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Traci N. T. Fujita, Esq.

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

April 9, 2020

Ms. Michele Yoshimura, Budget Director
Office of the Mayor
County of Maui
Wailuku, Hawaii 96793

Dear Ms. Yoshimura:

SUBJECT: FISCAL YEAR ("FY") 2021 BUDGET (BD-2) (EDB-1)

May I please request copies of all notes used by department directors and other Administration officials to respond to Councilmembers' questions during Economic Development and Budget Committee meetings on EDB-1. This will enable the Committee to comprehensively review the FY 2021 Budget.

May I further request that you transmit your responses no later than five calendar days after the Department's review before the Committee.

To ensure efficient processing, please duplicate the coding in the subject line above for easy reference. Should you have any questions, please contact me or the Committee staff (Shelly Espeleta at ext. 7134, Chester Carson at ext. 7659, Richard Mitchell at ext. 7662, or Yvette Bouthillier at ext. 7758).

Sincerely,

A handwritten signature in black ink that reads "Keani Rawlins-Fernandez". The signature is written in a cursive, flowing style.

KEANI RAWLINS-FERNANDEZ, Chair
Economic Development and Budget
Committee

edb:2021budget:200409abd01:ske

cc: Mayor Michael P. Victorino

Michael P. Victorino
Mayor

Sananda K. Baz
Managing Director



OFFICE OF THE MAYOR
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

April 16, 2020

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

APPROVED FOR TRANSMITTAL

Michael P. Victorino 4/16/20

Mayor Date

For Transmittal to:

Honorable Keani N.W. Rawlins-Fernandez, Chair
Economic Development and Budget Committee
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: **FISCAL YEAR ("FY") 2021 BUDGET** (BD-2) (EDB-1)

Please see attached responses from Director Jeffrey Pearson, Department of Water Supply, relating to Committee members questions from the EDB meeting of April 15, 2020.

Should you have any questions, please contact me at ext. 7212.

Sincerely,

A handwritten signature in black ink, appearing to read "Michele M. Yoshimura".

MICHELE M. YOSHIMURA
Budget Director

Attachments

MICHAEL P. VICTORINO
Mayor

JEFFREY T. PEARSON, P.E.
Director

HELENE KAU
Deputy Director



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

April 16, 2020

Ms. Michele M. Yoshimura
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

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: **FISCAL YEAR ("FY") 2021 BUDGET** (WS-1 and WS-2) (EDB-1)

In response to the Economic Development & Budget Committee meeting of April 15, 2020, please find Department of Water Supply's written response to the committee members' questions as follows:

1. Proposed 5% budget cut:

Answer:

See Attachment 1. Please note that this list was revised to increase watershed grant funding and reduce travel expenses. We also excluded deferral of the Hydraulic Cylinder Servicer.

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2. Consider alternatives to \$16M budgeted electrical expenses:

Answer:

We agree that our electrical expenses are exorbitant. We have historically analyzed potential alternatives. Unfortunately, we are faced with challenges in capacity (availability of land for photovoltaic panels), reliability (renewable energy battery capacity), and regulations (related to photovoltaic farms, hydroelectric turbines, etc.). Prior administrations have devoted a great deal of resources to assess feasibility.

The Department of Water Supply pumping operations provides 70% of total system demand for Maui island and 100% for Molokai island. Our pumps range from 75-horsepower to 700-horsepower motors and they pump water from deep underground aquifers into our distribution tanks.

Peak pumping cycles follow system demand usage which is early morning 4 am to about 11 am and again in the afternoon/evening 4 pm to 10 pm. During those peak hours our electrical load ranges from 1 to 3 Megawatts (MW) of electricity and 3 to 4 MW during dry summers when we pump to upcountry. We have investigated solar (photovoltaic PV) power but our sites are too small for the required number of solar panels.

For example, for a 1 MW solar power plant installation, the solar farm land requirements would be about 4 acres to 5 acres of land.

Energy would only be available during full sun light hours. Early morning and after sunset, we would need a cluster of batteries to operate the facility during the night. We have evaluated collaborating with private companies for possible partial power purchase agreements, but we will still need Maui/Hawaiian Electric to provide power to make up the difference. Also switching, blending, and mixing sources of large power grids are very complicated and costly. This emerging technology is still relatively new and is improving with questionable reliability.

