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Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

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

March 31, 2024

Mr. John Stufflebean, Director
Department of Water Supply
County of Maui
Wailuku, Hawaii 96793

Dear Mr. Stufflebean:

SUBJECT: FISCAL YEAR (“FY”) 2025 BUDGET (BFED-1) (WS-2)

May I please request you be prepared to answer the following questions at the BFED Committee meeting on **April 4, 2024**.^{*} This will enable the Committee to comprehensively review the FY 2025 Budget. May I further request that, after approval by the Office of the Mayor, you transmit your answers to bfed.committee@mauicounty.us by the end of the day on **April 4, 2024**.

**Date subject to change without notice.*

Overall

1. Has the Department consulted with the farming community before proposing a 20% rate increase to Agricultural Water Rates? (Appendix B) (GJ)
2. One of the Department’s strategies is to “develop new reliable water sources.” The Council recently heard from the Department about a Water Source Development Agreement to develop a new water source in Kula. If the Council authorizes the Mayor to enter into the Water Source Development Agreement, who benefits from that partnership and how would the Department’s FY 2025 budget change consequently? Is the Department actively pursuing new sources for water without private partners? If not, explain why. (Page 809, Program Budget) (TK)

3. What is the current balance of the Water Fund? What is the projected balance at the start of FY 2025? (Page 811, Program Budget) (TK)
4. Please explain the Department's solution for the single-family homes in Napilihau that are on a shared water line so that their billing rates are equitable to other single-family homes that are charged \$2.13 for the first 5,000 gallons. (Appendix B) (TP)
5. How is the Department calculating how much water the County can provide to interim and temporary housing without affecting the repopulation of West Maui? (TP)
6. For each of the Department's revolving funds, what is factored into the estimated balance as of June 30, 2024? Are prior year encumbrances included in the estimated balance? What is the actual amount available for appropriation from each fund? (YLS)
7. For the Water Administration Program, Goal #3, item 2, relating to processing permits in a timely and efficient manner: (Page 814, Program Budget)
 - a. What internal changes has the Department implemented to reduce the average number of review days for a single-family residential permit? (TC)
 - b. What strategies or tools will the Department implement that would cut the average number of days for single-family residential permit reviews from 180 days in FY 2023 to an estimated 90 days in FY 2025? (TP)

Salaries and Wages (Category "A")

1. Is there adequate personnel within the Water Administration Program to ensure the timely review and processing of both residential and commercial permits by the Department? Please explain. (Pages 815 through 818, Program Budget) (TC)
2. Please explain the need for a Public Information Officer and explain how the duties will not be redundant with those performed by the Mayor's Communications and Government Affairs Office. (Page 817, Program Budget) (ALL) (GJ)

- a. Does the Department anticipate this position being permanent or is the position related to a need following the August 2023 wildfires? (GJ)
3. With several long-term vacancies as noted in your December 31, 2023, budget implementation report, could any of these vacant positions be redescribed for any of the Water Administration Program's requested four expansion positions: Public Information Officer, GIS Analyst V, Energy Program Coordinator, or Compliance Specialist? (Pages 24-3, and 24-6 through 24-8, Budget Details) (ALL)

Operations and Equipment (Categories "B" and "C")

1. For the Water Administration Program, relating to the Conservation Program under Index Code 953158B, is this a grant subsidy fund? In addition to the demonstration project and incentive workshops, will there be other opportunities for community outreach under this program, for example, to homeowner associations about the benefits of allowing xeriscaping? (Page 24-15, Budget Details) (GJ)
2. Please explain the transfer of \$1,750,000 in Professional Services for a meter replacement in-house project and explain the scope of work. Does the Department have sufficient staff and capacity to carry out this project? (Pages 816 and 829, Program Budget) (GJ)
3. The Water Administration Program's operations total is decreased by 14 percent in FY 2025. How does this impact the total amount of grant funding available to meet Goal #4, "Support a Sustainable Water Supply"? Will less grant funding be available for watershed protection and management this year? (Pages 814 and 815, Program Budget) (GJ)
 - a. What was the total amount requested for grant subsidies for watershed protection and management in FYs 2024 and 2025? How much does the requested funding exceed available funding for this purpose in FYs 2024 and 2025? (GJ)
4. The Department has substantially reduced its budget for Services, proposing \$7,712,730 for FY 2025, which is a reduction of \$1,852,700, or 19.4 percent. (Page 812, Program Budget) (TK)

