

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE

Council of the County of Maui

MINUTES

June 1, 2020

**Council Chamber, 8th Floor, and
Online via BlueJeans Link**

CONVENE: 1:31 p.m.

PRESENT: Councilmember Yuki Lei K. Sugimura, Chair
Councilmember Alice L. Lee, Vice-Chair
Councilmember Riki Hokama
Councilmember Tasha Kama
Councilmember Kelly Takaya King
Councilmember Michael J. Molina
Councilmember Tamara Paltin
Councilmember Keani N.W. Rawlins-Fernandez
Councilmember Shane M. Sinenci

STAFF: Richard Mitchell, Legislative Attorney
Lesley Milner, Legislative Analyst
Laksmi Abraham, Legislative Analyst (trainee)
Rayna Yap, Committee Secretary

ADMIN.: Scott Teruya, Director, Department of Finance (WIT-38)
Rowena Dagdag-Andaya, Director, Department of Public Works
(WIT-38)
Jordan Molina, Deputy Director, Department of Public Works
(WIT-38)
Michele McLean, Planning Director, Department of Planning
(WIT-38)
Jeffrey Pearson, Director, Department of Water Supply (WIT-25)
Eva Blumenstein, Water Resources and Planning Program
Manager, Department of Water Supply (WIT-25)
Michael Hopper, Deputy Corporation Counsel, Department of the
Corporation Counsel
Jennifer Oana, Deputy Corporation Counsel, Department of the
Corporation Counsel

OTHERS: John Seabart (WIT-38)
Faith Chase (WIT-80)
Scott Fretz, Maui Branch Manager, Division of Forestry and
Wildlife, Department of Land and Natural Resources (WIT-80)
Curt de Crinis, Managing Director, Columbia Capital
Management, LLC (WIT-38)
Christine Choi, Senior Managing Consultant, PFM Group
(WIT-38)

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

CHAIR SUGIMURA: . . . *(gavel)* . . . Good afternoon, everyone. Welcome to the Water, Infrastructure, Transportation Committee. Today is June 1st. Can you imagine it's our...half a year has gone by? And it's 1:30 and I'm going to start my meeting. Thank you, everybody, for being here. And I have all of us on BlueJeans, which is our new mode of meeting, and appreciate all of you making the time. My name is Yuki Lei Sugimura and with me today I have Vice-Chair and Council Chair Alice Lee. Alice?

VICE-CHAIR LEE: Oh, okay, this is my part.

CHAIR SUGIMURA: Yes, your talk, your talk.

VICE-CHAIR LEE: Madam Chair, this morning I mentioned for all of our Portuguese friends, bom dia.

CHAIR SUGIMURA: Bom dia.

VICE-CHAIR LEE: So now that it's afternoon, still our Portuguese friends, boa tarde, boa tarde.

CHAIR SUGIMURA: Boa tarde.

VICE-CHAIR LEE: Yes.

CHAIR SUGIMURA: Boy, we gotta go traveling with you, Ms. Lee, one day.

VICE-CHAIR LEE: Yeah, yeah. Virtual travel.

CHAIR SUGIMURA: Virtual travel. Also on . . . today we have Riki Hokama. Hello, Mr. Hokama.

COUNCILMEMBER HOKAMA: Hi. Good afternoon, Chair.

CHAIR SUGIMURA: Good afternoon. Tasha Kama, how are you?

COUNCILMEMBER KAMA: I want to go with Alice Lee on her virtual tour.

CHAIR SUGIMURA: Let's all sign up. Is Kelly here? I don't see Kelly. Kelly King? I know she just got done with her Committee meeting. Mike Molina?

COUNCILMEMBER MOLINA: Hey. Good afternoon and blessings to you and everyone, Madam Chair, from beautiful, sunny Makawao.

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CHAIR SUGIMURA: Nice to see you. Tamara Paltin? I saw Tamara here. Tamara?

COUNCILMEMBER PALTIN: Aloha 'auinala mai...

CHAIR SUGIMURA: Aloha. Keani Rawlins-Fernandez. Keani, from Molokai, she'll join us. Shane Sinenci from Hana.

COUNCILMEMBER SINENCI: Aloha, Chair and Members, all the way from Hana, Maui.

CHAIR SUGIMURA: Aloha. Nice to see all of you. We also have today from the Department of Public Works, Rowena Dagdag-Andaya and Jordan Molina is joining us. And this will be for WIT-80, which is the Intergovernmental Agreement. Oh, hi, Kelly. Nice to see you. Kelly King is here, thank you for joining us.

COUNCILMEMBER KING: . . . *(inaudible)* . . .

CHAIR SUGIMURA: Department of Planning, Michele McLean. Thank you.

MS. MCLEAN: Aloha, Chair.

CHAIR SUGIMURA: Oh, Keani is here. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Chair.

CHAIR SUGIMURA: Aloha, nice to see you, Keani. So, everybody's here. Thank you, everybody. Michele McLean from Department of Planning. Thank you, Michele --

MS. MCLEAN: Aloha, Chair.

CHAIR SUGIMURA: --for being here. Aloha. And Department of Management, I have Sandy Baz here, and I guess also for the CFD. I don't see Sandy here, but he may be joining us. Department of Finance, you saw him earlier was Scott Teruya also here to talk to us with the Community Facilities District item. And our last item on the agenda, we have Jeff Pearson and Eva Blumenstein regarding the Water Use and Development Plan. They'll be joining us. Also with us today, thank you very much for making the time, is Scott Fretz, the Maui Branch Manager Division of Forestry and Wildlife, Department of Land and Natural Resources. I see him here on the screen. Thank you. We also have Curt de Crinis, a Planning Consultant for the Planning Department regarding CFD, and I see him on...I see him online. Thanks, Curt, for joining us. Christine Choi, who's a Municipal Advisor with PFM is listening in only, and she is also one of our consultants for the County of Maui and listening in for CFD. Department of Corporation Counsel we have Jen Oana as well as, I understand, Mr. Hopper will be joining us if necessary. Committee Staff, thank you Laksmi Abraham, Legislative Analyst, as well as Lesley Milner, thanks for working hard to put this together. It was a lot of work. Rayna Yap, I always appreciate her good work. And Richard Mitchell, or Remi. But thank you very much, who's our OCS

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Legislative Attorney. The items on the agenda today, Members, I'm going to take it out of order with your permission. I'm first going to take WIT-80, which is the Maintenance of Makena-Keoneoio Road and Ahihi-Kinau Natural Area Reserve first, and second I'm going to take up the CFD, and last I'm going to be taking up the Water Use and Development Plan. Today we have public testimony first. Lesley, do we have anybody signed up to testify?

MS. MILNER: Hi, Chair. We have a caller, phone number ending in 1334, are you here to testify this afternoon? I'm going to unmute your phone in case you don't know how to do that. One moment. Caller from 1334, are you here to testify this morning?

MR. SEABART: Yes, I am.

MS. MILNER: Okay.

CHAIR SUGIMURA: Okay. Oh, great.

MR. SEABART: Yes.

. . . BEGIN PUBLIC TESTIMONY . . .

CHAIR SUGIMURA: So, let me go through some of the preliminary things that I need to say then. I thought there were no testifiers. But, glad to have you here. I just wanted to say that all the public is welcome to join us to listen in or to provide written testimony as well as public testimony. So, you are limited to the three items on the agenda. You'll have three minutes to testify and if you will state your name and the organization you're representing and let us know if you're a paid lobbyist. At this time then, could you tell us your name and what item you'll be testifying on please?

MR. SEABART: Yeah, this is John Seabart and I'm testifying on the CFD --

CHAIR SUGIMURA: Thank you.

MR. SEABART: --and I want to thank you for the opportunity, Chair. Thank you, and Members.

CHAIR SUGIMURA: Okay, you can proceed, Mr. Seabart.

MR. SEABART: Go ahead?

CHAIR SUGIMURA: Yes. Please do.

MR. SEABART: You want me to go ahead? Okay, yeah. Okay, all right. So, I was watching the CAR Committee this morning on TV and a couple of things struck me and about...one about the CFD itself, which is that some of the Members on the Council didn't seem to understand that the CFD is a mechanism by which the owners of...I should say I'm with the Kahana Bay Steering Committee, and so, this applies directly

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to the Kahana Project. So...but the CFD is more broad than just our project, it allows people with any sort of problem like this to form a special district and pay for this themselves out of an additional tax revenue, and the thing that the County's doing is helping with the bonds so the...and then the payment for those bonds goes against their individual taxes. So, the only expenses are administrative costs. And Michele this morning, Michele McLean, said that could even come out of the CFD fund and so I just wanted to make sure that everybody understood that by establishing a CFD you're not really committing the County to anything, you know, this falls in the lap of people who own these properties. That's the one thing. The second thing is Councilperson Hokama this morning said something that I think is very, very good and I've been making the same point, which is that we have to...because of the shoreline being divided between the city, I mean, the County and the State, we have a problem with who's going to own what and so forth, and I think he's right on point when . . . we have to establish that. And he actually asked this morning if they couldn't, if we couldn't work that out this morning and say who's what. But I didn't get much back from Sam Lemmo that he actually picked up on that or that he was in agreement with that or against it, I don't know, but I think that is a very important point because like our steering committee, we're hamstrung when it comes to...we don't know how...we don't know that path. So, we're dangling waiting to find out that sort of answer. And, you know, they've been working with Planning and so forth, but it isn't established. Anyway, that's all I have to say. Thank you very much.

CHAIR SUGIMURA: Thank you. Nice to...nice for you to participate. I see him in the MPO, he comes to testify too. So, anybody else have any questions for him, Mr. Seabart? Kelly King?

COUNCILMEMBER KING: Thank you, Chair.

CHAIR SUGIMURA: And then Tamara.

COUNCILMEMBER KING: Thank you, Chair. Hi, John. I don't see you but --

MR. SEABART: Oh, hi, Kelly --

COUNCILMEMBER KING: --I guess you just...

MR. SEABART: --how are you?

COUNCILMEMBER KING: And, yeah, I think the Committee this morning was fully understanding that this was going to be discussed today but that it was also an issue that the actual units were going to have, you know, were going to be contributing. But I just wondered if...were you there when we requested at the end to follow up on that question that Mr. Hokama had? Because we also...I think the fact that Sam Lemmo was there, he didn't feel comfortable answering. I think he didn't know --

MR. SEABART: Right.

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COUNCILMEMBER KING: --or he didn't have the authority to answer, so I just wanted to make that clear, clarify that in your statement that we are sending a letter just to ask for that clarity from the State DLNR.

MR. SEABART: Right, right. Well, I don't know if I caught that, but, you know, I personally equated this to Solomon's dilemma with the two mothers and the baby. I mean, we got the beach that's divided in half, and by not being able to have anything clear, we're tearing it apart. We have to solve that issue. Yeah.

COUNCILMEMBER KING: Yeah, no, I agree. I just wanted you to know, I don't know how long you were on but that that, you know, we are planning to do a follow-up to find out if there's someone who can answer that question.

MR. SEABART: Okay, thank you very much.

CHAIR SUGIMURA: Thank you, Kelly. Tamara, do you have a question? Yes, Tamara.

COUNCILMEMBER PALTIN: Thank you, Chair. So, I just wanted to clarify that you're saying that we should put the insurance and the maintenance of this issue onto the property owner as part of the CFD? Is that what you're saying? Because I don't believe the County, you know, the County has Public Works to maintain roads, they have the Water Department to maintain wells, they have Environmental Management to do sewer lines, but we've never gone into the ocean to maintain a seawall or have insurance on that. So, is it that you're suggesting that we put that on the property owner as part of the CFD that they get the insurance and they pay for the maintenance of the seawall --

MR. SEABART: Well --

COUNCILMEMBER PALTIN: --as part of...

MR. SEABART: --let me put it this way, I would be speaking for myself, not for the committee, but I think that the most important thing is to make this happen. And so, I think the County certainly, I mean, we appreciate generosity. We would...I think all the condo owners would appreciate generosity, but I think the most important thing is to get this to happen. And so, if they have to incur more costs that...so be it. I mean, they will be out looking for funds, but my point is is that the CFD, formation of CFD in no way encumbers the County or makes them pay anything upfront. I mean, that was, that's a separate discussion. I mean, we could go to the Federal government and possibly get money for this kind of thing is what I'm told. So, the, you know, they would be looking for money, but the County, doesn't...isn't obligated to pay anything, just for the very purpose of forming the CFD. The CFD just allows them, the County to sell bonds for which the owners would pay the interest and principal over time.