Since 2005, the Department has been upgrading its pumps and motors with premium efficient models to save electricity and this has helped control the rise of electrical costs.

In coordination with Maui/Hawaiian Electric, the Water Department has enrolled many of its facilities in their Fast DR (Direct Response) program, which credits the Department for participation in reducing loads during power grid crises to avoid outages.

Going forward one of our goals is to hire an energy consultant to assess feasible alternatives to reduce our electricity costs.

3. How will DWS maintain the intake for Wailuku Water Company after county purchases the system?

Answer:

DWS intends to hire an engineering consultant to assess the condition of the system and provide estimated costs associated with necessary repair and maintenance work. Until necessary repair work has been completed, DWS will likely contract out ongoing maintenance.

4. Fourth block rates for General Water Consumers:

Answer:

The tiers are based on typical water usage patterns for customer classes. With single-family customers, there is a typical water usage pattern for single family customers that we can design rates around, mainly around the size of typical single family meters - 5/8" or 3/4". With General Customers - there is no typical "General Customer" since this is a broad category of small commercial, multi-family, hotels, restaurants, etc., so we could not design a rate structure based on typical water usage patterns for all of these types of customers without getting a lot more customer usage data. And even with the data it would be difficult to design rates for say a hotel class since there are so many different sizes of hotels. This is why commercial customers are almost always on a uniform rate.

In Maui's case we have kept the first two tiers to replicate single-family with the recognition that there are small businesses on 5/8" or 3/4" meters that use water in similar patterns to single family. But outside of this customer category, all other customers have very different usage patterns and of course usage volumes. The third tier in Maui's rate structure for General Customers is effectively a uniform rate.

Customers in the "General Water Consumers" category tend to have the highest bills. Please note that this category includes apartment buildings and businesses—entities involving Maui residents.

We can address this more in the rate study.

5. Advertising DWS water as an alternative to bottled water:

Answer:

We will look into this.

6. Sharing data regarding sewer and water consumption:

Answer:

Director Pearson's office will share consumption information as it becomes available.

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7. List of projects in CBS-2299:

Answer:

CBS-2299 includes improvement related projects for existing infrastructure. The water source projects that Director Pearson referred to are for source expansion.

Please see the attached list of DWS' Prioritized Proposed CIP (Attachment 2).

8. Where in the Budget are the source projects you talked about?

Answer:

Pookela B Well Development: FY 20

West Maui Well Development: FY 19, moved to FY 20 with budget amendment

Increase surface water treatment to 3.2 mgd at Iao water treatment facility: 2014 mediated agreement of contested case

Launipoko Source Development: FY 20

Central Maui Source Development: Proposed FY 21 (includes Maluhia well and cost benefit analysis of East Maui source)

Kualapuu additional source: FY 22

9. Grants:

Answer:

DWS supports general fund appropriation for watershed grants. Although DWS proposes reduction of watershed grant appropriations in 2021, please understand that it is difficult to continue to provide clean and safe drinking water (under clean and safe conditions) if we significantly reduce funding for daily operations. At least temporarily, we could reduce grant funding without severe impacts to the watershed partners and without jeopardizing DWS' operational health and safety.

Please see the attached list of revised proposed grant appropriations (Schedule 3).

10. Can travel be reduced?

Answer:

Please see the proposed reductions to travel related appropriations. They are included in the 5% Reduction of Proposed 2021 Budget, Attachment 1.

Honorable Keani Rawlins-Fernandez
Chair, Economic Development & Budget Committee
April 16, 2020
Page 5

If the Chair or the committee has any additional questions, please do not hesitate to contact me. In advance, thank you for your consideration.