- a. What index codes are under the category “Services?”
 - b. For the Water Administration Program, relating to Professional Services under Index Code 953083B, \$1,000,000 is being proposed to transfer to Index Code 953301B, Sub-Object Code 6013. Is this appropriation meant to be for Index Code 953307B? If not, please identify what this change is and where it is located in your Department’s Budget Details. Please also explain this transfer. (Page 24-12, Budget Details)
 - i. Relating to the budgeted amount of \$1,138,000 to be used for consultants and the annual financial audit, have consultants already been selected? What type of consultants are needed for fiscal and administrative duties?
 - c. For the Water Operations Program, relating to Professional Services under Index Code 953307B, please explain the contingency for services related to “Lead & Copper rules revisions compliance.” Is there a likelihood that the County would not be able to address compliance with revised Lead & Copper rules, thus requiring the need to retain a consultant rather than being a contingency amount in an existing consulting contract? (Page 24-31, Budget Details)
5. What is the status of the FY 2024 appropriation of \$250,000 for the East Maui Water Authority feasibility study? (Page 24-13, Budget Details) (ALL)
 6. Please describe the additional services to be provided under the Mauna Kahalawai Watershed Protection Grant to justify the increase from \$818,000 in FY 2024 to \$898,000 in FY 2025. (Page 24-17, Budget Details) (ALL)
 7. For the Water Administration Program, relating to Professional Services under Index Code 953109B, please explain why an expansion request of \$500,000 is necessary when the FY 2023 Actual was under \$10,000. What will the funds be used for and what permit types will be processed? Is this for the repopulation of Lahaina? What are the FY 2024 Actuals to date? (Pages 24-13, Budget Details) (ALL) (TP)

8. For the Water Administration Program, relating to Professional Services under Index Code 953158B, please explain why \$800,800 is necessary when the FY 2023 Actual was \$425,565. What are the FY 2024 Actuals to date? (Pages 24-14, Budget Details) (ALL)
9. Please explain why the “material unit cost” of certain items has been reduced to zero dollars. For example, 6” CIMJ was \$125.26 and now decreased to \$0; the Double hose connector 2-½ was \$85.00 and now decreased to \$0. (Pages 57-59, Appendix B) (TP)
10. In FY 2024, a \$137,000 grant was allocated for Countywide Watershed Protection. But only \$37,000 is proposed for FY 2025. Is this sufficient?
 - a. With a proposed \$100,000 reduction, how will the Countywide Watershed Protection program expand to address wildfire risks that may be increased by ongoing drought conditions and ladder fuels in the Wildland Urban Interface in and around the DWS service areas? (Pages 819 and 820, Program Budget) (TP)
11. What has the Department’s experience been since relocating to its new office location at 1888 Wili Pa Loop in Wailuku? (Page 817, Program Budget) (TP)
12. There are various expenses listed under the Water Supply Operations Program that are realigned “based on anticipated expenditures.” Please elaborate on “anticipated expenditures” and how the Department has recalculated these expenses. (Pages 24-31 through 24-35, Budget Details) (YLS)

Capital Improvement Projects

1. Is the Department seeking short-term financing, such as bridge loans or grant anticipation notes, to offset immediate costs for fire recovery, proceed with scheduled CIPs, and reserve any available cash for operations? (GJ)
2. Please explain the following grant awards. What is the required County matching funding and where are the other funds derived

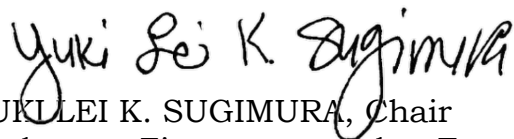
Mr. John Stufflebean
March 31, 2024
Page 6

from? Please clarify if the following numbers listed include matching funds. (Page 822, Program Budget) (NUH)

