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

May 6, 2026

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

Dear Mr. Stufflebean:

**SUBJECT: DISCUSSION ON BILL 76 (2026), RELATING TO THE
WATER SYSTEM DEVELOPMENT FEE (WAI-1(9))**

At its meeting of May 18, 2026, the Council's Water and Infrastructure Committee intends to discuss Bill 76 (2026). Bill 76's purpose is to restructure the fee determination by focusing on the average daily demand of an application for water service.

To assist the Committee in its review, may I please ask for clarification on the proposed Subsection 14.07.080(A) on exemptions. Specifically, the bill lists the following three criteria to qualify for an exemption:

1. The structure or the premises on which the structure is located does not require water service or additional water service from the Department's system.
2. The applicant or the applicant's predecessor in interest had already paid the required water system development fee.
3. The applicant or the applicant's predecessor in interest has already been granted the right to receive water service that is sufficient for the proposed use.

Would satisfying any one of these criteria qualify an applicant for an exemption, or must all three criteria be met?

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Additionally, may I please ask the Department if any further refinements or technical corrections are needed for the bill as currently drafted.

May I further request you transmit your response to wai.committee@mauicounty.us by **May 12, 2026**. To ensure efficient processing, please include the Committee item number in the subject line.

Should you have any questions, please contact me or the Committee staff (Keone Hurdle at ext. 7659, or Lori Ann Tengan at ext. 7147).

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Cook".

TOM COOK, Chair
Water and Infrastructure Committee

wai:ltr:001(9)aws01:kjh

Attachment

cc: Mayor Richard T. Bissen, Jr.

ORDINANCE NO. _____

BILL NO. 76 (2026)

A BILL FOR AN ORDINANCE AMENDING TITLE 14, ARTICLE 1, MAUI COUNTY CODE, ON THE WATER SYSTEM DEVELOPMENT FEE

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. This Ordinance's purpose is to restructure the way the water system development fee is determined by focusing on the average daily demand of an application for water service. In this manner, the water system development fee considers the overall impact of an application on the department's water system, rather than the size of the meter being issued or the number of water fixture units used by the property. This amendment also ensures that an applicant for water service does not have to pay the water system development fee multiple times for the same impacts, and allows for a deferred payment of the water system development fee in certain instances.

Section 2. Section 14.01.040, Maui County Code, is amended by amending the definition of "water system development fee" to read as follows:

“Water system development fee” [“(WSDF)”] means a monetary [rate imposed on any applicant to fund a portion of costs to construct water system improvements or to recover the] exaction the department charges an applicant to defray the cost of [existing] water system improvements, including public source, storage, and transmission facilities [made in anticipation of additional demand on the water system.] related to the impact of the application.”

SECTION 3. Section 14.07.010, Maui County Code, is amended to read as follows:

“14.07.010 Purpose. [The] This chapter’s purpose [of this chapter] is to authorize the department to collect fees [for] to defray the department’s costs for improvements that are not required solely for existing ratepayers. These improvements include water system improvements [(or) or dedicated water system (improvements) which are] improvements necessary to increase [the service] reliable system capacity [or to replace existing service capacity in the department’s water systems] by establishing additional source, storage, and transmission facilities to serve new water consumers or [additional] increased demand by existing consumers[, and to establish the appropriate accounting mechanisms to carry out this purpose].”

SECTION 4. Section 14.07.020, Maui County Code, is amended by adding two new definitions to be appropriately inserted and to read as follows:

“Average daily demand” means the average amount of water projected to be used by a property measured in gallons per day and based upon a calculation of equivalent single dwellings under rules adopted by the department.

“Equivalent single dwelling” means a standardized unit of measurement representing a use of water equivalent to 300 gallons per day.”

SECTION 5. Section 14.07.050, Maui County Code, is amended to read as follows:

“14.07.050 Water service. A. Unless exempted [pursuant to] under section 14.07.080, the water system development fee [shall] must be imposed on any applicant granted new water service, as set [forth] in the annual budget, based on the [number and size of water meters required.] average daily demand requested.

B. Unless exempted [pursuant to] under section 14.07.080, the water system development fee [shall be] imposed on any applicant granted additional water service [in an amount] is equal to the difference in:

1. the water system development fee of the requested [meter size] average daily demand; and
2. the existing [water meter size] average daily demand as set [forth] in the annual budget.

C. An applicant requesting a reduction [of a water meter size] in average daily demand [shall] is not [be] entitled to [any] a

reimbursement of the water system development fee. If the reduction is granted, the property owner may later request the remainder of the previous average daily demand without paying the water system development fee.

D. [Reimbursement of] The water system development fee [shall not be made with the termination of] is not reimbursable when water service[.] is terminated. However, the [water system development] fee [paid shall] must be credited [to] toward future applications for service at [those] the premises[.], up to the amount paid for the average daily demand of the terminated service. A request for reinstatement of service more than one year after termination of service will be subject to water availability.

E. When premises with existing water service are subdivided, the owner may request relocation of the existing meter or a reduced-size meter upon payment of relocation costs. All new premises resulting from the subdivision of the original premises [shall be] are required to have separate water service.

F. Multiple meters serving one property may be consolidated into larger meters, and single meters may be distributed into multiple smaller meters, subject to the following:

1. The consolidation or distribution of existing meters must not result in inaccurate flow measurement or create a maintenance hardship for the department.

2. Any resulting increase in the average daily demand will be considered additional water service and subject to additional water system development fees under subsection B.

