

WATER AND INFRASTRUCTURE COMMITTEE

Council of the County of Maui

MINUTES

December 2, 2019

Council Chamber, 8th Floor

CONVENE: 1:33 p.m.

PRESENT: Councilmember Alice L. Lee, Chair
Councilmember Tamara Paltin, Vice-Chair
Councilmember Riki Hokama (left at 3:25 p.m.)
Councilmember Tasha Kama
Councilmember Michael J. Molina (left at 3:23 p.m.)
Councilmember Keani N.W. Rawlins-Fernandez (left at 2:22 p.m.)
Councilmember Shane M. Sinenci

NON-VOTING MEMBERS:

Councilmember Yuki Lei K. Sugimura (arrived at 1:42 p.m.)

STAFF: Wesley Crile, Legislative Analyst
Nicole Siegel, Substitute Committee Secretary
Zhanell Lindo, Council Aide, Molokai Council Office (via telephone conference bridge)
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Mavis Oliveira-Medeiros, Council Aide, Hana Council Office (via telephone conference bridge)

(Seated in the gallery):

Dianne Shimizu, Executive Assistant to Councilmember Alice L. Lee

Don Atay, Executive Assistant to Councilmember Shane M. Sinenci

Chester Carson, Legislative Analyst Trainee

ADMIN.: Michele McLean, Director, Planning Department
James Buika, Shoreline Planner, Planning Department
Scott Teruya, Director, Department of Finance
Jennifer Oana, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: Tara Owens, Coastal Processes and Hazards Specialist, University of Hawaii Sea Grant Program
Curt de Crinis, Managing Director, Columbia Capital Management, LLC

Lynne Woods

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

Sandy Szymanski, Kahana Reef AOA
Tim Moriarty, Owner, Kahana Reef
Julie Adcock, Board Member, Pohailani Maui AOA
John Seebart, Board Member, Kahana Bay Steering Committee
(14) additional attendees

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

CHAIR LEE: . . .*(gavel)*. . . Hello, everybody. Will the Water and Infrastructure Committee meeting please come to order. This is Monday, December 2nd. Please, everyone, could you turn off your noise-making devices? It is 1:33. In attendance at today's meeting are Vice-Chair Tamara Paltin.

VICE-CHAIR PALTIN: Aloha kakahiaka, Chair, or aloha auinala.

CHAIR LEE: Yeah, I was going to correct you on that. Okay. Member Tasha Kama.

COUNCILMEMBER KAMA: Good afternoon, Chair.

CHAIR LEE: Member Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha auinala, Chair.

CHAIR LEE: Thank you. Member Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha auinala, Chair.

CHAIR LEE: Thank you. Member Riki Hokama.

COUNCILMEMBER HOKAMA: . . .*(inaudible)*. . .

CHAIR LEE: Member Michael Molina.

COUNCILMEMBER MOLINA: Aloha auinala, Madam Chair.

CHAIR LEE: Thank you. And myself, Alice Lee. And I think, yeah, by the way, I might, we may go on to fame and fortune because now we're being asked to perform, you know, in public. I'm not kidding. Okay. Yeah, no, they want us to perform in the parade. But that's another subject. Okay. We also have Committee Staff, Wesley Crile, Legislative Analyst; --

MR. CRILE: Good afternoon.

CHAIR LEE: --Nicole Siegel, Committee Secretary; from Corporation Counsel, Jennifer Oana. Do we have Scott Teruya in the audience? Oh, Scott Teruya, thank you for coming,

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

Director of Finance. Department of Planning, do we have Michele McLean? Oh, thank you. Okay. And I did see Mr. James Buika. Hi, Jim. Other resources are Tara Owens, Coastal Processes and Hazards Specialist, University of Hawaii Sea Grant Program. Could you raise your hand? Sorry, the plant is in the way.

MS. OWENS: Sorry, I'm here.

CHAIR LEE: Okay. And then, we have Curt de Crinis--hi, Curt--Managing Director, Columbia Capital Management, LLC. Okay. For individuals testifying in the Chamber, please sign up at the desk outside, I mean, in the lobby. If testifying from a remote site, please sign up with District Office Staff. Testimony will be limited to the items on the agenda today. Testifiers may testify on each item for three minutes, with up to one minute to conclude. When testifying, please state your name and the name of any organization you may be representing. If you are a paid lobbyist, please inform the Committee. We have established a connection to, and we'll receive testimony from District Offices. Staff, please call the first testifier to the podium.

. . .BEGIN PUBLIC TESTIMONY. . .

MR. CRILE: First testifier is Lynne Woods, to be followed by Sandy Szymanski.

CHAIR LEE: Okay. Hi, Lynne.

MS. WOODS: Aloha, Chairperson Lee --

CHAIR LEE: Hi.

MS. WOODS: --good to see you again.

CHAIR LEE: Thank you.

MS. WOODS: Committee Members, thank you very much. My name is Lynne Woods, and I testify before you as a property owner on a street, in a neighborhood that would be a perfect project to work through the many requirements and difficulties of developing community facility districts. Late in 2018 I met with our area Councilmember Yuki Lei Sugimura to discuss our street issues and she recommended that we study the CFD model used in other states as she had scheduled the topic for her following Committee meeting. After our working group studied other CFDs, we decided this program would be the answer to our problems. So, I offered testimony at that Committee meeting in support of implementing CFDs in Maui County. Up to this point, we've sent a formal request to Councilmember Sugimura to introduce our neighborhood as a potential CFD and are hopeful to receive support and guidance of this body as well as the involved County departments. We attended your Committee's previous meeting, which offered us the opportunity to hear the presentation on a CFD, on CFDs as well as the conversation regarding the large Waikapu County [sic] Town Project and we are looking forward to hearing today's discussions. We thank you for

WATER AND INFRASTRUCTURE COMMITTEE MINUTES

Council of the County of Maui

December 2, 2019

your support of CFDs and we are looking forward to working with this community...this Committee using this remarkable tool to improve some of our Maui's infrastructure. Thank you so much for your time and have a wonderful holiday season.

CHAIR LEE: Thank you, Lynne. Are there any questions for Ms. Woods? If not, Lynne, could you just, since I wasn't on the Council in the last term, could you tell us what kinds of improvements your neighborhood would like to see and if you have an estimate of how much it would cost?

MS. WOODS: Our neighborhood is in Kula. It is a road that has been designated a private road that was built in 1973 as part of an Arisumi subdivision. The County does not accept our road as a road although it is used as a public right-of-way for a waterline that services projects below us and also is used by the Fire Department to teach their drivers how to turn their trucks around on tight cul-de-sacs and it has worn our road something terrible. So, we have 45 lots on our road, and we are pretty much all in favor of this process to have the road improved. We do it in working bees now since 1973 and it's bad enough that the garbage collection has threatened not to come down the road anymore.

CHAIR LEE: You say 45 lots, are those 45 homes?

MS. WOODS: Forty-five lots, some, a majority of them have homes and cottages and there is one property going through a bed and breakfast permit process.

CHAIR LEE: So, if, so, all these years since the 1970's you've been repairing the road yourself?

MS. WOODS: Yes.

CHAIR LEE: I see. Okay. Any other questions? If not...oh --

COUNCILMEMBER SINENCI: Chair?

CHAIR LEE: --Mr. Sinenci?

COUNCILMEMBER SINENCI: No, I'm just following up, you mentioned like an estimate of the project?

MS. WOODS: Oh, I'm sorry.

COUNCILMEMBER SINENCI: Thank you.

MS. WOODS: That's been something we really have not been able to attain at this point. But there's been some talk on our road could be about 300,000 to \$400,000.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

CHAIR LEE: And so, your, you and your neighbors are willing to pay for that through a CFD?

MS. WOODS: Through...yes, we are. And although we haven't started, the only process we've started was to submit a letter to Councilmember Sugimura and then we're kind of volunteering to help the different departments organize this process and put it together and using our project perhaps as a mechanism to do that.

CHAIR LEE: Okay. Yes, Ms. Paltin?

VICE-CHAIR PALTIN: I just was wondering--thank you for your testimony--once the road is brought up to these standards, were you hoping to dedicate it to the County at that time? Or would you like to keep it a private road?

MS. WOODS: Up until this point, the County has indicated it is not interested in it. And so, the improvement that we're wanting to do would not necessarily take it all the way up to that County standard, but we're looking to put a new bed down and repave it at this point.

VICE-CHAIR PALTIN: Thank you.

CHAIR LEE: Okay. Thank you very much, Lynne, good to see you too.

MS. WOODS: Thank you, happy holidays, everybody.

CHAIR LEE: You too. All right, next testifier?

MR. CRILE: Our next testifier is Sandy Szymanski, testifying on behalf of Kahana Reef AOA, to be followed by Tim Moriarty.

CHAIR LEE: Hi, before you begin, do we have anybody signed up to testify in the other districts? No? Okay. After this testifier can you check, please? Okay. Thank you.

MS. SZYMANSKI: Hi, thank you, Madam Chair, Committee, and Councilmembers. My name is Sandy Szymanski. I am on the Kahana Bay Steering Committee as I am Committee Chair and a Kahana Reef representative. I am Kahana Reef AOA Board of Directors President. The Kahana Bay Steering Committee is made up of nine resorts and one kuleana property. We represent thousands of individual units and owners. We've hui'd to achieve one common goal, and that is the replenishing of Kahana Bay's beach to save and protect our beachfront properties. On behalf of the Kahana Reef Board of Directors, we support a partnership with our County Council to use the CFD as one funding mechanism to complete this project. Time is of the essence. It is important that a CFD be in place and ready to go by the time the beach replenishment project is approved. We cannot afford a delay. The rate of the bay's erosion has greatly accelerated these last two years. The sense of urgency is quickly transitioning into an active emergency. We hope you will support the use of a CFD to help fund the beach replenishment project as well as support the saving and replenishing of Kahana Bay.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

We, the property owners, the community, the County, and the State governments have much to gain by advancing this project. All these same entities have much to lose if these efforts should fail. I want to thank you for listening and our community please asks for your support.

CHAIR LEE: Thank you. Are there any questions? Yes, Ms. Sugimura, and then, Ms. Paltin.

COUNCILMEMBER SUGIMURA: Thank you. Nice to see you, Sandy.

MS. SZYMANSKI: Good to see you, Yuki.

COUNCILMEMBER SUGIMURA: So, when you say this is CFD is one funding source, you have others?

MS. SZYMANSKI: Well, we are the Kahana Bay, the beach is a public beach. I mean, we are using this as one of the funding mechanisms we do hope to gain. We will seek out funds from both the County, the State governments, the Federal governments, we are not looking as the CFD to be a sole source but as private property owners, we look at it as one of our best foot forward to show that we mean business. We know that we have a lot to, a lot at stake at the moment. So, we are willing to put our best foot forward to help get this funding mechanism in place. Otherwise, we cannot do it, we cannot construct, the construction estimates are running about \$20 million for, and for the Kahana Bay Beach replenishment.

COUNCILMEMBER SUGIMURA: One last question?

