what's going on, if you really want to see this grass in its glory go over to Makena and they are currently sodding and sprigging two holes on the ocean, No. 15 and 16. I just saw it on Friday. And you'll, those, that golf course, the south

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

course is going to be 100 percent seashore paspalum. Wailea is going to convert their courses to paspalum. Manele on Lanai has converted all their greens to paspalum. I mentioned Wailua. On Kauai, Princeville is converting both golf courses to greens and tees to 100 percent paspalum. Kiahuna is already converted. Poipu Bay is converting. And when you start hearing all these and there's about a dozen more I can name, you start thinking why, and it's because it's green, it's beautiful. But far more important in my way of thinking is it's environmentally the right thing to do. It's less fertilizer, it's less pesticides. It is absolutely the right thing for Hawaii to do because you folks are surrounded by water and you shouldn't be putting down as much stuff as we're putting down. So for a municipal I think it's the right thing, and that's why Wailua is really, was really going after it.

COUNCILMEMBER MOLINA: Okay. Thank you, Mr. Gilhuly, and I appreciate the fact that you mention that the conversion is pretty fast. My last question just related to that, I know time is of the essence when it comes to this type of business and it's good to hear that you can still keep the golf courses open.

MR. GILHULY: Correct.

COUNCILMEMBER MOLINA: Conversion wise, how fast once I guess this, for example the Hawaiian version of the seashore paspalum, about how fast could it, you know, once it gets going...

MR. GILHULY: Well the nice thing is...is this still Mr. Molina?

COUNCILMEMBER MOLINA: Yes.

MR. GILHULY: Yes. The nice thing is, is that you're going to have a couple of golf courses you can actually go see, and see how it's going. The first one was, was Ko Olina. Ko Olina took, excuse me not Ko Olina, Kiahuna, they took a period of about four or five years to really convert over, and they finally sodded everything. But they came up with this machine adaptation that Princeville used and Princeville converted . . . *(end of tape 1B)*. . . percent paspalum to 100 percent in one year. So Ko Olina thought well, we're going to do that. So Ko Olina this fall, sprigged exactly the way I suggested in this report all of their greens with SeaDwarf seashore paspalum, and the greens are open. And Ko Olina is about as high-end resort as you get, and the grasses are coming in. I expect at least two years, maybe three but that's it, and you will be able to play the golf

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

course during the conversion process. The grasses are different and it's a very interesting putting surface you get, but we do have one tool that we're able to use now that we didn't have in the past and it's a growth regulator called Primo. And what this Primo does is allows Mr. Kubo to spray a growth regulator, it's not a pesticide, it just stops the, the vertical growth of a grass plant. And the problem you have between Bermuda grass and paspalum is one grass requires a pound of fertilizer a month, the other one requires a half or less than that, and if you fertilize for Bermuda grass paspalum goes crazy and golfers hate it. So if you can throw a growth regulator on it, it all comes out the same so it's pretty, pretty neat. So long answer, should give you the short version, two to three years.

COUNCILMEMBER MOLINA: Okay. Thank you very much, Mr. Gilhuly. I appreciate this information, it's very useful. Thank you, Mr. Chairman.

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

COUNCILMEMBER VICTORINO: Yeah. Thank you. Mr. Gilhuly, thank you very much. I'm not a golfer either, I'm more of what we call the hacker. I go through and I take care all the weeds and the seeds that are left behind. But I think I might spread it a little further.

MR. GILHULY: There you go.

COUNCILMEMBER VICTORINO: Okay. My question is on, going to this irrigation practices and I've been reading what you have stating here that overly wet areas, standing water are completely unacceptable on seaside golf courses. How do you, you know, get with, especially in Maui, as you well know, we have such tremendous changes in our winds. You know, in the afternoon we have trade winds, in the evenings sometimes it can become very still, and then other times the winds can be very bliss. And I think that's been one of the biggest areas I think many, not only the parks but even golf courses here in, on Maui have this real challenge with wind and the change in wind velocity which then you know and I know that spreads your irrigation especially when you're doing golf courses with the irrigation systems. So what, is there a better methodology and I'm using drip irrigation but maybe that's not what I want to say, but something that where you could have a better overall spreading of the water with less concentration in one area and dry in another?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. GILHULY: Well, there are programs and this get into the agronomic aspect of, of, of golf maintenance. As I look at the picture on No. 9 and this is on No. 7 green, you end up with these areas that the topography is not flat and you do get wind and you do get rain. And I was there on Thursday, I got to fly into your rain and it was nasty. And so in times like that you're going to get wet but when you see areas like this you install drainage. If the drainage doesn't work then the guy who's irrigating has to be aware that there's too much water being applied to these areas. So you have to be really vigilant. I think one of the things that Mr. Kubo's staff has to be really aware of and every golf course staff has to be is that--and this is a philosophical, this is why the *Golf Digest* thing is so important--we're not, we, green is not great in golf, that's not what we should be doing. We need to have playing conditions, we need to dry down the golf courses. And I'm going to guess most irrigation guys and I would say most superintendents they get so much pressure to have a green golf course, green is good, that they just say, they throw their hands up and say okay I'm going to make a mistake, it's going to get too wet but it's going to be green. That's not the way a golf course plays, it's not, it's not the same. It's a sporting field and it can't be that wet. So I understand that the winds, I understand, you know, the difficulty on any golf course, and there are times when they will be wet from natural rainfall. But to have standing water like on the day of this visit, that was wet, and the guy who's in charge of the irrigation it could have been, it could be a pipe that's broken, it could be irrigation overlap. But standard irrigation practices in Hawaii and everywhere are overhead, in-ground irrigation systems. And yours I believe is relatively new and it was a major problem before. But it's, it's not a bad system, it just needs to be watched carefully.