- a. Countywide Upgrades and Replacements - \$6,050,000
 - b. Upper Kula Transmission Improvements - \$2,500,000
 - c. Upcountry Reliable Capacity – United States Geological Survey - \$800,000
3. The Department has a large number of CIPs proposed for FY 2025. How does the Department plan to manage the workload of employees to ensure the timeliness of projects and that certain projects stay on track? (Page 973, Program Budget) (NUH)
 4. Have the new CIPs impacted the project status or the phase of any ongoing projects? (Page 973, Program Budget) (NUH)
 - a. Will any of these new CIPs affect the County's bond rating?
 5. Please provide an estimated timeline for the Honokowai Valley-Source Tunnel Intake & Transmission Waterline. What is the projected daily yield for this project? (Page 990, Program Budget) (TP)

Thank you for your attention to this request. Should you have any questions, please contact me or the Committee staff (James Krueger at ext. 7761, Kasie Apo Takayama at ext. 7665, or Yvette Bouthillier at ext. 7758).

Sincerely,



YUKILEI K. SUGIMURA, Chair
Budget, Finance, and Economic
Development Committee

bfed:2025bgt:240329aws01:jpp

cc: Mayor Richard T. Bissen, Jr.
Acting Budget Director

BFED Committee

From: BFED Committee
Sent: Sunday, March 31, 2024 1:24 PM
To: John Stufflebean
Cc: BFED Committee; James Landgraf; Linda Kimura; Michelle Santos; Zeke Kalua; Lesley Milner; Kristina Cabbat
Subject: PLEASE READ attached letter re: FISCAL YEAR ("FY") 2025 BUDGET (BFED 1); (WS-2)
Attachments: (WS-2) Correspondence to Water Supply 03-31-2024.pdf

Mr. Stufflebean: Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated March 31, 2024. Please respond by **April 4, 2024**

Mayor's Office (attention: Michelle Santos and Zeke Kalua): Please forward the attached letter to Mayor Bissen for his information.

Ms. Milner: FYI

Thank you,
Yvette Bouthillier, Senior Secretary
BFED Committee

RICHARD T. BISSEN, JR.
Mayor

JOSIAH K. NISHITA
Managing Director

JOHN STUFFLEBEAN, P.E.
Director

JAMES A. LANDGRAF
Deputy Director



DEPARTMENT OF WATER SUPPLY
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
<http://www.mauicounty.gov/water>

April 3, 2024

Ms. Lesley J. Milner 
Acting Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Honorable Richard T. Bissen, Jr.
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL


Mayor **4-5-24**
Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair
Budget, Finance, and Economic Development Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura:

SUBJECT: FISCAL YEAR ("FY") 2025 BUDGET (BFED-1) (WS-2)

In response to your letter dated March 31, 2024, Department of Water Supply provides the following:

Overall

1. Has the Department consulted with the farming community before proposing a 20% rate increase to Agricultural Water Rates? (Appendix B) (GJ)

Response:

The priority of the rate increases has been to maintain a low rate for residential customers who are efficient water users. Even with the proposed increase in the agricultural rate to \$1.43 per 1,000 gallons, residents and businesses are subsidizing agricultural users by about \$6 per 1000 gallons. The farming community was not consulted.

"By Water All Things Find Life"

2. One of the Department's strategies is to "develop new reliable water sources." The Council recently heard from the Department about a Water Source Development Agreement to develop a new water source in Kula. If the Council authorizes the Mayor to enter into the Water Source Development Agreement, who benefits from that partnership and how would the Department's FY 2025 budget change consequently? Is the Department actively pursuing new sources for water without private partners? If not, explain why. (Page 809, Program Budget) (TK)

Response:

The residential customers in the Upcountry system would be the primary beneficiaries of these wells, including domestic use and enhanced fire protection. The developers would ultimately recoup a profit on their investment. The Water Supply Agreement provides funding for infrastructure improvements. There is no need for immediate adjustments for the FY25 budget. Ultimately, the CIP would need to be adjusted to fund projects needed to incorporate this supply into the Upcountry system.

