

ALAN M. ARAKAWA  
Mayor



TEENA M. RASMUSSEN  
Economic Development Director

**OFFICE OF ECONOMIC DEVELOPMENT**

COUNTY OF MAUI

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2017 APR 21 PM 4:06  
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COUNTY COUNCIL

April 21, 2017

Ms. Lynn A.S. Araki-Regan *LR*  
Budget Director, County of Maui  
200 South High Street  
Wailuku, Maui, Hawaii 96793

Honorable Alan M. Arakawa  
Mayor, County of Maui  
200 South High Street  
Wailuku, Maui, Hawaii 96793

APPROVED FOR TRANSMITTAL

*Alan Arakawa* 4/21/17  
Mayor Date

For Transmittal to:

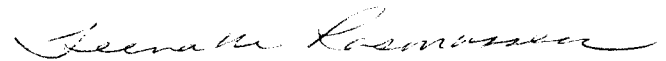
Honorable G. Riki Hokama, Chair  
Budget & Finance Committee  
200 South High Street  
Wailuku, Maui, Hawaii 96793

**SUBJECT: REQUESTS/QUESTIONS FROM THE APRIL 17, 2017 MEETING  
(OM-6) (BF-1)**

1. Regarding OED Operations Budget Sub-Object Codes 6129,6132,6221  
*See Addendum #1*
2. Regarding the Hawaii Farmers Union United Food Production grant (page 11-22 of the Budget)  
Details, explain what the \$12,000 request will be used for.  
HFUU has confirmed that this \$12,000. Would only be used as a match for a Federal grant they are applying for to create a food hub. If they do not receive the grant, they will not use this \$12,000.
3. Provide historical costs related to the procurement of the Guernsey Report.  
The Guernsey Report was a single contract that was the result of an RFP from OED. The contract was for \$71,000. *See Addendum #2*
4. RE: Deliverables to account for the additional \$100,000. Grant being requested for the Renewable Energy and Energy Efficiency Program.  
*See Addendum #3*

5. Re: An estimated breakdown of costs for events covered by each cultural/economic development program for Central Maui, East Maui, Haiku-Makawao-Paia, Lanai, South Maui, and West Maui.  
*See Addendum #4*

Respectfully,

A handwritten signature in cursive script, appearing to read "Teena M. Rasmussen".

Teena M. Rasmussen, Director

CC: Lynn A.S. Araki-Regan  
Budget Director

**(OM-6) (BF-1)**

**Addendum #1**

**OED Operating Budget Category**

FY 2017	Expense Description	Amount
<b>6129</b>	<b>Other Services:</b>	
	<b>Total:</b>	<b>-0-</b>
<b>6132</b>	<b>Professional Services:</b>	
Zeke Kalua	Sound System Chinese New Year	\$200.00
Sunj J Au	Chinese New Year Performance Lion Dancers	\$125.00
	<b>Total:</b>	<b>\$325.00</b>
<b>6221</b>	<b>Miscellaneous –Other Costs</b>	
Standard Parking	Parking Validation Stickers	\$900.00
Pural Water Specialty	Water Testing-lao Theater	\$125.00
Teena Rasmussen	Food Reimbursement/Strategic Day Planning	\$237.01
	Food Reimbursement/Molokai Conference	\$269.11
Dena Sato	Chinese New Year-\$ in red envelope Reimbursement	\$ 88.88
Tokie OgawaSidney	Refreshments for MIMCF proclamation Reception – Reimbursement	\$62.60
Maui Lavender	Virgin Airlines	\$984.37
Maui Crisps	Virgin Airlines	\$541.67
	Made In Maui Bags for passengers On inaugural flight to Maui	
	<b>Total</b>	<b>\$3,208.64</b>
	<b>Total for all three:</b>	<b>\$3,533.64</b>

**As of April 1, OED had 16% of our operations budget left. We will be using all of our operating funds by the end of the fiscal year.**



ELECTRONIC FUND TRANSFER (ACH)  
BANK OF OKLAHOMA  
ROUTING NUMBER: 103900036  
ACCOUNT NUMBER: 814108514

accounting@guernsey.us

REMIT TO:  
C. H. GUERNSEY & COMPANY  
P.O. BOX 96-0012  
OKLAHOMA CITY, OK 73196-0012  
FEDERAL I.D. #73-0590816  
T: 405.416.8100