CHAIR LEE: Excuse me, Ms. Sugimura, let the record show that Ms. Sugimura who's not a Member of this Committee is present today and is always welcome to provide her input.

COUNCILMEMBER SUGIMURA: Thank you, Chair. So, the \$20 million, of the nine properties, the condos and one private, I guess, how many individual units are there, and of the individual owners, a significant majority have agreed to the \$20 million cost?

MS. SZYMANSKI: Okay. The exact number of units I do not have. There may be others present here that has that information. I just don't have it with me, but I can definitely follow-up and get that to you. For the Kahana Reef AOA, our owners are in favor of this. We've got a lot to lose. We have our property, our investments, our homes. And over, and excuse me if my actual numbers may be incorrect, again, I don't have numbers in front of me, but of the approximately 3,300 lineal feet of the Kahana Bay, that dollar amount if spread out over a period of 20 years, the cost per unit, it is in our opinion, the Kahana Reef's opinion, it is something that we are willing to move forward on. To not move forward would, it potentially means we lose the property. The ocean will take it. That's the alternative.

COUNCILMEMBER SUGIMURA: Okay. Thank you. Thank you.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

CHAIR LEE: Ms. Paltin?

VICE-CHAIR PALTIN: Thank you, Chair. I had a question regarding in your role belonging to the Kahana Bay Steering Committee. I know that a lot of people live in Kahana Reef, as to the other eight resort properties, in our last meeting's presentation Mr. de Crinis said that there was a threshold of people that would need to agree to it. What has been your experience in reaching out to those people? It was my understanding that it's difficult to reach them in person face to face, the other eight properties.

MS. SZYMANSKI: Well, we meet once a month, the Kahana Bay Steering Committee does meet once a month and we have hui to work on the EIS and fund the EIS and that is moving forward, and we do share a common goal of replenishing the beach. That is our common goal. Reaching the individual unit owners, that is something in those resorts, that is something that we do rely on the representative of the Steering Committee to then filter down. But ultimately, there are people who will do the work that needs to be done to get this through.

VICE-CHAIR PALTIN: So, if we move forward on our end, then you would move forward on your end --

MS. SZYMANSKI: Absolutely.

VICE-CHAIR PALTIN: --to reach all those people to get the needed percentage plus?

MS. SZYMANSKI: Absolutely. We would not leave a stone unturned. We are in this for many years. We have been in this for many years and there's no turning back at this point in time.

VICE-CHAIR PALTIN: Thank you.

CHAIR LEE: Are there any other questions? If not, thank you very much for your testimony. Next?

MS. SZYMANSKI: Thank you.

CHAIR LEE: Which one? Oh, okay. We'll check in with our District Offices. First Hana?

MS. OLIVEIRA-MEDEIROS: Aloha, Chair. This is Mavis Oliveira-Medeiros from Hana. There is nobody here to testify.

CHAIR LEE: Thank you, Mavis. Lanai?

MS. FERNANDEZ: Good afternoon, Chair. This is Denise Fernandez at the Lanai Office and there are no testifiers.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

CHAIR LEE: Thank you, Denise. Molokai? Yes? You want to check with them by e-mail? Okay. The next testifier in the Chamber?

MR. CRILE: Our next testifier is Tim Moriarty, to be followed by Julie Adcock.

MR. MORIARTY: Good afternoon, everybody. I feel kind of like a bozo because I'm just an owner that has come to Maui since 1964. I love this island and the ocean is, just as Sandy just mentioned, is taking away not only our sand, but is threatening our very existence in both Kahana Reef and in Kahana Outrigger in which I have properties in both. The simplicity of it is that this summer at Kahana Outrigger we had a set of stairs that used to go down to the sand and this summer the stairs were suspended over two feet above the waterline and nothing but rocks. There is possibly five to eight feet of sand in that area today. But as my, the lady that was just here mentioned, the ocean is just, you can just see the current and current is going from north to south and it's just taking everything away with it. If it wasn't for the sea wall that we are rebuilding at the reef, we would probably lose all the grass area out in front because mother nature doesn't care. And there's an individual Hawaiian property that's in between the Outrigger and the Reef, they have lost an easy 20 feet from their access to the ocean. They used to have a concrete ramp down to the bay and the Pacific Ocean took it away, it's all gone. And they have, it has created sinkholes on the north end of the Outrigger, excuse me, of the Kahana Reef property and we are doing everything we can to keep our site livable and usable and the people that live there can enjoy it. It's, let's face it, mother nature is attacking Maui, and thank you, and I'm just here as an owner that I love it.

CHAIR LEE: Thank you. Are there any questions? Thank you for coming.

MR. MORIARTY: Thank you.

MR. CRILE: Our next testifier is Julie Adcock, to be followed by John Seebart.

MS. ADCOCK: I'd like to thank the Councilmembers as well as the Chair for having us here today. I am with Pohailani Maui and...can you hear me? I'm with Pohailani Maui. I serve on the Board of Directors there and I'm part of the Kahana Bay Steering Committee. I've been working for five years towards the restoration of Kahana Bay and Kahana Beach. Pohailani is kind of a unique situation. We have 114 units with only 29 of them that sit on the makai side. But our entire project is come together in favor of protecting and restoring our beach. It's not just for the use of the public, but it protects our buildings to have the beach out there. But we've seen, you know, a great deal of difference in our quality of life for recreation and for enjoyment, and the, for the families that live there, of being able to gather with their family to use our beach. We now have to get in cars and go other places and it's difficult for some families. And with the group we've been really working towards this restoration and we've invested a lot of time and money in getting the EIS done. But it does us no good to have the Environmental Impact Statement without having the ability to actually do the restoration of the beach which is why we're wanting to move forward with this. Right now, in our reserves, the individual owners pay almost \$500 per year just into

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

reserve funds to protect our sea wall. It would be better if we were moving that money towards restoring our beach and everyone at Pohailani is willing to put in the money. We've just added another amount to put \$75,000, the Kahana Bay Steering Committee has put \$75,000 in to start the project and we're just asking for consideration of this district.

CHAIR LEE: Are there any questions? I was, I have a question, how much is the EIS again?

MS. ADCOCK: The EIS is running about, I think about \$800,000 is what we've, so, the nine, we have nine properties that front the oceanfront as well as one private family home. The private family home is a member of the Kahana Bay Steering Committee, but they weren't, we didn't ask them to financially fund that. So, the nine condominium associations have funded \$800,000.

CHAIR LEE: You said running, so, it's not finished yet?

MS. ADCOCK: It, the EIS? No, and that's why we want to move forward with this tax district so we're in parallel line so once we do have approval, that we would have funding, because, you know, we're in winter season already and it's always a very dangerous time for us. We have had severe impacts. Yesterday I was at Pohailani and we had sand that actually came up over the low road again in the, there's a section between Hololani and Pohailani. And so, the ocean was actually impacting, and that's another thing that we have to look at, the saving of the lower road, it is the access for everyone. If we have any more impacts, we could lose part of that road in that section by undermining it as well.

CHAIR LEE: How are your property values?

MS. ADCOCK: They're stable.

CHAIR LEE: Stable?

MS. ADCOCK: Yeah, yeah.

CHAIR LEE: Okay. There's not a lot of turnover in your, you know, within all those nine properties?

MS. ADCOCK: I'm sorry?

CHAIR LEE: I asked if there was a lot of turnover or is there turnover, you know, people selling?

MS. ADCOCK: No, no, we've had very few condos in our project that came up for sale. And when they did, they were sold immediately, usually by other owners that wanted another property there.

CHAIR LEE: How much opposition do you have within the nine properties?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

MS. ADCOCK: Very little. I mean, most of us are, you know, backing this. Again, it's not just saving our buildings and things. It's saving our beach and, you know, I'm a walker so I used to get up every morning and do my walk. My next-door neighbors were talking about that. Their kids are a little bit bigger now, but, you know, in the evening, dad would come home and _____ and then would take the kids out with the boogie board and they'd have 45 minutes or an hour of family time. Now they don't have that because by the time they'd get everybody loaded up, everything, go someplace else, try to park, it's kind of gone.

CHAIR LEE: Would you say that there's a very solid majority of people there who are willing to participate in a CFD?

MS. ADCOCK: Oh, absolutely. We're spending money right now in, like I said, through our reserve funds to just try to have money to repair our sea wall. I'm sure our owners would rather have that money go to the CFD to restore the beach as opposed to just keep trying to put a Band-Aid on something that isn't working.

CHAIR LEE: Thank you. Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: One other question. Nice to hear about the stability of the condos in light of the situation. How many timeshare units are there in your Kahana Bay Group?

MS. ADCOCK: Oh, in Pohailani, none. They're all full ownership. I don't have numbers on the other properties.

COUNCILMEMBER SUGIMURA: Timeshare, so, are there any timeshare? Or you're all...

MS. ADCOCK: In, of the nine properties?

COUNCILMEMBER SUGIMURA: Yeah.

MS. ADCOCK: Yes, there are. But not in...

COUNCILMEMBER SUGIMURA: Somebody has that, somebody will give us the information then?

MS. ADCOCK: Yeah, Pohailani is all, you know, full ownership.

COUNCILMEMBER SUGIMURA: Okay.

MS. ADCOCK: Yeah.

COUNCILMEMBER SUGIMURA: Thanks.

CHAIR LEE: No other questions? Thank you very much.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

MS. ADCOCK: Thank you.

UNIDENTIFIED SPEAKER: Chair?

CHAIR LEE: Oh, excuse me, could you hold up? Oh, Ms. Paltin, I didn't see your hand.

VICE-CHAIR PALTIN: Thank you, Chair. I just was wondering, of your 114 units, are you aware of how many are short-term rentals?

MS. ADCOCK: Right now, we're at about 67 percent short-term rental. And then, we have long-term rental as well as full-time residents.

VICE-CHAIR PALTIN: Thank you.

MS. ADCOCK: Yeah, and the majority on the ocean side are short-term rental. We have three units that are owner occupied full-time, one that's part-time, and two that are long-term rental.

VICE-CHAIR PALTIN: Thank you. I think Ms. Rawlins-Fernandez has...

CHAIR LEE: Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo Chair. Aloha and mahalo for your testimony. I was just curious, so, with the beach replenishment project that you have going, it's almost ready and you wanted the CFD to be ready when that project is ready to go?

MS. ADCOCK: Yes, ma'am.

COUNCILMEMBER RAWLINS-FERNANDEZ: Do you know where the sand would come from to replenish your beach?

MS. ADCOCK: Well, the sand study was done thanks again to the Council, they funded with Royal Kahana the original sand study. And so, there are identifying sand in Kahana Bay that they have already, they know it's ours.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo.

MS. ADCOCK: So, it would be coming out of Kahana Bay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo. Mahalo, Chair.

CHAIR LEE: We probably can ask Mr. Buika too and other resource people.

VICE-CHAIR PALTIN: I think it's . . . *(inaudible)* . . . yeah.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

CHAIR LEE: Okay. Thank you very much.

MS. ADCOCK: Thank you very much for your time.