The Department is pursuing all possible water sources for Upcountry, West Maui, and Central/South Maui including County projects and partnerships. Specific to Upcountry are the Makawao wells, the interconnection to the central system, resolution of the East Maui Consent Decree and possible future Haiku wells, other private wells, a partnership with the Department of Hawaiian Homelands, and providing assistance to the East Maui Regional Water Community Board.

3. What is the current balance of the Water Fund? What is the projected balance at the start of FY 2025? (Page 811, Program Budget) (TK)

Response:

Current Balance as of 2/29/2024 = \$38.5M (includes the \$9.2M from GF for WF related costs)

Projected Balance as of 6/3/2024 = \$30.7M (assumed the \$9.2M is spent/encumbered) and may change based on the result of the request for proposals that are currently in process.

4. Please explain the Department's solution for the single-family homes in Napilihau that are on a shared water line so that their billing rates are equitable to other single-family homes that are charged \$2.13 for the first 5,000 gallons. (Appendix B) (TP)

Response:

The Department proposes a rate of \$4.63 per 1,000 gallons (all usages) for Multi-Family with shared meters. The \$4.63 is the same rate as the

Tier-2 of the General Residential/Single Family rate. This rate was recommended since tiers do not work for multiple connections to a single meter, and since it is a significant reduction from the commercial rate of \$7.58 per 1,000 gallons.

5. How is the Department calculating how much water the County can provide to interim and temporary housing without affecting the repopulation of West Maui? (TP)

Response:

The Department has real time production and consumption data available for internal review on a daily basis. The Department continues to monitor this data as temporary meters are installed and consumption begins. Currently, system capacity exceeds demand. As the combined consumption of temporary meters and re-installed meters begins to rise, the Department will have extensive advanced warning of any convergence toward pre-fire conditions.

6. For each of the Department's revolving funds, what is factored into the estimated balance as of June 30, 2024? Are prior year encumbrances included in the estimated balance? What is the actual amount available for appropriation from each fund? (YLS)

Response:

The department has one revolving fund, Upcountry Water System Expansion Capital Improvement Reserve Fund. Current and projected balance as of June 30, 2024 is \$11,183,829; there is no outstanding encumbrance. There is no available fund for FY2025 appropriation.

7. For the Water Administration Program, Goal #3, item 2, relating to processing permits in a timely and efficient manner: (Page 814, Program Budget)
 - a. What internal changes has the Department implemented to reduce the average number of review days for a single-family residential permit? (TC)

Response:

The Engineering Division is working with Development Services Administration to review our program and identify opportunities to improve efficiency. At this time, we anticipate developing a system of triage to help send applications into different "lanes" for review, based on complexity. With various lanes of review established, we can dedicate time to each lane without requiring the completion of review of a complicated application prior to the review of several simple applications. In addition, the Department is working to

streamline the permit process, and has included \$500,000 for consultant assistance to expedite permit processing.

- b. What strategies or tools will the Department implement that would cut the average number of days for single-family residential permit reviews from 180 days in FY 2023 to an estimated 90 days in FY 2025? (TP)

Response:

Similar to the overall system of triage, by establishing a system where simpler applications are not forced to wait for review and approval of more complex applications, average review times can be reduced; ie, ten applications come in at the same time and first one in line is the most complex, causing the review times of the other nine applications to be the same. As noted above, the Department is working to streamline the permit process, and has included \$500,000 for consultant assistance to expedite permit processing.

Salaries and Wages (Category "A")

1. Is there adequate personnel within the Water Administration Program to ensure the timely review and processing of both residential and commercial permits by the Department? Please explain. (Pages 815 through 818, Program Budget) (TC)

Response:

Residential permits are doing reasonably well and we have just recruited another Land Use Permit Clerk who will help provide residential review bandwidth. For the more complex development applications, including subdivisions, our two Districts are lacking a combined total of three engineers. These positions are essential to providing this service in a timely manner and we continue to strive to fill these positions. In addition, the Department is working to streamline the permit process, and has included \$500,000 for consultant assistance to expedite permit processing.