*Addendum # 2*

*C5826*


*(OM-6) (BF-1)*

COUNTY OF MAUI  
2200 MAIN STREET  
SUITE 305  
WAILUKU, MAUI HI 96793  
Attention: TEENA RASMUSSEN

Invoice # : 123125  
Project : OK40461000  
Project Name : MAUI OPTIONS ANALYSIS FOR AL  
Invoice Group : \*\*  
Invoice Date : 2/10/2016

For Professional Services Rendered through: 1/31/2016  
MAUI OPTIONS ANALYSIS FOR ALTERNATIVE ELECTRIC UTILITY  
MODEL  
CONTRACT 5826

Total Project Fee Authorized	71,000.00
Percent Complete as of 1/31/2016	<u>100.00</u>
Fee Earned To Date	71,000.00
Less Previous Billings	0.00
Current Billing Amount	71,000.00
Amount Due This Invoice	<u><u>71,000.00</u></u>

  
STIGGE, JARED

## **(OM-6) (BF-1)**

### **Addendum #3:**

#### **1. Demand Response.**

Related to decreasing the County facilities' energy usage and support transition to renewable energy, the requested funding is to have a very limited-scope study to understand Demand Response opportunities in general. This study would provide a summary of possible services that the County could offer for further study by interested departments during energy audits. The deliverable will be a report identifying possible county assets that could work with demand response.

*Requested budget increase: \$5000.*

#### **2. Independent System Operator**

With the rejection of the NextEra merger and the utility's push now to define their parameters for interconnection and reliability, the time is now to put in place a structure that will establish an independent entity to help set the right direction for the grid.

As part of the County's efforts to improve its energy market, we are advocating for the implementation of an Independent System Operator (ISO) -like structure for the electrical grid. This initiative is a result of the Guernsey Report, which was undertaken by the County previously. We have researched and identified opportunities to move this forward through the use of an existing law put into effect, but not utilized yet, called the Hawaii Electricity Reliability Administrator (HERA). This allows for an independent entity to manage the grid's reliability and interconnection requirements.

This effort, like many in the past, keeps the County of Maui leading the state in the effort to improve our energy outlook. To move this forward requires information and studies to identify an appropriate structure, define how the organization would be independent from the utility, and to survey and contrast its proposed structure against existing ISO structures on the mainland.

The study may be done in parts or whole and may include follow up studies. In order to effectively begin, the following Phase 1 deliverables will be sought.

1. Using the existing HERA law, define a conceptual independent structure for an entity to perform this function. This should include how the entity will manage and maintain independence.
  - a. Define the type of organization and why this makes sense for our grid.
  - b. Define the governance structure of organization and how this maintains the entity independent.
  - c. Define how this proposed independent structure compares to other ISOs throughout the mainland United States.
  - d. Define the initial required staff, recommended qualifications, and anticipated annual budget to perform the HERA function including a rough idea of the cost to the ratepayers through the funding mechanism for HERA.
  - e. Define an approach to transferring the authority to the HERA entity including how it would be phased in and relevant over time.

## **(OM-6) (BF-1)**

### **Addendum #3: Continued**

2. Recommend a structure of Reliability Standards from existing entities such as WECC, NERC, California ISO, etc. and compare this structure to the publicly-available information on the same for the incumbent utility.
  - a. Include a hierarchy styled tree diagram of the proposed.
  - b. Describe how each standard is relevant to Hawaii or how it may differ from other geographies.
  - c. Provide a brief description of each standard.
3. Recommend a structure of Interconnection Requirements from existing entities such as WECC, NERC, California ISO, etc. and compare this structure to the publicly-available information on the same for incumbent utility.
  - a. Include a hierarchy styled tree diagram of the proposed structure.
  - b. Describe how each standard is relevant to Hawaii or how it may differ from other geographies.
  - c. Provide a brief description of each standard.
4. Recommend a method to engage the public and inform them of the HERA entity and how their participation and visibility into the evolution of the grid could benefit.

The intent of the initial effort would be to get stakeholder and other County participation. Then ultimately the information would become public to allow for an entity, not the County, to petition the Public Utilities Commission to take on the role of the Hawaii Electricity Reliability Administrator. The above outline is envisioned as Phase 1.