COUNCILMEMBER VICTORINO: Okay. Thank you. And the last question I have for you, in this particular study again I, I see the, the 6, 7 holes as being, 6, 7, and 8 as being your, what you're talking, your immediate, and No. 2 immediate improvement by resodding or putting in the seashore...

MR. GILHULY: Introducing, yes.

COUNCILMEMBER VICTORINO: Yeah. And why did you pick those holes in particular? And 'cause it's, you know, there's other holes that I would have maybe wanted to do. But why those in particular?

MR. GILHULY: Well those are the ones that are right next to the ocean.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

COUNCILMEMBER VICTORINO: Okay.

MR. GILHULY: And seashore paspalum is absolutely the most salt-tolerant grass you could possibly have.

COUNCILMEMBER VICTORINO: So you're not recommending this for the entire course? Just the ones...

MR. GILHULY: Oh no, no. I'm recommending this for the entire golf course.

COUNCILMEMBER VICTORINO: Okay.

MR. GILHULY: But start with 6, 7, and 8 because of the salt tolerance of that grass, and I think that it will have the, what you'll get, and 6, 7, and 8, you know, honestly when you see photographs of Waiehu, if you take a photograph from up above you look down on those greens. You know if this grass gets established it will stripe up so well it will be so stunningly beautiful that that would probably become your signature-type photograph on your scorecard. And it's that dramatic of a change. So I would start with those because they're next to the ocean, and then go from there on to the rest of the golf course. Again, if you have enough money to buy enough sprigs...I, I'm a big believer in demonstrations and that's why, you know, I said, you know, get on that practice green and let's get that thing started, and let's get those three greens going and let's see how that goes. And then if you're happy with the results, Mr. Kubo is happy with the technique, everything comes out then we do the rest of the golf course within the same year.

COUNCILMEMBER VICTORINO: Okay. Thank you. And thank you very much for all your efforts --

MR. GILHULY: ...*(Inaudible)*...

COUNCILMEMBER VICTORINO: --and this is long, long overdue, and I think, you know, the people of Maui especially our golfers, you know, they deserve a good, solid golf course where they can go and play a great round. And, you know, I don't think they mind paying more just like you said. But if it's full of weeds and not in good repair yeah they, they're not too happy to pay more money for something that is of lesser quality. Yeah?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. GILHULY: I absolutely agree with that, and I'm totally and completely believe that Mr. Kubo and his staff can, can take care of this because I saw it two years ago.

COUNCILMEMBER VICTORINO: Okay. Thank you.

MR. GILHULY: . . .*(Inaudible)*. . .

COUNCILMEMBER VICTORINO: Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Larry, I got a question. Do you have any issues regarding training or the lack of training?

MR. GILHULY: Well, I think that kind of goes back to that one point in the report where I talk about the person who, although Mr. Kubo is responsible ultimately you got to have a good person helping you with the training, and I think that's a weakness. And so that area needs to be improved upon. The, it's on Page 5 and 6. And there seems to be a disconnect there, and I think there needs to be some improvement in that area.

CHAIR PONTANILLA: Okay. Thank you for that insight again. Members, any more questions? Member Medeiros.

COUNCILMEMBER MEDEIROS: Just one more question, Mr. Chair. Mr. Gilhuly, this is Councilmember Medeiros again.

MR. GILHULY: Yes.

COUNCILMEMBER MEDEIROS: In your experience with other municipal golf courses and just listening to you make your presentation today, apparently you have a great experience all over. What has been your experience as far as equipment? Because equipment seems to be a major component of the condition of the course. If the equipment is not working and not usable then, you know, the maintenance program falls way behind. What has been your experience with other municipalities and other municipal golf courses as far as purchasing or renting or leasing the equipment? And the reason I ask that is under lease programs when machines break down the vendor usually has a replacement while they repair the machine. So what has been your experience with the best maintenance program as far as equipment?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. GILHULY: Okay. Good question. And this is an area that has changed. It used to be all purchase, and what you just said, Mr. Medeiros, is one of the reasons why so many municipal courses are starting to look at leasing and starting to look at that, at that model. I . . .and in my opinion there's no question. If I was a golf course superintendent I would look at my entire mowing fleet, I would not purchase one of those items, every one of them would be on, based on hours. And, you know, the goal is, for the golf course superintendent is to spend as little money as possible during the useful life of that piece of equipment, and every single piece in that entire fleet has a useful life, they're all different. And that's why this Todd Gray has been such a, a dramatic improvement for our industry, because they understand that and why I really and strongly recommending you just go through the process. It doesn't cost anything, I don't know why you wouldn't do it. And municipal golf courses are more and more that I go to are now looking at it, they are not purchasing. The capital money is too much. When you're paying \$60,000 for a mower or even in some cases I'd say even worse, a putting green mower, one of those little putting green mowers is \$10,000 that's hard, that's hard to stomach. So answer, short answer to your question is I am seeing more and more municipal operations going to a combination of leasing, leasing and purchasing.

COUNCILMEMBER MEDEIROS: And I think a follow-up on that is that a lot of times when you purchase equipment especially, you know, very costly equipment that's required for golf course maintenance or even other operations, you know, road work and so forth, usually the lease runs out at the same time the mower or the equipment breaks down. So on, on a, I mean on a, as far as the warranty on the equipment usually they give you, you know, maybe five years, and if the machine breaks down, you know, it's about the same time. So lease seems to be a good way to go so that you can replace the equipment on a timely manner where your equipment is always in very good condition and operationally ready all the time. Would you agree with that?