2. Please explain the need for a Public Information Officer and explain how the duties will not be redundant with those performed by the Mayor's Communications and Government Affairs Office. (Page 817, Program Budget) (ALL) (GJ)

Response:

Currently all Public Information Officer (PIO) duties are performed by the Administrative Officer of the Department, who is also responsible for personnel issues. Historically, PIO duties consisted of updating the DWS

website, sending notifications for road closures, water service outages, water conservation requests and coordinating with the Communications Office concerning the timing and content of press releases. A dedicated PIO position within the Department would improve the timeliness of information released to the public and tell the Department's story to the public. Understanding what the Department does and how they perform those duties can have perceived ripple effects, one being improved interest in local recruitment within the community.

- a. Does the Department anticipate this position being permanent or is the position related to a need following the August 2023 wildfires? (GJ)

Response:

While it is true that the August 2023 wildfires saw a dramatic increase in PIO related duties both short-term and long-term, the Department has identified this function as needing significant additional resources even in normal times.

Other long-term PIO duties would include:

- The development and implementation of a Department Communications Plan
 - The Development of educational materials for the general public as well for as special audiences, such as K-12, focused on:
 - Explaining where your water comes from
 - Local water infrastructure
 - Water Conservation
 - What the Department of Water Supply does
 - Education relating to the Lead and Copper Rule Revisions
 - User friendly publication of Long-Term Monitoring Sample Procedures/results
 - Community Outreach
3. With several long-term vacancies as noted in your December 31, 2023, budget implementation report, could any of these vacant positions be redescribed for any of the Water Administration Program's requested four expansion positions: Public Information Officer, GIS Analyst V, Energy Program Coordinator, or Compliance Specialist? (Pages 24-3, and 24-6 through 24-8, Budget Details) (ALL)

Response:

Yes. The Assistant Field Operations Division Chief position can be reorganized to the Water Resources and Planning Division and redescribed/reallocated to a Compliance Specialist.

Operations and Equipment (Categories "B" and "C")

1. For the Water Administration Program, relating to the Conservation Program under Index Code 953158B, is this a grant subsidy fund? In addition to the demonstration project and incentive workshops, will there be other opportunities for community outreach under this program, for example, to homeowner associations about the benefits of allowing xeriscaping? (Page 24-15, Budget Details) (GJ)

Response:

The Conservation Program under Index Code 953158B is not a grant subsidy fund. The department conducts a range of community outreach under this program, including presentations to community groups, schools and stakeholder groups, which may include homeowner associations.

2. Please explain the transfer of \$1,750,000 in Professional Services for a meter replacement in-house project and explain the scope of work. Does the Department have sufficient staff and capacity to carry out this project? (Pages 816 and 829, Program Budget) (GJ)

Response:

The \$1,750,000 transfer is broken down as follows:

Meters & Transponders - \$1,000,000

Meter Replacement Expenses - \$500,000 [i.e. couplings, pipes, meter lids, other fittings, etc]

Salary & Wages, Fringe & Benefits for three Expansion Positions [One Water Meter Technician (BC-09); 2 Water Meter Tech Helper (BC-05)], additional time for Administrative/Clerical staff to process Field Activity forms - \$250,000

Department has assessed that the proposed three expansion positions are sufficient to carry out this project.

3. The Water Administration Program's operations total is decreased by 14 percent in FY 2025. How does this impact the total amount of grant funding available to meet Goal #4, "Support a Sustainable Water Supply"? Will less grant funding be available for watershed protection and management this year? (Pages 814 and 815, Program Budget) (GJ)

Response:

The department allocates up to 4% of the operations budget toward watershed protection grant subsidies. The operations budget increased from \$81,905,110 in fiscal year 2024 to \$83,218,386 in fiscal year 2025 and proposed watershed protection grant subsidies increased from

\$3,048,119 to \$3,055,096 in fiscal year 2025. Therefore, grant subsidies represent about 3.7% of the operations budget for both fiscal years.