Sincerely,

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

JEFFREY T. PEARSON, P.E.
Director

JTP:HK:lk
Attachments

"By Water All Things Find Life"

5% REDUCTION OF PROPOSED 2021 BUDGET:

A	Expansion Positions	953307A-5101	306,176	9 Expansion Positions
B	Watershed Grants	See attached	232,300	Reduce proposed increase
			179,770	Further reduction
		Subtotal	<u>412,070</u>	
B	Travel & Related Exp.			
		953000B-6201	3,500	
		953000B-6204	250	
		953000B-6222	2,000	
		953000B-6226	100	
		953083B-6201	5,000	
		953083B-6222	3,400	
		953083B-6226	350	
		953109B-6201	5,000	
		953109B-6222	4,300	
		953109B-6226	350	
		953158B-6201	7,500	
		953158B-6222	3,500	
		953158B-6226	250	
		953307B-6201	3,000	
		953307B-6222	7,950	
		953471B-6201	3,000	
		953471B-6222	2,850	
		953604B-6201	3,500	
		953604B-6204	600	
		953604B-6222	3,600	
		Subtotal	<u>60,000</u>	
B	Professional Services	953307B-6132	2,000,000	Wailuku Water Co. Maintenance
C	Equipment	953307C-7040	230,000	12 Yard Dump Truck
CIP	Countywide Facility Improvements		1,250,000	Mahinahina Water Treatment Plant
	CBS-1075, p.776			Structural Repairs
	Countywide Facility Improvements		750,000	PARTIAL DEFER Olinda WTP - 3 MG Clearwell Roof;
	CBS-1075, p.776			try to repair (from \$1.5M to \$750K)
		TOTAL DEFERRAL	<u><u>5,008,246</u></u>	

FISCAL YEAR 2021 - DEPARTMENT OF WATER SUPPLY CIP - PRIORITY LISTING			
PRIORITY NO.	PROJECT	AMOUNT	FUND
1	WEST MAUI RELIABLE CAPACITY	\$ 1,500,000	WRF
2	COUNTYWIDE RELIABLE CAPACITY	\$ 1,500,000	WRF/STATE
3	COUNTYWIDE UPGRADES AND REPLACEMENTS	\$ 10,443,329	WRF/WURF
4	COUNTYWIDE WATER SYSTEM MODIFICATION	\$ 500,000	WURF
5	COUNTYWIDE FACILITY IMPROVEMENTS	\$ 6,800,000	WURF
6	KAHULUI TANK 2	\$ 860,000	WRF
TOTAL FY2021		\$ 21,603,329	

\$ 21,603,329

PROPOSED WATERSHED GRANTS

Index & Subobj	Entity	FY20	FY21 Revised	Justify
9530808-6132	TNC Honokowai	75,000	71,250	FY20-5%
9530918-6132	Auwahi	120,000	114,000	FY20-5%
9530928-6132	HARC	56,500	53,675	FY20-5%
9531598-6132	LHWRP	200,000	190,000	FY20-5%
9531628-6132	WMMWP	480,000	500,000	FY20 +20K restored
9531648-6132	TNC Molokai	250,000	220,000	DWS takes over \$30K USGS contract FY21
9531658-6132	MISC	260,000	247,000	FY20-5%
	TNC Waikamoi			FY20 amount \$240K, FY21 \$245K
	EMWP			FY20 amount \$415K, FY21 \$425K
	(use \$105K from CW funds)			
				FY20 council appropriated \$105K to CW funds instead of East Maui. FY20 \$655K +
9531698-6132	East Maui combined	550,000	665,555	10,555 restored
9531708-6132	PKW	320,000	304,000	FY20-5%
9538628-6132	Countywide	305,000	71,250	FY21 for ROD project - 5%
		2,616,500	2,436,730	

EDB Committee

From: Shirley Blackburn <Shirley.Blackburn@co.maui.hi.us>
Sent: Thursday, April 16, 2020 5:38 PM
To: EDB Committee
Subject: FY 2021 Budget (WS-1 & WS-2) (BD-2)_EDB-1
Attachments: Shirley Blackburn.vcf; WS-1 & WS-2 (BD-2)_EDB-1.pdf

Aloha Committee Chair Rawlins-Fernandez,

Attached please find response from Budget Director relating to Department of Water, Director Jeffrey Pearson, (WS-1 & WS-2)-EDB-1, FY 2021 Budget.

Mahalo,

Shirley L. Blackburn

Budget Specialist

County of Maui

Office of the Mayor

shirley.blackburn@co.maui.hi.us

(808) 270-7516