

INFRASTRUCTURE AND ENVIRONMENTAL MANAGEMENT COMMITTEE

Council of the County of Maui

MINUTES

October 19, 2016

Council Chamber, 8th Floor

CONVENE: 1:30 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Elle Cochran, Chair
Councilmember Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa (out 2:55 p.m.)
Councilmember Robert Carroll
Councilmember Don S. Guzman (in 1:56 p.m.)
Councilmember Mike White

NON-VOTING MEMBERS:

Councilmember Don Couch

EXCUSED: VOTING MEMBERS:

Councilmember, Stacy Crivello

STAFF: Shelly Espeleta, Legislative Analyst
Raynette Yap, Committee Secretary

Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)

ADMIN.: Stewart Stant, Director, Department of Environmental Management
Richelle Thomson, Deputy Corporation Counsel, Department of the Corporation Counsel
In the gallery:
Michael Miyamoto, Deputy Director, Department of Environmental Management

OTHERS: Rob Weltman, Acting Chairperson, Sierra Club
Adriane Raff Corwin, Sierra Club, Maui Group
Ellen Nashiwa, Manager of Customer Solutions and Planning, Maui Electric Company
Mahina Martin, Director, Government and Community Relations, Maui Electric Company
Jeff Walsh, Director of Business Development for Hawaii, Anaergia
Rick Volner, Plantation Manager, HC&S
Plus (2) Others

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PRESS: *Akaku Maui County Community Television, Inc.*

CHAIR COCHRAN: ...*(gavel)*... Aloha. Will the meeting of the Infrastructure and Environmental Management Committee please come to order. Today is Wednesday October 19th and the time is 1:30 in the afternoon. Members and audience, please silence all cell phones or any other noisemaking devices at this time please. Thank you very much. And I'm Elle Cochran, the Chair of this Committee. With us here today, Vice-Chair of the Committee is Mr. Riki Hokama.

VICE-CHAIR HOKAMA: Madam Chair.

CHAIR COCHRAN: Aloha. And also we have Ms. Gladys Baisa.

COUNCILMEMBER BAISA: Good afternoon, Chair.

CHAIR COCHRAN: Good afternoon. And Mr. Bob Carroll.

COUNCILMEMBER CARROLL: Good afternoon, Chair.

CHAIR COCHRAN: Good afternoon. And with us today, non-voting Member though but thank you for participating is Councilmember Don Couch.

COUNCILMEMBER COUCH: Good afternoon, Chair.

CHAIR COCHRAN: Good afternoon. Joining us shortly will be Councilman White and Mr. Guzman. So from Administration--we only have the one item today, IEM-68--we have Director Stewart Stant from Environmental Management.

MR. STANT: Thank you, Mrs. Chair.

CHAIR COCHRAN: Aloha. And Ms. Richelle Thomson, Deputy Corporation Counsel.

MS. THOMSON: Hello, Chair.

CHAIR COCHRAN: Aloha. And we do have several guests here in the gallery. We have Ellen Nashiwa of...and Mahina Martin, both from Maui Electric Company in our gallery as resource people later. And then we have Jeff Walsh of Anaergia it looks like. And from HC&S, Mr. Rick Volner is here to participate with us. But from our Staff, Legislative Analyst, Shelly Espeleta, Committee Secretary, Rayna Yap, running around dropping off paperwork to us. And Hana, Dawn Lono will be there, Lanai Office, Denise Fernandez, and Molokai, Ella Alcon. And I want to recognize the presence of Chairman Mike White has joined us.

COUNCILMEMBER WHITE: Aloha, Chair.

CHAIR COCHRAN: Aloha. So jumping right in, Members, one agenda item today, IEM-68,

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and this is Authorizing County to Enter into a Site Lease Related to an Electricity Generating Facility at Wailuku-Kahului Wastewater Reclamation Facility. And our...if there's anyone signed up for testimony, please testify to this one item here today. You'll be given three minutes. And at this time without objections, I'll open the floor up for public testimony. No objections?

COUNCILMEMBERS: No objections.

CHAIR COCHRAN: Okay, good. It looks like...Ms. Espeleta, do we have anyone signed up for testimony?

. . . BEGIN PUBLIC TESTIMONY . . .

MS. ESPELETA: Madam Chairman, there are two testifiers signed up to testify with this item.

CHAIR COCHRAN: Okay.

MS. ESPELETA: The first is Rob Weltman, followed by Adriane Raff Corwin.

CHAIR COCHRAN: Thank you. Please join us at the podium. Please state your name and any group you may be affiliated with. You have three minutes.

MR. WELTMAN: Aloha. My name is Rob Weltman with Sierra Club. And I just recently became aware of this proposal and read the proposal, the letter from Councilman Cochran and the response from Stewart Stant on October 7th. And I'm very much surprised that this has not been out for more of a discussion, press release, some more broad discussion before coming before this Committee. It's a big deal and there are a lot of questions which were raised in Councilman Cochran's message such as the placement of this facility on an obvious danger point at a tsunami zone. But also, from reading, from what I read, I can't tell what are the costs, the total costs of this project. I can see that there's a 2.2 percent annual increase in the cost of electricity the County will be paying for this electricity, but it doesn't say what the starting point is, and it doesn't compare that to what the alternatives are which are as we know as renewable energy becomes cheaper and cheaper every year, that's kind of a questionable thing to be committing to. And then finally, I'm wondering about this agreement with specifying one particular partner, actually two partners. It specifies Anaergia and then Anaergia, and then in the clarification from Stewart Stant, it says that HC&S is a partner in growing sorghum and corn. So how were these partners chosen? What other partners were considered? What are the price points? How was this put together compared to other possible alternatives for energy for the wastewater facility? How does this fit into the overall energy and renewable energy plans that the County has? Thank you.

CHAIR COCHRAN: Thank you. Any clarification needed of our testifier, Members? Seeing none, thank you very much, sir. Thank you for being here. Next testifier?

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MS. ESPELETA: The next testifier is Adriane Raff Corwin.

MS. RAFF CORWIN: Aloha. Thank you for having me. My name is Adriane Raff Corwin and I'm the Sierra Club Maui Group Coordinator. I'd like to first voice support for everything the testifier before me, Rob Weltman mentioned. There hasn't been a lot of community input on this and that's because there hasn't been a press release or any outreach to the community to let them know about this plan, first of all. So I would really encourage you please to reach out to the community on this issue. Another aspect that I wanted to just bring up is this is obviously going to be...we're trying to reach this 2045 goal of renewable energy, but we have a lot of things on this island already...this plan is this idea of we're going to be growing crops specifically to be making energy out of them, and yet we already are diverting according to the County's 2012 Waste Characterization Study, 20 percent of what's going into our landfills is food waste. Now that food waste could be created into energy. It's stuff that's being wasted right now, and we're really not looking into that. So I really encourage Council to think about alternatives that are already here. We already have this waste, we don't need to be growing things. That might be something to really consider. Again also just as Rob mentioned, the fact that this is in the tsunami zone, I find that very disconcerting. In terms of cost, it looks like with this project having an annual escalation rate of 2.2 percent per year, well, maybe right now it's cost effective, but with solar going down and other renewable sources, you know, we're seeing a price drop. If we're in a 20-year agreement, how cost effective might this be in 10 years? I really hope Council takes that into account and really thinks about the cost this might have to the County and look at the other resources we already have that we could be diverting from our landfills to create better renewable energy. Thank you.

CHAIR COCHRAN: Thank you very much. Members, any need for clarification of our testifier? Seeing none, thank you very much for being here this afternoon. And, Ms. Espeleta, any further testifiers in the gallery?

MS. ESPELETA: Madam Chair, there are no other testifiers signed up to testify in the gallery.

CHAIR COCHRAN: Thank you. Let me check in with the Hana Office. Ms. Lono in Hana, do you have any testifiers?

MS. LONO: The Hana Office has no one waiting to testify.

CHAIR COCHRAN: Thank you, Ms. Lono. On Lanai, Ms. Fernandez, anyone there to testify?

MS. FERNANDEZ: There is no one waiting to testify on Lanai.