MR. CRILE: Our next testifier is John Seebart, testifying on behalf of the Kahana Bay Steering Committee, Filamon Sadang, WMTA.

MR. SEEBART: Good afternoon, John Seebart, I live in Kahana. I represent, or I'm on the Steering Committee with the rest of these folks. I happen to represent Filamon Sadang, that one kuleana property. I've been doing that for about I guess in here about four years. I mean, I'm a volunteer at that. I'm not being paid to do that. But I was interested because I live down the road on Kauapala Bay [sic] and I was watching the erosion and so forth. So, when I found out about this group I decided to go to the meetings and it just evolved into where I was representing Filamon. But I also sit on the West Maui Taxpayers Board and I'm, well, being affiliated with Filamon, that he was involved in the Aha Moku Council, he was the head of that for Kahana at the time that I started. So, I've been meeting with them also. And now, moving on...oh, I didn't say thank you, Chair Lee, and the Council for hearing us. And I also wanted to thank you all for, and the Council in general for the sand studies that were done several years ago. This was actually before I got involved and also, I wanted to thank you again also for supporting Tara Owens from Sea Grant 'cause that comes up annually and you guys have been good enough to renew her, the entire Council did and that she's a terrific resource along with the Planning Department which is also something to be proud of here on Maui, especially the shoreline planning people. I mean, I've learned a lot going through this process just by sitting here. You all know it's, the big problem is erosion and it's statewide, its worldwide, and, you know, we're going to be dealing with this for the rest of our lives and it's doubtful that it'll be resolved during our lifetimes. We don't really know, no one knows how high the sea level is going to rise. They predict that if all the potential things happen it could go up 224 feet. But we aren't going to see that, none of us. But it does tell us that we're going to continually see sea level rise. This is an attempt, the Steering Committee's an attempt to mitigate that and to do so in a way that's not been done often before, but it has been done twice, once on Maui on the North Shore and once on Oahu at Iroquois Point which are t-groins, that's what we think is going to happen, what we think is going to come out of the EIS. I mean, it remains to be seen. But that's Planning's basic idea. So, but this mechanism, the CFD is the way we're going to be able to fund it. And so, we thank you for your efforts.

CHAIR LEE: Thank you. Are there any questions? Is that a hand? No? Anybody else? Thank you for coming. Next?

MR. CRILE: Chair, there are no further testifiers signed up.

CHAIR LEE: Okay. Anybody in the audience who'd like to testify even though you haven't signed up yet? If not, any objections to closing public testimony?

COUNCILMEMBERS: No objections.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

. . .END OF PUBLIC TESTIMONY. . .

CHAIR LEE: So ordered. Okay.

WAI-57 COMMUNITY FACILITIES DISTRICTS (CC 19-376)

CHAIR LEE: Now, as most of you know, today's meeting is part two of our two-part workshop to educate the Committee Members about CFDs and to consider potential projects where CFDs may be appropriate. At our last meeting on November 18, the Committee received a presentation from Curt de Crinis of the Financial and Investment Firm, Columbia Capital Management, LLC. Mr. de Crinis gave us an overview of the history of CFDs and how CFDs work. The Committee also received a presentation from Mike Atherton of Waikapu Properties, LLC, on how a CFD may be used to fund a wastewater treatment plant and other improvements in Waikapu Country Town Project. Also, with us today is Tara Owens, Coastal Processes and Hazards Specialist, University of Hawaii, Sea Grant Program, and Jim Buika, who will make a presentation on the status of the Kahana Beach Renourishment Project and the potential to use the CFD to finance this project. At this time, I will ask that Ms. Owens and Mr. de Crinis be designated as resource persons in accordance with Rule 18A of the Rules of the Council if there are no objections.

COUNCILMEMBERS: No objections.

CHAIR LEE: Okay. Thank you. Mr. Buika, please begin your presentation.

MR. BUIKA (*PowerPoint Presentation*): Aloha, Chair and Councilmembers. My name is Jim Buika, Shoreline Planner with the Planning Department. Is it okay if I sit and do the presentation? So, to follow on from the November 18 meeting, I'd like to share actually two examples, just you heard a lot from some of the Kahana Bay Steering Committee members and some of the owners there. So, I'll talk about the status of the project, show you some erosion examples, just short and sweet, and also the concept that we are aiming for with the Environmental Impact Statement. And I have some statistics both for Kahana Bay and also to the north, Napili Bay. So, the community facilities district we think is a perfect match for Kahana Bay and potentially following Kahana Bay, Napili Bay, which has been eroding and has been a focus of the shoreline planning team attention. On this first slide here, so I'll go over these examples. This is, at the bottom my name, James Buika, and our other shoreline planner is Keanu Lau Hee, and Tara Owens. That's our shoreline team for all of Maui. So, we're very busy on a daily basis trying to deal with the coastal erosion issues. So, this is a picture of Kahana Bay here and to begin, I'd just like to make a couple of remarks, continue, that the, you know, the purpose of this presentation is to provide an overview for Kahana Beach Restoration Project, the status with respect to the community facilities district to finance the project. In this case, the CFD makes sense and is critical to financing this major beach restoration project over this next year

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

timeframe if we can get it together. Obviously, this is just an informational meeting at this point. But if we can do it in parallel with the Environmental Impact Statement, the technical studies, and the science that will be completed early next year and probably draft mid-year following a few months more of community outreach. The Council's support is sought by the Planning Department and the Kahana Bay Steering Committee, as you heard, which is a consortium of the ten shoreline properties in Kahana Bay that I will show you where they are in the presentation. Again, they are privately funding the Environmental Impact Statement as we speak. Also, to emphasize is, and that has been emphasized already is that the Kahana Bay Beach Restoration Project has been a five-year project already, very much a public-private partnership with the Kahana Bay owners. And the objective is to come up with a, the most environmentally friendly solution to solving two, or coming to...meeting two goals. First, to protecting all of the at-risk properties there as well as to restoring the coastal ecosystem and restoring a beautiful beach out front which I look forward to. So, I have a slide summarizing the partnership and I think we can achieve both those goals. There are 936 properties in the 10 parcels along the shoreline. But the hui for the community facilities district will include about 1,200 owners to finance the project. And just over the past decade from my personal observation, our shoreline planning process in this area here particularly has been parcel by parcel, very reactive shoreline planning. And we really need to shift to a proactive approach which we are taking now looking at our shoreline from a beach cell point of view. And that's where the community facilities district can really accelerate and protect and restore our shoreline from one end of a beach cell to another end. We can no longer put sandbags out in front of one parcel and suffer the consequences, the end effects in the erosion to the next in a domino effect. So, to conclude my introductory remarks, there are really three components of this proactive shoreline planning process that we are now conducting after our reactive few years. But the three components are really to complete the technical and the scientific studies, which we are doing with the Environmental Impact Statement and looking at all the alternatives we can use to protect the structures. Second, is the critical community input and education, making sure it meets the needs of all of our community members. And that's also being done under the EIS. And the third component, and a critical three-legged stool here is the financial component that allows for a public-private partnership to achieve coastal ecosystem preservation. And the result through the CFD will be a restored beach cell for Kahana Bay. And I think we could all be proud of and thoroughly enjoy. So, following Kahana Bay I'll just, I have a few slides on Napili Bay also. So, I'll just take you for a real quick tour of Kahana Bay. This is offshore, we will focus on those big structures in the middle out there. These are Hololani, I just have my pointer here, this is Royal Kahana, Valley Isle, and Sands of Kahana. So, most of the pictures are right in here. The beach cell goes all the way from the north here to beyond the picture at Pohaku Park, S-Turns to the south. And I'll point out the length. It's about 3,500 feet in total length of bay here. So, you can see Puu Kekaa, Black Rock, to the south, Kaanapali. So, just for location purposes, this is where we're at, Napili Bay, and farther north a couple of bays up is, that's Kahana Bay, a couple of bays farther to the north is Napili Bay. So, that's where we're going to focus in on. The beach cell at Kahana has the nine properties and Filamon Sadang's property from Kahana Stream to the north here, major watershed outlet all the way to the south to Pohaku

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

Park, here another major watershed outlet here. You can see some of the sand fields offshore and the various condos here. So, again, we're going to show some pictures right in the middle of the larger structures that are threatened in the beach cell. We had Julie from Pohailani, Pohailani has some property along the shoreline and all back mauka of the lower road. The lower road bends in tight right here and then Hololani, I'll show pictures of that, Royal Kahana, and Valley Isle in particular. So, looking back five years this is what the beach looked like and this is what we'd like to restore it to. This is, again is, off in the distance is Pohaku Park, S-Turns at the far end. So, this represents half of the bay that we would restore. So, this is in September of 2015, usually a good time of year, September, October, before winter starts. And then, late winter, we had a heavy-duty erosion event, and this is Royal Kahana. And the, you can see the, this is the pool hale threatened right here, an uninhabitable structure. This is the roof of it here and this is Valley Isle and we're looking from Royal Kahana property. So, this is our canary in the coal mine right here that the canary is gone at this point...

CHAIR LEE: Okay. Jim, Jim --

MR. BUIKA: Yes?

CHAIR LEE: --can I stop you for a second?

MR. BUIKA: Yes.

CHAIR LEE: So, we're only talking about one year, right?

MR. BUIKA: Six months between September 2015 and April 2015...'16.

CHAIR LEE: Was there anything in particular that accelerated the erosion? Or does that happen every year?

MR. BUIKA: Well, the acceleration was, or the erosion was accelerated due to an eddy of high sea level combined with a major coastal erosion event. So, we had extra high seas that were persistent all winter long with a major coastal erosion event. So, we, to add to that, the, we all talk about the issue of sea level rise, but it's really the episodic acute coastal erosion events that chew up our shoreline and freak out the owners. Obviously, if you were living there with big waves crashing you would be worried too. So, it creates an emergency situation. So, we have these in various places around the island. So, hopefully that answers your question. So, it was a unique situation. But with our king tides, high tides, with large surges, big waves, we're seeing it every year. So, this happened to be one time that created this situation and this severe erosion that ended up with, I'll show you the next slide, what the result is. We had to sandbag in Valley Isle here temporarily to protect it. So, this is looking to the south again. And then, what we will do is we'll go around the corner, I do believe, and so, this is Valley Isle point sticking out, the one on the left. So, we'll walk the sandbags around the corner, and we'll end up where these people are. You can see the scale. And so, and then, in 2018, to answer your question, we had continued large event that ended up

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

having an end effect from Valley Isle on, this is the foreground, the picture here of the sandbags we had to put out in front of threatened structures at Sands of Kahana. So, it continued on down the coast. So, we continue, right now we have a major high coastal event going off in Kahana Bay right now, big waves on the roads. So...

CHAIR LEE: No, I'm thinking a couple of things, Jim, like how far down the road are we talking about, you know, beyond those properties that you listed, how far to the right and to the left do we have to consider as well? And so, we're not only talking about sea level rise, we're talking about this unusual phenomenon that's occurring I would guess around the world not just here. And so, these are the things that we would like to know. And since there was a study made right, you know, maybe at some point you can tell us what does the study predict in terms of this type of destructive erosion coming, sort of attacking our coast, Jim?