MR. GILHULY: One hundred and ten percent. I will give you my home course as an, as an example. We're not a public golf course, municipal course, we're a private club. And we just, we went with this company. I would not have my home course go with them if I didn't feel comfortable. And we have dropped our total amount, and I'm not saying this will happen at Waiehu, but our mechanic fleet group went from basically two and a half on an 18-hole high-end golf course to one and a half. We cut one person from our fleet because, or from our staff because all of a sudden there's not as much work to do for the mechanics. And there are some, there's

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

some cost savings with good equipment that's in operational condition that, that's one of them. And then the condition of the golf course, you cannot put a price on how much you're saving on your golf course by having good quality equipment that's replaced on a regular basis. So again it's, it's, I couldn't agree more, Mr. Medeiros. I have to ask the question, are you related to Robert at all or?

COUNCILMEMBER MEDEIROS: Robert Medeiros on Maui?

MR. GILHULY: On Kauai.

COUNCILMEMBER MEDEIROS: Oh no.

MR. GILHULY: His brother was a singer.

COUNCILMEMBER MEDEIROS: Right. Glen Medeiros?

MR. GILHULY: Yeah.

COUNCILMEMBER MEDEIROS: Yeah. We only claimed we're related when he was really popular.

COUNCIL MEMBERS: . . . (laughter) . . .

MR. GILHULY: . . . (laughter). . . That's like me and Lee Marvin in that movie, the Gilhuly character that he plays.

COUNCILMEMBER MEDEIROS: Well, Mr. Gilhuly, thank you so much for the information you have provided. Mahalo, Mr. Chairman.

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

COUNCILMEMBER ANDERSON: Thank you, Chairman. Thank you for being with us this morning or this afternoon, Mr. Gilhuly. The only woman Council Member on the panel here, and I don't currently golf but I did in my youth. Let's put it that way.

MR. GILHULY: Okay.

COUNCILMEMBER ANDERSON: I'm interested in the seashore paspalum. You said that it uses less fertilizer and less herbicides. Does it also use less water?

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

December 15, 2008

MR. GILHULY: It can. If the water quality is poor it will definitely use less water, and your water quality in your lake is poor, your water quality in your well water it sounds like it's okay. But it's, that's not the big selling point with this grass. It, it, it can survive very well under drought conditions, and I know that on Maui that is a big issue, yeah, it's a huge issue as far as water use . . .(inaudible). . .

COUNCILMEMBER ANDERSON: Yeah. I understand it is very drought tolerant.

MR. GILHULY: It is very drought tolerant. It is and again anecdotally there are those that say it uses less water in Hawaii than Bermuda grass, but that has never been proven by science. So, but it will use much poorer water quality. If there was an effluent source anywhere in your area it would...I can give you Turtle Bay resort as an example out in, on Oahu, and Turtle Bay irrigates their golf course with effluent water. And up until last year their fairways had not been fertilized, period, for a period of over ten years. That's how dramatic this grass can be, just with effluent water 'cause effluent water, standard treated water type . . .(inaudible). . .

COUNCILMEMBER ANDERSON: Is it R-1 or R-2?

MR. GILHULY: R-1 or R-2 did you say?

COUNCILMEMBER ANDERSON: Yeah.

MR. GILHULY: Actually R-2 and most, I know a lot of golf courses are going to R-1 but generally there's about two pounds of nitrogen found in these waters. And this grass doesn't need too much more than two or three pounds of nitrogen a year. So it, that's a dramatic statement to be able to make, and I think from, as a municipal golf course if you had any possibility of getting effluent boy, what a great way to recycle water --

COUNCILMEMBER ANDERSON: Yeah.

MR. GILHULY: --to recharge. Because your turf grass is the second best environmental cleaner of water found on the earth. A native forest is number one and turf grasses are number two.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

COUNCILMEMBER ANDERSON: Really. That's interesting it would be nice to put those nitrates on the golf course instead of on our reefs in injection wells.

MR. GILHULY: Well that's, that's why paspalum is so good, it's one of the other reasons why, you're putting less fertilizer down and it uses it better. So it's a good environmental story, it's the right thing for you folks . . .(inaudible) . . .

COUNCILMEMBER ANDERSON: Well hopefully the golf course can move in that direction. I don't know, where our sewage treatment plant's quite a bit away. The other question I have, can you give us an explanation on why the greens have shrunk?

MR. GILHULY: Yes. I think I may have mentioned it in the report but . . .(inaudible) . . .

COUNCILMEMBER ANDERSON: You just said they shrunk but I don't think you told us exactly...

MR. GILHULY: Yeah again . . .(inaudible) . . .

COUNCILMEMBER ANDERSON: I mean I just envision someone not --

MR. GILHULY: I apologize.

COUNCILMEMBER ANDERSON: --doing the next mow.

MR. GILHULY: I apologize for not being clear on this. Up until, oh gosh, I've, I was mowing greens when I was 15 so back in 1967. I can remember this brand new type of mower that came out and it was called a triplex, and this was the answer for golf course maintenance all over the world. We didn't have to walk miles behind a mower, all we had to do was sit on this thing and it would mow with three mowers at one time, and you don't need three people anymore, you could just use one. And boy, this was, this was a boon to the industry. So golf courses all over the country bought these triplex mowers, and there are some negatives associated with them. But one of the biggest ones is, is that when the staff is sent out to mow a putting surface which is mowed at a tenth of an inch or an eighth of an inch, right next to it is the collar of the green which is mowed at generally a half an inch. Well if, as with a home lawn if you, if you scalp, if you go out into that higher cut you're going to scalp that edge, and

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

operators are taught, boy, whatever you do don't scalp. And so the operators back in the '60s started it and through to today, and the operators don't want to get that brown scalp. And so it could be a tenth of an inch, a quarter of an inch, half an inch, and over a period of 40 years your greens have shrunk. And they may have used to, with walkers had nice shapes and weren't just big round circles, they're now big round circles. And like I said you're in good company. Waialae. . . and next month Sony Open. As you watch that championship every one of those greens has shrunk, every single one of them, and you can see the contours. And so with Mr. Kubo as I was going around, I started poking around and, and you go down and there'll be three or four inches of organic accumulation from the grasses that are there and you hit pure sand, and that's what the greens were built out of. So it's, it's very common on golf courses, and I think down the road it would be something that you need to address because bigger greens are healthier greens.