CHAIR COCHRAN: Thank you. Over on Molokai, Ms. Alcon, anyone there to testify?

MS. ALCON: There's no one here on Molokai waiting to testify.

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CHAIR COCHRAN: Thank you very much, ladies. Members...anyone else in the gallery wanting to come up to testify? Seeing none, no one approaching, Members, without objections, I shall now close public testimony.

COUNCILMEMBERS: No objections.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR COCHRAN: Thank you very much; and, ladies, thank you, in our outer districts.

. . . END OF PUBLIC TESTIMONY . . .

**ITEM NO. 68: AUTHORIZING COUNTY TO ENTER A SITE LEASE
 RELATED TO AN ELECTRICITY GENERATING FACILITY
 AT WAILUKU-KAHULUI WASTEWATER RECLAMATION
 FACILITY (CC 16-134)**

CHAIR COCHRAN: At this time we shall jump into our one item, this is IEM-68. And this is County Communication 16-134, from Director of Environmental Management, transmitting a proposed resolution relating to a site lease agreement with SPE, LLC for an electricity generating facility at the Wailuku-Kahului Wastewater Reclamation Facility. Correspondence dated October 10, 2016, from Department of Corporation Counsel, transmitting a revised proposed resolution entitled Authorizing Site Lease Related to an Electricity Generating Facility at the Wailuku-Kahului Wastewater Reclamation Facility. And the purpose of this revised proposed reso is to authorize Anaergia Services LLC, dba Maui All Natural Alternative, LLC, to install, operate, and maintain a system that produces electricity and dry sludge within a portion of Kahului-Wailuku Wastewater Reclamation Facility site located at 281 Amala Place, Kahului, Maui, Hawaii, and identified for real property tax purposes as tax map key (2) 3-8-001:188. And with that, Members, we, so we are here to consider this proposed resolution to authorize this site lease and to obtain consent for the lease from the State Board of Land and Natural Resources for certain real property in Kahului, Maui. And this site lease would support a future power purchase agreement which the County is in the process of negotiating now. And because this power purchase agreement is still under negotiations, this item may require going into executive session pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, to consult with legal counsel on questions and issues pertaining to the powers, duties, privileges, immunities, and liabilities of the County, the Council, and the Committee, and confidential information from Corporation Counsel pursuant to Section 92-5(a)(8). And if there is a need for this Committee to go into this executive session, we will do as much as we can in the open, in open session first. So, Members, we understand that if we need to do that, we can. And at this time, I believe Environmental Management, Director Stant has a presentation he would like to give us. So, Director Stant, are you...the floor is yours.

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MR. STANT: Yes, thank you, Council Chair [sic]. And thank you for setting this up. And, Councilmembers, good afternoon. The project that we have in front of you, we had some...does everyone have the handouts?

COUNCILMEMBER BAISA: Yes.

MR. STANT: Okay. So what I'm going to do is actually cover this project and give you an overview of what the project is. And how I came about this project is many of you know that I have been with the County for 26 years, but 25 of those years was spent at the Wastewater Division. And in fact, one of my first baseyards was the Kahului Wastewater Treatment Plant which you see before you. So many of the issues that we were facing, we've been facing these issues for many years. Back in February, we finally were able to come out with an RFP for this project, and in this RFP we stated it was a path towards renewable energy. It was...another thing in that RFP was that the price would be less than 30 cents. So we had many contractors and vendors that showed up for the bid process at the Kahului facility; however, there was only one bidder that actually bid and that was Anaergia. And the main reason for that is most of the companies or all of them could not price on what this project incorporated at less than 30 cents. So I just want to show you guys what this project entails. So an overview on this, we called it the MANA because it's Maui All Natural Alternative which you'll see. The over costs, the overall cost reduction of sludge disposal, and electric power; predictability in electric power prices; we have path to renewable energy at the Kahului Wastewater Facility; small path towards keeping Maui green; and potential for jobs on Maui. So I want to show you guys it's the overall cost reduction of sludge disposal, and electric power. I want to talk about the second bullet point as you see, is the predictability in electric power prices. Although I had been in the County for 25 years, my past...my last 15 years, I did the budget for Wastewater and that entailed the infrastructure of the maintenance, equipment, and supplies but also I budgeted for electric. And I will tell you, my first five years I didn't budget enough. I didn't...I couldn't predict what the prices would be because I couldn't predict oil prices, no one can. So what I would do is I put in what I thought would be, whether it's 10 percent or 15 percent increase, and my first 5 years we had to actually do an amendment to the Council to pay our electric bill. So the following 10 years, I put too much in the budget because I cushioned it and we ended up with a surplus at the end. So the first thing I'd like to you guys to look at is one of the factors is with this project it gives me a fixed price. It does not matter what price I'm going to be paying...or Maui Electric goes down to or goes up to, I will have a price that I know I can budget for for 20 years. You know so that was key to me, one of the keys in this. Also, the overall cost reduction of sludge disposal, and electric power. So let me show you guys what this project entails, okay. Now, this project doesn't have solar, what it entails is it's like our Kihei Wastewater Facility and our Lahaina both have solar. The issue with our...right now at the Kihei Wastewater Treatment Plant is we overproduce 100kW a day which we can't use. The battery storage isn't there yet at that technology in Kihei. And at night when, you know, our peak demand, we can't, we have no power to run it. So this project actually incorporates the technology of what is called digesters. Now, a lot of people will say well, digesters hasn't been around. There's 2,100 installations in just North America, successful installations and hundreds in the Europe already. But

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this digester in particular would be bio-crops which would be fed. We're not taking the sewage or sludge from the treatment plant itself like they do on Oahu. We would incorporate bio-crops that would be fed into this digester. This digester in turn would create this biofuel or like natural gas. The natural gas would just, would be treated by this biogas treatment at the facility. In turn, that fuel would fuel what is called a turbine or a micro-turbine. Presently right now, what we're...it's the proposal, it's 2 units but they're 600kW and it's the facility presently is a 550kW plant. But so this turbine, the energy produced from this turbine will run the entire facility, so we'll be what you can call completely off the grid. Now because of this turbine it generates creates incredible heat, and in Oahu they have the same thing, they have this dryer that...but the actual fuel they burn it off so it's flared. That's not our plan. Our plan is to use this heat and it'll be funneled into a sludge dryer. Now, Council Chair [sic] and Councilmembers, I've been dealing with this sludge issue for 26 years. I've seen the cost that we pay, and I understand there's a cost for them to take this sludge. In fact, if you see, our sludge disposal costs right now, and in FY '16 Wastewater paid 1.99 million at \$83 a ton for EKO to just take our sludge, and this is us delivering the sludge. FY '17 we will be paying 2.47 million at \$103 a ton. Now with MANA, it'll be \$80 a ton which is \$1.2 million. Now I know we're still paying, why are we paying this money? This incorporated into the kilowatt or the, what we're going to be paying. Now, what we get out of this is what I think is also real, probably priceless when it comes to this project, because in the end result, the sludge will now become a resource. And what I'm saying is the end result of the sludge, the sludge right now...in fact, I brought...I hope you don't mind, Council Chair [sic], but I brought real sludge into the Council Chambers, but I double bagged it so you guys go nothing to worry about. It's a lab-proof bag, okay. But this here, I'm going to pass this around. But, Councilmembers, this is sludge. Okay. Right now all three facilities, Lahaina, Kihei, and the Kahului facility, we produce 24,000 tons of sludge a year. That's correct, right? Twenty-four thousand tons of sludge a year. Okay. It's about 8,000 tons of sludge that comes in from all the plants, facilities, it's delivered to EKO and we pay for them to take it. This is what it is. It's...we can dry it. With our process now at each facility, we dry it down to about 80 percent dry. Now this sludge dryer that's going to be and is part of this project is going to dry this sludge down to 15 to 20 percent, and what it's going to give us is Class A fertilizer. In fact, I had an end result shipped to me from the mainland from a facility that presently has this, incorporates the same technology and the same type of sludge dryer. And this is what they sent, this is what is available that you could buy in the mainland. This is a 5-pound bag of fertilizer. In the back you read it, it's Class A fertilizer. Okay. Now for us to make a 5-pound bag, we would use 50 pounds of sludge, but what I end up with is now a resource because it's fertilizer. I've already met with the Parks Director and they say they use, they could use 200 tons a year themselves in fertilizer and so forth, other departments now. Also, if there wasn't anyone that wanted to take the fertilizer, we can actually use this and mix it with dirt and use it as our Solid Waste landfill cover. You know presently our Solid Waste purchases dirt at \$8 a ton. Yeah it's not a huge savings. With all the sludge coming in, we'd probably save about 35,000, you know, to 40,000 a year, but it's still a cost savings for a resource that we're producing from sludge coming into the dryer every day. So what I'm going to do, Chair, if you mind, can I pass around this so that you guys can...