CHAIR SUGIMURA: Okay, is that . . . *(inaudible)* . . .

MR. SEABART: Did that...was that...

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CHAIR SUGIMURA: Tamara's shaking her head, she's fine. You have any more questions, Tamara?

COUNCILMEMBER PALTIN: I do, but it's not clarifying questions so I'll--

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: --keep it to myself.

CHAIR SUGIMURA: Okay, thank you. Anybody else? Seeing none then from the Members that I can see on the screen. Next, do we have another testifier?

MS. MILNER: Yes, our next testifier is Faith Chase.

CHAIR SUGIMURA: Hello, Ms. Chase. Please proceed.

MS. CHASE: Aloha, Council. Hi, Committee Chair. Hi, Committee.

CHAIR SUGIMURA: Hi.

MS. CHASE: Sorry, I got on a little bit late. I was actually just going to make an encouraging comment about the Kahikinui Aquifer Sector Area being on anybody's agenda. It's been severely ignored and I'm happy to see it on this agenda. And questions haven't been answered since 2001, quite frankly. And so, I guess that's the only comments I can make. I'm excited to hear that portion of the meeting.

CHAIR SUGIMURA: Thank you. Anyone have questions for Ms. Chase?

COUNCILMEMBER SINENCI: Chair?

CHAIR SUGIMURA: That was fast, only 19 seconds.

COUNCILMEMBER SINENCI: Chair?

CHAIR SUGIMURA: Oh, here's Mr. Sinenci.

COUNCILMEMBER SINENCI: Yeah, just, I was just curious of what were some of the issues if Ms. Chase can briefly comment to those.

MS. CHASE: I had sent a letter of inquiry to the Director, Board of Water Supply Director and also made mention to it in a Board of Water Supply meeting. From what I can extrapolate from the Kahikinui Regional Plan when reaching out to the County, there was a meeting that had minutes that were recorded and included wherein somebody asked why did the water service stop from Kanaio to Kahikinui, and it literally says in the notes, extrapolated that no answer was given. And it just went quiet and I think because of such a small community out in Kahikinui, nobody really could advocate

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and follow up enough, that bandwidth, you know, to be in communication, constant communication with what the issue was. So, those residents out there while the DHHL is anxious to put people on those lots, they carry their water and it's questionable. It concerns me in a health and fire, you know, perspective. So, I was given a letter, you know, you're supposed to reply within ten days from the engineering inquiry rules, and it took about a month and a half and I got an apology e-mail, but still no answer to the reasonings why service has stopped so long ago.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER SINENCI: Okay, thank you.

CHAIR SUGIMURA: Thank you.

COUNCILMEMBER SINENCI: Thank you, Chair.

CHAIR SUGIMURA: Thank you. Any other questions for Ms. Chase? Seeing none, next testifier. Thank you, Faith.

MS. CHASE: A hui hou.

MS. MILNER: Hi, Chair. We don't have anyone else signed up to testify, but I will ask if anyone else is logged in to testify if they could please unmute themselves and let Staff know.

CHAIR SUGIMURA: Thank you. Okay.

MS. MILNER: Okay, I don't believe we have any more testifiers, Chair.

CHAIR SUGIMURA: Okay. So, Members, at this time with your permission, I'm going to close public testimony.

COUNCILMEMBERS: No objections.

CHAIR SUGIMURA: Thank you.

. . . END PUBLIC TESTIMONY . . .

**ITEM WIT-80: MAINTENANCE OF MAKENA-KEONEOIO ROAD AND AHIHI-KINAU
NATURAL AREA RESERVE (20-121)**

CHAIR SUGIMURA: So, as I said, I'm going to...I'm going to first take up WIT-80, which is the Maintenance of the...and also the Intergovernmental Agreement regarding the Maintenance of Makena-Keoneoio Road and Ahihi-Kinau Natural Area Reserve. And, Members, before I get into this, I want you to know that by reviewing the documents, I found that there is a...there's a typo. There's a error in the executive order that was

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reported in the documents signed by everybody except the Mayor. So, I'm basically going to ask Public Works or DLNR to redo it, make the typographical error with the correct executive order number, 'cause there's only one executive order reference in this, which is executive order from the State to the County of Maui, and the correct number is 2668 dated June 29, 1973 was when it was administered. But in our memorandum of understanding, it states executive order 2998. I don't even know or know what that executive order that is, but it's becomes our documents then, I have a problem with it, but because we have Mr. Fretz here from DLNR as well as Ms. Dagdag-Andaya, I wanted to go through the questions that the Members had at the last meeting and maybe clarify some of the questions that you had. And then when the document does come, then we'll hear it again in this Committee and send it to full Council for approval for the IGA to be signed by the Mayor. But at this point, I wanted to let you know that Mr. Fretz from Department of Land and Natural Resources sent over, which I had Committee send over to our Granicus, the management plan for this area. And so, you'll have a copy of that in Granicus, which you can look at. He said it's a very well done management plan. I think the question came from last meeting from Mr. Hokama as well as Ms. Paltin and it was completed in 2012 and he sent over the website for us to review. Mr. Fretz also can tell us, which was other questions about how much this is costing Department of Land and Natural Resources. And as you remember, Ms. Dagdag-Andaya said that this is costing us maybe about 3,000, I think she said \$3,000 a year. But Mr. Fretz is here so he can give you a more extensive information about this. So at this time, Mr. Fretz, would you like to talk to us and just kind of tell us how much is this costing you, a little bit about your management plan, and how important this area is to DLNR? Thank you.

MR. FRETZ: Certainly thanks, can you hear me okay?

CHAIR SUGIMURA: Yeah.

MR. FRETZ: Thanks for hearing this item, Madam Chair and Members of the Council. But this MOU...this is actually a request to an extended MOU that was started back in 2010. And back in 2010 we were in the process of writing this management plan and looking at the needs for the reserve and for the road and related areas and we had a big community group, an advisory council that helped us with this so there was a lot of community outreach involved in this. And so, this MOU was put together in order to resolve these issues with the road and to identify respective roles and responsibilities to maintain the road and to maintain the traffic issues on the road and vegetation overgrowth on the road. And so, I know you guys are familiar with what the MOU does with regard to those. So, I appreciate you taking this up again. I think our constituents would like this to continue. It has served us well for the last ten years, and so we'd like to see it be able to continue. I...that's my general introduction and I do understand you have some questions, and so I'll do those. You might have to remind me, I didn't write them down --

CHAIR SUGIMURA: Yeah.

MR. FRETZ: --in front of me. But...

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CHAIR SUGIMURA: Okay, so...

MR. FRETZ: So, there was the question about the...oh, go ahead, Tamara.

COUNCILMEMBER PALTIN: . . . *(inaudible)* . . .

CHAIR SUGIMURA: There was a question, Mr. Fretz, about the cost. What is the cost to DLNR to maintain this area?

COUNCILMEMBER PALTIN: Just a point . . . *(inaudible)* . . .

MR. FRETZ: Sure. Our cost...

COUNCILMEMBER PALTIN: Just a point of information. The link doesn't work that you sent us. It says --

MR. FRETZ: Oh, okay.

COUNCILMEMBER PALTIN: --file not found.

MR. FRETZ: Okay. Huh, shoot --

CHAIR SUGIMURA: Okay.

MR. FRETZ: --sorry about that.

MS. YAP: Hi, this is Rayna. If you go on the link, you'll be able to copy and paste it onto the internet. I got the same 404 error, but when I actually typed it into the search engine, it popped up fine. It's over 130 pages.

CHAIR SUGIMURA: Yes.

COUNCILMEMBER PALTIN: Thank you.

CHAIR SUGIMURA: Thank you. Okay, go ahead, Mr. Fretz. The cost.

MR. FRETZ: On the cost, our parts of this MOU are to maintain the vegetation along the roadside and to manage traffic and parking. So, the vegetation management is done by our crews quarterly, more or less, it sort of depends on the amount of rainfall and how rainy it's been. And that costs us about \$10,000 a year in the management to do that, mostly in labor, little bit of equipment, supplies. And then with regard to managing the people and the cars and the traffic, we have a full-time ranger down there; and his supervisor tells me that that full-time ranger spends about 25 percent of his time managing cars, moving people along, making sure people park in the right places and keeping them from parking in the wrong places. So, that's about 10,000 plus the 25 percent of this person's salary, somewhere in the range of 20 to \$30,000 a

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year for that.

CHAIR SUGIMURA: I thought it was...I wonder if you would share with the Committee, because I think they would care about this, the protection of endangered species?

MR. FRETZ: Oh, yeah, so I was explaining to Madam Chair that the vegetation management is not as straightforward as it might seem either. There happens to be down there alongside the road an invasive plant called a tree tobacco. And while the tree tobacco is an invasive species that's easy to control, it happens to support an endangered moth, the Blackburn Sphinx Moth. So, it's important to be very careful when you're trimming and whacking down the tree tobacco alongside the road that you do it in a manner that you don't kill any of the caterpillars or the moths on these plants. So, it's not that simple and straightforward a thing to do and we have protocols to do it and we're able to do it without any harm to that endangered species. So, it's something worth knowing about.

CHAIR SUGIMURA: I thought that was very interesting. So, just a side-note, I said it before I gaveled in, but interesting enough to me when I looked at the minutes when in September of 2010 when this came up with Department of Land and Natural Resources, the first IGA, the Chair of the Committee of the Whole was our one and only Mike Molina. He was the Chair of that Committee. And I know you did lot of work from then to now and I don't expect you to remember that specific Committee, but this item came up and was approved through your work, Mr. Molina. So, thank you very much for that in 2010. Rowena, do you have anything to add to this?

MS. DAGDAG-ANDAYA: No, Chair.

CHAIR SUGIMURA: Or Jordan? Oh, there. Hi.

MS. DAGDAG-ANDAYA: Yeah. No, nothing to add from the last meeting, but --

CHAIR SUGIMURA: Okay.

MS. DAGDAG-ANDAYA: --we can answer questions --

CHAIR SUGIMURA: Okay.

MS. DAGDAG-ANDAYA: --if there are any from the Committee.

CHAIR SUGIMURA: So, Members, I'm going to ask if any of you have any questions for Mr. Fretz from DLNR or Rowena, and then I'm going to defer this to get the typographical error with the wrong EO number corrected, and then this will come back to us so that we can process it. I think there's also Jen Oana...oh, I'm sorry, Keani, you have a question? Keani?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Just a question for you. At the last meeting that we had on this item, I asked if you would also update the diacritical

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marks.

CHAIR SUGIMURA: Oh, I remember that.

COUNCILMEMBER RAWLINS-FERNANDEZ: . . . *(inaudible)* . . . also include the collective diacriticals.

CHAIR SUGIMURA: Okay, appreciate that.

MS. DAGDAG-ANDAYA: Chair, so noted from Public Works. We'll work with State DLNR to correct the diacritical marks.

CHAIR SUGIMURA: Yeah, okay. Thank you, Keani. I remember you did say that. Any other comments? Okay, thank you very much. So, we'll expect to see this come back to this Committee at the appropriate time, and then we'll take it up. Mr. Hokama, did you have a question? No?

COUNCILMEMBER HOKAMA: No, just the responses to the questions that we had from the last meeting, Chair.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER HOKAMA: That's what I'm awaiting, thanks.

CHAIR SUGIMURA: Okay. So, the questions that I had was the maintenance's cost from DLNR, the management plan, which I guess we'll have to resend it, which Mr. Fretz sent over to us, and any kind of timeline or schedule that DLNR had, but sounds like they do this on a quarterly and a yearly basis that they maintain this. Did you have anything else besides the diacritical remarks, marks, sorry, for what Keani said? Anything else, did I miss anything? Members?