MR. BUIKA: Tara Owens is very eager to answer your question, so I'll defer to her. How does that sound? With the Chair's permission. Thank you.

MS. OWENS: Thank you. Thank you. I would like to clarify just a little bit there. 'Cause I think your question is really important. The erosion issue is island-wide. We have long-term studies of erosion all around the island and 85 percent of our shorelines are eroding in the long-term. And that's largely related to sea level rise. So, as sea level rises, your beaches begin to narrow, the shoreline begins to move landward and retreat. And then, where you have coastal development, the beach gets squeezed out and then drowned out, essentially. So, then when we get these episodic events that Jim referred to that come along, there's no longer that natural beach buffer between the waves and the development behind it. So, that particular year, 2015, it was, if you remember, an El Niño year. So, we had El Niño conditions across the Pacific Ocean which means that we get a slug of warm water that comes across the ocean and raises our sea levels temporarily. On top of that, we had other factors like Jim mentioned, this big warm core eddy that comes along. They propagate through the islands and they raise sea level. And then if it's the time of year when we have really high tides, our king tides, you can get this stacking effect. Then you get a typical seasonal swell on top of that, just a winter swell event, and these are the types of situations that we start to see. And this is sort of becoming a more frequent scenario because of sea level rise. And we do have projections now of the exposure to future sea level rise.

CHAIR LEE: Any questions? Let's stop for questions. Okay. Yes, Ms. Paltin?

VICE-CHAIR PALTIN: I had a couple clarification questions. When you talk about like a warm core eddy, is that similar to saying like the water is so warm and like heat or water, things expand when they're warm, so the sea level rose as a result of that warmer water because the heat, the water expanded, like...

MS. OWENS: Actually, it's really cool. What happens is we have the trade winds that are so strong across the Pacific blowing from east to west. And when they interact with the Hawaiian Islands, there's a wind shadow. And so, you get this temperature differential where you have on one side of the islands cooler water, and on the other

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

side warmer water. And so, as the water begins to circulate because of current, sometimes you get these little bodies of warm water that break off and they, they're spinning like eddies through the islands. And because they're warmer water, warm water expands. So, it temporarily raises sea level. And it might be by a few inches. But a few inches can make a really big difference when you get a high tide, and then you get a big swell on top of that. So, a little bit of difference in the vertical direction translates to a really big impact in the horizontal direction in terms of erosion.

VICE-CHAIR PALTIN: And then, I think that year we had like a swell train continually coming from the same direction without the opposite direction coming. So, then it kind of magnified the loss without the replenishment at all. Is that kind of...

MS. OWENS: That El Niño season not only do we get that extra warm water coming, the trade winds break down and the warm water comes from the western Pacific over our direction. But on top of that, you get increased storminess in places like Alaska where our swell is ultimately generated. And so, we had really big back to back swell events. They just never stopped that season. Plus, a lot of them came from the north direction somewhat like the swell we're having right now. And when that happens, you don't get as much shielding from Molokai and Lanai. And so, the wave energy goes directly down the west side of the island. And so, it can really affect the west facing shorelines.

VICE-CHAIR PALTIN: And I noticed like S-Turns, that beach is the biggest I've ever seen it and Kahana Beach Resort, I drove by last night and they have a lot of sand like in their parking lot area. The sand in Kahana Beach Resort parking, is that what came over the wall?

MS. OWENS: I don't know. I didn't see that. But I'm hearing reports of a lot of over wash of sand into the road in the parking areas this week with this, we have a, what we think is another one of these warm core eddies propagating through the islands plus some astronomical high tides and this big swell. So, it's this stacking effect of these factors again this week.

VICE-CHAIR PALTIN: And so, if we get another swell, like sometimes it happens every week like within a seven-day period or so it keeps coming from the same direction --

MS. OWENS: Right.

VICE-CHAIR PALTIN: --and then, if you don't have the corresponding from the other direction it just amplifies it.

MS. OWENS: Exactly, it's cumulative.

VICE-CHAIR PALTIN: Thank you.

CHAIR LEE: Any other questions? Mr. Sinenci?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

COUNCILMEMBER SINENCI: Thank you, Chair. Just a couple questions. I was just curious, what is the figure of retreat? I know it must be astronomical too. But what is the price that we're looking at to retreat from the shoreline? Is there a figure as the alternative?

MR. BUIKA: I'll take a crack at it. But as a proxy, the value of the nine properties, I mean, there are multiple large condos on some of these properties, it's half a billion dollars value right now. They pay I think \$10.9 million a year in taxes. So, it's a significant amount. So, to, to, so, it's a large amount, to answer your question.

COUNCILMEMBER SINENCI: Okay. Thank you. And then, I was just curious, does property owners have something like a tidal wave insurance that applies, no? Anybody?

MS. OWENS: So, there's the Federal flood insurance program. But generally speaking, these types of wave events probably, I'm no expert on this, but I've been told they wouldn't qualify for compensation from the flood insurance program. So, then it comes down to just regular commercial insurance and whether they would cover any damages or losses.

COUNCILMEMBER SINENCI: Commercial wouldn't. Okay. Thank you, Chair.

CHAIR LEE: Mr. Molina?

MR. MOLINA: Thank you, Madam Chair. Good afternoon, Mr. Buika, and Ms. Owens. Very interesting topic to say the least, and kind of almost like a doom and gloom scenario. If we, you know, it was mentioned in testimony, time is of the essence, if we don't address it and you have the forecast, the models. Without any mitigation measures, how soon in terms of years will this shoreline disappear where we hit the real critical point?

MS. OWENS: We do have projections of future erosion with continuing and accelerating sea level rise and the target we've been working with is 3.2 feet of sea level rise, which is expected to occur--and this is where the greatest uncertainty is--maybe sometime between 2060 and 2100. We're pretty certainly locked in to 3.2 feet of sea level rise by 2100 if not sooner. So, we could bring up the sea level rise viewer for this area. But just from memory I believe the line, the red line, the projected erosion falls somewhere but, you know, right through the middle of a lot of these properties. So, we're, you know, if there's nothing to do to mitigate the erosion, that would be the direction things will go without any adaptation or mitigation.

COUNCILMEMBER MOLINA: So, with these adaptations that we're considering, I guess we could prolong the, well I guess I'd hate to use the word inevitable, how long more year, how many more years could we add to hold off the erosion?

MS. OWENS: And Jim may want to respond to this too, the study that's being done for the EIS, they'll look at different alternatives, engineering alternatives. And maybe Jim

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

wants to fast forward to some of those. But they'll look at an engineering solution that involves beach restoration, possibly structures, and that will have a projected lifespan. So, the, I think what is at least being looked at is the preferred alternative at the time, this time with groin structures would be probably on the longer end of the timescale, 40 or 50 years. So, it's not...

CHAIR LEE: Like what's showing there that groin project, rock T-head groin?

MR. BUIKA: Yes, exactly. That's why I fast forwarded to this picture here. This is Pearl Harbor area on Oahu. This was built in 2013 called Iroquois Point. One of the testifiers talked about that. You can see the scale and scope of the Kahana Bay project would be similar in scope. This is nine t-head groins. And what we would do is build the t-head groins out here and they would be containment structures for the sand, and then the t-heads, the purpose of the t-heads is to tune the incoming waves. You can actually see the large swells coming in and then when you look in the bay inside each of those little bays it mitigates the waves. So, basically, we're, the strategy here is to take on the ocean. What is happening is the structures are fixed, I showed you those, and the coastal erosion, the ocean comes closer and closer to the structures. So, by going offshore and taking on the ocean and the waves 100 yards, 200 yards farther offshore, we are not taking on the ocean directly in front of a structure, but we're mitigating the wave energy coming in and we're building a baby beach behind it and the t-head groins contain the sand. And it is 40 to 50 years. And we can--I've talked to the engineer--we can build these groins on very shallow platform out there where we can actually add one layer of rocks as sea level rise goes on 20, 30 years from now. So, I think we could maintain it probably one-time maintenance for three and a half, you know for...but I think it would be 30 to 50-year time span for doing this.

COUNCILMEMBER MOLINA: Thank you. I appreciate the information. Thank you, Madam Chair.

CHAIR LEE: Did you ask him how much that was going to cost? Oh, okay. Jim, how much is that going to cost?

MR. BUIKA: The cost, I can skip right here to the Kahana scope and status. The cost, the construction cost I think is the fifth row down, between 15 and \$30 million. And it would be privately funded. As you can see, the funding mechanism with possible community facilities district. And as the EIS proceeds and we come up with a final preferred alternative we would seek, you know, a bond through the community facilities district to fund it and to tax each of the individual property owners which are about 1,200 in the district. So, between 15 and \$30 million and we would enhance it to...let's see, where's our...this is Kahana Bay in 1949, so, this shows before development there we had a sandy bay from one end to the other as far as the eye could see. So, that sand is there. It's available, it went somewhere. And where did it go? It went right off of...the sand study that...I'd like to personally thank Budget Chair at the time, Riki Hokama, for funding that with a proviso to have 50 percent private funding. Royal Kahana had some equipment boats out there at the same time.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

So, we were able to expand a small sand study to 25 miles of seismic lines and a very detailed study of where we have almost 400,000 cubic yards of sand sitting right offshore, very close by that once was probably on the beach right here that is retrievable. So, that was the game changer that really kick-started this project back in 2005...2015, 2016.

CHAIR LEE: Okay. Mr. Hokama, did you have your hand up?

COUNCILMEMBER HOKAMA: Yeah.

CHAIR LEE: And thank you for your foresight. I appreciate it.

COUNCILMEMBER HOKAMA: Chair, I think we all pretty much have the same focus of your Committee. I appreciate Mr. Buika bringing up this one. So, is it still make good sense with what we know with sea level rise to look at what the shoreline was in the '70's and, are we trying to replicate it?

MR. BUIKA: Yes, this is, we're trying to replicate the 1975 shoreline which looks pretty much like this when the development began.

COUNCILMEMBER HOKAMA: But your --

MR. BUIKA: So, 50 to...

COUNCILMEMBER HOKAMA: But your sea level is higher than what it was in the '70's.

MR. BUIKA: It is, it's about nine...yeah.

COUNCILMEMBER HOKAMA: I mean, you guys just talked about three feet, you know. I was in Miami three weeks ago. They were talking three feet in 80 years. And for Miami, that's pretty tough because it's flat. I don't care how far you retreat, it's flat. So, again, you know, they have their own unique challenges like Waikiki. So, I'm just trying to understand what we trying to save, is it achievable, and does the money make sense because for this County, we got a lot of roads, shoreline. This is not the only area we got to look at adjusting roads or saving roads. So, you know, for Mr. Molina, you know, I'm thinking of the billions. How much it's going to take in the billions to move infrastructure, save infrastructure.

MR. BUIKA: I'll just comment that this would be privately funded using the County community facilities district financial mechanism, right? I think you're aware of that.

COUNCILMEMBER HOKAMA: No, I understand that but again...

MR. BUIKA: So, it would be privately funded.