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CHAIR COCHRAN: Yeah.

MR. STANT: I put some of the...

CHAIR COCHRAN: Ms. Yap can get that from you.

MR. STANT: Okay. So I put the end...now don't open this one. This is the real sludge. This bag has, you're going to see pellets. You can actually even open it up and take a smell and see and feel. This is going to be the end result of the sludge. Thank you.

CHAIR COCHRAN: Okay.

MR. STANT: Okay. So, Council Chair [sic] Cochran --

CHAIR COCHRAN: Yeah. You can go on.

MR. STANT: --can I go on?

CHAIR COCHRAN: Yeah, yeah.

MR. STANT: Thank you.

CHAIR COCHRAN: Go on then --

MR. STANT: Okay.

CHAIR COCHRAN: --while we do show and tell.

MR. STANT: So as you guys are taking a look at that, now, so that covers the overall cost reduction of sludge disposal and now the electrical, you know, cost having a predictability in, on what I'm going to budget now for electrical costs. Now, talking about path to renewable energy, I want you guys to remember some people try to compare the price of what we're paying for MECO and what we would be paying for this. It's you can't compare it, it's apples and oranges. This is 100 percent renewable. It's taking crops that are grown on Maui, put it into a digester, and we're getting fuel out of this, these crops to run a turbine. Now, and the...of course as you just saw, the end result of this is providing heat and power for our wastewater plant. Now, also this, I was told that this project would probably incorporate use of 500 acres. Now I know 500 acres is, you know, small as compared to the thousands of acres on Maui . . . *(inaudible)*. . . What I can say, it's a start. You know and I'm also want to stress to the Council that it would provide jobs. I mean there's, you know, whoever is farming this bio-crops you're going to need workers to, you know, cultivate and deliver these bio-crops to the facility which will be done on a weekly basis. Now, the final thing on this that I wanted also to, you know, remind is it's going to be, it's a law. It's not that Hawaii we want to be renewable, and I've been, in my 25-26 years with Wastewater, you know, we've always been going towards efficiency. We always wanted to go

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renewable, it's never been a law. So, you know, people of Maui and the Council Chair [sic], you know, Councilmembers, this is a law that 2045 we have to be 100 percent renewable. So now, Council Chair [sic], we can open it up for questions that you guys may have. We'll be happy to answer any of the questions.

CHAIR COCHRAN: Thank you, Director Stant. Members...thank you for your show and tell today also. That's a surprise for us. And at this time, the floor is open for further questions, comments of the Department. I also want to notate we have Deputy Director Michael Miyamoto here and not to forget that we have four resource people here also, Members. Let's see, Ellen Nashiwa. She is Manager of Customer Solutions and Planning for MECO. And then Mahina Martin, Director for Government and Community Relations for MECO. And then Jeff Walsh who is Director of Business Development for Hawaii through Anaergia. And then from HC&S, we have General Manager, Rick Volner. So we have a lot of resource people here in the gallery, Members, too, if we want to get further information from them. So with that, those are all your options of people to get some answers from. So floor is now open. And, Mr. Hokama, yes? Vice-Chair Hokama?

VICE-CHAIR HOKAMA: Thank you very much. Thank you, Director Stant. Do you have some kind of birds-eye site map or conceptual map of how each of the components would fit on a larger picture?

MR. STANT: Great question. Okay, this is the...oh, Committee Chair?

CHAIR COCHRAN: Oh yeah, yeah, go ahead.

MR. STANT: So, Councilmember Hokama, this is the aerial view of the Kahului Facility right now.

VICE-CHAIR HOKAMA: Okay.

MR. STANT: Okay. So if you look towards the pond, well to the right, you can see the little rectangle white square, that's the control building. In the back of that control building is a little parking lot.

VICE-CHAIR HOKAMA: Okay.

MR. STANT: In that parking lot is where this digester is going to be housed, and Anaergia did an incredible job of actually giving us the dimension of size of this 1.2 million gallon tank. So in that long building which is their blower building, digester building, half of that building is storage right now, it's been for years. That's where the turbine and the sludge dryer is going to be housed. So the natural gas or biofuel will go from that digester to the turbine, the turbine will power the MCC panel there at the facility, and the heat will go the dryer where that dries the sludge and it comes out at that end. And you can see in the back of the building where is the ramp where they will be delivering the sludge on a daily basis. And for the digester where you see that red and white stripe, that's where the bio-crops will be delivered to the digester.

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VICE-CHAIR HOKAMA: Okay. One of the concerns of the Committee in the past has been outside factors that impact the overall cost of the project, and we were informed and we were agreeable that this would have a non-cost impact to the County. But hearing some of the comments, including testimony about the variables in global pricing of various fuel sources, are you confident this afternoon to tell the Committee that it...should it be a big concern for us or that is something that is already part of your analysis and that you can tell us today that that will not be a factor for us in our decision?

MR. STANT: Yes, I can. In fact, that's why we have the fixed rate, so definitely yes.

VICE-CHAIR HOKAMA: Okay. The fixed rate is as it is of fuel as of today?

MS. THOMSON: Chair, if I may?

CHAIR COCHRAN: Corporation Counsel?

MS. THOMSON: Thank you. So the contract in broad terms we can discuss it. As Committee Chair said, we're still in the final stages of negotiations.

VICE-CHAIR HOKAMA: Okay. So what you can at least disclose in an open situation. We understand the technicalities, so.

MS. THOMSON: Okay. So in the first contract year and this is part of the proposal so it's public, the price of electricity is .2948 per kilowatt hour and that it escalates at 2.2 percent on each anniversary of the contract year for 20 years. So that's a fixed cost that will be predictable. The load at the Kahului plant is fairly stable. It's at 4,500 megawatts per year. So and on the sludge drying side, that's also a fixed cost per ton. And so those costs are known and quantifiable at this time.

VICE-CHAIR HOKAMA: Under appropriate conditions, is there a pro forma that has been done to show us the numbers regarding the 20-year landscape of this project?

MS. THOMSON: Yes. So we've had Fred Redell who is the Energy Commissioner has been involved in vetting this project from a cost standpoint and a performance standpoint, also. So we feel...that was one of our main goals is to limit the risks to the County side both in terms of performance and cost.

VICE-CHAIR HOKAMA: I'm intrigued with the revenue generation component. Is there a need to amend the Code to allow IEM to enter into a revenue generation program whether it be potential fertilizer sales or cover material sales?

MS. THOMSON: Thank you, that's a good question. I don't think that it would necessarily involve a Code change at this point unless we were going to be selling to, you know, in the private market or something. But the way that I...

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VICE-CHAIR HOKAMA: So interdepartmental needs like Parks and Recreation or let's say Public Works for certain fill material requirements for trenching, that is not an issue?

MS. THOMSON: I don't believe that it would be at this time. I think that it would be handled probably as part of the Budget process similar to services provided by say Public Works on vehicle maintenance, you know, for DEM vehicles. So to me it would be a similar type of arrangement. But if we did need to, we could accomplish that at some future date.

VICE-CHAIR HOKAMA: Okay. Do you foresee if we go to let's say a commercial sales program for revenue, that's a product that's approved and available for public use, does this go before the PUC because is this like a utility, they're now selling services or products?

MS. THOMSON: So the agreement as it's structured right now is it's the sale of electricity behind the meter to the County does not require PUC approval. As far as if the County itself would sell fertilizer...

VICE-CHAIR HOKAMA: You know it's a byproduct of the project, right.