COUNCILMEMBER HOKAMA: The question we had, Chair, was with the whereas clauses, yeah. The first one is 2668, states the preserve, 2998 with Exhibit A, and this is where we talk about the road.

CHAIR SUGIMURA: Yeah, so, Mr. Hokama --

COUNCILMEMBER HOKAMA: Yeah?

CHAIR SUGIMURA: --this is where the typographical error. There's only one EO, so we're gonna get that corrected.

COUNCILMEMBER HOKAMA: Okay. So, my point to our attorneys is that if the State can't exclude it, that means they had authority over it. So, if they exercised authority over it, they show ownership. And so, why would we then be the ones paying for their bill? Just like how it is on Lanai. Same thing.

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CHAIR SUGIMURA: Mr. Fretz, you have a --

UNIDENTIFIED SPEAKER: . . . *(inaudible)* . . .

CHAIR SUGIMURA: --do you have a comment on that?

UNIDENTIFIED SPEAKER: Chair?

CHAIR SUGIMURA: Did you have a...oh.

MR. FRETZ: So, the EO...when the land was EO'd over to the Division of Forestry and Wildlife in 1973, the road was excluded and that's a pretty standard exclusion that's made because the Division of Forestry and Wildlife and the Natural Area Reserve System doesn't have the statutory authority to manage roads for vehicular use. So, I don't know if I can directly address Councilmember Hokama's point other than to say as a Division and as a natural area reserve, we don't have the authority to manage the roads for the vehicular use that those roads are used for to go to those properties that are beyond the road there, and that's the reason it was excluded.

CHAIR SUGIMURA: Oh, Jen Oana, did you want to say anything about that? I heard her pop in. Corp. Counsel?

MR. HOPPER: I could if you...

CHAIR SUGIMURA: Oh, okay, Mr. Hopper.

MR. HOPPER: Background. Yeah, I think that the...it's not a County highway, and that the County has no obligation to maintain this area, that's why you need the MOU. If it was a County highway, then the County would be maintaining it anyway. So, that's why you would need this MOU and the Council to take action to agree to provide this type of maintenance on a road that is considered an old government road, which is a road that the County does not claim jurisdiction on, and the State does not claim jurisdiction on. And I think almost every old government road at one point was owned by the State, I think their position is that it was all turned over to the County at one point. That's true of every single old government road in the County, though, where neither the State nor the County has claimed jurisdiction in this case. So, the County can argue this is a State responsibility and not take action on this MOU and agree not to provide this maintenance. So, that's an option of the Council, but the previous Council decided that it would provide some sort of limited maintenance of this area and entered into the MOU. But again, that's at the option of Council and this is not a County highway. This is not a highway that the County considers to be part of its regular inventory. So, that's why the MOU would be needed in this situation.

CHAIR SUGIMURA: Thank you, Mr. Hopper. Keani Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. So, what happens if the County does not sign the MOU?

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CHAIR SUGIMURA: Mr. Hopper?

MR. HOPPER: Presumably, this would be treated like all other old government roads and nothing would be done and the road would further deteriorate.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Hopper.

MR. HOPPER: Which is, I mean, that's not an uncommon situation with old government roads across the County. It's a major ongoing issue as most of you are probably aware.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Hopper.

CHAIR SUGIMURA: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR SUGIMURA: Thank you. Anything else? Any more questions? Ms. Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. So, I'm looking at Page 83 and this is...do you have anything more current than 2010, 2012? As far as sustainable funding, have there been fees to...as a sustainable finance mechanism done since 2012 to the present day? I know there's a whole lot of visitors that love to see the anchialine . . . sorry, I don't know the pronunciation, but the ponds, and, you know, we have a whole lot of government roads that many, many residents live on that are not taken care of. So, I mean, I guess I'm wondering if there's anything more current than 2010, 2012 data and if you've noticed the difference in the resource. 'Cause I noticed the difference at Napili Bay. I notice the difference at Breakwall, Lahaina Harbor, the water is so much nicer without all the hordes of people that if we're making it access easier, are we then, you know...it's not the management...this is a plan from 2010 and if we've gone to that area pre-COVID times, it didn't feel that it was being...it was being treated as a natural area reserve, a marine life conservation district. Same as Honolua which is overused, over-tourism...and so, I have a little bit of a problem with making access easier to these sites, you know, I...when there's no reciprocation of better management.

CHAIR SUGIMURA: Wait, what is your question? I'm sorry, I don't understand.

COUNCILMEMBER PALTIN: Is there...

CHAIR SUGIMURA: So, you're saying the plan is 2010, 2012, and what is your question?

COUNCILMEMBER PALTIN: This Page 83 talks about sustainable funding, but it's from 2010 and 2012, like, what has...it says like, you know, Haleakala is 3 to \$10 per person per car, but how much...how much is collected for Ahihi-Kinahu?

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MR. FRETZ: Yeah, I got the question. Thank you and thanks for the question. The...what the plan did was it identified a capacity for the numbers of visitors to go to Ahihi-Kinohi and created the mechanism to do that, which was to regulate parking and provide only 50 parking stalls. And so, our advisory group with all the community members decided that that was the...how they wanted to set the capacity at that amount, that the 50 cars in the parking lot would do that. And then further to set up a fee system in which people would pay to go in there and park, and that fee was \$5 per vehicle for visitors only, residents would not pay. And so, we estimated that we would have revenue of about \$250-300,000 in a year by doing that. We worked through the process to do that, we've got the parking area set up, we got the 50 stalls in, we've got the gates set up, we changed our statute, we changed our rules, we bought the machine, we're just ready now to install that machine and begin charging, and we were just about to do it when the COVID situation hit. So, I'll have to go back to our staff now and find out where they're at, but my understanding is we have everything now to put that in place and begin bringing in that revenue. We do have one hang-up still on the legislative side is where that money goes and how we make sure it's available to us to use just in that reserve, and that is the intention and we need to be clear we have that set up. So, that we...I appreciate you asking that question 'cause that is really important and that was a part of the management plan that we really worked hard to put together.

COUNCILMEMBER PALTIN: Thank you, Mr. Fretz. I hope that there's an addendum follow-up on the management plan to reflect that. For me personally, I would like to wait 'til it clears the last hurdles before making this type of commitment as sort of a prod, you know, like carrot and stick or something.

CHAIR SUGIMURA: Okay, Mr. Molina?

COUNCILMEMBER MOLINA: Thank you, Madam Chair. Good afternoon, Mr. Fretz, I don't know if this question sort of dovetails what Member Paltin just asked about, but I guess there was a recent audit of the DLNR's conservation fund, you know, article's done I think last year by the auditor Mr. Kondo, and it was mentioned that the program has a total of \$33 million, of which a little over half of it had not been set aside for projects or programs. Is, does your response to Member Paltin have something to do with that? Has any monies been allocated to the Ahihi-Kinohi natural reserve area and if so, how much? And if not...so, I'm just kind of wondering if maybe the response you just gave to Member Paltin sort of ties into that conservation fund monies?

CHAIR SUGIMURA: Mr. Fretz?

MR. FRETZ: No, that's a different fund. That's a special fund, the Legacy Land Fund, and that...those monies are not available to us for the management of this reserve. We use a different set of monies.

COUNCILMEMBER MOLINA: Okay. Thank you for the clarification. Thank you, Madam Chair.

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CHAIR SUGIMURA: Thank you, good question. Anybody else? Okay, seeing none, so, thank you, everybody and I have your questions noted and Staff will send something in writing to DLNR and we'll get this rewritten with the help of Ms. Dagdag-Andaya and put in the diacritical marks. Thank you, Keani Rawlins-Fernandez, for that. And anything else on this? If not, I'm going to defer it. Thank you. Thank you, Mr. Fretz, for...oh, yes. Yes, Ms. Paltin?

COUNCILMEMBER PALTIN: Do you think it's possible that that project could move forward before we come to a chance to vote on this with the whole --

CHAIR SUGIMURA: So, Mr. Fretz --

COUNCILMEMBER PALTIN: --_____ situation.

CHAIR SUGIMURA: --how fast is the parking lot plan and machines going up?

MR. FRETZ: Yeah, I think that I can certainly report back to you within 30 days. I'm not sure your timing. I can check with staff and find out where they're at. I don't know how long until the machine goes in. Keeping in mind that as long as we're on a tourism lockdown, the revenues that do come in will be residents only and so there won't be those fees. But I can certainly report back to you within 30 days and I'll probably give you an idea of when we think the actual machine will go in.

CHAIR SUGIMURA: Okay. Thank you.

COUNCILMEMBER PALTIN: Thank you. Thank you so much.

CHAIR SUGIMURA: Thank you very much. Thank you. Okay, Members, I'm going to defer this item. Thank you.

COUNCILMEMBERS: No objections.

COUNCILMEMBERS VOICED NO OBJECTIONS

ACTION: DEFER PENDING FURTHER DISCUSSION.

ITEM WIT-38: COMMUNITY FACILITIES DISTRICTS (CC 19-376)

CHAIR SUGIMURA: Going on to the next item, which is going to be...put all my things away. So, my next item, I'm going to talk about Community Facilities District. So, this morning, thank you, Ms. King, had in her Climate Action Committee, she also took up similar subject. And the reason that I decided to take this up today is I wanted to...it did come up when Alice Lee was in charge of this Committee December of last year, but I wanted to take it up now because as going through the Committee, as you heard this morning, there are Ma'alaea, there's Kahana Bay, there's different organizations

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that are experiencing possibly a need for using Committee Facilities District as a way of solving their problems that they're having with our climate changes. And so, I wanted the community to know what steps they could take in order to access this and how to do it, basically. Right, so Planning Department, thank you, Michele. I talked to her over the weekend and she put together this presentation of kind of a how to do it. Curt de Crinis, which is familiar to us as he helped the County, but he's a hired as a consultant for the Planning Department to help them do the CFD process, or planning process that is being asked of them. And then I also have Scott Teruya and his consultant on the line in case they wanted to add to it. So, at this time, I wanted to turn it over to Michele, and Michele has a PowerPoint presentation.

MS. MCLEAN: Thank you, Chair. And I do have to extend some thanks to Curt de Crinis who helped me put this together yesterday. So, let me go ahead and share my screen.

CHAIR SUGIMURA: Okay.

. . . *(loading screen sharing)* . . .

MS. MCLEAN *(PowerPoint Presentation)*: Let's see. There we go, is that coming up?

CHAIR SUGIMURA: We can see it.

MS. MCLEAN: I might have . . . oh.

CHAIR SUGIMURA: Yes.

MS. MCLEAN: Anyway. Okay.

CHAIR SUGIMURA: Thank you.