COUNCILMEMBER HOKAMA: Still yet though --

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

MR. BUIKA: So, that's what we're seeking.

COUNCILMEMBER HOKAMA: --you're asking us to use a public process. The sand is I would assume under State of Hawaii, one of our resources that's going to get mined to be replenished. So, you, is there a permit required for mining our minerals like sand and using it for replenishment? Does the State need a permit? Is the Corps of Engineers required because you're in navigable waters?

MR. BUIKA: Yes, we'll get all, we'll, there are like 18, part of the problem is there are permits, rights of entry, authorizations that need to be completed following the Environmental Impact Statement. So, we're in sync, tied at the hip with the State. They're doing it in Kaanapali, as you're aware, the State is funding that, yes.

COUNCILMEMBER HOKAMA: The State's already involved with the project, Mr. Buika?

MR. BUIKA: Yes. Tara, do you have something to add? Or yes, they are, they haven't funded anything. But they have spoken about financial, considering financially contributing, you know, we will seek through our State Representatives additional funding. I think Kaanapali Beach restoration just received \$7 million, something like that in the last State legislation to offset some of the cost for that project. So, it's a State, County, Federal endeavor. And the County end would be through the community facilities district.

COUNCILMEMBER HOKAMA: Okay. The groins would be then the State's groins, the t-groins, or that would be the homeowners' groins?

MR. BUIKA: They would be the County's groins I do believe.

COUNCILMEMBER HOKAMA: We don't own anything in the water.

MR. BUIKA: Well, we would, the State would ask that, that's one of the unsolved questions on this is who the ownership would be. But because the community facilities district would be County funding, the County could take ownership of it from the State through easements. I'll let Tara answer any more.

MS. OWENS: I can respond to that.

COUNCILMEMBER HOKAMA: You better have good attorneys 'cause I don't agree with that interpretation.

MS. OWENS: So, well, I wanted to go back to your first question. I don't know if you wanted a response or not. But I wanted to have the chance to give you one. Your question was, is with the projections of what's coming in the future, is this effort and time and money worth it? And these are good questions to ask because you're right. We are facing some very difficult issues. So, I always just like to put it into perspective of what can we do in these kinds of situations, what are the options, what are the tools in the toolbox? We have other tools in the toolbox besides beach restoration. For

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

example, one of those being setbacks or getting away from the coastline, or managed retreat. And that's something the Department is pursuing actively at the moment and taking those projections of sea level rise that we have and looking at greater setbacks. And so, that does a lot for undeveloped or redeveloping properties to eventually get stuff out of the way, the exit strategy, so to speak. But in the meantime, we still have all this existing development that was built close to the shoreline before there was coastal management regulation. So, it's a question of what do you do in the short-term and the medium-term? I think and to buy time to think about the long-term exit strategy for this existing development. And so, this is one tool, beach restoration with a potential CFD that we can look at, that both protects buildings but also helps the ecosystem and the other services.

COUNCILMEMBER HOKAMA: Did you check with the State AG if special purpose revenue bonds could already solve this through the State Legislature? That's what we created in the Constitution, special purpose revenue bonds to address things like this.

MS. OWENS: Do you want to answer that question, Curt, or...

MR. BUIKA: I personally have not. But we can certainly pursue that. You have more knowledge about that than we do.

CHAIR LEE: Curt could probably answer that.

MR. de CRINIS: Thank you, Madam Chair. I don't know that the, I'm not aware of a program of, I mean the State of Hawaii was willing to bond general State taxes and use that money to do an infrastructure improvement like this, that'd be great. You know, I have not heard, when we had that discussion about a year ago with the State, you know, their feeling was that they would not be interested and not want to participate financially in this. What they said was that they would be willing to grant an easement that the County could then use, and the groins could be County-owned groins on that easement. And that would actually take an act of the Hawaii State Legislature to do that and they went on to say, the representative for the State of Hawaii I guess, I forget his name now, I'm sorry?

MS. OWENS: Sam Lemmo.

MR. BUIKA: Sam Lemmo.

MR. de CRINIS: Yeah, Sam Lemmo, he went on to say that they would probably not proceed with the legislation unless they saw that there was a financing plan in place so that this was, this project was achievable. And then, I think that they were supportive of the CFD idea from that standpoint, or a County contribution, or you know, however the money was going to be raised, whether it be through the County or otherwise. That's what they said at the time. Now, maybe that conversation needs to be revisited. But that was what the discussion was at that time, and I think other people were on that call, too, I believe.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

COUNCILMEMBER HOKAMA: Well, I appreciate that. So, except for the real property, which is their, the residents' concern and ours as a revenue, everything else is State responsibility and jurisdiction, the water, the sand. Okay. So, if, is that our State's attitude? Unless they, you know, I would think automatically they have skin because by Constitution they're given that responsibility. So, it's interesting to hear State administrators speak that way.

MS. OWENS: The State, it's the Department of Land and Natural Resources Office of Conservation and Coastal Lands that oversees the beach management aspects of the State. So, generally, they support the idea of beach restoration as one solution to this kind of problem with existing development because they don't want to see what has been the historical alternative, which has been to armor the shoreline with sea walls which leads to beach loss and public losses.

COUNCILMEMBER HOKAMA: Which is a decision made by their land board --

MS. OWENS: Absolutely.

COUNCILMEMBER HOKAMA: --by their departmental staff recommendations --

MS. OWENS: Yes.

COUNCILMEMBER HOKAMA: --and review. Okay.

MS. OWENS: Yes.

COUNCILMEMBER HOKAMA: So, I think they better take a look at what they've been deciding and what, how they've been doing their responsibilities, you know. But I will not do their work for them.

CHAIR LEE: I have a question, Tara. Are you finished, Mr. Hokama?

COUNCILMEMBER HOKAMA: Yes, thank you, Chair.

CHAIR LEE: Okay. The slide that show the Iroquois Point Oahu rock t-head groin model, it says it's a successful model. So, did the State give the City and County of Honolulu some kind of easement? Or what was the arrangement there? And why is this a successful model?

MR. BUIKA: Well, it says, it was a totally Federally funded project because it's all Federal lands and all that sand, they knew exactly where all that sand went around the corner. So, it was very convenient to move the sand from up in the northeast corner of the picture here to this area. This area was, it was a ghetto, it was cesspools were going into the ocean, homes were falling into the ocean, and it was a crime-ridden area. And then, it's turned into a beautiful beach park and property values going up and a continuous beach for the last seven years. And in one year, the fish count, because they were required by NOAA to monitor the fish count even though they

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

banned fishing I think for three years, but the fish count went up an order of magnitude in one year around the groins themselves because they are, groins are what are called fish aggregating devices. And so, it's good habitat for sea life, and the beaches as you, these are pictures, you know, from planes. You can see it flying in. And for the EIS we're going to get some pictures on the ground to really see what this looks like. So, it's a stable project and has been successful, turned that area into a very delightful beach-going area.

CHAIR LEE: So, it has suspended erosion for seven years?

MR. BUIKA: Yes.

CHAIR LEE: Were there any other questions? Hands up. Ms. Paltin?

VICE-CHAIR PALTIN: I just wanted to clarify, I don't, I'm not sure if you mentioned the 2016, April 2016 slide of Royal Kahana and Valley Isle Resort.

MR. BUIKA: This one here?

VICE-CHAIR PALTIN: Yeah. Did you mention that that brown water was from runoff or not?

MS. OWENS: That brown water is actually from the erosion. So, there is a mixture of sand and land-based material behind the beach. And once that erosion occurs and that material begins to sort of dissolve or be released into the ocean, then you have...

VICE-CHAIR PALTIN: Like a clay substrate?

MS. OWENS: Yeah, there is in West Maui in general and it's what geologists refer to as a sand starved area because there's not a lot of sand in the back shore behind the beach. There are little pockets here and there, Kapalua has some sand in the back shore, Kaanapali has some, and there's some little pockets even in Kahana. But most of the material is what's called eluvium, which is runoff that's been deposited over geologic time. And so, once the sand erodes away and then the waves begin to eat up into the backshore sediment, it releases into the ocean. And so, those become water quality concerns in addition to the erosion concerns.

VICE-CHAIR PALTIN: So, regardless if they were to pick up the buildings and move back, there would still be the water quality concerns?

MS. OWENS: We talk about this a lot, in fact, I just was having a conversation with my mentor, Dr. Chip Fletcher last week about this because this is a question that comes up a lot. What do we do in these kinds of circumstances? And if we were to pick up the buildings, it's different in the sense that if you go to somewhere like Kihei, South Maui, it's rich, pure, deep, carbonate sand from the shoreline back to Piilani Highway. That's not the case in Kahana, but there are some pockets of sand and/or there's sand mixed with eluvium and so, what would happen if we moved out of the way? What would the shoreline look like? So, there's some thought that you would erode away

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

some of this eluvium initially. You would probably release it to the ocean for how long and until it reaches some sort of natural equilibrium again where there's no development in the way. But the hope would be that the sand that still exists in the offshore would be lifted up and pushed landward with sea level rise and sort of form a veneer over that land-based material and maybe protect it for the majority of the time until you have these episodic events where maybe you release that material episodically.

VICE-CHAIR PALTIN: Thank you. May I ask a question of Mr. de Crinis?

CHAIR LEE: Sure.

VICE-CHAIR PALTIN: I just was wondering like, you know, for hypothetically if we do, we were to grant a CFD and say there was a tsunami situation where all the buildings were demolished or, you know, during the construction of a t-groin there was a large coastal event or big north swell or something off-season and who would be on the line for paying back the CFD monies?

MR. de CRINIS: Thank you, Councilperson Paltin. If CFD bonds were issued to finance this, the source of repayment is limited to the properties that are subject to the special tax. So, to the extent there was, the taxes could not be collected because that presumably if the buildings were destroyed and wouldn't then...the property owners wouldn't be paying the taxes and the mortgage, the people that are, own the mortgages on those properties presumably if there was a total loss maybe they wouldn't either in a catastrophic event like that. The, there is a bond reserve fund in these bond issues, so, it would buy probably a year, at least a year's worth of time before investors wouldn't be paid. But during that time, the County would be obligated to initiate foreclosure proceedings against those properties under the bond documents. If no one bought that property, which maybe they wouldn't if it was all destroyed and there was no chance of it being reconstructed, I mean, that's one big question, is it a one-time event, is that it? It's never going to come back; it's gone for good. Or is it just, that property's damaged now, does it have any value, say afterwards.

VICE-CHAIR PALTIN: Well, taking into account as well, sea level rise --

MR. de CRINIS: Yeah.

VICE-CHAIR PALTIN: --and what we know about climate change.

MR. de CRINIS: Well, if that was the ultimate, how it ultimately ended up and there was no value and then, the bond holders would take a, what's called an ultimate loss and they wouldn't get paid back. The County of Maui would not be obligated to make those bond payments.

VICE-CHAIR PALTIN: And then, would the EIS, like we can't predict the seasons as well as we used to be able to because of the out of season swells. How would they determine when they would do the work in the ocean? Would it be just summer, or...