MS. THOMSON: We would hold title to the dried sludge at the end of the day so basically we can do what we want to do with it.

VICE-CHAIR HOKAMA: Okay. Very good. Well, I'm very open to this proposal. I like the direction we're going with the monies. So thank you, Chair.

CHAIR COCHRAN: Thank you, Mr. Hokama. And, Members, I'd like to recognize the presence of Vice-Chair of the Council, Mr. Don Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair.

CHAIR COCHRAN: Aloha. And the floor is open. Mr. Hokama, did you have any or, Members? The Director, and again we do have our other resource people in the gallery too, if needed. Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. I apologize for my tardiness.

CHAIR COCHRAN: No problem.

COUNCILMEMBER GUZMAN: It's been a busy, busy October.

CHAIR COCHRAN: Thank you for being here.

COUNCILMEMBER GUZMAN: I wasn't sure whether this question was posed on the floor or it had been answered in this testimony here and received here. If the greenway service item is approved, what will this mean to the existing ECO [sic] Compost operation? Was that already answered?

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CHAIR COCHRAN: Yeah. No.

COUNCILMEMBER GUZMAN: Okay.

CHAIR COCHRAN: That was one of my questions too.

COUNCILMEMBER GUZMAN: Okay.

CHAIR COCHRAN: So mister, Director Stant, if you have a comment? Or I guess Corporation Counsel.

MS. THOMSON: Thank you. So the current EKO contract with EKO for processing of green waste and sewage sludge would terminate prior to this project coming online. So basically we would be going a different direction with how the Department handles those two waste streams.

CHAIR COCHRAN: Yes, go ahead, Mr. Guzman.

COUNCILMEMBER GUZMAN: And is there a plan or can you elaborate on the various alternatives that you had mentioned if we aren't going with the ECO [sic] Compost you had mentioned that there...the Department is planning an alternative method of I guess disposing of or...

MS. THOMSON: I can answer it in somewhat general terms. The State law requires that we divert green waste so the State law requires us to keep it out of the landfill which is one of the reasons that historically we developed the EKO program as I understand it. I believe that it would be, you know, it's similar to other kinds of services that the Department receives. They analyze a broad range of alternatives and then select the one that's most cost effective and has the highest opportunity for success.

COUNCILMEMBER GUZMAN: And the Department has determined that, I guess the method of the ultimate success? There's a definitive type of plan that's already envisioned or...specifics, that's what I'm searching for.

MS. THOMSON: So the...I think...let me just see if I'm understanding the question properly. So there are a variety of waste streams that Solid Waste and Wastewater have to deal with it, one of them is sewage sludge. Sewage sludge has different types of treatments that you can do to it. Currently, EKO is combining it with the green waste and generating compost. The County pays for those services on a per ton basis. EKO is marketing that product to the general public and to others. So that's one of the methods. And whether or not that's been successful, whether or not the County feels that they'd like to go in a different direction for that service, you know, that's one of the things that should be periodically analyzed so that we're not doing the same thing year after year when a better alternative is available.

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COUNCILMEMBER GUZMAN: So currently there is no plan to phase that out, the ECO-type [sic] composting of the sludge and green waste?

MS. THOMSON: The green waste is going to be handled within the Central Maui Landfill site. The sludge would no longer go to the landfill for processing, it would go straight to the Kahului plant. So it wouldn't actually impact the landfill except in a beneficial way if it's used with cover material.

COUNCILMEMBER GUZMAN: So basically the ECO [sic] would be phased out? It sounds like.

MS. THOMSON: It would be phased out. The...another kind of component to that is that EKO is operating within the Central Maui Landfill. It takes up about, I don't know, 60 acres or so, and which also means that that property cannot be used for other operations. So that's, you know, one of the things that's going to happen is limited space at the landfill, and so not having that operation on site would free up that area for other uses.

COUNCILMEMBER GUZMAN: Okay. Thank you. Thank you, Chair. I, that was, I got enough information to process it. Thank you.

CHAIR COCHRAN: Okay. Thank you very much, Mr. Guzman. And, Mr. White, you have some questions?

COUNCILMEMBER WHITE: Thank you, Chair. How much sludge do we generate at the Kahului plant alone?

MR. STANT: About 8,000 tons of sludge.

COUNCILMEMBER WHITE: So how much is...so is it roughly 8 at the other 2 to make up to 24?

MR. STANT: That's correct.

COUNCILMEMBER WHITE: 'Cause I...one of the testifiers brought up the issue of this being in the floodplain, and I believe the Lahaina facility is as well or close enough but the Kihei facility is not. Is there a space at the Kihei facility for this type of an operation?

MR. STANT: Yes. The reason the Kahului facility was chosen was that's the only facility we have presently that has no renewable source where the Kihei facility has a 900kW solar panel system. Lahaina has a system that's almost about 600kW that's there now. Kahului has none, and Kahului is centrally located so the delivery of the bio-crops and others would be...that's the better site to be using, the Kahului facility.

COUNCILMEMBER WHITE: And is there a facility currently operating elsewhere with a digester that's generating or generating the methane and drying 8,000 tons of sludge per year?

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MR. STANT: Yes, there is a few installations. Out of the 2,100 installations, the one that's closer is there's one on Oahu that actually dries the sludge right now and that's what they use the methane gas for to run the turbine. But they don't use the electrical power I don't believe, they just use the aspect of the heat. And...

COUNCILMEMBER WHITE: And what's the rough capacity of that system?

MR. STANT: I'm not sure but there is Jeff Walsh of Anaergia that is here and he would know the exact numbers and could answer your question.

COUNCILMEMBER WHITE: Okay. So is it your estimation that the, all of the sludge that is generated by the Kahului facility would be able to be dried and processed?

MR. STANT: Yes. Actually, this project incorporates all three facilities. Right now the Kihei, Lahaina, and Kahului all deliver their sludge to EKO. With this project what would be different is we'll still have the same truck drivers except they'll be hauling the sludge from Kihei and Lahaina to Kahului and all of the sludge will be dried there, all 24,000 tons of sludge.

COUNCILMEMBER WHITE: Oh, okay. Thank you for that clarification. And is this arrangement considered a no-cost contract, Corp. Counsel?

MS. THOMSON: No, it's not a no-cost contract. So basically what we're doing is we're replacing our purchase of electricity from Maui Electric to be handled under this contract. And then we would be replacing the services contract currently with EKO for sludge handling with this contract. So there are no costs as in replacing an existing cost but the...let me answer that a different way. It's not a no-cost contract but we're paying for the services of electricity, receipt of electricity and then sludge drying, and sludge drying would be a new service that we do not currently receive but it's handling sludge in a different fashion.

COUNCILMEMBER WHITE: And have we run the numbers ourselves to see what it would cost the County if we were to invest the money instead of contracting with an outside vendor?

MS. THOMSON: The...so the answer is that we have not done a study on the procurement if the County would own and operate the facility. The cost of the facility itself though is estimated at about \$20 million, so it's a pretty significant investment. And kind of the other component of it would be of course that we would have to have additional personnel for operating it. It's a specialized skill set as far as operating both the digester and then the sludge dryer.

COUNCILMEMBER WHITE: No, I understand that. But that's a cost to either the vendor or us. But my real question is whether we have gone through the calculations to see what it would take for us to do this ourselves and what the cost benefit analysis would be if we were to do it instead of contracting it out.

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MS. THOMSON: One of the other things that we have built into this contract is that at the end of the term, we the County has the option to buy the facility as it exists at that time and for the fair-market value that's established at that date. So at the end of the term if we chose to take it over, we could.

COUNCILMEMBER WHITE: Yeah, but that's generally, you know, buying an old piece of equipment that's outdated by 20 years and so it's not necessarily...I mean you get what you pay for at the end of the deal. And then the digester will be accepting just the bio-crops or I couldn't quite hear your exchange with Mr. Guzman, or are some of the other green waste sources going to be involved in the digester as well?

MR. STANT: Yeah, it can accept bio. As you can see it's also other available feed stocks, so really anything that a digester can take.

COUNCILMEMBER WHITE: I can't see anything.

MR. STANT: Oh, I'm sorry. On that handout that you have.