MS. MCLEAN: Okay, so, what is a Community Facilities District? It's a special taxing district that's formed to fund public improvements. And these are often used for development-related infrastructure needs, typically water or wastewater treatment facilities or roads, related to residential and commercial development. They can also be used for new public safety facilities, park improvements, and in Hawaii they can be used to replace existing improvements. The properties that are included in a CFD, and a CFD is a specific geographic area, those properties are the ones that benefit from the improvement. Special taxes are levied on those properties and those taxes are collected specifically for paying for the cost of the improvement. And State law authorizes any of the counties to enact a CFD ordinance, and all four counties have done this. So, Maui CFD ordinance was adopted at the end of 2018 and created a new chapter in the County Code, Chapter 3.75. And it allows the County to establish a CFD for the reasons that we discussed, for acquiring, planning, design, construction, installation, of any real property or structure with a useful life of at least five years. The improvements themselves can be located inside or outside the district, but the properties within the district will be the ones that would immediately benefit from the improvement. They can be funded by bonds or pay as you go. And the improvements

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under the County ordinance are streets, roads, bikeways, park facilities, open space, undergrounding of utilities, water and wastewater facilities, police and fire facilities, shoreline restoration, and other public projects. So, why use a CFD? They can significantly lower the upfront cost, that's really the primary benefit because these are the...because the CFD...the projects that CFDs can pay for benefits specific properties, if they were to do those on their own without a CFD, they would have to upfront those costs. These can allow them to be...the improvements to be constructed earlier. Impact fees would be another way to accomplish this, but we don't have...while we have enabling ordinances for impact fees, we don't have impact fees established yet. CFD bonds are secured only by the properties subject to the tax and not by the General Fund. That frees up the County to better prioritize the spending of General Fund monies. And they allow for the properties within the district to finance those improvements that otherwise would not be financeable. So, the examples that we've been talking about, Kahana Bay, Napili, Ma'alaea, it's unlikely that they would be able to get private funding for those. Even if they could get their owners organized enough without a CFD mechanism to pay for the improvements, they would probably be really challenged to get them privately financed. So, the steps in forming a CFD, first is to identify the project and it's a project that has to have not island-wide benefits, but regional or local benefits. Then you identify the properties and the owners and create the map of the district. Then discuss with the developer if it's a developer or the property owners, like in the Kahana Bay example, to determine their support for it. And a CFD can be initiated by the Council, or by a petition of the owners, and you only need 25 percent of the owners in the district. Then a County team would develop the tax rates, working with the property owners, and the Council votes on a resolution of intention to form the district and set a public hearing. So, in the Kahana Bay example, there is no obvious County entity to take the lead in the steps that are on the slides so far, but because Planning has been most involved with them, it's...it seems reasonable for Planning to be the one to take the lead on these things. At some point it would get handed off to Finance, and we'll go through a few more steps. But it's really a cooperative effort between Planning and Finance. So, Planning, getting it organized and then handing it off to Finance to do the bond sale and using Finance's expert consultants, to assist on the details of the actual financing. So, a public hearing is held and there is a protest provision where 55 percent of property owners can stop the process. So, going back to this bullet here where you only need 25 percent to initiate it, you need a much higher threshold of 55 percent to stop it. If it's approved, then the special tax is levied on their property taxes and that's for the bond debt service if bonds are issued, or pay as you go if you're just paying as the money is collected. And as we discussed earlier, annual administrative costs can be covered by the CFD. So, a certain percentage would be taken out of the taxes that are collected for administrative costs. And the Council would have to approve the bonds that Finance would then sell, and those bonds would be secured by the special tax that is levied by the CFD. And the County collects the tax. So, the challenges, there are a few. There...it would definitely be an additional burden on County staff in overseeing this on Planning in the initial part, and then on Finance in the long-term administration of it. The County would have additional bond debt, it's not General Fund debt, but it's something the County would need to be mindful of and conservative to minimize the risk of bond default. And the CFD can be controversial.

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If the 55 percent threshold isn't met, there could still be a notable percentage of property owners who might oppose it and they might want to litigate that. Other groups might object to the improvements that are being proposed to be funded by it. And it's just something that we haven't done here before. So, there are some important policy questions. First, should the County undertake this? Should we assist for Kahana Bay, in this case property owners, with financing this? Is the County willing to accept the risk and responsibility? Should the County provide communities with the ability to do this when it's normally a County function? If it's something that is started by a community petition, typically the County feels that if it's a needed public improvement, the County would go ahead and pay for it rather than having the community pay for it. And related to that, are there projects that can't be funded privately? Does the CFD favor one group over another? Is there community support for it? If the answer to that is no, what are the alternatives? And here's the map of the Kahana Bay, the properties that could be included in the Kahana Bay CFD. These are the properties that make up the steering committee. And that concludes the presentation.

CHAIR SUGIMURA: Okay. Thank you very much, Michele. Mr. de Crinis, did you have anything you wanted to add before I ask Scott Teruya?

MR. DE CRINIS: No, Councilperson Sugimura, I think that was very well presented, so I don't have any comment.

CHAIR SUGIMURA: Okay, thank you. Mr. Teruya, are you on? I know he was on earlier.

MR. TERUYA: Yeah, I'm here.

CHAIR SUGIMURA: Oh, okay. So, do you have anything you want to add regarding CFD process?

MR. TERUYA: Not at this time, thank you.

CHAIR SUGIMURA: How about Finance position on what you would be doing if you were to take on a CFD project?

MR. TERUYA: Well, taking on the project from Finance's standpoint, I don't think...we have some questions, but I don't think it's something that would be a showstopper. There is additional work for Finance to do as far as administration of one, floating the bond, then after that it's just a matter of Treasury or the Real Property Assessment Division to send out the special notification, I guess, and then Treasury to collect the tax. But that's all administrative costs that I know are covered under the CFD administration costs. It'd probably be a question more for Public Works as far as ongoing maintenance of it. But other than that, Finance wasn't...wouldn't have any opposition to it.

CHAIR SUGIMURA: Okay.

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MR. TERUYA: Thank you, Chair.

CHAIR SUGIMURA: Thank you. That's a...you both are very important elements to make this happen. So, Members, do you have any questions for Planning or Finance? Keani Rawlins-Fernandez, then Riki Hokama, and Tamara Paltin.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I was wondering if, Director McLean, if you sent the presentation that you just presented us to the Committee?

CHAIR SUGIMURA: Oh, I thought I sent it over to Committee to post. Sorry about that. Didn't come through, that's what you were going to ask to? Okay, we'll get it to you. It has...

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

CHAIR SUGIMURA: Sorry about that. Mr. Hokama.

COUNCILMEMBER HOKAMA: Chair, thank you. So, just couple questions for Mr. Teruya and with the, I guess would be the Municipal Advisor we now have. You said we might need to talk to Public Works. So, you're envisioning that our Public Works Department will have the maintenance of whatever is the improvement in the ocean?

CHAIR SUGIMURA: Mr. Teruya?

COUNCILMEMBER HOKAMA: Is that what...

MR. TERUYA: Thank you, Chair. I mean I don't want to speak for Rowena and Mr. Molina, I'm just assuming that they're going to be the people who need to maintain the improvements once it's built. I'm not certain of that, maybe I'll defer to Director McLean to maybe clarify.

CHAIR SUGIMURA: Oh.

MS. MCLEAN: Yeah, Chair, if I could comment on that.

CHAIR SUGIMURA: Okay.

MS. MCLEAN: As we talked about in the discussion this morning, to me, there are two big questions. One is, does the County support going forward with a CFD for Kahana Bay at least at this early stage? And that's a question for the Council as well as the Administration. And then, if the answer to that is yes, the next big question is, who would...which department would be responsible for the ownership of the improvements? Because whatever department that is would be involved early on, you know, from the construction side, construction management, all the way through. So, that question hasn't been answered yet. Public Works does get mentioned as a likely owner, Parks has also been mentioned, I've offered for Planning to do it since we're the

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ones who got us into the stage where we are now, although that's not something we typically do. So, that question hasn't been answered yet from the Administration side.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER HOKAMA: Okay. So, Chair?

CHAIR SUGIMURA: Mr. Hokama?

COUNCILMEMBER HOKAMA: So, Chair, thank you. Yeah, so yeah, thank you, Director McLean, for your comment. So, this is how I see it, yeah, Chair, right now. I see this as a private-sector request trying to utilize public-sector assets, whether it's the submerged lands in the water or using our capacity of bonding to assist. So, I don't have a problem with assisting the project from a standpoint that this still needs to be a private-sector project, okay? I don't see the County of Maui owning or maintaining the improvement. Plus, you going to need the State of Hawaii to sign off, it is their property. So, under the exemption clause or whatever it be regarding the taxation, whoever is the lessee or again as Pulama Lanai tried this past legislative session, they had the Legislature amend the State law to allow them to do a private improvement on submerged lands. Why not offer this same thing to this property ownership? Allow them to go and get through a State amendment the ability to do this improvement and work it out with the State. I don't have a problem assisting the ownership with the financing, but I will not support the County being the owner of the improvements. Thank you, Chair.

CHAIR SUGIMURA: Oh, very interesting discussion. Ms. McLean? Michele.

MS. MCLEAN: Thank you, Chair. For a CFD to be an option, the improvements have to be publicly owned.

COUNCILMEMBER HOKAMA: That's correct --

MS. MCLEAN: They cannot be privately owned.

COUNCILMEMBER HOKAMA: --and so . . . *(inaudible)* . . .

MS. MCLEAN: Yeah.

COUNCILMEMBER HOKAMA: --. . . *(inaudible)* . . . of the County doing a project in the ocean that's under the State's ownership and jurisdiction. How do you answer that public purpose for a County project?

MS. MCLEAN: We would have to get easements from the State in order to be able to construct the improvements. Yeah, it's a huge undertaking. I'm...I have answers for the questions, but it doesn't mean that it's simple. It's huge. It's huge.

UNIDENTIFIED SPEAKER: Yeah.

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MS. MCLEAN: This is new territory for me too, so...yeah. I appreciate all the questions 'cause I'm learning too.

CHAIR SUGIMURA: Mr. Teruya?

MR. TERUYA: Chair, if I may, would you allow our Municipal Advisor to chime in?

CHAIR SUGIMURA: Yes, please.

MR. TERUYA: Ms. Choi --

CHAIR SUGIMURA: Please have...

MR. TERUYA: --I'm not sure if you can unmute yourself or show yourself on video?

CHAIR SUGIMURA: I don't see her.

MR. TERUYA: She's on the --

CHAIR SUGIMURA: Ms. Choi?

MR. TERUYA: --line. Can you unmute her or does she unmute herself?

CHAIR SUGIMURA: Lesley, can you unmute her?

MS. MILNER: I will try and unmute her, she's showing up in my list twice, but I will try and unmute one of them. Okay, I've unmuted the one that would allow me to unmute it.

CHAIR SUGIMURA: Okay.

MS. CHOI: Hello, Councilmembers, thank you for your time. I just wanted to share some additional thoughts, you know, I think the questions that are being asked are exactly the right ones. I've worked with CFDs all over and particularly in California. And these are the exact questions that you need to think about as you evaluate whether or not to pursue this. Not only are you going to take on the additional public infrastructure improvements, while the costs are being passed to the developers as well as the property owners, I think a big picture question is really to think about the ongoing maintenance costs and what potential impacts that's going to have on your General Fund, because it will have an impact. And there are alternative solutions to think about in terms of potentially other types of district formations that can help support paying those costs, but I do think that throughout the planning and policy decision-making that those are important questions to evaluate.

CHAIR SUGIMURA: Okay. Mr. Teruya, you have any more comments on that?

MR. TERUYA: No, I'm fine for now. I'll defer to the Council if there's any questions I can

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follow up. Thank you, Chair.

CHAIR SUGIMURA: Okay. Wow, this is a great discussion and I think it's probably timely because I've been...from last term the Kahana Bay and the Planning Department had been working very closely with them as they are experiencing, you know, all the beach erosion and sea-level rise at, you know, their condo units. They've organized, but I think it's a discussion that the Council needs to kind of get more of our questions answered. So, Kelly, I'm glad you submitted your questions from this morning and then maybe if you and I could talk about, you know, what we're hearing here just to make sure that we don't duplicate it. But it sounds like, and I didn't listen in to your whole meeting, but I...

COUNCILMEMBER KING: We can do a joint request from our two Committees.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER KING: . . . *(inaudible)* . . .

CHAIR SUGIMURA: Ms. Lee?

VICE-CHAIR LEE: Can other people ask questions?

CHAIR SUGIMURA: Oh, yeah, yeah. I'm sorry, I didn't see you earlier. Yes. Ms. Lee?

VICE-CHAIR LEE: Okay. Yeah, thank you. All right. First of all I wanted to say to Michele McLean, thank you very much for your presentation because it's probably the clearest one I've ever heard. What I had asked the Chair of this Committee too, you probably forgot, that I was concerned that people who may have been contemplating using this device didn't...weren't aware of where to go next. So, I had asked you if we could identify some consultants who have, you know, who have done these kinds of projects before, whether they're in Hawaii or on the Mainland. Consultants like attorneys, planners, engineers, but people who've done this before. I think that would be helpful for people who are thinking of moving forward with this kind of a project. As you know, this was done back in the '90s, I initiated this first CFD ordinance, and it only got past first reading 'cause everybody got cold feet at the end. But my vision for this was more for West Maui, believe it or not. My vision was because this type of mechanism can be used for improvements that are non-contiguous, I was thinking of having the hotels, all of 'em, pay for the improvements of the Pali and the Honoapiilani going into Lahaina and beyond. That was my thought. And I was also thinking of using this vehicle to improve the water conditions Upcountry, especially with the Ulumalu district. So, those are the kinds of projects I had in mind back in the '90s. So, now it's getting closer to reality, and I fully believe that although people are bringing up potential problems, I don't see that any of these problems are insurmountable. And I think that with everybody's input...and then too at some point, the Administration is going to have to designate the people who will actually handle the process, yeah, Michele. You know, like for Planning, Finance, Public Works, and any other department needs to identify the personnel who are going to handle the

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CFDs and who are, who'll probably need training right about now, and so that we can ensure that people who come in and apply for CFDs have a, you know, ease of administration going through the process. So, anyway, Chair, I congratulate you on pursuing this and I hope that...in my mind it's not if it's going to happen, it's when it's going to happen and I'm hoping that the folks in Kahana proceed, because I know they've already saved and collected a lot of money, and that's very helpful because that shows commitment and that shows their seriousness about moving forward with their project. And so, I'm hoping others will be incentivized by their example. Thank you.