COUNCILMEMBER ANDERSON: Right.

MR. GILHULY: And healthier greens golfers like.

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

MR. GILHULY: And I have to say one other comment, you said you played golf when you were younger. You know, I'm the high school golf coach here at Peninsula High School and I take great pride in my girls. I have girls that come out, between 12 to 15 girls a year, and I tell them all the same thing. I'm not going to make a golf professional but my goal is that once you come, once you leave high school, go through college, get married, and then raise your family that you come back to the game. So I'm going to ask you to please come back to the game.

COUNCILMEMBER ANDERSON: . . .(laughter). . .Thank you. I might have the time to do that in a very short time.

MR. GILHULY: All right.

CHAIR PONTANILLA: Thank you, Member Anderson. Members, any more questions for Mr. Gilhuly at this time? Or Department? Any more questions? None? Okay. Larry, that's all the questions that we have, and again, you know, I really want to thank you for coming to Maui, doing the audit on our golf course, and we'll give the opportunity for Mr. Kubo

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

based on your recommendation to improve the golf course here on Maui. You know we take your comments in regards to the hiking the rates, you know, as something that we, we need to take a look in the future. But again thank you very much, Larry, for being on this teleconference.

MR. GILHULY: Well it's my pleasure. I hope that I get a chance to meet you all personally some day in the future. I, I'll be coming over again in...I told Lance we're having a regional conference at Oahu Country Club on March 30th and we'll back in the islands at that time, and you can always reach me via e-mail at lgilhuly@usga.org and I hope everybody has a happy holidays over there.

CHAIR PONTANILLA: Thank you. You too.

MR. GILHULY: Thank you.

CHAIR PONTANILLA: Good bye.

MR. GILHULY: Good bye. Okay. Thanks, Ron.

COUNCILMEMBER PONTANILLA: Oh. I see that. Okay. Okay. Members, that concludes BF-133 this afternoon. What I'd like to do if there's no objection is to defer this item.

COUNCIL MEMBERS: No objections.

ACTION: DEFER pending further discussion

CHAIR PONTANILLA: Thank you. Okay. The time is 3:01. Let's take a ten minute recess. We'll reconvene at about 3:11. Meeting is in recess. . . .(gavel). . .

RECESS: 3:03 p.m.
RECONVENE: 3:19 p.m.

ITEM NO. 5: CIP IMPLEMENTATION REPORT (C.C. Nos. 08-122, 08-137, 08-180, 08-232, 08-250, & 08-278)

CHAIR PONTANILLA: The Budget and Finance Committee meeting is now reconvened. Members, our last item this afternoon is BF-5, CIP Implementation Report. The Chair's intent this afternoon is to focus on the most recent report for the period ending September 30, 2008, and also

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

to focus on projects of the Water Department. As Chair of the Committee, I sent a written request dated December 3, 2008, to Director Eng to provide an overview of each project including how the project will affect water source, water storage, or water storage, the current status of the project, and the anticipated date of completion. The Committee has not received a written response; therefore, we will ask Mr. Herb Chang to identify the project in the CIP implementation report as we go along. But I think in our handbooks we had received the report from the Department. So at this time I'd like to call on Mr. Herb Chang from the Water Department. Opening comments, sir.

MR. CHANG: We don't really have any opening comments, just that the projects are moving along, most of it, and we've been, our CIP staff has been really working hard this past, past six months to push these projects out.

CHAIR PONTANILLA: Thank you. Members, if you can look at your December, let's see, December 11th correspondence from the Department. This is the report that was sent to us from the Water Department in regards to projects that are, that involve a new water source or storage source for the County of Maui. This goes from Fiscal Year 2008 to present. I'm sorry from year, Fiscal Year 2007. And, Mr. Chang, if you could review each of the project that show increase in the water, water service or storage, and new water source development on the information that you sent us.

MR. CHANG: Okay. On Page 1 we have the second from the top, or third from the top, excuse me, the Kawela Tank Improvements. This one will provide very, very. . .it will provide very little storage improvements. We have existing 100,000 gallon tank that's old and needs replacement so we're going to replace that with a 107 gallon tank. Although it's a small increase, it's, it does help a little bit. So right now the status of the project is we, we're in the process of having the construction contract being executed. So this project is pretty much a go.

CHAIR PONTANILLA: Question. On that particular project, and, Members, if you do have questions please let the Chair know as we go project by project. You know it says construction contract is being prepared. You say, you know, how soon will that contract go out to bid, and, you know, what, what, what is your timetable on this one here? Although it shows a completion at the end of 2009, if you could provide that information to the Committee, you know, the expected date when you want to start?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. CHANG: The start of the construction we expect sometime probably in about four or five months. The, we'll be, I think we'll be finalizing our contract, so the contractor needs to, you know, get the materials available and staff needs to make sure the site, whatever it needs to be on the site is also ready for the new tank. So I believe in about five months the construction will start and by the end of the year we should be completed.

CHAIR PONTANILLA: Thank you. Members, questions on this item? Seeing none, okay.

COUNCILMEMBER MATEO: Chairman.

CHAIR PONTANILLA: Mr. Mateo.

COUNCILMEMBER MATEO: Chairman, thank you. Maybe if the Department can tell us, I know there is an increase in the capacity, but it's like 7,000 gallon increase in the capacity. If this is long-term planning why didn't you go a little larger than 7,000 gallons more than what already exists?

MR. CHANG: Actually the, the reason why it went up a little bit was because of the, the manufacture of the steel tank. We would have gone with the same size 'cause it's pretty much adequate 'cause we have pumps that can fill up that tank relatively quickly. So 100,000 was really the, the correct size, just that the manufacturer sizes available, that's why, that's why it's kind of a odd number, 107.