COUNCILMEMBER WHITE: Oh, okay.

MR. STANT: It's probably on the third or fourth page, it says energy crops or other available feed stocks. 'Cause yeah, I mean ultimately in a digester you could put trash if you wanted to.

COUNCILMEMBER WHITE: Okay. So that would also accommodate food waste?

MR. STANT: Correct. And, Council Chair, I also want to say if...on your question maybe to better clarify, because of my experience in operations I know in taking on any system if you have to worry about the troubleshooting, the maintenance, and the repair, it's never cost effective on our side. With this system you're looking at a, you know, 20-year contract at being able to start off at, you know, less than 30 cents a kilowatt hour. My whole experience in the County, we've never...the average has been 33 to 35 cents. In fact, when I started this job in just January kilowatts was 22 cents, a barrel of oil was \$20 a barrel. This morning oil closed at \$52 a barrel and we pay 27.8 cents. So if you...we can concentrate and focus on, you know, why this shouldn't work. But if you look at the overall of this project, giving predictability, knowing what you're going to pay and for what you're getting, 100 percent renewable. The sludge drying, having a resource from the sludge to fertilizer is just...the project just makes sense not only for our Department but for even the people of Maui. This is the pathway, and I believe this is the first project. It's the first on Maui but there's many installations throughout the world, but I think this is the first step towards true 100 percent renewable and taking a resource that we've been paying millions for and turning it into a resource that all of our departments...and if we decided one day we want to sell it, whatever we want to do with it, we now have a resource.

COUNCILMEMBER WHITE: No, I understand that.

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MR. STANT: Yeah.

COUNCILMEMBER WHITE: But, you know, forgive me if I sound like I feel like I'm in a used car lot, but we're not being given any numbers other than the 30 cents. And as you know I'm more comfortable having a good sense of how the numbers work to see whether it makes sense for us to do it this way or do it some other way. You know I understand that you've put time and energy into this, but our job is to make sure that we help you make the right decisions. So thank you, Chair.

CHAIR COCHRAN: Yeah, thank you, Chair White. Members, anyone else have some questions, further questions? And also anything from any of our resource people that are here that took their time to come and visit with us too. So I guess for...oh, Ms. Baisa?

COUNCILMEMBER BAISA: Yes, just a quick one. This fertilizer that we're going to produce, can it be used for farming?

MR. STANT: Yes, it can, as long...I believe it's not rated for organic but for, if you look on the back of the bag, I think it has everything you can grow from a fruit to a vegetable. It just is not considered organic. I don't know why but it's not considered organic.

COUNCILMEMBER BAISA: Okay, I understand those concerns. I wondered if this was unusual because of how it's produced. Thank you.

CHAIR COCHRAN: Yeah, it says lawns, flowers, vegetables, trees, and shrubs. So I guess we can eat vegetables. All purpose, not trying to be an infomercial here, but. And, Members, anyone else have some questions? And so I think in, for Mr. White's questions in regards to numbers and what have you, that would be the reasoning for us to go into executive session at this time if we wanted to get some, a lot more detailed answers and numbers of sorts. Is that correct?

MS. THOMSON: Chair, I think those numbers could be discussed in open session. Basically what we're looking at is comparing, it's 29.48 times there's 4,500 megawatts used at the plant annually. So that's a fairly straight line calculation as far as getting to the cost in year one. Sludge is 24,000 tons of sludge annually times 80, and then each of those numbers escalate at a fixed 2.2 percent throughout the life of the contract. Those numbers would be easy to compare to the existing numbers. I think of what we've looked at is basically the last several years, half a dozen years of cost with MECO and comparing, you know, as Director Stant said it's comparing apples to oranges though, because you're comparing a non-renewable source of electricity to a completely renewable source. But you can look at the average cost of electricity to the County and see that the project comes in at a lower number than that. And we know that we're currently paying EKO 103 in today's dollars and \$80, so obviously \$23 there per ton times 24,000 tons. So...

CHAIR COCHRAN: Thank you. Does that help a little bit?

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COUNCILMEMBER WHITE: I'm not supportive of this at this point.

CHAIR COCHRAN: Thank you.

COUNCILMEMBER WHITE: So even the numbers aren't going to make a difference because I don't have any details, so.

CHAIR COCHRAN: Right. Thank you. I hear your concern, Chair White. Thank you very much. And in my notes, Ms. Thomson, I know this is a revised proposed resolution, the dated October 10th that was distributed to us. And just would like you to give us some comment as to the revisions. I believe because the names have not changed but one is actually another name so I think we wanted to hone in on exactly who, what this project is...who is it for and who's doing it and what have you. So I think those, some of the changes. So if you don't mind, Ms. Thomson?

MS. THOMSON: Sure. Thank you, Chair. So the, as originally submitted, the placeholder name is SPE, stands just for special purpose entity. At that point that the lease was submitted up to Council, the entity was in formation and we didn't have confirmation from the Department of Commerce and Consumer Affairs that the name had been registered and that it had passed all of those compliance tests that we require. So once that all happened then I redrafted the lease to include the legal name of the entity. So it's Maui All Natural Alternative, LLC.

CHAIR COCHRAN: Okay. Thank you. So we understand the name? Okay. Yes, Mr. White?

COUNCILMEMBER WHITE: Yeah, and that's I guess another concern of mine is we end up with an RFP of which I don't believe we've been given a copy of the RFP have we?

CHAIR COCHRAN: I have not seen.

COUNCILMEMBER WHITE: I'm sure it's online somewhere. But we haven't been presented a copy of the RFP. We don't know how it was written, whether it was written to favor one or the other. It always concerns me when we only have one applicant that the RFP may have been drafted in such a way that it suits possibly only one purveyor, and that's...so I, you know, I'm, that's why I'm not ready to make a decision on this because there's too many missing pieces for me, so.

CHAIR COCHRAN: Thank you, Mr. White. Ms. Thomson, you had a comment?

MS. THOMSON: Just on the procurement side so because I'm also involved in contracting for the Department. So the proposal was publically distributed and we received no protests. So had...I'm assuming that the private sector would correct that error if there was some type of claim.

COUNCILMEMBER WHITE: No, I understand that we do public, you know, we do publish things publically, but if there's 2,100 facilities around the country operating digesters

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of this type, there's got to be more than just one company operating those digesters. And if we...we can publish something here and some of these...and none of those guys are ever going to know. So did we also contact that guys that operate some of these other digesters and say oh, by the way, we got an opportunity for you to come to Maui and enjoy the sun and sea and build a digester? I'm just feeling like this is kind of a...we have only one chute to go down and I'm not comfortable with that.

CHAIR COCHRAN: Did you have comments? Yes, Director Stant?

MR. STANT: Yes. So just for information that we had 12 vendors or contractors that came on the first day for the bid and 4 on the second day that couldn't make it on the first day. So they weren't the only bidders, Anaergia was just the only ones that gave a price. And what I was told by majority of them is they...what we were asking for in this project they couldn't do for 30 cents. So I don't think it's...I believe...I've done a lot of RFPs in my career in the County, it just, it didn't pencil out for these companies. So if it doesn't pencil for a company, they're not going to bid on it. So I believe that's why Anaergia...I mean when we set it at 30 cents, I...we talked about it and I was...people asked me, do you think anybody's going to bid at 30 cents and I said I don't know, we won't know until we put it out. And Anaergia was the only company that bid for 30 cents.

COUNCILMEMBER WHITE: I would be more comfortable if you could provide us with a list of those that showed up.

MR. STANT: We can do that.

COUNCILMEMBER WHITE: Okay, that would be good. Thank you.

CHAIR COCHRAN: Okay, very good. If we can take notes, Staff. Thank you very much. And yeah, so, Mr. White, I hear you, you have a lot of questions, and I have a September--what is this--27th document that has all the different questions that came out of my office to the Department too. And they responded so there are answers, but there's still more questions on top of those. So at this time, I don't know, Members, if you had a chance to look through some of those questions I initially put forward to Department and have the answers from them at this time. And I'd like to perhaps to turn the floor over back to Department though if you want to expound or elaborate on some of these questions. I'm not sure if you have them in front of you, the correspondence on the 27th. Or...