CHAIR SUGIMURA: Yeah, so that was the purpose of this meeting, Ms. Lee, encouraged by you and I think I'm exactly where you are. We're at a point where by listening to what's been going on in the community and you heard it from Ms. King's meeting this morning by the presenters. I looked at it, I didn't get to listen to your whole meeting, but it is going to get asked and I believe that Mr. Teruya, you can share with us who your consultants or who our consultants are the you have brought on to help us with this CFD process.

MR. TERUYA: Well, Chair, we have on our line PFM and Christine Choi, who is our Municipal Advisor who would be assisting on this. We've also spoken to our bond counsel with . . . which is Orrick, and Mr. Roger Davis had provided some initial review as to the question that we asked about the ongoing maintenance and how that is done. And he had mentioned that it is true that we would be responsible for the ongoing maintenance cost of the project. And then we've recently, we would have to check with our underwriter who we select as to moving forward if we do go out to bond. But Finance is not opposed, we are just the conduit to do the lifting as far as financing. I think Planning and whoever is tasked with the maintenance has the heavier lifting moving forward with the project, but Finance is not objecting to it. We may or may not need additional personnel to deal with the event of collecting. I'm not sure what the collection rate on CFDs are. I'm sure there's ordinances to require only so much delinquency before you need to foreclose on a unit. So, there's other things that we need to look into, I'm not sure if Christine is able to comment on that regarding what is the requirements on timely payments and where...at what point do you become delinquent in paying these fees that you are required to go foreclosure route, because that's going to be additional work for our delinquent tax collectors and the Treasury Division. So, I'm not sure if she has comment or maybe Michele has comment on that. I'm not certain what that is, but I'm sure it's much faster than a normal proceeding of a foreclosure of just three months, I mean, three years. It could be two or three months before you need to do something about that. So, Christine, I'm not sure if you have comments about that if I'm correct or not correct.

MS. CHOI: Sure, I'm not sure why my video's not showing up so apologies. But for...with respect to, you know, delinquencies and how to deal with that, that will be handled through the method of rate and method of apportionment document and to the extent there's any sort of delinquency it would potentially fall on the shoulders of the other property owners and a lot of the documentation that needs to be created through this process is really tailored specifically for the County as well as the specific CFD, and it's important to be involved in those conversations and throughout the planning process

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so that you can fully understand what the financial implications are to the extent there is a potential delinquency and kind of run through each of those scenarios. But I think these are exactly the right questions to ask and it's something that can be folded in in the formation process as well as the documentation.

CHAIR SUGIMURA: So, Mr. Teruya, is that something we could ask your team to help us to help the community understand what the steps are? Because I think Planning gave us, you know, the PowerPoint presentation which was very good in terms of steps and whatever, but there's a lot more detail I think that the community may need. What is your thought on that?

MR. TERUYA: We can put something together. We're not...I'm not prepared right now to --

CHAIR SUGIMURA: Yeah.

MR. TERUYA: --lay it out for you. But, yeah, we can put something together for...similar to how Director McLean did as far as the steps. But we can put that together.

CHAIR SUGIMURA: Okay. And then as Ms. McLean is going through her process, can she utilize your consultants too?

MR. TERUYA: Absolutely.

CHAIR SUGIMURA: Okay. All right. So, Ms. Keani Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I think Member Molina had his hand up before me --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: --and I can defer to him and go after.

CHAIR SUGIMURA: Oh, very good. I don't see Mr. Molina, but please speak.

COUNCILMEMBER MOLINA: Yeah, no, Madam Chair, you know, actually Member Rawlins-Fernandez did get her hand up just before me so in the interest of fair play, I yield to my colleague from Molokai.

CHAIR SUGIMURA: . . . *(laughter)* . . .

COUNCILMEMBER RAWLINS-FERNANDEZ: You're too kind, Member Molina. Okay, but I just, I...you know, so...I think Director McLean makes some very important points and that before we continue on this discussion with consultants and with Finance, we are the policymakers and there are decisions that we as the policymakers must come to a decision on before we continue these conversations. So, as our Committee Chair, did you have direction that you wanted to proposed to the Members, or are we just discussing today?

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CHAIR SUGIMURA: Actually today my intent was to get the steps down and knowing that exactly what Michele was talking about is that, you know, Kahana Bay is going to come before us, Ma`alaea, by going to their community meeting, they're looking at the County to also doing the CFD process, and I've only heard it from, you know, beach erosion kinds of situation and as you know, there are some communities that want us to fix their roads, and this is another alternative to doing that as you know, just by, you know, what the parameters of the CFD has. So, I'm not really...I'm not...this is not a discussion about will we fund Kahana Bay, you know, if it comes up or whatever, but I wanted us to understand what all the...I'm going to bring it up again, Keani, to answer your question. So, that once we...we'll work on the steps on the side, but to understand the other questions that came up in Kelly's Committee about who owns jurisdiction of the infrastructure, what Mr. Hokama asked in that Committee sounds like, Committee meeting first, ties to this. But there are bigger questions that we as the policymakers, yes, we'll have to decide if we'll do it or not. But this discussion is about what is available to the community in case there are other communities that want to take advantage of this. So, this is kind of a step one, two, three. I know it came up when Ms. Lee had this Committee in December, introducing it and I just wanted to get a little bit more information on it. I will bring it up again and we can have a discussion about the ocean, basically, is the...

COUNCILMEMBER RAWLINS-FERNANDEZ: Right, so my question though is what is the step one, two, three? And what was your direction with this? Because what the...so, the presentation has now been uploaded to Granicus and the policy questions that Director McLean ... *(inaudible)* ... which Member Hokama ... *(inaudible)* ... is should the County assist developers or property owners with financing public infrastructure or improvement cost. So, that's something that we as a Council have to decide, right? Is the County willing to accept the risk and add added responsibility of issuing and administrating CFD bonds, right? So, it's that...we have to decide that.

CHAIR SUGIMURA: Right.

COUNCILMEMBER RAWLINS-FERNANDEZ: And should the County provide existing communities with the ability to fund new public infrastructure through CFD? CFD meaning that it would become public owned, meaning that we would be taking on responsibility and liabilities of this public infrastructure, and should we be doing that, right? So, I think, I'm not talking about any specific projects, I'm talking about in general that these questions, like, I think before we continue talking about specific projects that we need to come to a decision on and, you know, if we are going to say, yes, we are willing to take on CFD projects, what kind of projects? Because I think...I don't think anyone has questions about road projects, about waterline projects because there's less complexity when it comes to on land. But when we're talking about an ocean, as Member Hokama pointed out, that that's State jurisdiction. And so, it gets really sticky. And so --

CHAIR SUGIMURA: Yeah.

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COUNCILMEMBER RAWLINS-FERNANDEZ: --I think those kind of questions before we continue moving forward, like we as a Council should be on the same page.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, that would be my suggestion.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR SUGIMURA: Yeah, thank you. That is the big decisions and discussions and that is before us. Ms. Paltin? Do you have a question? Did you...

COUNCILMEMBER PALTIN: I do but I know that Member Molina put his hand up before me.

CHAIR SUGIMURA: Oh, I'm sorry. I'm sorry.

COUNCILMEMBER MOLINA: No, no.

CHAIR SUGIMURA: Sorry.

COUNCILMEMBER MOLINA: You know, Madam Chair, that's okay. Member Paltin is the area rep so I'll yield to her and then I can go after. . . . *(laughter)* . . . I'm in a good mood today --

CHAIR SUGIMURA: Oh let's go.

COUNCILMEMBER MOLINA: --so no worry.

CHAIR SUGIMURA: Okay, we don't want...Mr. Molina...we got to take Mr. Molina. Sorry, last time I couldn't even see you so now I...you're looking at me --

COUNCILMEMBER MOLINA: Yeah.

CHAIR SUGIMURA: --right square in the, in my...

COUNCILMEMBER MOLINA: Member Paltin had her hand up at the same time I did, but because she's the area rep, I yield to her. Go ahead.

COUNCILMEMBER PALTIN: What a --

COUNCILMEMBER MOLINA: For this project.

COUNCILMEMBER PALTIN: --gentleman. Thank you so much. Get out of the way, nah. I just had a question, you know, there were two options we were talking about. One was the shoreline replenishment and one was the groins. And like for me in terms of

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policy like when you have a replenishment, there isn't really much maintenance. I mean, if the surf comes up and takes it away, that's the end of the story. But for the groins like, you know, if the thing breaks down or pieces like there's a tidal wave and it rams over people's houses, like pieces of the wall and then it breaks up the reef or things, I kind of feel like that's two different things. And then I just was wondering, my clarifying question to the testifier, is it true that we can pass that maintenance responsibility and cost on to the CFD owners or the liability, the insurance? Could that be built in or tucked into the CFD itself? The testifier seemed to think that it could, but I'm not sure his expertise level in CFDs, so if any of our resources know.

CHAIR SUGIMURA: Yeah. Mr. Seabart is who you're talking about, right?

COUNCILMEMBER PALTIN: Yeah. Mr. Seabart.

CHAIR SUGIMURA: Okay. So, I'm going to...I think that he was, you know, kind of speaking generally, he wasn't representing the Kahana organization and I think that's more of a question that we need to ask some of the experts like Ms. Choi and some of the others. Mr. Molina?

COUNCILMEMBER MOLINA: Thank you, Madam Chair. I had a question related to the delinquency aspect and that was answered, but...and I want to thank Director McLean for also telling us, I guess the so called cons of going with this. I guess specifically with the Kahana project because it's ocean-related and, you know, it becomes quite muddled and complex when you've got DLNR and State aspect involved. So, just basically how many property owners if we were to go to Kahana Bay, how many property owners are involved? Do we have a general estimate of what this could cost all of the CFD property owners? I guess, Director McLean?

CHAIR SUGIMURA: Is Ms. McLean still on? I don't see you.

MS. MCLEAN: Yeah. I'm still here.

CHAIR SUGIMURA: Oh, you are?

MS. MCLEAN: Yeah.

CHAIR SUGIMURA: Oh, there you are. Hi, Michele. Okay.

MS. MCLEAN: Hi.

CHAIR SUGIMURA: Did you hear the question?

MS. MCLEAN: Yeah, in Kahana Bay, there are roughly 1,200 owners, 9 properties and most of them are condos, so there are quite a number of owners. And the proposed cost of the improvements as best as...it's a pretty broad range that's the estimate right now between 15 and \$30 million. So, earlier today we just to make the math easy, we said let's say it's a \$24 million project, and you have 1,200 owners, that's \$20,000 per

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owner over a 20-year period if it's a 20-year bond, that's \$1,000 per owner per year, which is about \$83 a month. So, that's very oversimplified, but it gives you an idea.

COUNCILMEMBER MOLINA: Okay, good. Okay. Thank you for that clarification. Thank you, Madam Chair.

CHAIR SUGIMURA: Okay. Anybody else have questions or comments?

COUNCILMEMBER RAWLINS-FERNANDEZ: Member King has questions.

CHAIR SUGIMURA: Oh, okay. I don't see her either.

COUNCILMEMBER KING: Yeah, I'm here.

CHAIR SUGIMURA: Kelly King? Oh, okay.