3. Any resulting decrease in average daily demand will be considered a reduction in water service under subsection C.”

SECTION 6. Section 14.070.060, Maui County Code, is amended to read as follows:

“14.07.060 Building permits. [Any] An applicant for a building permit approved by the County [shall be required to] must apply for separate water service or additional water service based on the director’s estimate [as to the size of service required for the structure] of average daily demand unless exempted [pursuant to] under section 14.07.080.”

SECTION 7. Section 14.070.070, Maui County Code, is amended to read as follows:

“14.07.070 Request for additional [meter(s).] meters for accessory dwellings. A. Additional [meter(s)] meters may be requested for existing accessory dwellings [may be requested at] on premises [presently provided] with water service [and, if granted, shall]. If the request is granted and does not result in an increase in average daily demand for the property, the additional meter will only be subject to [one half of the water system development fee] the department’s time and materials costs for the installation, as set [forth] in the annual budget.

B. If the premises are subdivided after the request for an additional meter has been granted, the average daily demand attributed to the accessory dwelling will be assigned to the parcel with the accessory dwelling and subtracted from the other parcel. The subdivider will be responsible for the cost of any required service relocation or increase in average daily demand resulting from the subdivision.”

SECTION 8. Section 14.070.080, Maui County Code, is amended to read as follows:

“14.07.080 Exemptions; waiver. [A. Any applicant for a building permit for an accessory dwelling will pay one-half of the water system development fee for the size meter required to be installed.

If the accessory dwelling is later subdivided from the premises, the applicant for subdivision will pay the balance of the water system development fee in effect at the time of subdivision upon proof of the initial one-half payment and, upon the director’s request, will be required to relocate the meter.

B.] A. Any applicant for a building permit for any structure may be exempted from paying the water system development fee, upon proof presented, that [the]:

1. The structure or the premises on which the structure is located does not require water service or additional water service from the department’s system[, or that the].

2. The applicant or the applicant’s predecessor in interest had already paid the required water system development fee.

3. The applicant or the applicant’s predecessor in interest has already been granted the right to receive water service that is sufficient for the proposed use.

[C.] B. Any temporary meter [will be] is exempt from the water system development fee.

[D. Any application for water service within thirty-six months after removal following the procedures established in this title will be exempt from the water system development fee.

E. In addition to the above, any applicant for a water meter may be exempt from paying the full amount of the water system development fee if set forth in the annual budget.

F. The director has discretion to waive the water system development fee for properties in which a water meter was destroyed or otherwise rendered non-operational as a result of a disaster or emergency as defined in section 127A-2, Hawai'i Revised Statutes, and resulting in a proclamation of a state of emergency or local state of emergency under section 127A-14, Hawai'i Revised Statutes.]”

SECTION 9. Section 14.070.090, Maui County Code, is amended to read as follows:

“14.07.090 Payment of water system development fee. A. Applicant ready for water service. The director must approve applications only upon payment of the water system development fee or application of credit for water service or additional water service, if water source capacity is available at that time. Total payment for water service must be the water system development fee in effect at the time the meter is installed.

B. Applicant not ready for water service. Upon payment of a deposit equal to the water system development fee in the annual budget [ordinance] by an applicant who, to the director's satisfaction, is unable to accept water service immediately, the department may reserve an allocation of water service source capacity available at that time. Total payment for water service will be the water system development fee in effect at the time the meter is installed. For reservations issued before January 1, 2025, the duration of the reservation may not exceed five years, if water service source capacity is available, subject to subsection C. For reservations issued on or after January 1, 2025, the duration of the reservation may not exceed three years, if water service source capacity is available, subject to subsection C. The department and the applicant must agree in writing on the amount of any reserved allocation.

C. Extension.

1. If an applicant with a reservation is unable to accept installation of water service [within the duration of the reservation,] before the reservation expires, the reservation may be extended for two years by the director, if requested by the applicant at least [sixty] 60 days [prior to] before the

[reservation's expiration,] reservation expires, and the director finds at least three of the following:

a. Application of the [reservation limitation] expiration date would cause an absurd, unfair, or unreasonably harsh result to the applicant.

b. The applicant's circumstance or condition is exceptional, and the director would grant the same request if made by every similarly situated applicant.

c. Extension of the [reservation] expiration date will be without detriment to existing users.

d. The applicant's construction plans for required water system improvements have been approved by the department, and the applicant has completed significant construction on the water system improvements.

2. Findings justifying the extension must be reduced to writing in a memorandum, which will be maintained in the applicant's file.

3. If the director denies the request for an extension, the applicant may appeal the decision to the board in accordance with chapter 14.11. The board may reverse the director's decision [of the director] in accordance with section 14.11.040 upon finding at least three of the four criteria in paragraph [14.07.090(C)(1).] C(1) have been met.

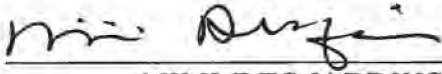
D. Reservation expiration. If the reservation expires, the deposit paid by the applicant must be credited to the property for use in a future application on the same property.

E. Exemptions. An applicant who is exempted from chapter 14.12, under subsection 14.12.030(E) or 14.12.030(F), may reserve an allocation of water before payment of the water system development fee by entering into an agreement with the department stating that the water system development fee will be paid before final subdivision approval or the issuance of a certificate of occupancy."

SECTION 10. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 11. This Ordinance takes effect on approval.

APPROVED AS TO FORM
AND LEGALITY:



MIMI DESJARDINS

Department of the Corporation Counsel
County of Maui

LF 2026-0354
2026-04-01 WSDP Ord Amd 14.07

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "Chris Lee", written above a horizontal line.

Upon the request of the Mayor.