MR. STANT: Committee Chair, is there anything in particular on this questions that you'd like us to go over, or do you want us to go over it all?

CHAIR COCHRAN: Well, I think you did hit on some via your presentation, and I think this is something for the general public also to be aware of and to get a chance to look at. I think when I first heard of this without having to dig into any of the information, I have always, always been asking when that condition comes up with the A&B company in regards to the ten acres they're supposed to provide us to relocate this

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facility? And I've always asked that question when we get the annual report for them, what's the status on that, did you find the acreage, are we moving the facility? You know and so I've always been on the side of getting this out of the tsunami zone. Yes, I know we, you know, made the revetment, we beefed it up and things, but it just for me common sense wise to not relocate and I know it's a big-ticket price and expensive to do and that's why it hasn't happened thus far. But to add more infrastructure into this area which I already have been having a concern since I ever got on this Council in regards to moving it out of this area. And so you, you know, that's been always kind of a sticking point for me in this project. And now this type of, you know, I guess this type of an alternative means for energy. That open, that sludge drying, is that the product in the open air? That looks like a rendering of sorts, right? It's not an actual photo of an existing facility? Is that...Mr. Stant?

MR. STANT: No, that's not our, that's not, that doesn't simulate our facility, open. I just wanted to show a picture that I picked up so you guys would see that sludge. If I showed you the true sludge dryer, you wouldn't see the sludge, it would just be a piece of equipment.

CHAIR COCHRAN: Okay. So it's not in the open air? Because as we know that is, has odor associated with it and that's why we smell it in West Maui for one thing.

MR. STANT: And to...if you mind, Committee Chair?

CHAIR COCHRAN: Yeah.

MR. STANT: To address your, you know, moving the facility, I do know where the facility is and I agree, it is in a tsunami zone. The issue with that that I have is I think we need to start from the beginning which is moving, starting with our pump stations. Because as you guys know, if a tsunami did hit Kahului right now, you're going to wipe out our pump stations. The facility right now gets its sewage from all of the pumping stations. So the first station which my direction is to move the Wailuku Pump Station. We have to move the Wailuku Pump Station way before we have to move the facility, because I could spend all this money on moving the facility, we can move it as high as we want and pay the cost of pumping, you know, the electrical cost of getting all the sewage to this facility. If a tsunami reaches the Kahului area, we will have no pumping station to get a sewage, the sewage to the facility. So you'll have a beautiful facility with no sewage coming in. At least if I have a pumping station, I can do bypasses, I can work with the sewage coming in, so that's what I was facing. And believe me I've, you know, looked at that issue for many years since I've been with the Wastewater 25 years, so I do know. And I believe as you said, I don't think...we need to get that plant, that facility out of that tsunami zone, but I believe we need to do a few steps prior to that. Thank you. Thank you, Committee Chair.

CHAIR COCHRAN: Thank you. And yeah, I don't disagree with that either, so again, big-ticket item. And I have some other follow-up questions but real quickly, I was just looking at the Executive Order actually for the land, and maybe this is a typo or maybe it doesn't matter, I don't know, defer to Corporation Counsel. On Exhibit 2 of

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your October 10th and it just, I mean because it notates Department of Public Works, and I believe back in the day that is who took care of this responsibility for sewage treatment plant. So does that need to be corrected or does it...because I mean we're Environmental Management now and not Public Works?

MS. THOMSON: Thank you, Chair. And yes, we would...so this is the...Exhibit 2 is the Executive Order from 1980 so it did reflect the entities that were in charge of Solid Waste and Wastewater at that time, Public Works, actually Solid Waste at any rate.

CHAIR COCHRAN: Okay. So we would change that to --

MS. THOMSON: When we...

CHAIR COCHRAN: --reflect...

MS. THOMSON: Yes. So when we provided...we have approval, we would go before the Board of Land and Natural Resources to request their consideration of amending our Executive Order to allow for this purpose.

CHAIR COCHRAN: Okay. And I think in reference to MECO, mister, Director Stant, you're saying that this will create all the needed electric for this facility. Will...is there...do we foresee any excess being created that perhaps MECO could purchase from us or how does that pan out? Did you kind of factor that in at all?

MR. STANT: Yes, we did. With this project there is potential for that; however, the first consideration was what, the energy for the facility itself, that was the first concern. But yes, there is potential for excess energy to sell to MECO.

CHAIR COCHRAN: Okay. And I guess since we have MECO here, if, I guess the question to you folks, would you be interested in purchasing the excess energy and if so, would it help offset maybe the stoppage of HC&S' production of the energy that you're currently getting? So I don't know if Ms. Nashiwa or Ms. Martin would like to come to the podium. And just introduce yourself and who you're with. And thank you for being here with us.

MS. NASHIWA: Aloha, Chair and Councilmembers. So my name is Ellen Nashiwa, I'm the Manager of Customer Solutions and Planning at Maui Electric. So yes, we would be open to pursuing discussions for purchasing the excess energy, but as we do with other purchase power agreements, we factor in the costs and for, and impact to the system for all customers, and just to ensure safety and reliability. I think we share the goal of achieving 100 percent renewable energy so we're happy to, yeah, continue discussions or to start discussions on that.

CHAIR COCHRAN: Okay. Well, very good. Members, do you have any questions for our representative from MECO here today? Seeing none, well, thank you very much for your time --

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MS. NASHIWA: Thank you.

CHAIR COCHRAN: --and efforts of being here with us. And right now how much sludge is needed to generate and potentially replace what is currently used as fertilizer and land cover at the, on the County's behalf right now?

MR. STANT: Committee Chair, could you repeat that please?

CHAIR COCHRAN: The, how much sludge is needed to generate and potentially replace what is currently used as fertilizer and land cover?

MR. STANT: For land cover for the landfill we, all, if we took all the sludge because once it's dried down it still wouldn't replace, they'd still have to purchase dirt for the landfill. We could give them an excess of amount, I think it was maybe 20 percent of the dirt they'd need if nobody took it for fertilizer and just for landfill cover.

CHAIR COCHRAN: Okay. And I think Mr. Guzman's questions in regards to EKO Compost 'cause we did have them here on Monday discussing their green waste practices and what have you. So I didn't think to ask this question then, but is this going to, how is this going to hamper their production and their business? Has that been, have they been in the discussion here, EKO? 'Cause you're removing all the sludge that goes to them and just wondering how that's going to offset their production numbers and what have you.

MS. THOMSON: Thank you, Chair. Just kind of to back up a couple of steps. At its heart this is a services contract so it's just like EKO is a services contract, cover material is a services contract. There are, you know, hundreds of services contracts that each of the departments enter into every year. The reason this services contract is related to the lease you're considering is that the lease is on County property so it requires Council approval. Were this just a services contract, it would not require Council approval. That's under the authority of the departments and managing and running their departments. So that's just kind of more of an overview on that. As far as how the removal of sewage sludge, so it's 24,000 tons of sewage sludge per year would not be going to EKO as of the operation's date of this contract. That's another question that's related to the Department though, how would they choose to handle fats, oils, and grease which is another waste stream going to EKO and then the green waste. So it's not to say that the decision wouldn't be made to continue using EKO as a vendor, but that decision would probably be a separate decision versus how are they going to handle sewage sludge. So it's one doesn't preclude the other, but it would preclude the use of sewage sludge for another, to be another waste stream for EKO to process.

CHAIR COCHRAN: Okay. Yes, Ms. Baisa, you have a question?

COUNCILMEMBER BAISA: Yes. On a different note, I'm very interested in knowing what is the urgency of us getting this approved? You know sometimes people make an offer and there's a deadline on it, you can't make that offer, well, it's gone and it might change. So I'm kind of curious.

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CHAIR COCHRAN: This is for Director.

MR. STANT: Thank you. Thank you, Councilmember Baisa. What I can say is this here, this site approval is what we're waiting for before any other contract. I was not going to go into...I mean we've been in negotiations but that's different than closing a contract. We can also use this, like I stated, the price of oil went from \$20 and closed this morning at \$52, and we did this proposal based on what we pay MECO now which is an all-time low. So as you know, the longer we wait, the price can go up. If I was a vendor signing a 20-year contract, would I want to renegotiate the price? I don't think we'd be able to. I believe if we're doing this contract in January of next year, we wouldn't be getting it at 30 cents.