COUNCILMEMBER KING: It's hard to know if you can see me or not. So, I just wanted to clarify something with Michele, because I think that what we're talking about is if they decide they...if a group like the Kahana groups condos want to come, want to do this, they have to write it up, write up a specific proposal, and then they bring it to the Council. So, we've passed an enabling legislation last year or last term and each individual project has to come before us like a CUP does and get approval. So, what we're talking about is they have to put all this together, they have to go out and get the approvals from DLNR or whoever they're going to turn over to to maintain it, but I think what Keani Rawlins-Fernandez was talking about is that we should have some kind of a policy or a statement or position on it so that they don't go through all that work and come to us and find out that we were never going to approve it in the first place. So, we passed the enabling legislation, now we've gotta...if we can make some parameters that we can agree that we would, that, you know, are, we're amenable to, then whatever work they do is not going to be all in vain because they'll say, yeah, this is what the Council's looking for.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER KING: So, if we had some guidelines like that, Chair, then we would be helping people not waste their time, you know. Because it's going to be extensive. Each project I think is going to be an extensive proposal, and we don't want to set them up for, you know, a big fall where we say, well, that was never going to pass anyway. So, that's my main thing is if we can come to some agreement of what the parameters of this are going to be and maybe it's not even this Council because it's going to be next year before anybody comes before us. So, maybe we need to find out who the next Council is if it's not some of us, and make those decisions. But I just hate to see people go through all that, because I know it's going to be a lot of work and I want to make sure that it's not...it's for, you know, they have a chance of it passing.

CHAIR SUGIMURA: Okay.

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COUNCILMEMBER KING: That's my...thank you.

CHAIR SUGIMURA: Excellent. Anybody else want to say...and I can't see all of you, so, you know, just holler if I don't...oh, Mr. Sinenci, then Ms. Keani Rawlins, and then back to Mr. Molina.

COUNCILMEMBER SINENCI: Thank you, Chair. I just wanted to briefly comment. I appreciate and agree with fellow Members. I just wanted to say the first time I ever heard of the CFD was during the Upcountry water meter case, and that as an alternative to solving that problem. So, I think maybe when setting policy, they should have precedence that have, you know, like the Kahana Bay and the Upcountry water meter list has been on the books for years. So, maybe something with that type of priority should have the most significance.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER SINENCI: My comments. Thank you.

CHAIR SUGIMURA: Okay . . . *(inaudible)* . . . Mr. Molina.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I wanted to thank Member King for putting into different words what I was trying to say. So, she had it spot on. That's exactly what I was asking. But I did want to hear the response to Member Paltin's question. She asked her question and didn't get a response . . . *(inaudible)* . . .

CHAIR SUGIMURA: Okay. I'm trying to think what question, which question she asked that wasn't answered.

COUNCILMEMBER PALTIN: I can ask it again.

CHAIR SUGIMURA: Ms. Paltin?

COUNCILMEMBER PALTIN: I just was wondering, same question that I asked to testifier, I wanted to ask to the experts.

CHAIR SUGIMURA: Oh.

COUNCILMEMBER PALTIN: If we can...

CHAIR SUGIMURA: What would be included?

COUNCILMEMBER PALTIN: Yeah. If we can have the maintenance and the insurance folded into the CFD cost and taken on by the owners. I think Ms. Choi had said that, you know, maintenance might be pretty costly, but, you know, we're...we know how to do that for roads, we know how to do that for wells, we know how to do that for sewage lines, but we don't know how to do that for underwater structures. We don't have any

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department that does that. And so, can we include that into the cost of the CFD to have a contractor for ongoing maintenance and to take out the insurance, whatever it is that is needed?

CHAIR SUGIMURA: Okay, I got it. Okay, so we'll add that question. Anybody else...Mr. Molina?

COUNCILMEMBER RAWLINS-FERNANDEZ: So, I'm sorry.

COUNCILMEMBER PALTIN: Is Mr. de Crinis --

COUNCILMEMBER RAWLINS-FERNANDEZ: No one can respond to that question?

COUNCILMEMBER PALTIN: --or Ms. McLean or Ms. Choi not able to answer that question?

CHAIR SUGIMURA: Oh, I'm sorry, I thought you wanted us to add it to...I'm going to...we're going to end up with a list of things to consider, so, Ms. Choi.

MS. CHOI: Sure, I'm happy to answer that question. You know, if it's something that's a significant infrastructure cost, it could likely be financed by the Community Facilities District. That's one of the permissible uses. I believe though if it's something considered as ongoing maintenance, that might be more challenging under the Hawaii Revised Statutes. We would need to confirm that with Bond Counsel, but I believe the ongoing maintenance costs and operational costs related to the ongoing maintenance would not be able to be financed from the CFD. There could be a, I know elsewhere and special improvement districts have been utilized for this purpose. But that requires an additional formation process as well as a separate board to be implemented and created. So, that would require another process as well. But that is something that can support more services and ongoing maintenance related costs. I think typically in Hawaii, that's been used for commercial buildings. I think the ones...there's at least one on Waikiki and that's what it's been used for.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: Could we make this...

CHAIR SUGIMURA: Now we can see you, Ms. Choi.

COUNCILMEMBER PALTIN: Yeah, we can see you.

CHAIR SUGIMURA: Yes, Tamara.

COUNCILMEMBER PALTIN: So, can we make special improvement districts or is that a State situation? And ongoing maintenance even if we don't have the means to do the maintenance like we don't have underwater wall people.

CHAIR SUGIMURA: That's the challenge. I don't know if anybody can answer that. Can

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you, Ms. Choi?

MS. CHOI: Yeah, no, you know, I do have some familiarity with this only because I work with the Port of San Francisco and they have similar challenges of trying to do infrastructure work underwater, and I do know that it is very expensive and those...that type of expertise is really hard to come by. I can try to check with them and see how they categorize those costs if they can kind of finance them on a long-term and consider that as a significant capital improvement versus a ongoing maintenance. But it ultimately will be a question that some legal team members will need to help answer.

COUNCILMEMBER PALTIN: And we as the County can make special improvement district, or is that a State function?

MS. CHOI: You can, I believe, as the County. You may need to have some similar enabling legislation that you had for the CFD ordinance, the Community Facilities District ordinance. I'm not sure if you have that in place, but I know that the State Legislation allows for the counties to be able to form special improvement districts.

CHAIR SUGIMURA: So, I see Mr. Molina. We have the capability by the way.

UNIDENTIFIED SPEAKER: Chair?

CHAIR SUGIMURA: Mr. Molina? Oh . . . *(inaudible)* . . .

COUNCILMEMBER MOLINA: Yeah, thank you...

CHAIR SUGIMURA: Yeah. Go ahead.

COUNCILMEMBER MOLINA: Thank you, Madam Chair. Yeah, just the...these thoughts are just crossing my mind now. With regards to the cost to the property owner, should we also consider where if, say, for example, it's Planning that oversees this and they need additional staffing, should that be considered as a policy and the property...CFD...property owners being made aware of that additional expense as well? I don't know if Director McLean or Director Teruya would want to comment on that? Because, I can see this would be an additional task, cost for our departments to oversee something like this, so any thoughts on that, Director McLean or Director Teruya? Do you have adequate staffing to handle this?

MS. MCLEAN: Well, my understanding is that the CFD can...does allow for administrative costs to be covered. So, it could depending on what that percentage is, I'm not...I don't know how that gets calculated, but it could go toward...to fund an entire position or portions of a position that would be involved in the administration of the CFD, yeah.

COUNCILMEMBER MOLINA: Thank you.

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CHAIR SUGIMURA: Okay, thank you. I see --

COUNCILMEMBER MOLINA: Thank you.

CHAIR SUGIMURA: --Jen Oana --

MS. OANA: Thank you, Chair.

CHAIR SUGIMURA: --and then Mr. Hokama.

MS. OANA: I just wanted to talk about the special improvement --

CHAIR SUGIMURA: The SID.

MS. OANA: --district under HRS 46-80.5, that statute relates to the restoring or promoting business activity --

CHAIR SUGIMURA: Oh.

MS. OANA: --so, in terms of residential, I don't think that will apply.

CHAIR SUGIMURA: Oh, okay. 'Cause that was what we did for Paia years back, right? The Paia Community. The SID. Mr. Hokama?

COUNCILMEMBER HOKAMA: I was going to ask...and thank you for that, Ms. Oana. So, my question for Director Teruya would be one thing, if we do consider some sort of assessment district, I see that as a necessary component to take this to the next level, and then do we have capacity to do assessment of submerged lands? Because it comes to a point where I cannot see us looking at the so-called taxation district that is not even connected to the project site. So, in the end, does the maintenance cost is based on the project site, so how much can then we assess the project site to come up with an assessment valuation to make sense than just keep going back to the real property and secure the basic bond?

CHAIR SUGIMURA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. Thank you, Mr. Hokama, for that question. I think it would just be other...and you gonna...somebody's going to have to assess what kind of additional costs are going to be needed to maintain that. I'm not the specialist as to tell you how much it's going to cost to maintain the T-groin or whatever improvements it is. So, whatever team that they have and they form to identify what is the ongoing cost. I mean, that would be farthest from myself. And I would think like I said, whether it's Public Works, I think Jordan is on this call as well. I'm not sure if you want to chime in. But I don't think Finance would be involved in identifying what is that number. Finance would just take that number and assess it to the individual units for assessment and collection. So, Finance wouldn't be involved in any of those things including assigning what amount of special tax each unit will be. We are not in

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that calculation as to assigning it, it's that team, is my understanding. But I'm not sure if Jordan is on the call because he would be much more involved if they are tasked with the maintenance of some of these items. So, I'm not sure, I'll maybe defer to Mr. Molina.

CHAIR SUGIMURA: Mr. Molina, are you on the call? Oh, here he is. Mr. Molina?

MR. MOLINA: Hi, good afternoon, Jordan Molina, Department of Public Works. Yeah, if you'll allow me a few minutes, I can chime in on the Public Works' perspective on this. I guess a couple comments in regards to the discussion that's been going on. Regarding County improvements on State land, the water itself is a unique situation but that scenario is not unique entirely. We drill wells up in the conservation district where it's State lands. We invest millions of dollars on improvements, it's typically conservation so the County has no jurisdictional authority in these areas. But, of course, you know, the water's a whole different animal. Private maintenance. One example is Maui Lani Parkway where the County took over dedication of the road, but we executed a maintenance agreement where the HOA's taking over maintenance of all the landscaping and the trees, which is still in effect. So, that's an example of a current scenario that could parallel putting the maintenance responsibilities on the benefited properties. Yeah, so one of the big questions is the O&M cost for us because if we do get stuck with it, we'll be coming to Council at budget time for a General Fund appropriation to support those maintenance activities if they're not covered in the CFD bond that's floated. And I guess I don't even know how you would manage a bond issue that's for recurring annual maintenance services. But I guess, just in terms of doing the project, for Public Works what would work best if these were treated as private developments, whereby we would review plans and give our comments, but project management, construction management, that whole shebang is run by the entity and the consultants as part of the project costs. This keeps the burden off my CIP program and my CIP staff to continue their responsibilities with maintaining our current assets. So, that model could work, I mean, private developers all over the island know how to get it done. When it's time for dedication, we'll be there to do our inspections and certify everything's in compliance. When you're talking about these new kinds of facilities which don't fall within our current purview of, you know, roads, drainage, and bridges, we'd likely want to see the design engineer, the consultant, put together a pretty comprehensive operation, maintenance, inspection, repair and replacement program, and hand that over to us to manage. What would probably work best is outsourcing all of that management ourselves as opposed to growing bodies here in the...within the County employment pool, and having to find the specialized skilled laborers to do, like, in this situation, underwater repair and maintenance. But, of course, even those require project management on our end and contract management and funding for those services. But, yeah, I mean, otherwise just generally speaking for us treating CFDs as a private development would be the easiest way for the Department to take on this burden. It's not much different than us accepting roads built by subdivisions. Just in this Kahana case, it's a completely new kind of facility in the water, so we wouldn't gear up our guys to start doing that necessarily. We'd probably look at third-party vendors to supply those services. And then, we do have that special improvement district ordinance Chapter 3.70, but I

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think as Jen mentioned, it seems to be more --

CHAIR SUGIMURA: Business.