COUNCILMEMBER MATEO: And the life of the, the replacement tank is how long?

MR. CHANG: It's going to be one of those steel, glass-lined tanks so should be good for 40 years-plus.

COUNCILMEMBER MATEO: Okay. Okay. Thank you.

CHAIR PONTANILLA: Thank you, Mr. Mateo. Okay. Mr. Chang.

MR. CHANG: Next item is the Kula Tank Improvements, that's six lines from the bottom, from the top, excuse me. These are five tanks total, three is going be on Omaopio Road. Right now the, the tanks will be varying in sizes of 20,000, 25,000, and 150,000. The 150,000 is going to be a pretty good size improvement. Right now I believe 25,000 so it's going to up the capacity. This is an area of a lot of if most, most of you may know

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

Omaopio Road is a lot of the farmers, farm activity, so it will provide our system a little cushion for, in case there's some kind of problem with our, transmission/distribution lines feeding the Omaopio system. Also on Olinda Road and Piiholo Road there are two tanks that we will be replacing. These are all design projects, and the one on Olinda Road recall the west Olinda Tank which is I believe is I think 50,000 gallons right now. We're going to up it to 250,000. This one is more for pump controls. We're, the problem we're having now is the tank is a little too . . . *(end of tape 2A)* . . . cycling was just turning on and off too quickly. So it's kind of combination benefits on this one. And on Piiholo Road on the very, close to the very top we have a, I believe a 20,000 gallon tank up there. And we're going to replace it with a 50,000. So it should provide a little bit, little bit more storage in that Upper Piiholo Road area. And this is the design phase so subject to funding in Fiscal Year 2010. You know, as far as being reality it's going to depend on getting funding for the construction.

CHAIR PONTANILLA: Okay. So the design will be completed 10/31/2009?

MR. CHANG: Yes.

CHAIR PONTANILLA: And then the actual construction would be 2010?

MR. CHANG: Yeah. I think we're putting it in the budget for Fiscal 2010, two thousand ten.

CHAIR PONTANILLA: I got a question for Mr. Pablo. I saw the CIP projects that were presented for I guess when President Obama takes office, you know, part of the request of the \$200 million. Is this part of the \$200 million request for 2010?

MR. PABLO: I don't think we gave...this is for the, you're talking about Obama's stimulus package?

CHAIR PONTANILLA: Yeah.

MR. PABLO: My understanding is they haven't really set the, the criteria yet. I'm not sure where they can really apply yet for those projects.

CHAIR PONTANILLA: Okay.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. PABLO: But we're keeping an eye on that, that program so as soon as they open up we're going to try jump.

CHAIR PONTANILLA: Thank you. Members, questions? Member Molina.

COUNCILMEMBER MOLINA: Yeah. Thank you, Chair. Mr. Chang, so the, you mentioned the Olinda Tank replacement will be, the existing is 50,000 and the replacement will be 250,000?

MR. CHANG: Yes.

COUNCILMEMBER MOLINA: All right. Okay. Is that also due to I guess anticipated growth for the future in that region?

MR. CHANG: More, it's more the pump, pumping problems we've been having. But it will provide a little bit, we don't expect too much growth. But it's kind of a combination, it will provide good fire protection storage once it go in.

COUNCILMEMBER MOLINA: Okay. And not too much water too I guess depending on the weather conditions as well. Yeah, so.

MR. CHANG: Yeah. It, 'cause when it's dry, when we need to pump uphill, we need to have that, 'cause there's like three pump station that does it in steps and this particular tank is too small and it's not, so the system of pumping is not really operating efficiently.

COUNCILMEMBER MOLINA: And the 50, the existing 50,000 tank, about how old is that?

MR. CHANG: My guess is it's around 50 years already.

COUNCILMEMBER MOLINA: Fifty years. Okay. Thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. One fast question, Mr. Chang. Because you're increasing the tank size on Piihola Road, I know we pump from I guess Kamaole Weir towards, up Piihola Road. Have you guys made an estimate as far as cost saving on electricity, because we're increasing the size of the tank and reducing the, the pumping cycle?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. CHANG: I don't, it should help a little. But I don't, but I don't have a dollar figure on how much. But each time the pump comes on and off it's, it's a surge in power demand.

CHAIR PONTANILLA: Okay. Next. Members, any more questions regarding this? Member Medeiros.

COUNCILMEMBER MEDEIROS: Yeah. For the Department. Mahalo, Mr. Chairman. The old tanks, you guys remove them and destroy them, or they remain in place when the replacement tanks come online? Or...

MR. CHANG: Some of them are so old that we need to demo. On some sites, the tank is so small that we need to demo. Usually it's the, we have to demo.

COUNCILMEMBER MEDEIROS: And if you demo the old tank does the replacement tank go on the same footprint approximately, or you find a new site?

MR. CHANG: If the tank site is large enough we try to, to prevent, you know, service problems. If something. . .if the tank is, if the tank site is so small we have to use what we call these bypass valves. So it's, it's more, it works better if we have a larger tank site and can build a new tank next to the old tank. But sometimes if it's, the surrounding areas where we can't get more land then we're forced to demo the tank and then build pretty much on the same --

COUNCILMEMBER MEDEIROS: Okay.

MR. CHANG: --same area.

COUNCILMEMBER MEDEIROS: Thank you, Department. Mahalo, Mr. Chairman.

COUNCILMEMBER PONTANILLA: Thank you. Next, Mr. Chang.