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

MS. OWENS: That's a good question. Yeah, we would obviously aim, the engineers would aim for the, you know, the least volatile season which for Kahana would be summer time. So, the project would be planned around then.

VICE-CHAIR PALTIN: And do they think they could get it done within just a few months?

MS. OWENS: Yes, although, you know, the logistics and those kinds of details are being vetted out through the EIS process. So, hopefully they'll settle on the preferred alternative and then they'll decide exactly how the dredging would be accomplished. There are different ways to go about dredging the sand and what the timeline would be for something like that. But it, I think the total construction with, would be less than a few months, two to three months...

MR. BUIKA: We can find that, you know, we can find that out for you. I've heard six months. But unfortunately, the engineer is not here today for, you know.

VICE-CHAIR PALTIN: And do you know the company that is producing the EIS?

MR. BUIKA: Yes, it's Oceanit from Honolulu, Mike Foley is the lead. He's a Haiku boy and...

VICE-CHAIR PALTIN: The younger Mike Foley.

MR. BUIKA: Yes, the younger Mike Foley.

VICE-CHAIR PALTIN: Okay, just clarifying. Thank you.

MS. OWENS: No relation.

MR. BUIKA: Yeah. So...

VICE-CHAIR PALTIN: Thank you.

MR. BUIKA: He's the surfer I've been telling you about that you got a surfing date at some point with him. So, and yeah.

VICE-CHAIR PALTIN: Maybe we can improve S-Turns.

MR. BUIKA: Yeah, that's, he's talked about that, and he's very conscious of the surf site that is there. It's mapped on all the, I have a picture of it here. So, yeah, we'll definitely do that. Thanks.

CHAIR LEE: All right, are there any more questions? Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: First of all, thank you for your years of work that you're, you have really done a lot for this community and the Napili community, or Kihei also, you're kind of doing the whole island. I appreciate that. And so, once, if this

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

Committee approves, or the Body approves a CFD to move forward, is there, maybe this is a finance question, but is there like a fee that's charged every year for, you know, like a finance fee to do this? Or what are the details for the bond itself?

CHAIR LEE: We have the...

MR. BUIKA: Curt.

CHAIR LEE: Oh, do you want to answer that question? Do you know?

MR. de CRINIS: Sure, thank you, Councilperson Sugimura. The, when you mean a fee, you mean, what are...they...there is the annual cost to place the taxes on the tax roll would be included in the, along with the principle and interest on the bond. So, the extent that the County has administrative costs, if that's what you mean, that would be collected annually as part of the, when the special tax was levied for the principle and interest on the bonds.

COUNCILMEMBER SUGIMURA: So, that's a fixed amount or is it, it fluctuates depending on the...

MR. de CRINIS: Well, it, I think it's based on the administrative costs that the County incurred in placing the taxes on the tax roll.

COUNCILMEMBER SUGIMURA: So, maybe we can ask Finance, is that a Finance question?

CHAIR LEE: Well, he just pointed to him.

COUNCILMEMBER SUGIMURA: Oh, he did?

CHAIR LEE: 'Cause I pointed to him, and he pointed to him, so...

MR. de CRINIS: I mean, normally in other districts it's something like 25,000 a year, or would it, that was, that's an, you know, 'cause in other CFDs in other, not in Hawaii, but in other, in like California for example, there's a consultant that does, puts all the, puts the tax roll together every year for the issue, or for the County or the City and their fees are then are included in the preparation of all that, are then billed to the property owners as part of the special tax.

COUNCILMEMBER SUGIMURA: And this is a tax that's collected over, this example says like 20 years, is that correct?

MR. de CRINIS: Yeah, if...

COUNCILMEMBER SUGIMURA: . . .*(inaudible)*. . . month...go ahead.

MR. de CRINIS: If the decision was going to be a 20-year bond, I mean, the bonds cannot exceed the useful life of the project. So, this is, this is, I mean, I didn't prepare this

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

example, but this example is, assumes 20 years. It could be 25 years, it could be 15 years, it could be 30 years, you know. So, it would be if there's, if each property at a \$20,000, their share of the cost is \$20,000, then they would . . . they would pay their proportional share of the principle and interest, and the cost of administration, and the cost of forming the district, the formation cost to set it up would also be included in the bonds. And I think in the CFD ordinance itself it does state that the, those parties petitioning to form the district, 'cause there's two ways of forming these districts, one is the County formation, one is by petition of property owners. If it's by petition of property owners, they would provide a deposit to the County to cover the formation cost, and then they'd be reimbursed from the bond. So, the, if it went that way, then the County would not be paying any of the formation costs. It would all be funded by the bonds and funded by the property owners ultimately in paying back those bonds.

COUNCILMEMBER SUGIMURA: And in your experience, has any kind of escrow closing, I'm not too sure what the terminology would be so that the expense would stay as an expense for the property owners. So, in other words, if I own a unit in let's say Kahana Reef or something and I decide I want to sell my unit in a year but there's this liability attached to the unit from the CFD, would this go with the, you know --

MR. de CRINIS: Yeah, that...

COUNCILMEMBER SUGIMURA: --would be recorded against the unit forever until it's paid off?

MR. de CRINIS: That's right. Yeah, when, if a CFD is formed and voted in by the County, then it's, that is a tax lien that's recorded against all the properties within the CFD. And that goes on the title, so if you pull up a title report, preliminary title report and you're buying the property, there'll be a line item that says you, you know, this property is in the CFD number 20, County of Maui, 20, whatever the name of it is would ultimately be and it's fully disclosed. Anybody buying a property...it's not an obligation of the property owner. So, if you sell your property, it goes with the property 'cause it's a property tax.

COUNCILMEMBER SUGIMURA: So, somebody has to pay the property tax?

MR. de CRINIS: They...it doesn't accelerate. Like when you sell it, it's just whatever that annual share is. So, if it's a \$20,000, if your share of, and your property was \$20,000, it'd be about \$1,700 a year. You would, you'd...that amount when you got your title report it would tell you this is what the principle and interest and the collection costs are on the tax every year. So, when you buy the unit, you know in addition to general property taxes that you'd be paying, you'd also be paying a special tax in addition.

COUNCILMEMBER SUGIMURA: Okay. Thank you.

MR. de CRINIS: I don't know if that addresses your question, but.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

COUNCILMEMBER SUGIMURA: More will come.

CHAIR LEE: Before we continue with questions, I just wanted to make sure that, 'cause you talked about when somebody applies, or when a group of people apply like the hui, Kahana hui, they would first seek a specialist consultant like yourself to assist with the application and the whole process for a CFD, correct?

MR. de CRINIS: Well, what they would, this would all have to be generated by the County, the formation, 'cause it's a County district. It's not a district of the property owners. It's a County community facilities district. So, the County would have someone, a municipal advisor like myself, and a bond attorney prepare the paperwork and provide it to the property owners. But the petition would probably be the first step and the property owners would need to take that petition...

CHAIR LEE: Excuse me, excuse me.

MR. de CRINIS: I'm sorry.

CHAIR LEE: The petition has to be generated by them, right?

MR. de CRINIS: Yes, but the paperwork, the legal paperwork for the petition itself, the document itself would be drafted, but should be drafted, and probably legally has to be drafted by the County's bond attorney. So, it's not a complicated document, but it'd be a document showing, you know, having the legal language that legally would be valid as far as the petition, I mean, I don't think the property owners' going, for them to go out and write a petition on, that they created and bring it in, would probably, wouldn't be legally correct I believe. I'm...it would have to be drafted, and should be drafted by the County's, attorney for the County and provided to them if, and if they take that petition, they go to their homeowners and they get at least 25 percent of the homeowners to sign the petition...

CHAIR LEE: I know, I'm just trying to get you to identify who is they, the County meaning, the Planning Department, the County Council, Department of Finance, who is they?

MR. de CRINIS: Well, I guess the County would need to decide who they is, I mean, I guess it could be the Planning Department, it could be the Finance Department...

CHAIR LEE: Oh no, I'm sure it's in the ordinance.

MR. de CRINIS: Yeah.

CHAIR LEE: It has to be in the ordinance. Ms. McLean, 'cause they've been working with the Planning Department all along on this project looking for solutions. And I know you have been working closely with this group, right, Ms. McLean, or Mr. Buika, one of the two? So, in other words, you're working toward an objective. So, you must have a plan, right?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

MS. McLEAN: There is a framework for how this particular project can be implemented. But there are many participants in that process, the Council being a key one of them. And so, that's why this meeting and your last meeting was important because Council has to agree to this, and then the Finance Department would be responsible for some of the administration of it. And so, each step of the way we're getting more and more educated and getting buy-in from all of those participants because if we ran ahead with the legal questions and with finance and had all that sorted out, and then turned to the Council and the Council went well, wait, no we don't support this. Then, that would've been a lot of effort by a lot of people that wasn't really going to come to fruition. Yes, we're working with them. This is brand new to Maui County. It has been used elsewhere in the State. But it's brand new for Maui County. And so, we are relying on experts like Curt and others to walk us through it. You know, we, our shoreline team has a lot of knowledge about the coastal environment and what physical options might be available to these folks. But then the legal and financial mechanism is out of our comfort zone. So...

CHAIR LEE: Okay. I just needed clarification because believe it or not, we initiated this not knowing these precise projects. I had heard from Jim Buika about this project. So, I asked about it. See, nobody asked us, we asked, you know, tell us about this project, and then, we had heard about Lynne Woods' project. So, it's like nobody is taking control of this thing and we need to have maybe a sit down with the departments or, so that we can bring in all the relevant people or potential applicants, yeah, so that we can begin to review some of these projects. And as you know, we'll be dealing with the new budget in a few months. So, you know, time is of the essence and we need somebody to initiate this, you know, and that's the reason why I'm asking, who's they, when I just happened to bring this up, you know. It wasn't planned. I had heard about these people who are looking at the CFD as a possibility and we are concerned about their issues and as well as the issues of water improvement Upcountry and so forth, you know.

MS. McLEAN: Yeah.

CHAIR LEE: So, it's not like we have a plan. We, our plan is to try and help people. But we, nobody's initiating individual plans and that's the reason why I'm asking the question.

MS. McLEAN: Right, before Curt makes his comments that, and your point's very well taken. We spent a lot of time with the prior Council in getting the CFD ordinance enacted at the end of 2018. We weren't quite to the point to initiate that discussion again with this Council. It got scheduled, we figured oh, you guys are jumping in where they left off. So, there was a little bit of a disconnect there that we didn't try to make more continuous. So, thank you for your comments and we have a better understanding of where the Council is in this.

CHAIR LEE: I like the way you say we jumped in because, you know, I did this 27 years ago, right? Yeah. I hardly feel like I'm rushing, but I guess I am. Yes, questions, Mr. Hokama?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

COUNCILMEMBER HOKAMA: I think you kind of hit it for today's meeting, Chair. I think Planning needs to come forward with their recommendations on how they would do their process of the permit or the request, application, and I think we got to hear from Finance on whether or not we're going to follow the normal bond procedure of getting a bond counsel. And then, who takes care of the underwriting, the petitioner?