COUNCILMEMBER MOLINA: --business-related services as opposed to facility maintenance type services. Yeah, and that's all I had. If there's any questions. Thank you.

CHAIR SUGIMURA: Oh, very good. That ties into what Mr. Hokama opened with --

COUNCILMEMBER KING: Chair?

CHAIR SUGIMURA: --talking about treating it like a private entity. Ms. King?

COUNCILMEMBER KING: Thank you. So, one of the questions I have...and maybe, I'm not sure who can answer this, maybe Director McLean. Who does the maintenance on the T-groins that are off of the coast of Oahu? Is that DLNR? Is that the County? Is that, you know, Feds? Is that the military?

MS. MCLEAN: I wish it were a better example for us. That's a Federal military project, so it's continued to be maintained by the military.

COUNCILMEMBER KING: Oh, okay.

MS. MCLEAN: I would comment though, that Goodfellow Brothers were the contractor for that and I asked them about yearly maintenance, and there really hasn't been any problems with those since they've been installed. They haven't been there for all that long, less than ten years, probably more like five or six or seven years. And --

COUNCILMEMBER KING: . . . *(inaudible)* . . .

MS. MCLEAN: --it's a different marine environment, but...

COUNCILMEMBER KING: . . . *(inaudible)* . . . there hasn't been a lot of maintenance? Is that what they're saying?

MS. MCLEAN: Correct.

COUNCILMEMBER KING: Oh, okay.

MS. MCLEAN: Not to...but they haven't been there for all that long either.

COUNCILMEMBER KING: Oh, okay. 'Cause my thought is that the one thing that the group should, you know, if that group is going to go ahead with the CFDs, that they should really check into dedicating the project after they get done to the State since it's in the water. I mean, that's kind of what DLNR does, but has there ever been a CFD that could be dedicated to the Federal government? If the military's...if that's under the military purview, I mean, is that just like...does it have to be the County that the

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project gets dedicated to?

CHAIR SUGIMURA: Does anybody have that answer?

MS. MCLEAN: I don't know that it has to be the County. Christine might be able to answer that, or Curt. It does have to be a public entity. The Iroquois Point ones, I don't believe were funded by a CFD and it's --

COUNCILMEMBER KING: Okay.

MS. MCLEAN: --an extension of the military's land.

CHAIR SUGIMURA: The military.

COUNCILMEMBER KING: Okay.

MS. MCLEAN: Yeah.

COUNCILMEMBER KING: Well, that's interesting and it's interesting to know too that it hasn't really required a lot of maintenance. So, that's good to know. Thank you.

CHAIR SUGIMURA: Thank you. Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I just, I wanted to add that in Ewa, that's blocked from public access. So, those T-groins are restricted access to military only and so and it's also not as developed in that area as Kahana Bay. So, they're...the houses aren't right on the shoreline. So, what Member Paltin was talking about like if, you know, if there's like a tsunami or like king tides and, you know, rocks get loosened and they'll end up in the hotels or in someone's house and destroying property, structural property in that way then, you know, if we own the T-groins, then we would be responsible for that. So, that area is not a really good area to compare because of those reasons. It's totally different and I wonder if unlike the Waikiki...I don't know if that's called a groin or if that's called an jetty...I don't know. But they have like a rock structure that goes out and a lot of people climb on those and jump off them. And so, when you have a lot of, you know, if it's open to the public and people are climbing on it, then I would imagine that more maintenance might be required because of that. So, just to keep that . . . *(inaudible)* . . .

CHAIR SUGIMURA: Okay. Okay, Members, anybody else have questions that I missed? I don't see Mr. Molina. Do you have any other questions, Mr. Molina?

COUNCILMEMBER MOLINA: No, not at this time. Thank you, Madam Chair.

CHAIR SUGIMURA: Okay, there you are. Okay, Members, so what I'm going to do is I'm going to defer this, take this discussion and come back and have some information to have some talking points that you all just discussed. And then we'll take this and we'll come up with what is our position. I think that's an important point that Keani

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Rawlins-Fernandez brought up, and Ms. King, and all of you are...what is the next steps, right? Because it's coming. And so, at this time, I'm going to defer this. Thank you everybody for participating. Great. Thank you, Michele, for putting that PowerPoint presentation together with Mr. de Crinis. And at the last minute. So, appreciate that a lot. It was really well done. And, Mr. Teruya. Ms. Choi, thank you very much. We look forward to working with all of you to gather some things so that we can have this discussion with the Committee. And I'll try to schedule it in...with sensitivity to the Kahana Bay folks, because I think they're getting ready, right, to...for some next movement. So, at this time I'm going to defer this.

COUNCILMEMBERS: No objections.

COUNCILMEMBERS VOICED NO OBJECTIONS

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR SUGIMURA: Members, thank you, and did any of you want to take a short break? Yeah? Okay, yes.

COUNCILMEMBER HOKAMA: Five minutes.

CHAIR SUGIMURA: So, okay. Five minutes. So, be back here...what time is it, 3:15. Okay, how about 3:25. Thank you.

MR. TERUYA: Chair, are we done? Chair, are we done?

CHAIR SUGIMURA: Yeah, you're done. Mr. Teruya, thank you.

MR. TERUYA: Okay.

CHAIR SUGIMURA: And Michele.

MR. TERUYA: Thank you, Christine, also.

MS. MCLEAN: Thank you, Chair.

CHAIR SUGIMURA: And thank you, Christine. Thank you. Mr. de Crinis, thank you. Appreciate all of you.

UNIDENTIFIED SPEAKER: Thanks.

CHAIR SUGIMURA: So, I'm going to take up the last item which is the Water Use and Development Plan. . . . (*gavel*) . . .

RECESS: 3:17 p.m.

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RECONVENE: 3:27 p.m.

ITEM WIT-25: MAUI ISLAND WATER USE AND DEVELOPMENT PLAN (CC 19-162)

CHAIR SUGIMURA: . . . (*gavel*) . . . Welcome back to the Water, Infrastructure, Transportation Committee. We have the last item on our agenda, which is the Water Use and Development Plan. We're going to take up two . . . (*inaudible*) . . . Keani?

COUNCILMEMBER RAWLINS-FERNANDEZ: You just...

CHAIR SUGIMURA: Did you say something?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, so when you count down you have to use your hands.

CHAIR SUGIMURA: Oh, I had Chivo on the phone.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh.

CHAIR SUGIMURA: So...

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

CHAIR SUGIMURA: So, are we not on?

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

CHAIR SUGIMURA: Yeah?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, you're on.

CHAIR SUGIMURA: I had him on the phone, so I didn't think I had to do the whatever. But, okay, so hopefully we're all set then. Welcome, everybody, back to the Committee. Thank you, Keani, you're like the expert, right, for the online BlueJeans PhD is what you've earned going through Budget. So, welcome back everybody. We have our last item on the agenda, which is very important, the Water Use and Development Plan. As you know, this was first taken up by Member Lee when she was...or Chair Lee, when she was in charge of this Committee. And as you know, Lanai Water Use and Development Plan was adopted in 2011. After we're done with this, then Molokai will be taken up, so it's important that we keep on schedule. This was originally approved by CWRM in 1990 and it was then revised at the request of CWRM on August 2012, which is the...with asking for revisions to be made, and with extensive community outreach, the Department through Eva Blumenstein as you know did a great job. So, the...what we have completed the Wailuku Aquifer Sector was done January 2, 2020. January 22nd we did Central Aquifer Sector, Ko'olau Aquifer Sector Area, and then today we're taking Hana and Kahikinui. And with that, we have one more, which is

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the Lahaina Aquifer Sector, which hopefully we'll take up also in the month of June. So, at this time is Eva on board? I see Jeff Pearson, you want to open with a few opening statements and then let Eva take over?

MR. PEARSON: Hi, good afternoon, Chair and Committee Members. Thanks for having us. I'm glad we are continuing to move forward and I thank both Member Lee and Member Sugimura for keeping this moving. Eva's baby is growing up. It's been a long time since she's been working on this, so I'm glad we're continuing on. So, as Chair said, we're going to work on Section 17 and 18 today to present to you. I think Eva has about 12 slides, 17 and 18 are the Hana Aquifer Section Areas, and the Kahikinui Aquifer Section Areas. So, I'm not going to say too much, I'll just let Eva get her PowerPoint slides up and we'll move forward with that. Thank you.

CHAIR SUGIMURA: Thank you. Eva?

. . . (loading screen sharing) . . .

MS. BLUMENSTEIN (*PowerPoint Presentation*): Thank you. I'm going to share my screen then. Do you see my screen?

MR. PEARSON: Yeah, I can see it here.

MS. BLUMENSTEIN: Okay. I just have to make it work on my side too. There we go. Okay, so, today then we're going to focus on Hana and Kahikinui, the purple and the grey. This aquifer sector's districts and I'm going to try to be quite brief. I know it's late in the day, just key issues for the two districts, available water resources, projected growth, and demand of water, and the strategies. Now, I don't know why mine is...all right, so slow. There we go. Okay, so the key issues for Hana and Kahikinui were vetted with the community through multiple public meetings. They are quite in detail in the beginning of each chapter. They are mostly focused for these two areas around water resource management. Many of the issues that were brought up in the Hana community meetings or our public meetings related to stream diversions and exports of surface water. However, the streams, the surface water resources in Hana, in this aquifer sector are not exported out from the region. The boundary of Makapipi Stream, we're just dealing with water resources east of Makapipi Stream. So, the EMI system, all those exports are out of Ko'olau Aquifer Sector, so that was addressed in a previous chapter. But you can tell that these are kind of focused on water resource management and community participation and consultation, maintaining access to lands, also water needs for Department of Hawaiian Home Lands for both areas. So, we're doing the chapters by aquifer sectors, but in terms of land use planning because this plan has to be consistent with the Maui Island Plan, and the community plans, so the planning districts here is the Hana Community Plan, that's the red lines. You can see that that encompasses Ko'olau, Hana, and most of the Kahikinui Aquifer Sector too. You can also see the growth, the directed growth boundaries that were established in the Maui Island Plan that are throughout Hana Aquifer Sector. And known development projects, being those development projects that were known to the Department of Planning, Long-Range Division, and the latest official list of 2016, is

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shown. And for Hana District here, it's really just the DHHL project. You can also see here the various systems. So, the blue lines are the Department water mains. So, this Hana Aquifer Sector includes the Nahiku System up in the upper right corner. And it includes the Hana system. It includes Keanae as well as separate, but we're just looking at the Hana water system, and it includes the Kaupo water system. And as you can see, the Upcountry system towards the left, a little small portion of that extends at Kanaio into Kahikinui. However, we're addressing the Upcountry system as a whole, or we did that already in the Central chapter. I'll just talk just briefly about that. Why is this going the wrong way? Water resources, that's groundwater and surface water for Hana. Groundwater is primarily limited by sustainable yield that's established by the Commission of Water Resource Management. When this plan was approved by the Board, the sustainable yield for the Hana Aquifer Sector was 122 million gallons a day. And since then, the CWRM revised sustainable yield in their water resource protection plan in 2019, revised it to 78 MGD, so that includes the four aquifer systems you see on the map there, Kuhiwa, Kawaipapa, Waiho'i, and Kipahulu. Normally, sustainable yield is set at the very low point of a range of sustainable yield values. When the 2008 sustainable yields were established, there wasn't really a range. So, when they revised it now in 2019 for Hana, that range was from a low 78 to a high 176 MGD. So, that's why it's revised downward now, even within quite a broad range. You can see the pumpage for this aquifer sector is very...it's a fraction. It's just .5 percent of established sustainable yield, very little has been developed or is pumped. Climate change impacts that are projected for, that relate to groundwater. There were two climate models that do agree on projections for the windward, the wet sections here. That's at Kawaipapa and Kuhiwa, that climate change would result in higher rainfall and therefore increase recharge for those two aquifer systems. This was very regional or local models, so...however, the model did not agree on projections for the drier two aquifer systems: Waiho'i and Kipahulu. So, we don't have good projections for those two systems. Surface water resources, so we're looking at the streams. East of Makapipi Stream, so those were not subject to the contested case and there are also no exports of surface water sources out of the region. There have been no numerical instream flow standards established for the streams in this area. The reporting, surface water reporting, is very scarce. So, to define what surface water is available or what is used, we relied on Kuleana Lands Inventory, the 1989 Declarations of Water Use CWRM had, and agricultural land use data. But it's very little surface water that is gauged or reported. Climate change impact on surface water, there are no stream flow projections available for the coming century, but increased rainfall in wet windward area would mean more flashy stormwater flow. So, variable, unstable stream flow. Water use demand, the planning horizon for the Water Use and Development Plan is 20 years, so that's through 2035. So, you see the table on the right is a abbreviation, like a briefer summary of the table that you have at the end of each chapter that shows supply and demand in one year and five-year increments. Most of the domestic water supply or municipal water supply in Hana system is served by the Department of Water Supply's Hana system, but there are two privately owned companies, Hana Water Company and Hana Water Resources. The map shows the Department wells in dark blue and the private municipal wells in turquoise I guess. And the blue line there is the Department's water mains. There are also areas especially throughout Hana that are not served by