*Requested budget increase for Phase 1 and any follow-on work in FY2018: \$40,000.*

### **3. Community Based Renewable Energy (CBRE)**

In an effort to help the community take advantage of upcoming market opportunities, we are requesting funding to jumpstart structures for CBRE ownership. Initially we envision a study to compare the economics of CBRE to other methods to roll out renewable energy. The goal of the study would be to identify ways for the County to help make CBRE projects inexpensive and available for low and moderate income residents, who have been largely left out when it comes to benefitting from PV etc. In addition to the studies, we would be offering up to three grants to local entities to help form the required structure to build, own, and operate CBRE projects.

*Requested budget increase for study: \$20,000.*

*Requested budget increase for grants: \$15,000.*

### **4. County Electrical Vehicle Implementation Plan**

Investigate and prepare a plan for electric vehicle (EV) implementation at the county. This study is to inventory the County's vehicles by use, location, and type. Then using current EV forecasts, develop a plan showing a timetable for implementation and the resulting economic benefits to the County.

*Requested budget increase: \$20,000.*

### (OM-6) (BF-1) Addendum #4

<b>Location</b>	<b>Event</b>	<b>Amount</b>
Lanai	Lanai 5th Friday	\$ 37,500.00
Lanai	Lanai Party Marketing	\$ 7,650.00
Lanai	Lanai Ferry / 5th Fridays	\$ 15,200.00
Lanai	Lanai Ferry / Pineapple Festival	\$ 3,800.00
Lanai	Pineapple Festival	\$ 19,000.00
		<hr/>
		<b>Total \$ 83,150.00</b>
West Maui	Emma Sharpe Hula Festival	\$ 8,333.00
West Maui	Halloween	\$ 8,333.00
West Maui	4th of July	\$ 8,333.00
West Maui	Lahaina Boat Days	\$ 25,750.00
West Maui	West Maui Youth Theater	\$ 17,000.00
West Maui	2nd Fridays in Lahaina	\$ 25,000.00
West Maui	Maui Nui Canoe Race	\$ 10,000.00
		<hr/>
		<b>Total \$ 102,749.00</b>
South Maui	Hui Holomau Biz Fest	\$ 10,000.00
South Maui	Kihei 4th Friday	\$ 25,000.00
		<hr/>
		<b>Total \$ 35,000.00</b>
Central Maui	Building Cultural Bridges	\$ 5,000.00
Central Maui	Maui Fil-Am Festival	\$ 5,000.00
		<hr/>
		<b>Total \$ 10,000.00</b>

OED-Funded events and district they took place in  
If the event benefitted the entire County, we listed it as Maui County.

**(OM-6) (BF-1) Addendum #4** *Continued...*

<b>Location</b>	<b>Event</b>	<b>Amount</b>
Maui County	Made in Maui County Festival	\$ 100,000.00
Maui County	Festivals of Aloha	\$ 50,000.00
Maui County	Hawaii Small Business Conference	\$ 50,000.00
Maui County	Maui Film Festival	\$ 25,000.00
Maui County	Maui Energy Conference	\$ 15,000.00
Maui County	Ag Festival	\$ 65,000.00
Maui County	Chance to Dance	\$ 22,000.00
Maui County	Small Business Saturday	\$ 24,999.84
Maui County	Maui Fridays Umbrella Marketing	\$ 41,642.00
		<hr/> <b>Total \$ 393,641.84</b>
East Maui	Hana Regatta	\$ 8,150.00
East Maui	Kahanu Garden Mother's Day Event	\$ 8,000.00
East Maui	Hana Akule Run	\$ 5,000.00
East Maui	Taro Festival	\$ 18,000.00
		<hr/> <b>Total \$ 39,150.00</b>
Haiku - Makawao - Paia	Makawao 3rd Friday	\$ 40,000.00
Haiku - Makawao - Paia	Makawao Rodeo Parade	\$ 10,000.00
Haiku - Makawao - Paia	Marketing Friday Parties	\$ 8,000.00
		<hr/> <b>Total \$ 58,000.00</b>

OED-Funded events and district they took place in  
If the event benefitted the entire County, we listed it as Maui County.