COUNCILMEMBER BAISA: Well, thank you very much. I figured that was probably the part of, you know, let's get it done here. Thank you. Thank you, Chair.

CHAIR COCHRAN: Okay. Thank you, Ms. Baisa. And I guess one of the questions is if this doesn't go through, what are the ramifications of this County?

MR. STANT: We will be paying EKO 2.4 million next year, the year after that, the year after that for taking our compost, we'll still be paying the cost of electricity that we do now, and we will not have any pathway in my Department towards renewable unless you're looking at solar. But I will tell you this, this is firm. Remember that, keep that in mind, this is firm power, and it's to get 100 percent renewable based on firm power. That's what makes this project I think a project that the Council, I'm asking the Council that you approve this lease because of just everything. And I understand, Councilmember Mike White, your concerns and believe me, last night, months, in fact just years, every project we've considered has had those same information and we have all of those. We based all of these on numbers that we've used on not only past but on future predicting price. But everything as you can see on this PowerPoint which I did, don't have on there is the giant word called firm, and that's in this project.

CHAIR COCHRAN: Okay. Yes, Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair, and thank you for bringing this up. The Members, the voting Members have asked most of the questions that I wanted to ask. But I just wanted to say you said we would be paying 2.4 million to EKO if we don't do this. How much would we be paying to Anaergia to take the sludge, it's about 2 million right?

MR. STANT: It's about, yeah, 1.9 million. So yeah, you're correct, we'll still be paying 2.4 million but the difference with, yes, the pricing is here. So that's what you're getting. So at \$83 a ton, we paid 1.9. FY '17 we'll pay 1...2.47 at the 103. MANA or Anaergia will dry the sludge for us at 1.2...92. But see, it's not only the cost, is we get that resource like you guys all got to take a look at.

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COUNCILMEMBER COUCH: And then the, you know, I just did a real quick run on the numbers, starting at 29 cents a kilowatt hour times 1.022. By the year 20 it's 45 cents...44.8 cents a kilowatt hour which I believe translates to about 2.16 million. And what are we paying now for electricity? I mean average in the last 5 years or whatever.

MR. STANT: I believe it was 32 or 33 cents was the past, our, based on the past 5 years average at the Kahului facility. It's different in all 3 facilities but Kahului I believe was 32 to 33 cents.

COUNCILMEMBER COUCH: Okay.

MR. STANT: I've seen it in my career as high as 44 cents. So you just can't predict it. With this...

COUNCILMEMBER COUCH: This is a predictable firm.

MR. STANT: It's predictable. I can budget exact to the penny my electrical costs.

COUNCILMEMBER COUCH: Okay. And just again to help clarify some things, why this instead of solar?

MR. STANT: Solar is not firm power. I mean if we had the technology right now and giant batteries at the Kihei facility, we'd be using solar; however, solar in Kihei right now we over-produce between 11:00 a.m. and 3:00 p.m. and it's --

COUNCILMEMBER COUCH: Right.

MR. STANT: --just, you know, it's gone, the energy is gone. And I can't use it when I need it at my facilities the most which is after 6:00 p.m. which is our peak hour demand. This will, it's firm, it's power 24 hours.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR COCHRAN: Okay. Thank you. And just looking at the layout and I saw the site mapping and all that. Ingress and egress of the area, is that changing currently for this, when this new project comes online? Because I think you're showing a drop-off spot--what is that--on the east end. And so onto Amala and is that going to add, you know, more traffic, or is that going to cost us more highway funds to, you know, build out roads and what have you?

MR. STANT: Committee Chair, I don't believe so. The area you see in the front, this, that's the fence line or this grass here in the front or dirt area, that's all the facility. So that digester that's going to be placed, that's in a parking lot where they usually get only two cars that's parked there anyway, and only like three cars in the front parking lot. So it's not going to...for what we're getting, that's what you're seeing there is the digester, and then the storage building, half of that building has been storage for

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20 years just storing spare parts where the, we will house the turbine and the sludge dryer. So there'll be, there should be no changes or I believe an impact. In fact, there's a gate where you see that, the bottom right corner there's that red dot, that's an existing gate there that hasn't been used probably 20 years. And on this project, that gate will be redone and a new gate will be placed, because that's where the trucks will come in from whoever is delivering the bio-crops, whoever we get the bio-crops from.

CHAIR COCHRAN: Okay. And then speaking of bio-crops, what's the cost on that? We're going to have to purchase that in order to feed into the facility. But is that, that's a executive session answer?

MS. THOMSON: Thank you, Chair. I can answer that. So we don't have any kind of--it can be the County--don't have any kind of arrangement with HC&S or with any other bio-crop producer. So what we are buying is electricity and sludge drying services, that's all. It's on Anaergia's side to procure the feedstock. And the way the contract is currently drafted, we mentioned this earlier, energy crops is one source but potentially it could be food waste or other organics that could be put into the digester to be used to create methane.

CHAIR COCHRAN: So actually FOG, all the fats, oils, and grease too, correct, can be utilized?

MS. THOMSON: Yes, they could be.

CHAIR COCHRAN: So that's totally all EKO's contract and what they do. Okay. Mr. Guzman?

COUNCILMEMBER GUZMAN: Yeah, I just...it's curious, like certain items are agenized with the preface of potentially going into executive session which triggers my attorney brain on the other side to start thinking about other things that are in COW, Committee of the Whole. And when we're talking about bio-crops and we're talking about firm power, a certain case comes to mind and, on the West Side. So that might be a couple questions I have if there's interconnection between what I'm thinking about and what is before us. And may want to...I don't want to step on any issues or, you know, violate any executive session standards but I do have a couple questions that may be answered in executive session if what I'm thinking of is, has some type of connection. But --

CHAIR COCHRAN: Okay.

COUNCILMEMBER GUZMAN: --if you have time, either I get those answers speaking directly with Corp. Counsel or asking those in executive session, but some questions are in my mind. And I'm not sure whether I can say it on the floor at this point.

CHAIR COCHRAN: Okay. I mean have agendized for executive session so I'm not sure, did you want him to ask something? I don't know, it's hard to say.

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MS. THOMSON: I think I can just by your mention of the West Side. So this project, as I understand it, is standalone and the energy crops will be grown in the central valley, but HC&S is here if you want to just specifically about where the 500 acres is located and what types of crops or...those kinds of details would probably be best answered by Anaergia or by HC&S.

COUNCILMEMBER GUZMAN: Okay.

CHAIR COCHRAN: Did you have --

COUNCILMEMBER GUZMAN: Is Anaergia here?

CHAIR COCHRAN: --questions for...yeah, they're both here.

COUNCILMEMBER GUZMAN: Okay. Let me ask a couple questions.

CHAIR COCHRAN: Yeah, sorry. If, yeah, we have Mr. Jeff Walsh of Anaergia and we also have Rick Volner of HC&S. Did you want Anaergia?

COUNCILMEMBER GUZMAN: Yeah. Either one's good.

CHAIR COCHRAN: Mr. Walsh, if you don't mind, you can join us at the podium. Just introduce yourself and who you're affiliated with please.

COUNCILMEMBER WHITE: Chair, while he's --

CHAIR COCHRAN: Yeah.

COUNCILMEMBER WHITE: --making his way down, Director, what is the current tonnage that we use for cover on the landfill?

MR. STANT: I'm not exactly sure, let me get that answer for you.

CHAIR COCHRAN: Okay.

COUNCILMEMBER WHITE: And if you could make an estimate also as to how much of the 24,000 pounds, 'cause I realize most of that's water, or 24,000 tons, what does that 24,000 tons translate into as cover material that you said could be mixed with dirt? I'm trying to get what the offset. Because we're going to have a product, whether we sell it as fertilizer or we use it as cover material, there's a, I'm trying to get to that, the value of that as cover material.

CHAIR COCHRAN: Okay. We, if we can, we'll submit that from the Committee and then you can answer that via correspondence that way. Okay, very good.