- a. What was the total amount requested for grant subsidies for watershed protection and management in FYs 2024 and 2025? How much does the requested funding exceed available funding for this purpose in FYs 2024 and 2025? (G.J)

Response:

In fiscal year 2024, proposals from grant applicants totaled \$3,148,085 and the subsidies approved by council, as recommended by the grant analysis committee, totaled \$3,048,119. In fiscal year 2025, proposals from grant applicants total \$3,428,228 and the subsidies, as recommended by the grant analysis committee and proposed by the department, total \$3,055,096. Therefore, grant proposals exceed allocated funding by \$99,966 in fiscal year 2024 and by \$373,132 in fiscal year 2025.

4. The Department has substantially reduced its budget for Services, proposing \$7,712,730 for FY 2025, which is a reduction of \$1,852,700, or 19.4 percent. (Page 812, Program Budget) (TK)

Response:

- a. What index codes are under the category "Services?"

Response:

953000B, 953083B, 953109B, 953110B, 953158B, 953307B, 953471B, and 953604B

- b. For the Water Administration Program, relating to Professional Services under Index Code 953083B, \$1,000,000 is being proposed to transfer to Index Code 953301B, Sub- Object Code 6013. Is this appropriation meant to be for Index Code 953307B? If not, please identify what this change is and where it is located in your Department's Budget Details. Please also explain this transfer. (Page 24-12, Budget Details)

Response:

Yes, the correct index code should be 953307B. The \$1,000,000 transfer from 953083B to 953307B is for the costs of meters & transponders for the replacement project. In prior years, the costs of the meters & transponders and the labor/contract to install/replace the meters and transponders were both budgeted

to Professional Services. The cost of the meters and the labor costs should have been separated in the budget.

- i. Relating to the budgeted amount of \$1,138,000 to be used for consultants and the annual financial audit, have consultants already been selected? What type of consultants are needed for fiscal and administrative duties?

Response:

Selected Consultants are:

N&K CPAs, Inc for the Annual Financial audit

Prithibi for the Billing System

iNovah for the Cashiering System (DWS portion)

Point and Pay for the Electronic Bill Payment Program (DWS portion)

Other Professional Services Needed in FY2025 are:

- a) BADGER – for the smart meter program, provides training to Meter Readers, Meter Technician, Administrative & Clerical staff and assistance to troubleshoot the smart meter and determine the proper cell phone provider to respective tower, etc.
 - b) Consultant to assist Fiscal revised/update the Division's Standard Operating Procedures
 - c) Rate Case study
- c. For the Water Operations Program, relating to Professional Services under Index Code 953307B, please explain the contingency for services related to "Lead & Copper rules revisions compliance." Is there a likelihood that the County would not be able to address compliance with revised Lead & Copper rules, thus requiring the need to retain a consultant rather than being a contingency amount in an existing consulting contract? (Page 24-31, Budget Details)

Response:

The State Revolving Fund Loan offers a 5% contingency amount to be added to their loan agreements. DWS has requested this contingency to address unforeseen changes to Lead and Copper Rule Revisions at the state level. The stringency of the compliance rules are determined by the state's Department of Health (DOH) and have yet to be solidified. Therefore, DWS feels a contingency is necessary. DWS will be able to address compliance as set by the EPA and DOH with the current consulting contract in place and will not require the Department to retain another consultant.

5. What is the status of the FY 2024 appropriation of \$250,000 for the East Maui Water Authority feasibility study? (Page 24-13, Budget Details) (ALL)

Response:

The draft scope of services has been prepared for this project and is scheduled to be reviewed by the newly formed East Maui Regional Water Community Board at their next meeting. After incorporating their comments, the solicitation process will be initiated by Department staff.

6. Please describe the additional services to be provided under the Mauna Kahalawai Watershed Protection Grant to justify the increase from \$818,000 in FY 2024 to \$898,000 in FY 2025. (Page 24-17, Budget Details) (ALL)

Response:

The \$80,000 additional funding for Mauna Kahalawai Watershed Partnership is proposed to support additional payroll and helicopter services to combat the invasive *Albizia* tree, *Angiopteris* fern and release of the *Tectococcus ovatus* scale insect to combat Strawberry Guava. Funds are also proposed to begin removing ladder fuel in the wildland urban interface area.