MR. de CRINIS: No, the, if bonds are going to be sold, the bonds would have to be sold by the County of Maui. So, in a case like this, the County of Maui should go out, would go out to request for proposal for underwriters. On a bond like this they would be sold at negotiated sale. So, the County would, we would recommend that the County go out and solicit proposals from underwriting firms and select one or possibly two to assist in something like this.

COUNCILMEMBER HOKAMA: So, we kind of using our influence and our bond rating too --

MR. de CRINIS: Well, you're not using your bond --

COUNCILMEMBER HOKAMA: --for these private funds?

MR. de CRINIS: -- rating because the County's credit...

COUNCILMEMBER HOKAMA: Come on, I know bond raters. I've worked with them for 20 years.

MR. de CRINIS: Yeah, but these, Riki, these bonds are not rated typically. So, because they're not secured by the County itself, they're secured only by the property that's subject to the tax. So, you generally don't, you would not be applying for a bond rate. Like Kauliula [*sic*], I'm mispronouncing it, but in the bonds that were just sold in Kauai for the project there, was about two weeks ago, those were non-rated. So, the County's bond rating, and the County's credit doesn't stand behind the bonds. But they are, it is people, investors do know it's County of Maui. And so, indirectly, the fact that it's County of Maui does give people comfort, and I think that it attracts investors and that's why I think in addition, in the case of the Kahana project there's so much value in all that property. From an investor point of view, they would be, they would probably see those as very secure bonds because they would have a \$20,000 lien against, you know, 500,000, or \$1 million piece of property. So, I think it would be very attractive from an investor's standpoint which would translate into I think attractive interest rates.

COUNCILMEMBER HOKAMA: Okay. Can we, if Mr. Teruya can give us a response, how long would Finance need to ramp up to be able to even consider an application, or a bond, three months?

CHAIR LEE: Scott, did you hear the question?

COUNCILMEMBER HOKAMA: Six months? And again, do we need a special bond counsel for this privately issued, or funded, versus the public funding of this GO?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

MR. TERUYA: Thank you, Chair. Good afternoon, Chair and Members, Scott Teruya, Director of Finance. I heard the question. The primary thing for this, we would go through municipal advisory. We would get an underwriter and bond counsel as well, an RFP process for all three just like we are anticipating for our next float in 2020. So, as far as Mr. de Crinis mentioned, it is a non-rated bond. It's secured by the financing and the money coming from the condo projects' repayment. I would say we're trying to get the numbers of the valuation, but I would assume that the values are probably higher than a half a million dollars. And like he mentioned, \$30,000 on that per unit is relatively small. And I would assume there would be a lot of people looking to diversify their portfolio to include a Maui bond on that, yeah, definitely. But as far as personnel, the biggest concern, or the bigger questions that we haven't gone through yet, which we would probably call Kauai County and Big Island for their Kukuiula and their other Big Island project is how much additional resources are going to be needed because there's triggers for non-payment, it may, it could be two months, three months from delinquency then they're required to do foreclosures. So, there will be personnel costs and time. We would probably have to go to our sister counties to see what additional resources they've seen so far. But there is an additional billing, which I don't see as a lot of effort, but because we don't identify the calculations on the amount that's going to be assigned to each. There's a process go through and they tell us how much to assess each parcel, or each condo unit. Once that's done, the electronic billing would be going out. So, I don't see a lot of effort. But there is effort but it's more the collection and the delinquencies that I see as probably the main concerns associated with any CFD project that's with that. But I think the primary personnel is in place. I'm just not sure as the additional resources, or number of responsibilities to the Treasury Division. Thank you, Chair.

COUNCILMEMBER HOKAMA: You're going to need a software adjustment?

MR. TERUYA: Chair?

CHAIR LEE: Yes.

MR. TERUYA: At this time, I don't believe that there's anything necessary. It would be almost like a special tax, just like adding refuse to Treasury's billing, or et cetera. So, it would just be another bucket for the special tax assessment.

COUNCILMEMBER HOKAMA: Can you keep it in a T&A account? You would use a T&A account or something of that nature to separate it out from our...

MR. TERUYA: Yeah, that's my understanding. We'll do that on the Treasury's Division.

COUNCILMEMBER HOKAMA: Okay. One last question 'cause of the money part. You said to Mr. Molina I think maybe one maintenance over the 30, 50 years of the life of the structure. I'm like Ms. Paltin, you know, I think those unseen things can and does occur. So, you have a major impact on your groin system, a cruise ship runs into it—I mean who knows what strange things can happen—we get that big tsunami, those

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

repair costs get recalculated back into the bond again as you understand it, Mr. Buika or does the County end up now footing that bill?

CHAIR LEE: Mr. Teruya maybe? Did you want, Mr. Teruya, did you want to answer that question?

MR. BUIKA: Yeah, I'll defer to them on the finance.

MR. TERUYA: My understanding is the annual maintenance costs and you can't, that you can't be included that in the bonds so it'll be a County expense. I'm not sure if Mr. de Crinis could identify if the additional HOA duties could be going towards this or not so I might have to defer at this time to Mr. de Crinis.

MR. de CRINIS: Thank you, Scott. I believe the annual, to the extent...I don't know what the annual maintenance costs are on this project. My understanding was there weren't very much, there isn't very much in the way of the annual maintenance, but I'm not an expert in this area at all so I'd have to defer to the team. But the CFD legislation does not allow for maintenance to be part of the tax. It doesn't allow for that; it allows for capital. So, I think there's a legal technicality here as to if the improvements were destroyed or damaged, then I don't believe it would be seen legally as maintenance to repair them. So, that could be, there could, you could probably levy the tax, or build into the tax some flexibility to, you know, make a capital repair to the project. Again, this is a legal technicality and I think once the bond counsel is hired, you know, some of this could be flushed out in a little more detail. But my understanding was there isn't an annual maintenance, but I may be wrong about that.

COUNCILMEMBER HOKAMA: We appreciate that comment, Mister... I just need to have all of us know exactly what we're getting into so whether it's Orrick, whoever is our bond counsel. Maybe, Mr. Teruya, you can ask for some comment for this Committee before we make our votes.

CHAIR LEE: Ms. McLean?

MS. McLEAN: If I could add, the cost for construction and then the cost for anticipated maintenance would be disclosed in the environmental document. They're assessing alternatives. We're not even sure that the t-head groins are going to be the preferred alternative.

COUNCILMEMBER HOKAMA: Right, right, right.

MS. McLEAN: So, that process has to run its course first. But part of that in scoping out what the most desirable alternative is would include costs as well as projected annual responsibilities.

COUNCILMEMBER HOKAMA: And you still need that SMA from Commission? Would you need a major SMA from Planning Commission still yet?

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

MS. McLEAN: Probably SMA and then the Conservation District use permits would be the more significant ones 'cause...

COUNCILMEMBER HOKAMA: CDUAs.

MS. McLEAN: Right, because there's minimal activity on the shoreline within our jurisdiction. The majority would be within State jurisdiction.

COUNCILMEMBER HOKAMA: So, Land Board then?

MS. McLEAN: Correct.

COUNCILMEMBER HOKAMA: Okay. Thank you, Chair.

CHAIR LEE: Okay. Before I get to you, regarding the question I asked earlier, who initiates the process, it's actually the people. Proceedings for the establishment of a district shall be instituted by the Council after receipt by the County Clerk of a petition requesting the institution of the proceedings signed by the owners of at least 25 percent of the land in the proposed district. So, I'm really glad that all of you are quite knowledgeable about the CFD and are aware, and especially in the case of Kahana where you've created a hui and even in Upcountry Kula where you have the neighbors participating. This is really important. So, you know at some point you're going to need that petition and then present it to the County Clerk's Office asking for, requesting the proceedings to begin, and that's how we would start it. But as Ms. McLean said, that you know, you've already are doing the parallel work with the EIS and other things and that's very, very helpful, 'cause it's going to move the process along much quicker. Okay. Ms. Paltin, and then we're going to need to take a break.

VICE-CHAIR PALTIN: Thank you, Chair. I was wondering, at one point you were saying the lifespan of the t-groin was 30 to 50 years.

MS. OWENS: The project will settle as the EIS process evolves. It will settle on a preferred alternative and it will have a projected lifespan. So, essentially, we're guessing, if it's a project that's similar to what was built at Iroquois Point with beach sand and groins, my educated guess would be something like Jim said, 30 to 40 year expected lifespan. And of course, that assumes no catastrophic circumstances as you've pointed out.

VICE-CHAIR PALTIN: And so, maybe with this or with the Iroquois Point situation, what is the expectation after the 40 or 50 years? Do they need to remove it?

MS. OWENS: It may be that the structures themselves don't require a lot of maintenance or changes. It may be that there needs to be another attempt at sand placement. So, it's common with beach nourishment projects, especially if they're without structures, such as what's being pursued at Kaanapali, that it's a shorter lifespan of the project and that future maintenance cycles are required. So, you put sand on the beach and ten years later you're looking at putting sand on the beach again. The groins slow down the process of erosion. But eventually it may also need to be refilled with sand

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

at some point in the future in addition to any maintenance of the rock structures themselves.

VICE-CHAIR PALTIN: So, there is no plan to remove the Iroquois Point t-groins after the life expectancy?

MS. OWENS: As far as I understand, there is no plan to remove those structures. And I don't know what the trigger for that would be actually at this point. And maybe it depends on evolving environmental conditions.

VICE-CHAIR PALTIN: And then, my other question was for Mr. de Crinis, in light of the climate change sea level rise and possibility of catastrophic events involving the ocean, would bond, the people that give the money take that into effect? Or that they would charge more because the possibility of tsunami or something that could render their investment non-refundable?

MR. de CRINIS: Well, I would comment this way, when the bonds are issued, a document is prepared called a bond official statement that just, has, and it's issued by the County because it's on, it's a bond of the County. So, not the...that document explains and discloses all the risks and in that it would have to discuss all that. It would have to tell investors what the risks were, that, there would probably be a disclosure on tsunami risk, rising sea levels, they'd have to have, look at the EIS, have to discuss all that and disclose all that to potential bond buyers. And the County itself would have to be comfortable that that document, 'cause it is a County document, is disclosing all the risks to investors. And if the risks were such that it wasn't reasonable for someone to buy those bonds, then the County, we would, as a municipal advisor, we would recommend the County not issue the bonds. And also, the extent the County had a bond underwriter, that underwriter will also be making that evaluation because they would not want to underwrite the bonds if they thought there was a unusual amount of risk involved, whether they could sell them or not. Even if they could find some investors to buy 'em, you know, they may not want to take that risk, and the County may not want to take that risk either because I don't think the County's going to want to issue bonds where there is serious concern about those not, those bonds not being repaid. So, if those were the circumstances, then I would say you would not issue the bonds if those, if everyone believed that the t-groins and what was being planned was, you know, was going to last 25 or 30 years and it was going to do the job that it's intended to do, and that the properties on that beach, I mean, no one can plan for the apocalypse. I mean, you can't, you don't know if a tsunami comes and wipes everything out, I mean that could happen anywhere. Right, that could be why, people might say why buy any bonds and the, from the County of Maui, I mean there could be a tsunami that wipes out half of Maui. But...