MR. CHANG: Okay. On this next Page 2, the second item from the top, Haiku Source Development. This project we will be searching for another well site in that Haiku area. We haven't selecting, selected a consultant yet but we will be shortly. The scope of this work would be to study, have a hydrogeologist look at the whole Haiku area and try to find the best spot where we can, you know, drill another well. And so this again would be a

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

first step one, and then if we do find a good site we can hopefully drill another well in that particular area, and so we would like to get a consultant selected say hopefully within two months. And if the progress moves along quickly we do have enough money to perhaps go as fast as designing and maybe even drilling the hole, encasing the hole. So. . .but we should at least get the, some sites for some future wells. Right now we haven't had really a study yet in this Haiku area as far as where we should be drilling.

CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER ANDERSON: Thanks, Chairman. Mr. Chang, do you know, I mean you must have some idea where you're going to do this, some, you know, general area. Is it, is it anywhere within the East Maui water source development area?

MR. CHANG: That's, that would be where we're trying to look for water in that area.

COUNCILMEMBER ANDERSON: Well, you know you guys are supposed to, there's all kinds of studies that you're supposed to do before you do any kind of drilling in this area and apropos the settlement agreement on the lawsuit over the East Maui water source development area. So it seems like you should do those studies, put some funding towards those studies before you put money towards a consultant who's going to look for a site for a new well. 'Cause I think the...I don't have it in front of me here but I think some of the studies would help you select a more appropriate area. One of the studies being an instream flow study and in fact a whole brand new EIS has to be done. So have you taken that into consideration?

MR. CHANG: Yes, we did. We, I believe that document is called consent decree.

COUNCILMEMBER ANDERSON: Right.

MR. CHANG: So we're, I believe our, we already made a request to the Corporation Counsel to go over the agreement to see what impacts that has on our, on this particular project. So, but in the meantime we figure we go with the hydrogeologist and just see his recommendation on where we can drill anyway, and the little progress make, you know, that we're doing this step already or we're thinking of doing it is to keep the ball rolling.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

COUNCILMEMBER ANDERSON: Well depends on where the ball ends up. I mean the Water Department spent a lot of money on the, I'm assuming a lot of money on the EIS for the East Maui source development program, and the EIS was found to be so deficient that you guys had to do a consent decree. And in that consent decree there's an awful lot of requirements before you start doing anything, and I don't think you want to start something, even at, you know, investigation or designing anything until you make sure that you've met the requirements of the consent decree. I do know that members of the East Maui coalition--I can't really remember their name--have written to the Department about this and are awaiting a reply. So I'm just hoping that we can avoid further litigation by, you know, addressing what already is a requirement of the Department before we start expending funds in this area. I'd hate to see it wasted money.

CHAIR PONTANILLA: Yeah. Me too.

COUNCILMEMBER ANDERSON: Thank you, Chair.

CHAIR PONTANILLA: Thank you, Member Anderson. Members, any more questions regarding this? I got a fast one. You know, Mr. Chang, this morning we were presented with the Water Use Development Plan for both Upcountry as well as Central Maui. This particular project here is, is that affiliated with the Central Maui as well as the Upcountry Water Use Development Plan, looking for new sources as far as Maui County goes?

MR. CHANG: I believe this would be part of the Upcountry source development.

CHAIR PONTANILLA: Thank you. Members, any more questions regarding this item? Mr. Chang, next.

MR. CHANG: Okay. On Page 2, let's see the fourth, fourth project Paia-Haiku Tank Water Improvements, excuse me, Paia-Haiku Tank Improvements. This is a two-part project, one would be getting more lands in the Paia area for our new tank. Right now we have a 100,000 gallon tank that we want to replace with a 100,000 [sic] gallon tank, excuse me, 300,000 gallon tank. So this project would allow us to purchase additional lands next to the existing 100,000 gallon tank.

CHAIR PONTANILLA: Thank you. Members, any questions to this? Thank you. Next.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. CHANG: And probably the second half of this project would be also to replace a existing tank along, excuse me, Peahi Road on Haiku. And, let's see, and this one won't really increase storage, only the Paia one. Next project would be two projects down, oops sorry let's see, this is the Iao Source Development. We're looking at perhaps getting more water allocation from the Water Commission, and if we can we'd like to drill another well in the Iao area. And so this, this project would allow us to acquire the land, design, and, and drill a new well. So we haven't really gotten too far on this one. We're still working with, of course we got to get the Water Commission to give us more source out of the Iao Aquifer. And we haven't really worked too much with the landowner yet, but that's coming up real soon though, we'll be working on that. And this would provide additional water source to the Central and South Maui.

CHAIR PONTANILLA: Members, questions?

COUNCILMEMBER VICTORINO: Mr. Chair.

CHAIR PONTANILLA: Member Victorino.

COUNCILMEMBER VICTORINO: Thank you. Mr. Chang, thank you for that information. But we've been under the impression that the Iao Aquifer was being pumped at its maximum capacity. And so I'm curious to understand that if we develop a new well is this to replace another well or to decrease usage of another well? Or is this part of the "spreading out of wells so that we don't draw from one particular area causing the salinity to rise a lot quicker? So would you explain what this well, this new development, this new Iao Source Development would mean?

MR. CHANG: Initially it started off with spreading, spreading the wells so that we don't damage the aquifer. But recently we, we've, we have planned to go to the Water Commission and get the remainder portion of that aquifer that's available. There's still like 2 point something million gallons left that State could assign to somebody to use. So we want to, if we can grab that allocation we could use this project to create more source, but initially it started off as a spreading. But, so what's happening is we have the Waikapu, Iao Well that's coming, that we have, we have a construction contract now. And we also have the nother project from Kea Lani that's going to drill a well as per their requirements.

COUNCILMEMBER VICTORINO: That's the one on the upper part of Iao back here?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. CHANG: Below, below Wailuku Heights and above the highway.

COUNCILMEMBER VICTORINO: Yeah. Right there in that particular area.
Yeah?

MR. CHANG: That area, yeah.