7. For the Water Administration Program, relating to Professional Services under Index Code 953109B, please explain why an expansion request of \$500,000 is necessary when the FY 2023 Actual was under \$10,000. What will the funds be used for and what permit types will be processed? Is this for the repopulation of Lahaina? What are the FY 2024 Actuals to date? (Pages 24-13, Budget Details) (ALL) (TP)

Response:

For 953109B, this expansion is for the purpose of contracting third party review consultants to assist with general development permit application processing, including residential and commercial. This support can be used Countywide, including Lahaina; however, the permit resiliency center by 4Leaf, via contract with Development Services Administration, will manage the review and approval of most permit applications related to the repopulation of Lahaina. FY24 actuals are \$1,663,794 due to the encumbrance of a \$1,648,470 third party review assistance contract in response to the wild fires and prior review backlogs.

8. For the Water Administration Program, relating to Professional Services under Index Code 953158B, please explain why \$800,800 is necessary when the FY 2023 Actual was \$425,565. What are the FY 2024 Actuals to date? (Pages 24-14, Budget Details) (ALL)

Response:

The FY24 allocation of \$800,800 includes funds for consultant services to update the 2011 Lanai Water Use and Development Plan (WUDP) and moving expenses for the Water Resources and Planning Division from One Main Plaza to the Kalana O Maui building. Due to wildfire recovery priorities and staff shortages, the department is unable to undertake the Lanai WUDP update in FY24 and proposes to commission a consultant in FY25 instead. The moving expenses will not be incurred until renovations of the Kalana O Maui office space is completed. Therefore, no expenditures were incurred for these projects in FY24 to date and are now reflected in the FY25 budget.

The FY24 allocation of \$800,800 professional services also includes funds for the U.S. Geological Survey (USGS) water resources monitoring program. Additional needs in FY25 are continued USGS water resources monitoring including permitting and design of a monitoring well.

Encumbered to date is \$308,726.00.

9. Please explain why the "material unit cost" of certain items has been reduced to zero dollars. For example, 6" CIMJ was \$125.26 and now decreased to \$0; the Double hose connector 2-½ was \$85.00 and now decreased to \$0. (Pages 57-59, Appendix B) (TP)

Response:

The material unit cost is based on the store's inventory valuation report as of fiscal year-end. The unit cost is calculated based on First In- First Out (FIFO). If there are no material at year-end for any item the value is zero. Also, when the item is obsolete the value is also zero.

10. In FY 2024, a \$137,000 grant was allocated for Countywide Watershed Protection. But only \$37,000 is proposed for FY 2025. Is this sufficient?

Response:

In fiscal year 2024, \$37,000 was allocated to Hawaii Agriculture Research Center for planning to combat the fungal pathogen known as Rapid Ohi'a Death (ROD) and \$100,000 was allocated for general countywide watershed protection to cover current grantees' unforeseen project needs, such as storm damage, over the fiscal year. In fiscal year 2025, \$37,000 is again proposed for Hawaii Agriculture Research Center ROD project and countywide watershed protection funds are distributed up front to grantees with additional project needs, including the project that includes wildfire mitigation in their fiscal year 2025 grant proposal. We hope to receive additional proposals that address wildfire mitigation in the coming years.

- a. With a proposed \$100,000 reduction, how will the Countywide Watershed Protection program expand to address wildfire risks that may be increased by ongoing drought conditions and ladder fuels in the Wildland Urban Interface in and around the DWS service areas? (Pages 819 and 820, Program Budget) (TP)

Response:

See above response.

11. What has the Department's experience been since relocating to its new office location at 1888 Wili Pa Loop in Wailuku? (Page 817, Program Budget) (TP)

Response:

The Fiscal Division has appreciated this opportunity to be in this new location, with better workspace, ample storage, parking space for the staff, and a conference room for training and meeting. The Customer Service Representative has a space at the Cashier's window to serve customers.