COUNCILMEMBER WHITE: Thank you. Thank you, Chair.

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CHAIR COCHRAN: And thank you. Please introduce yourself and who you're affiliated with.

MR. WALSH: Yes, thank you, Chair and Councilmembers. Jeff Walsh, Business Director, Development Director for Anaergia for Hawaii and the Pacific region. Over the course of the last two years, we entered into testing with HC&S and other parties on various crops. This particular project itself will be located in the Central Maui region and up to 500 crops...I'm sorry, 500 acres of land will be utilized to produce enough biomass to create the equivalent of 1 megawatt of power.

CHAIR COCHRAN: Okay.

COUNCILMEMBER GUZMAN: The 500 acres are all consistent under HC&S?

MR. WALSH: Correct.

COUNCILMEMBER GUZMAN: And located in central valley?

MR. WALSH: Correct.

COUNCILMEMBER GUZMAN: Okay. None in West Side?

MR. WALSH: Correct.

COUNCILMEMBER GUZMAN: Okay, thank you.

CHAIR COCHRAN: Thank you. Anyone else have questions for representative of Anaergia at this time? Seeing none, thank you very much for being here. And, Mr. Guzman, did you have questions for Mr. Volner of HC&S?

COUNCILMEMBER GUZMAN: No, I'm good.

CHAIR COCHRAN: No?

COUNCILMEMBER GUZMAN: Yeah, thank you.

CHAIR COCHRAN: Okay. Members, anyone else would like...Mr. Couch, you have a question?

COUNCILMEMBER COUCH: Well, I'm just wondering and, you know, I guess that's the 500 acres, et cetera, is a deal between HC&S and Anaergia. But I know we're looking at ways to get rid of the R-1 water. Is that something that you can work in with them to get, to water that 500 acres?

CHAIR COCHRAN: Go ahead, Director.

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MR. STANT: Yeah. If you Councilmembers remember, right, back in December, I talked about acquiring the old Maui Land and Pine pipe and using the old force main. We're actually a signature away from acquiring the pipe. It had to do with just one easement that we've been working on, but it's already been approved for us acquiring that Maui Land and Pine pipe. And that is the idea for actually using all of the R-1 or all of the R-2 from the Kahului facility for the, that pipes goes all the way up to the HC&S land.

COUNCILMEMBER COUCH: Yeah.

MR. STANT: It actually goes through Maui Lani across the highway to HC&S.

COUNCILMEMBER COUCH: But would that 500 acres use all of what we would produce?

MR. STANT: Possibly. I, we haven't really, you know, pulled up on the numbers on that, but not yet.

COUNCILMEMBER COUCH: So that may be an extra added benefit.

MR. STANT: Definitely, definitely.

CHAIR COCHRAN: Yeah.

COUNCILMEMBER COUCH: Okay, thank you.

CHAIR COCHRAN: Yeah, thank you for that question, Mr. Couch. So that's been a standing issue too with this facility and what's injected. We don't treat to R-1 there, is that correct? Yeah, R-2, so I'm glad to hear that that's moving forward. I think that's been part of the bigger plan to utilize the reclaimed water that we do produce. So, Members, at this time do we feel the need to go into executive session to ask further questions? If not, then, you know, at this time I see a lot more need for more education, more questions to be asked. I'm not going to ask to...I'm going to ask for deferral of this so we can get some questions that we want to push forward through the Department. And as soon as we get that more clarity to some of these questions and issues that we have, I'm more than happy to bring it back up through this Committee in this term. So yes, Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. And to the Department maybe, part of the testimony too was, you know, not a lot of community input. Is there a chance that you guys can bring this out for an informational hearing or even a discussion to get other people's concerns as well? I know with this, I mean this isn't an actual community even though anybody can come in and talk, this isn't a real community outreach thing.

CHAIR COCHRAN: Yes, Ms. Thomson?

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MS. THOMSON: This is just kind of a caveat to that. Like I said that at its essence what we're talking about is a services agreement that's currently under negotiation. So yes, like any other project, we could talk about it, but it's not a County project so it's not going through, you know, like the CIP approval process, you know, where we would, you know, spend a couple hundred thousand dollars studying it. And, you know, and then that's a much more, it's a much different process than a private vendor on a services agreement. So that's kind of the caveat to doing something in a much more public forum with a contract that's under negotiation.

CHAIR COCHRAN: Mr. Couch?

COUNCILMEMBER COUCH: That makes sense. It still would be nice, maybe not us, maybe encourage the service provider to say hey, this is what we're planning on doing or a combination of both. But you heard the comments, it might be a good idea. I know you've run into a situation before where earlier community input might have saved some grief on other things so maybe being a little proactive on this one. I...potential, it's just a suggestion and obviously we can't tell you what to do but it might be a good suggestion, don't know. Thank you.

CHAIR COCHRAN: Yeah, thank you for your comments. And so just let me figure out the timeline here. Looks like Anaergia has been awarded this project I guess in June of this year, and now they're...we're here seeking the lease of this land in order to have the project be built on. And then a PPA needs to be finalized. What happens if that PPA gets delayed or denied or what, I mean what happens?

MS. THOMSON: Thank you, Chair. So as far as the contract negotiations, I would say that we're probably 95 percent complete at this point. It's not final, the signatures are not on it. So the contract itself I feel is in a very solid form. The lease obviously is an important part of the project going forward, but it's a separate permission that the project needs, so.

CHAIR COCHRAN: Okay. And then after a PPA is finalized, an EA is done or is the EA in the process currently?

MS. THOMSON: Thank you, Chair. So as part of the development of the project, obviously I think the private developer doesn't want to spend that kind of money until we have a contract in place and also the lease in place so that would give them the comfort level to go ahead and start those types of studies. All of the permitting is required to be conducted by the private entity, not by the County.

CHAIR COCHRAN: Okay. And so then during the EA process that is when public will be notified, and they can chime in and get educated on what this project is about and that is on behalf of the project themselves, not us per se the County in a sense?

MS. THOMSON: I think there are going to be, as the project goes forward there are going to be many different levels of opportunity for the public to be involved. It's going to need

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an SMA permit, an EA, an SMA permit and various other development permits that are going to go through all of those various County or State agencies.

CHAIR COCHRAN: Okay. No, well, very good. There's, you know, parts in there where as you say opportunities for the public. Okay, Members, any need for further discussion or questions? Yes, Mr. Hokama?

VICE-CHAIR HOKAMA: Chair, I am going to support your recommendation of deferral today.

CHAIR COCHRAN: Thank you.

VICE-CHAIR HOKAMA: I think we should receive some additional information that the Committee has requested, and I'm sure the Department or appropriate parties can provide that information to us. I will ask you and I would support you to try and bring this back before the end of this term, 'cause I would like to, again, we're already in preparation of the new budget. Fourteen contracts on the table, I'm looking at reducing expenses, especially those contracts that for services we can reduce. You folks already know my sentiment about increased expenses that we already are incurring. And so for me, the sooner we get some indication from the body on how we want to approach certain components, easier for us to make the calculations of what will be General Fund requirements for the new Council and the new contracts that will be faced by that body. So I appreciate your proposed timeline, 'cause I think it's critical for us to prepare for the upcoming expenses of this tax base. Thank you.

CHAIR COCHRAN: Yes, and thank you very much, Mr. Hokama, for those comments. And yes, I will make it a point to fit it into the schedule before the end of this term. So but I would like the questions and correspondence needed in order to bring this back up to this body.

ACTION: DEFER pending further discussion.

CHAIR COCHRAN: Okay, Members, without further discussion, I want to thank everybody who attended from the public and also within our County departments and yourselves of course, Members. Without further items on the agenda, this meeting is adjourned. . . .*(gavel)* . . .

ADJOURN: 2:58 p.m.

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APPROVED:

A handwritten signature in cursive script, reading "Elle Cochran", written over a horizontal line.

ELLE COCHRAN, Chair
Infrastructure and Environmental
Management Committee

iem:min:161019:ds

Transcribed by: Daniel Schoenbeck

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CERTIFICATE

I, Daniel Schoenbeck, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 1st day of November, 2016, in Kula, Hawaii



Daniel Schoenbeck