COUNCILMEMBER VICTORINO: Okay. But I'm still curious to understand that, you know, again we were led and we've read, I've read reports and, you know, that we had reached our capacity. And now you're saying there is actually availability from the State Water Commission so that we can draw another 2 million or so gallons of water out of the Iao Aquifer?

MR. CHANG: Yeah. What's happened is when we use 80, when 80 percent of the aquifer capacity is reached as far as the State giving, approving wells that was when it was designated, when it hit the 80 percent. So now there's still that left, that 20 percent that's left over that nobody, that State has not assigned anybody to be able to use. So that's the remainder.

COUNCILMEMBER VICTORINO: So let me be clear. You're saying that we've hit the 80 percent that was designated originally?

MR. CHANG: Right.

COUNCILMEMBER VICTORINO: So there's this 20 percent or whatever remaining that now the State may allow us to use?

MR. CHANG: Right. They, we're [sic] put in an application to the State to be allocated that amount.

COUNCILMEMBER VICTORINO: Okay. Interesting. Okay. All right. Thank you, Mr. Chang.

COUNCILMEMBER ANDERSON: Chair.

MR. CHANG: You're welcome.

CHAIR PONTANILLA: Member Anderson.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

COUNCILMEMBER ANDERSON: I'd like to follow up on. . . So even as the chlorides are increasing, the water levels are lowering, you still want to pump an additional 2.5 million even if the State allows it?

MR. CHANG: We would try to locate this well where we, where it would be of minimal...yeah, there is a concern on, on salinity. But we have, if it's available then we can, if it's, if that's, additional source capacity is available then we, we, we should grab it before anybody else does it. And then we can find a spot that's, would have the least impact, and that's, it's new source.

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

CHAIR PONTANILLA: Question. I kind of confused on this one here. Number one, we're competing with probably private entities right?

MR. CHANG: Yeah. There are other people that may want to get that allocation too.

CHAIR PONTANILLA: So, so the 20 percent, well, 80 percent of the total capacity has been designated and that's the safe level. So how can we take 2 million gallons from that 20 percent, you know, after, you know, the State Water Committee [*sic*] has designated the Iao Aquifer at 80 percent?

MR. CHANG: I believe the, the procedure under this, the Water Commission's rule is when aquifer, when 80 percent of the aquifer's capacity is allocated they can designate the...

CHAIR PONTANILLA: Remaining 20 percent?

MR. CHANG: They can designate the aquifer as, under their control as far as who gets, as far as approving more water for the new, new wells. So they still have the option to approve the remainder 20 percent. So what happens is Iao, they determined that 80 percent of the allocation has been, has been reached. So they still, they still have 20 percent left which they still can approve any additional wells.

CHAIR PONTANILLA: Okay. Twenty percent of the 80 percent is still available then?

MR. CHANG: No. Twenty percent of the whole capacity.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

CHAIR PONTANILLA: Oh, okay. Fine. Thank you. Members, any more questions for the Department on this one here? Okay. Seeing none, if you can go on.

MR. CHANG: Okay. Let's see. Waikapu Source Development, this project we would like to drill a well in the Waikapu Aquifer. So at this point in time we have contacted the landowner, and we will be contacting the landowner for further discussions. So that's pretty much where we are right now. But this is potentially another site where we can get new source for the South Maui, Central Maui. This is the second to the last item on Page 2.

CHAIR PONTANILLA: Okay. Members, any questions for this --

COUNCILMEMBER VICTORINO: Mr. Chair.

CHAIR PONTANILLA: --particular project? Member Victorino.

COUNCILMEMBER VICTORINO: Yeah. Thank you. Again, Mr. Chang, you've clearly stated this is a different source in a different aquifer. But I understand there's other wells that have been developed, not presently being used but have been developed by the landowner themselves. Will this be a competing well with the private landowner?

MR. CHANG: I'm not familiar with those other wells. "Competing" meaning?

COUNCILMEMBER VICTORINO: You know they're going to be drawing out so much for whatever they want to develop or whatever they want to use their water for, right? And here we'll go into the same aquifer to get for ourselves a source. Do we have any idea as far as the capacity that we're looking at? You know using redundancy the two thirds of two thirds and do you have any idea what this would amount to at this time?

MR. CHANG: As a minimum we would like to have at least a million gallon per day output capacity so. . .or maybe more but probably minimum 1 million.

COUNCILMEMBER VICTORINO: So when you say 1 million, Mr. Chang, because we were told this morning about the redundancy, the two-thirds of two-thirds with the major pump out, is that what the end result or the net would be, a million after all of those equations would be put in?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. CHANG: Would be minimum half a million.

COUNCILMEMBER VICTORINO: Okay. So the million is the optimum or we hope to get a million, but after everything else half a million would be what we'd probably be able to draw out?

MR. CHANG: Probably the, the pump would be rated at a million, million gallons, and if we were to operate according to our redundancy we would get like 45 percent of that 1 million as, as a minimum amount.

COUNCILMEMBER VICTORINO: So about 450,000 gallons --

MR. CHANG: Yeah.

COUNCILMEMBER VICTORINO: —more or less, give or take a little, yeah?

MR. CHANG: Yes.

COUNCILMEMBER VICTORINO: Okay. And I see over here we have a timeline of completion date, an estimated of 12/11/2010 [*sic*]. How, how close do we feel that, I mean I heard you say we're going to go into discussions with, preliminary with the landowner. What do you feel, is this an obtainable or is that date kind of a pie-in-the-sky kind of situation?

MR. CHANG: I'm not too confident. A lot of, lot of it is because we're working with, on private property we have to, and the owner has his own development plans too. So it's kind of working with whether he's willing to provide the land and if it fits with his plans too, 'cause he wants to probably develop some, some well too on his own property and --

COUNCILMEMBER VICTORINO: That's correct.

MR. CHANG: --it's hard, hard to say.