VICE-CHAIR PALTIN: So, it's not the case if the risk if higher their percentage rate is higher?

MR. de CRINIS: Yeah, yeah, yeah. So, the investors would want a, would want to be compensated for that additional risk. So, they would, maybe there'd be a half a

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

percent higher interest than the County GO bonds, for example. So, someone buying those bonds would want some additional interest to compensate for risk.

VICE-CHAIR PALTIN: And then, the Iroquois Point one, is that, what, is it on the north shore of Oahu or...

MS. OWENS: It's just on the west side of Pearl Harbor. So, when you're flying into the airport, as you come into the runway, you look out, you'll be looking over the groins at Iroquois Point. So, the sand...

VICE-CHAIR PALTIN: Kind of like the south-facing shore a little bit?

MS. OWENS: Yes, and the sand flows from west to east. So, it goes into Pearl Harbor, which is why you couldn't see on that photograph, but the east end, the last groin is actually retaining the sand that would have in the past gone right into Pearl Harbor and just been sort of a permanent sand sink.

VICE-CHAIR PALTIN: Do, so, would they do a comparison as to the strength of swells hitting those t-groins versus the strength of what our shoreline endures?

MS. OWENS: Absolutely, that's a different environment altogether. And West Maui certainly is a tricky environment to work in. You have this dual wave regime and the shoreline itself is concave, so it's, it is exposed to all those different wave regimes. And so, the engineers who are working on the project and the design do their own wave modeling and their own engineering designs for the spacing, and the length, and the orientation of the t-heads so that they're tuned to that environment in particular.

VICE-CHAIR PALTIN: Thank you.

CHAIR LEE: Okay. We're going to take a short break. But before that, we need to hear from Jim Buika.

MR. BUIKA: Oh, thank you for, yeah, the one question I had signaled that I had something to comment on and to answer your question, Chair, about why hasn't this moved forward petitioned from the community is because we are waiting on the EIS for the kind of sort of the final design that we want to bring forward. So, that's not finalized yet. So, that's a, one of the dependencies on moving the project forward.

CHAIR LEE: Okay.

MR. BUIKA: So, along with this educational informational session. Thank you.

CHAIR LEE: Okay. Thank you. We'll be back in ten minutes at 3:35. In the meantime, we'll have a short recess. . . .(gavel). . .

RECESS: 3:25 p.m.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

RECONVENE: 3:43 p.m.

CHAIR LEE: . . .*(gavel)*. . . Okay. Folks, we're heading down the home stretch. So, any more questions that...Miss...you didn't have one? I thought you had one, Ms. Kama? All right, did you complete your presentation even though we interrupted you multiple times?

MR. BUIKA: I'll just conclude with a few slides on Napili.

CHAIR LEE: Okay.

MR. BUIKA *(resumes PowerPoint Presentation)*: Okay. Just to give you a flavor of scale and scope of a second project. I'll move through this here. So, here's the Napili Beach cell. Most of you have been to Napili Bay, a wonderful bay, beautiful sand. They've had extreme erosion starting three, four years ago, progressive erosion, and then, we had a bad erosion event. Tara can explain all the details of why it happened this summer. But there's seven condo properties in the confined bay here. You can see all the sand offshore. But the beach is getting very narrow where many days there is no dry beach to sit on. So, this was August 2019, several months ago, in front of the Napili Bay Resort. I'll flip back and show you where it is. It's down on the south end here, Napili Bay, that, this classic hau tree has been there for years, they lost it a couple years ago. And then, they had this scarp of six to eight feet right in front, right at the base of the building here. So, it's getting very precarious with no protection here. The beach has since recovered in this area. But this is an example of what is happening in Napili Bay also. Whoops.

POWERPOINT NARRATOR: Napili Bay needs our help.

MR. BUIKA: You want to see a three-minute video?

POWERPOINT NARRATOR: This beautiful Maui beach --

MR. BUIKA: Why not.

POWERPOINT NARRATOR: --has been a top vacation destination --

MR. BUIKA: This is what they're doing.

POWERPOINT NARRATOR: --for over 50 years. But over the past 40 years, the health of the bay has been in steady decline. This led to the founding of the Napili Bay and Beach Foundation, a nonprofit organization whose efforts are aimed at improving the health of Napili Bay.

MR. BUIKA: It's three minutes.

POWERPOINT NARRATOR: Coastal erosion at Napili Bay is approaching critical levels. If you can believe it, the beach has lost about 31 feet of width since 1973. The historical

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

response to beach erosion in Maui has been to put up sea walls and barricades, otherwise known as hard structures, but this only increases the rate of beach loss. You see, erosion is causing structural damage, uprooting trees, and pulling dirt from beneath these hard structures into the bay, making it tough to find any dry beach to enjoy. Beach erosion is costly. Doing nothing will ultimately eradicate the beach, and building barriers is not the answer. We need to take action today to save Napili Bay and here's how we can do it. We must remove and replace hard beach structures. Remember the erosion I mentioned earlier? Softening the back beach will decrease wave energy that will otherwise continue to remove beach soil from below these hard surfaces. The sand on our beach and in our bay is all we have. We also need to bring 20 feet of offshore sand back on to the shore to replenish the beach and to create a buffer zone. This is good news because we have a generous supply of offshore sand. We just need the funds to start the project. Lastly, we need to improve Napili Bay's water quality and maintain its coral reef. A coral reef is one of nature's ways of protecting the beach from erosion, decreasing wave intensity, and clarifying the water. We are excited about our work on a water quality monitoring program with Hui O Ka Wai Ola and the Maui Nui Marine Resource Council. The work being done by these organizations is vital to protecting the health of our coastal waters on Maui. Our approach is holistic. We need to reduce erosion caused by hard structures, bring sand back to create a buffer zone, and maintain the coral reef to help protect the beach. Do your part to save Napili Bay. Donate through napilibayfoundation.org and learn more about the great work being done to maintain this beautiful bay.

MR. BUIKA: Thank you. Her voice is a lot better than mine here. So, and Tara and I have been working for four years with the Napili Bay Beach Foundation in the same, they're following Kahana and would be a scaled project. They have done an updated sand source study. You can see the areas of sand offshore there. They've found ample amount of sand, about four times of what they need. The scale would be much smaller than Kahana Bay. And it would be, they would not need a large Environmental Impact Statement, but rather a programmatic small-scale beach restoration which the State is doing, probably put 10,000 cubic feet of sand out on the dry beach which would give them 20 feet, possibly more if the State will let them do more. It is almost the scale of Kahana Bay in terms of the dwellings, 670 dwellings versus about 936 shoreline dwellings in Kahana, valued at over 400 million and average annual tax revenues is 9 million. And the project would, of course, restore the coastal ecosystem and enhance recreation in the area. And the project, we don't know exactly the costs right now, but upwards of \$3 million and they're seeking private funds right now and is pretty much on a parallel track with Kahana Bay. So, this could potentially be another candidate for a community facilities district to get sand. There would be no groins of sort, but just bringing sand back up. It's a very confined bay and it's all offshore there. And I'll conclude with just some lessons learned over my last decade working on the west side here. But, you know, we're always talking about what to do. And finally, through the, I think the financing through the community facilities district we're able to have a solution for how to do it. And so, just five key points, we must, we've been planning reactively, and we need to move to proactive shoreline planning. Our shoreline is now managed parcel by parcel and we need to move that, shift that to a regional beach cell approach which we're beginning

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

to do and hui'ing up Maalaea area, Halama Street, we've had successes on the North Shore, we're working with other organizations and homeowners, establishing the public-private partnership through the County I think is a good way to go, seeking State funds where we can, but showing, you know, like we met with McKelvey, we went out to Kahana Bay, Tara and I, we hosted him out here. We couldn't get a word in edgewise because he knew exactly what was going on. He said you don't have to tell me, you know. If they fund the EIS, I can help them seek State dollars. So, we have different mechanisms for creating the public-private partnership. And then, finally, too, as a solution for protecting structures, where they're threatened, proactively restore beaches where feasible. So, I think that's my last slide. I'll leave it there. Again, that's our team, and thank you. Any final questions? I'll turn it back over to the Chair.

CHAIR LEE: Thank you, Jim and Tara, excellent job. Any questions? Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: So, that's interesting what Angus said. If he can help you get State funding, go for it.

MR. BUIKA: Yes, that's the plan is to solicit some State funding. He said he would hui up with other Senators, Representatives who represent the coastline, most of them do, and who have similar problems and seek dollars. So, that is the strategy that it's not the County's responsibility, it's Kahana Bay Steering Committee's responsibility to do that, and it would be wonderful if we can do a partnership with the State, get some of these costs defrayed.

COUNCILMEMBER SUGIMURA: Yeah, I mean, if he's that clear, I guess, is what you're saying, then go for it, go ask them.

MR. BUIKA: Yeah.

COUNCILMEMBER SUGIMURA: I'm curious, why us then? I mean, if Angus is that clear...

MS. OWENS: So, there is some precedence for this at Kaanapali. So, the State is funding half of the Kaanapali Beach restoration. And Kaanapali Operations is funding the other half. Part of the reason that the State Legislature approved those funds is because the KOA came forward with their funds in hand. So, what I remember from the conversation with Angus McKelvey was that the CFD was a critical part of this because it's the way that the condos could demonstrate they were coming forward with their part.

COUNCILMEMBER SUGIMURA: So, can you send a letter to Angus McKelvey and ask him? I mean, I'm thrilled to hear that, first time I've heard that.

CHAIR LEE: We'll be happy to send a letter of inquiry. But as you know --

COUNCILMEMBER SUGIMURA: Yeah.

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

CHAIR LEE: --you know, we have no control over our Budget, he has no control over his Budget.

COUNCILMEMBER SUGIMURA: He can start.

CHAIR LEE: He's just going to request monies, you know. In the meantime, we're not here to sit idle. We're going to, and encourage the community to partner with us, and us with them. And if it'll, you know, be beneficial to the whole community if we work in this fashion, and I...so, even if we're plan B, or plan C, I think we ought to go for it too, keep the train moving.

COUNCILMEMBER SUGIMURA: Good.

CHAIR LEE: Any other questions or comments? If not, thank you everyone for coming. I appreciate all of your input --

MR. BUIKA: Thank you.

CHAIR LEE: --and your interest. And we will, if there are no objections, defer this item.

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: RH, MJM, KRF)

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR LEE: And this meeting is adjourned. . . .(gavel). . .

ADJOURN: 3:54 p.m.

APPROVED


ALICE L. LEE, Chair
Water and Infrastructure Committee

WATER AND INFRASTRUCTURE COMMITTEE MINUTES
Council of the County of Maui

December 2, 2019

CERTIFICATE

I, Marie Tesoro, 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 23rd day of December 2019, in Wailuku, Hawaii

A handwritten signature in cursive script, appearing to read "Marie Tesoro", is written over a horizontal line.

Marie Tesoro