12. There are various expenses listed under the Water Supply Operations Program that are realigned "based on anticipated expenditures." Please elaborate on "anticipated expenditures" and how the Department has recalculated these expenses. (Pages 24-31 through 24-35, Budget Details) (YLS)

Response:

The Department is trying to round the budget numbers to the nearest hundreds/thousands, the numbers were based on prior year expenditures and the analysis of to date expenditures.

Capital Improvement Projects

1. Is the Department seeking short-term financing, such as bridge loans or grant anticipation notes, to offset immediate costs for fire recovery, proceed with scheduled CIPs, and reserve any available cash for operations? (GJ)

Response:

The Department will not be seeking short-term financing, such as bridge loans or grant anticipation notes, to offset immediate costs for fire recovery. The Department is proceeding with the scheduled CIP projects and also pursuing state and federal funding opportunities. The Department has maintained a 3-month cash reserve for its operation and maintenance costs.

2. Please explain the following grant awards. What is the required County matching funding and where are the other funds derived from? Please clarify if the following numbers listed include matching funds. (Page 822, Program Budget) (NUH)

a. Countywide Upgrades and Replacements - \$6,050,000

Response:

The Department will be pursuing federal grant funding for emergency generators (\$6,000,000) from:

- FEMA – Post Hazard Mitigation Grant Program (75% cost share)
- US Army Corps of Engineers (USACE) – Reliability and Redundancy Program (75% cost share)

The Department will be pursuing federal grant funding for the Napili Well Granulated Active Carbon (GAC) water treatment system design - (\$50,000) from:

- EPA – Emerging Contaminants Grant Program (100%)

Note: Future funding for replacement and upgrade of the GAC system will be also pursued.

b. Upper Kula Transmission Improvements - \$2,500,000

Response:

- FEMA – Hazard Mitigation Grant Program (75% cost share)
- US Army Corps of Engineers (USACE) - Reliability and Redundancy Program (75% cost share)

c. Upcountry Reliable Capacity – United States Geological Survey - \$800,000

Response:

The Department will be pursuing federal grant funding from:

- USACE – Technical Assistance (50% cost share-up to 100%)

3. The Department has a large number of CIPs proposed for FY 2025. How does the Department plan to manage the workload of employees to ensure the timeliness of projects and that certain projects stay on track? (Page 973, Program Budget) (NUH)

Response:

The Engineering Division is actively recruiting to fill several engineering positions. In addition, the Department has retained engineering consultants (Bowers + Kubota, & Carollo Engineers) to provide project management and engineering support services with the proposed CIP Projects.

4. Have the new CIPs impacted the project status or the phase of any ongoing projects? (Page 973, Program Budget) (NUH)

Response:

No. The new CIP projects have not impacted any the project status or the phase of any ongoing projects

- a. Will any of these new CIPs affect the County's bond rating?

Response:

N/A

5. Please provide an estimated timeline for the Honokowai Valley- Source Tunnel Intake & Transmission Waterline. What is the projected daily yield for this project? (Page 990, Program Budget) (TP)

Response:

The estimated timeline for the Honokowai Valley- Source Tunnel Intake & Transmission Waterline is to retain a consultant for the design and construction documents, along with the preparation of the Environmental Assessment in FY 2025 (July 2024), and the construction to follow in FY 2027.

The projected daily yield for this source tunnel varies from approximately 0.50 MGD to 0.90 MGD.

Thank you for the opportunity to comment on this subject matter. If you have any further questions, please contact me.

Sincerely,



JOHN STUFFLEBEAN, P.E.
Director

BFED Committee

From: Janina Agapay <Janina.E.Agapay@co.maui.hi.us>
Sent: Friday, April 5, 2024 8:48 AM
To: BFED Committee
Cc: Lesley Milner
Subject: (BFED-1)(WS-2)
Attachments: (BFED-1)(WS-2).pdf

Hello,

Please see attached correspondence from the Department of Water Supply.

Thank you,

Janina Agapay

County of Maui

Budget Office

(808) 270-7836

Janina.E.Agapay@co.maui.hi.us