COUNCILMEMBER VICTORINO: Okay. And that's what I was trying to ascertain because, you know, I understand and from what I've been told that this going be difficult at best for this particular source. So thank you. Thank you, Mr. Chair, for allowing me the questions.

CHAIR PONTANILLA: Thank you. Mr. Chang, next.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. CHANG: Okay. The, on Page 3, fourth item, West Maui Source Development. This project we plan to, similar to the Haiku we want to get a hydrogeologist to take a look at the West Maui area and see where would be some optimal well sites to develop additional source. And we do have money for this hydrologist and to design a new well if we find a good spot. So, so this will provide a new, perhaps a new well to the Lahaina system.

CHAIR PONTANILLA: Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah. Mr. Chair, and I do apologize if I may, Mr. Chair. I'd like to go to that very number, the very first item on that page, the Kahana [*sic*] Valley Improvements. Because I think we had a discussion this morning a little bit about that same particular item if I'm not mistaken, if I am I apologize.

CHAIR PONTANILLA: Is this tied in to the West Maui Source Development?

COUNCILMEMBER VICTORINO: Yep.

CHAIR PONTANILLA: Okay.

COUNCILMEMBER VICTORINO: Yep.

CHAIR PONTANILLA: Go ahead.

COUNCILMEMBER VICTORINO: Okay. Well the, the bottom line is isn't this to construct and maintain the improvements on the roadway and acquisition of land? That's the very first one on Page 3, Mr. Chang, if you're looking at it. Because isn't this part of the Hans Michel issue that we were discussing this morning? Am I correct?

MR. CHANG: Oh, that's correct.

COUNCILMEMBER VICTORINO: Okay. Okay. And so, so it is on the radar as far as getting this, because that is one of the sources that if we are to lose we lose a major, major source for our public system out in West Maui. Isn't that correct?

MR. CHANG: We talking about the intakes?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

COUNCILMEMBER VICTORINO: Yeah. The intakes as well as the pump out there.

MR. CHANG: The pumps are not that big quantity but the intake is.

COUNCILMEMBER VICTORINO: Okay. Okay. I just wanted to make sure that, you know, the discussion was this morning at our Water Resource Committee and so we just, I'm glad to see it's still on, on your radar screen, and we're hoping to be able to get these issues resolved for Mr. Michel's and for the West Maui people in particular. 'Cause this is a source even though...well it is, I mean if we lose it we, we could try to maintain or even find new sources we'd be up a creek. So I appreciate that. Thank you, Mr. Chair, for allowing me to ask that question on that particular item, yeah.

CHAIR PONTANILLA: Thank you. Okay. Mr. Chang, going back to West Maui Source Development.

COUNCILMEMBER VICTORINO: Where is...Mr. Chair, I'm sorry. On this one now, where is this particular location?

MR. CHANG: As far as the West Maui we, we're going to find, have a hydrologist look at the whole area, all of West Maui and let him tell us where would be some sites. 'Cause it's pretty, it's pretty much we got wells all over the place and not, ours and developers in Kaanapali. . .Kapalua, they got all their own wells so we're trying to find something in between everybody. Perhaps we can find something.

COUNCILMEMBER VICTORINO: Okay. So there's no specific geographical area at this point?

MR. CHANG: No. This would be a wide study.

COUNCILMEMBER VICTORINO: Okay. Okay. Thank you. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you, Mr. Victorino. Members, we're going to lose one Member at 4:00, so I'm going to have Mr. Chang go one more. And the Chair intention is to defer this item and sometime next year before the budget then, you know, we'll review, continue the review of the CIPs in the Water Department. So, Mr. Chang.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

MR. CHANG: Okay. The next item down would be the Kokomo Tank Replacement. This one would be to construct a half a million gallon tank to replace a 100,000 tank. So this, this project is almost completed, 98 percent finished; in fact, the tank is online and we're trying work the minor tweaks to get the system working to adopt to this new tank. So it does increase the storage, 400,000 gallons into Haiku.

CHAIR PONTANILLA: Thank you. Members, questions for this particular item? Seeing none, Members, that was the last item that, you know, Chair had intended to review since we're going to be losing one of our Members at 4:00 p.m. The only other, I just want to make a comment in regards the Water Department CIP projects that are listed in the pages that we got, several pages of them. I'm going to be working with the Water Department as far as the report itself to make it more clear for all of us. Because some of the things that, you know, I kind of envisioned was, you know, things like when the engineering start date would be, the cost of the project, the estimated completion. And if there's any other projects that are tied into the particular study, you know, what fiscal year are we looking at as far as doing the construction start, construction completion so that, you know, we get a full gamut as far as any particular project that we see on, on the pages that, you know, we're going to be starting our engineering design or bid or purchasing of land. At this particular date we're going to be going out to bid at a particular date, start construction at a particular date, complete at a particular date, and the cost of the total project itself. And that way at least it gives us a pretty good picture as far as start to end. And I think it's very important that, you know, when we do look at the budget, you know, going forward . . .*(end of tape 2B)*. . . identify cost on the per year basis for any project that comes forward from any of the departments, you know, it gives us a good feel as how much we're gonna be expending as we move forward in the future years. So, Members, any questions?

At this time I wanna thank Mr. Chang, Mr. Pablo, Ms. Villarosa, as well as the Staff, for being here this afternoon. At this time, Members, with no announcements the Chair would like to adjourn this meeting.

COUNCILMEMBER VICTORINO: No objections.

CHAIR PONTANILLA: . . .*(gavel)*. . .

ACTION: DEFER pending further discussion.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

ADJOURN: 3:58 p.m.

APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:081215:ds

Transcribed by: Daniel Schoenbeck

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

December 15, 2008

CERTIFICATE

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

DATED the 5th day of January, 2009, in Pukalani, Hawaii



Daniel Schoenbeck