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COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 17, 2017

The Honorable Alan M. Arakawa, Mayor
County of Maui
Wailuku, Hawaii 96793

Dear Mayor Arakawa:

**SUBJECT: AMENDING FISCAL YEAR 2017 BUDGET:
DEPARTMENT OF WATER SUPPLY (WAILUKU
WATER COMPANY ACQUISITION) (BF-21)**

At its meeting of February 14, 2017, the Budget and Finance Committee reviewed a proposed budget amendment to provide funds for an appraisal of property and infrastructure owned by Wailuku Water Company, LLC.

May I please request the following information:

1. Profit and loss statements from Wailuku Water Company, LLC for the past ten years.
2. A current business operation analysis on the viability of Wailuku Water Company, LLC.
3. A report on the condition of the Surface Water Conveyance System and all improvements, including projections or estimates for costs of future maintenance, repair, and improvement of the water system both short and long-term.
4. A report summarizing and evaluating the sufficiency of the maintenance, including a maintenance schedule, equipment replacement schedule, and manpower requirements of the Surface Water Conveyance System.

5. A report concluding whether or not acquisition will result in the County of Maui having more water for distribution.
6. A current hydrology report.
7. Copies of all water service agreements, supply agreements, or other water delivery agreements, wherein Wailuku Water Company, LLC is obligated to supply water to third parties or end users, including the total gallons of water per day the company is obligated to provide under these agreements.
8. Copies of any other contracts, agreements, or obligations that the County will be assuming as a result of the proposed purchase of the Wailuku Water Company,, LLC's water system.
9. A report on Wailuku Water Company, LLC's status as a public utility, investigations by the Public Utilities Commission, and whether the company has applied for and received a Certificate of Public Convenience and Necessity.
10. Copies of any studies, memoranda, reports, or documents showing the Wailuku Water Company, LLC's capacity to supply water and projections of future water availability.
11. Copy of the current water supply agreement between the Wailuku Water Company, LLC and the County.
12. Identification of the regulatory or other legal requirements that apply to the operation of the Wailuku Water Company, LLC.
13. A report on the status of Wailuku Water Company, LLC's involvement in the Na Wai Eha litigation, including, but not limited to, the company's obligations, liabilities, agreements, or other risks associated with the case. Include how the County will be protected against liability in making the purchase and identify what legal obligations, if any, the County will assume from the proposed purchase.
14. Explain, or provide a report that addresses how the designation of the Iao as a groundwater management area by the State Commission on Water Resources Management affects Wailuku

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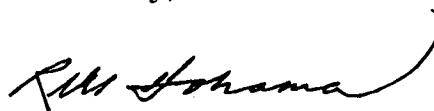
Water Company, LLC's rights and ability to deliver water and what duties, liabilities, and obligations the County can expect if it acquires property and infrastructure from Wailuku Water Company, LLC.

15. Copies of any reports, memorandum, correspondence, or other documents between the Wailuku Water Company, LLC, its predecessors, or principals, and the County relating to the offer to purchase Wailuku Agribusiness's 13,167 acres of watershed on or about the year 2000 and the decision by the County not to proceed with the purchase.
16. Please provide an explanation of how the decision was made to purchase only part of the water system, what fact were considered, the pros and cons of purchasing the entire system, and associated opportunities, advantages, disadvantages, and liabilities.

May I request you provide your response no later than **Thursday, March 30, 2017**. To ensure efficient processing, please include the relevant Committee item number in the subject line of your response.

Should you have any questions, please contact me or the Committee staff (Michele Yoshimura at ext. 7663, or Yvette Bouthillier at ext. 7758).

Sincerely,



RIKI HOKAMA, Chair
Budget and Finance Committee

bf:ltr:021aom01:mmmy

cc: Danilo Agsalog, Director of Finance
Lynn Araki-Regan, Budget Director
Kaala Buenconsejo, Director of Parks and Recreation
David Goode, Director of Public Works
Stewart Stant, Director of Environmental Management
David Taylor, Director of Water Supply
Jeffrey Ueoka, Deputy Corporation Counsel