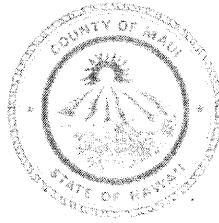


MICHAEL P. VICTORINO
Mayor

JEFFREY T. PEARSON, P.E.
Director

HELENE KAU
Deputy Director



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2019 APR 16 PM 3:04

DEPARTMENT OF WATER SUPPLY
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793

OFFICE OF THE
COUNTY COUNCIL

April 16, 2019

Ms. Michele M. Yoshimura *MY*
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P Victorino
Mayor
4/16/19
Date

For Transmittal to:

Honorable Keani Rawlins-Fernandez
Chair, Economic Development & Budget Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: **REQUESTS/QUESTIONS FROM THE APRIL 9, 2019 MEETING** (WS-12)
(EDB-1)

In response to your letter dated April 11, 2019, we respond as follows:

1. Regarding the proposed acquisition of the Wailuku Water Company, please provide the anticipated operating costs and liabilities to the County.

Answer:

The Administration is in the early stages of considering the acquisition. We have recently begun due diligence on the land issues while meeting with Wailuku Water Company (WWC) representatives in the last few weeks. We intend to request documents from WWC on current contracts, revenue, expenditures and profit/loss and maintenance and repairs. At a later date, we will then be able to better assess anticipated operating costs, needed ditch system repairs, and liabilities associated with the proposed purchase of the ditch system and lands related to the diversion of water.

"By Water All Things Find Life"

2. If acquired, what would be the capacity of County's water system?

Answer:

If acquired, the capacity of the DWS water system would not immediately change. The sources of water provided to DWS are a tunnel source at Kepaniwai Park, and the water treated at our Iao Water Treatment Plant, supplied through a WWC diversion at Wailuku River.

Pending the results of a contested case for surface water for Na Wai Eha', water diverted at Wailuku River could increase from 1.7 mgd to a maximum of 3.2 mgd.

3. What are the net benefits to acquisition?

Answer:

To determine the net benefits for the acquisition, we would need information gained from our due diligence as discussed above. The information acquired on current water use contracts would also be included in the net benefit. DWS contracts for water purchase with WWC would be terminated. Average monthly cost for water purchased for the tunnel at Kepaniwai is \$9,000. Actual average monthly cost for water purchased for water treated at our Iao treatment Plant for November, 2018 to March, 2019 is \$16,000.

Land purchases included in the proposed sale would provide a benefit to allow the County to control these lands to remain in conservation and remain undeveloped. We would also be in a better position to manage and protect this important watershed that provides water from Hookipa Park on the east side of Maui past Makena beach Park to the south.

4. How could the water rate structure be modified to pay for the additional costs?

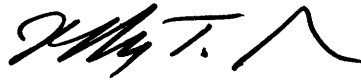
Answer:

Water rate increases would be proposed to offset any additional costs not supported by current revenue and additional revenue from new customers.

Honorable Keani Rawlins-Fernandez
Chair, Economic Development & Budget Committee
Maui County Council
April 16, 2019
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In advance, thank you for your attention to this matter. If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "J. T. P.", with a stylized flourish at the end.

JEFFREY T. PEARSON, P.E.
Director

JP:HK:lk