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a private or public water systems, they rely on rainwater catchment or small domestic wells. For...there's really no, there's no state database or regulation of rain catchment systems so, again, those...that use and projected needs from those are estimated. Selected demand for the planning horizon through 2035 for the whole region, that includes all potable and non-potable needs total 2.6 million gallons a day and that is an increase from 1.9 MGD in 2015, which was the base here for this demand projections. The little chart about there shows the available resources, groundwater 122 million gallons a day, we're still using the sustainable yield that was part of the adopted plan. Surface water flow, which is as I mentioned not quantified but estimated based on the data that's been reported or other sources, and the selected demand 2.64. So, strategies in the chapter are...for each chapter is divided into resource management, conservation, and then conventional resources such as groundwater or surface water development. So, for Hana, again, the focus is on resource management and conservation of native forested watersheds. Main threats to native forests and ecosystems are habitat loss and ungulates, pigs, deer, goats and invasive plants. They are detrimental both to biodiversity and to water supply. So, we need committed and consistent funding to manage the mauka watersheds, for East Maui this is primarily through the forest, the established forest reserves where you have DLNR and you have also the National Park to manage lands but also through partnerships such as East Maui Watershed Partnership and the Maui Invasive Species Committee. So, consistent funding meaning from the County to supplement Federal, State, and private sources because you don't want to have a gap in funding so you really don't get main setbacks from the progress that have been done out here. The second strategy relates also to watershed protection and resource management. Sometimes you fence off areas for ungulate control, fencing in forested watershed to prevent feral pigs and deer to get in, and that can also create some conflict with community members that seek to access those areas for hunting or gathering, other subsistence lifestyle. So, we've heard from the community through the public meetings here that there needs to be improved communication and collaboration with the local community and the Hawaiian community, and to really learn from the `ahupua`a based resource management. So, that is important in the future resource management for East Maui. Okay, conventional resource management. So, even though there's a quite a bit...the growth rate for Hana over this period is almost 20 percent, it's still kind of modest just based on the residents base. The Department system is assumed to absorb most of this growth within our service area. Regional groundwater is certainly available, a small fraction of it has been developed. What needs to be just further scrutinized is determine how much of growth can be absorbed by the existing system, improving efficiency of the system, reducing water losses, to have reliable capacity over this whole planning period. So, this strategy is really just to do an in-depth study. We have done optimization studies or analysis for other department systems over this period to see if there will in fact be any additional source development needed. It seems at first glance it's just point...less than .1...100,000 gallons per day, additional water needed to meet demands over this period. So, it's unlikely that additional source development will be required. The fourth strategy relates to instream flow standards, stream diversions here are for regional domestic and agriculture needs. So, streamflow studies by Commission of Water Resource Management have not been prioritized because there are other conflicting needs in

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areas as you know with contested cases and where you have diversions, especially out of the region as well. So, we recognize that, but the community has still raised concerns over sufficient stream flow to support taro, streamflow during droughts, and climate change, et cetera. So, there's a more long-term need to assess stream flow and establish IFS for healthy lo'i kalo and any impact due to climate change. The fifth strategy relating to those parts of the community here that are not served by a municipal or private systems. Those residents that rely on rain catchment systems are at the highest risk to drought. Even though this is a wet area in general, you're really limited to the storage capacity to carry through short-term droughts. So, this strategy is to convene sector-based drought workshops to assist residents in developing or improving their individual drought or water conservation plans and identify perhaps backup water supply to rain catchment. So, a focus here for this region would be on the catchment systems and backup supply. Okay, moving onto Kahikinui. The same thing, we're looking for some water resources available for the region. Kahikinui has no perennial streams. Groundwater, which is limited by sustainable yield, was set to 34 million gallons a day, and then revised in 2019 to 31 MGD. Here it matters a bit more than in other areas because it's already a very dry and drought-prone area. And we have seen that long-term droughts have had quite an impact on recharge. You can see that chart to the right, see a reduction in recharge during drought conditions can be as much as 48 percent for Lua-la'lua. But, again, very little of the groundwater here has been developed, so it's more groundwater limitations. It's not practically sustainable yield, it's more the access to groundwater, the quality, whether the groundwater is brackish, and the cost of infrastructure. Impact from climate change, decreased rainfall, which means decreased groundwater recharge, and that has been specifically projected for the upper regions of Kahikinui. Projected growth and water use demands, this region as you know is very rural, remote, and largely dominated by pasture and ranching. The left, upper left map shows the different kind of crops or agricultural uses and all that green is pasture, of course, mostly unirrigated. Grazing have also really high drought risk with impacts both on water supply on the ranching, the agriculture ranching, and wild land fires. Also, specifically this region is the major landholding by DHHL at Kahikinui, you can see on the lower left. And the development of the homesteads at Kahikinui represents a part of the water use demand on the table there on the right. So, demand for this region includes DWS potable and Department of Hawaii Home Lands potable needs, as well as non-potable for ag. And we've divided up the supply by sort of three main regions there, it's DHHL for the Kahikinui Project, the small portion that represents the Kanaio end of the line for the Upper Kula system, and the non-potable supply at Kaupo. So, total demand and supply for this, for Kahikinui Aquifer Sector is .3 MGD or 306,000 gallons per day. Strategies, resource management, conservation. This part of the island, leeward Haleakala once supported some of the most extensive diverse native forests in Hawaii, and the region has suffered a lot of degradation, but there are some restoration efforts done to restore some of that native forest and it has...it could have potentially very positive impacts on groundwater recharge and surface water in the area. This area relies a lot on fog drip and the type of native forests that are being restored here could contribute to additional fog drip and rainfall as well. So...

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COUNCILMEMBER PALTIN: Is it possible for you to maximize the screen?

MS. BLUMENSTEIN: I'm sorry?

COUNCILMEMBER PALTIN: Is it possible to maximize the screen?

MS. BLUMENSTEIN: Okay.

COUNCILMEMBER PALTIN: Some of those colors with the letters are real tiny.

MS. BLUMENSTEIN: Is that better?

COUNCILMEMBER PALTIN: Yeah, thank you.

MS. BLUMENSTEIN: Okay. Yeah, so, some of the watershed restoration, there's more restoration than preservation, is done by the Leeward Haleakala Water Restoration Partnership along with DLNR and Haleakala National Park and their partners. So, there are conditions that exist there to really support landscape level restoration. But here, just as in Hana, also related to this community, the community has expressed in public meetings that were held that there is a desire for increased communication and participation in regional watershed management through organized moku and grassroots efforts that already occur in this area. Oh, wait. Now I have to...okay, conventional water resource strategy number three, these are through the chapter they're sort of following a discussion, but I'm really just trying to summarize them here. So, strategy three refers to DHHL water needs. We incorporate DHHL's, the State Water Projects Plan that was adopted in 2017, not really changing their water resource strategy. So, DHHL predicts their potable needs for Kahikinui Homesteads 2.063 million gallons a day, and then non-potable needs. So, we incorporate those into demand and the recommended strategy is there's a combination of fog drip catchment systems and groundwater development to supply the build out of the Kahikinui Homesteads and depending on water quality in this region, it may be desalination of slightly brackish groundwater. We don't know that. Strategy four relates to the Kanaio water service. So, Kanaio is served by the Upper Kula Water System, where the source is Waikamoi Watershed and Streams. And because this system is reliant on surface water, it's very vulnerable to droughts. It's not feasible that Upper Kula System be further extended. We assume that the existing applicants on the meter priority list will be accommodated. There are...can't remember now. There's not that many...there's a dozen or so applications for the Kanaio, for the portion of Kanaio that's in the Kahikinui Aquifer Sector. So, it's assumed that those would be satisfied, and that pretty much matches the predicted growth based on population growth forecast. Okay. And number five relates to the Kaupo System, which is a hybrid system owned by Kaupo Ranch and the Department of Water Supply. Some of those recommended alternatives have already been achieved in terms of adding reliability to a new storage tank and that's a non-potable system with very little growth anticipated over the planning horizon. The sixth strategy relates to climate adaptation and of course here there are scattered catchment systems, fog drip, some domestic wells, although none of them are reporting so it's difficult to quantify

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them. But the region is highly susceptible to droughts both in terms of water supply, the ranching, and wildfires. So, the recommendation is to have an outreach together with CWRM, the ranches of the area, the US Department of Ag Farm Services Agency, there's a lot of these programs that provide funding and expertise as well to improve groundwater conservation plans for the area with a focus on ranching, of course. Okay. That wrapped up the summary for these two chapters.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, you're muted.

CHAIR SUGIMURA: Sorry, sorry. Anybody have questions, is what I asked. And I have a question, then I'll turn it over to the Members. So, for Eva, one of the strategies you talk about is using existing moku community kind of networks. So, is there something that the Department is doing now? Or is it saying that in the future you will reach out to them or basically how do you achieve those types of important --

MS. BLUMENSTEIN: Yeah.

CHAIR SUGIMURA: --communication?

MS. BLUMENSTEIN: Yeah, thank you. So, yeah, the start of the plan and the outreach that was done in my mind that was sort of like the start of a consultation process. So, as...and we had some a few meetings that were specifically for `Aha Moku with the water experts for each moku. But for several of the strategies, we have proposed that it would make sense as the plan itself is kind of like a very broad guidance document and then all these different strategies are going to be refined and scoped, you know, whether it's source development or resource management. And we should continue that consultation through those developing and implementing those strategies, which is very consistent with the established `Aha Moku Council, it's just kind of piecemealed right now. So --

CHAIR SUGIMURA: Very good.

MS. BLUMENSTEIN: --that's kind of how we...

CHAIR SUGIMURA: Okay, very good. One last thing and then I'll turn it over to everybody else, but I was just wondering, we just going through our Budget process and the...any cutbacks that we did for the watershed, their work is so important and I just wonder if any of it will be reflected here in terms of achievable goals. So, that was general question.

MS. BLUMENSTEIN: To me?

CHAIR SUGIMURA: Well...

COUNCILMEMBER RAWLINS-FERNANDEZ: We didn't cut the watershed programs.

CHAIR SUGIMURA: Oh, you left it whole? Oh, okay.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Yes.

CHAIR SUGIMURA: Okay, very good.

MS. BLUMENSTEIN: . . . *(inaudible)* . . .

CHAIR SUGIMURA: Okay, erase my question. Anybody else have a question? Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair.

CHAIR SUGIMURA: And Mr. Hokama.

COUNCILMEMBER SINENCI: Mahalo. Thank you, Ms. Blumenstein, for the presentation. I just got a couple questions. So, currently is there any concerns about the Hana wells having a high salt content?

MS. BLUMENSTEIN: The...we did have one in the past. The current ones - Wakiu and Hamoa, to my extent, has not had issues with high salt chloride content.

COUNCILMEMBER SINENCI: Okay. And second question, Chair, so it looks like on Page 233 of the report, there's \$10 million slated for East Maui storage transmission. Are those funds going to be for future wells? Are they part of the Kaupo number 3, 2.6 million, by 12, I believe, 13? Or any other wells in the Kipahulu district?

MS. BLUMENSTEIN: Are you referring to Page 233 of which chapter?

COUNCILMEMBER SINENCI: There was a...from Pages 234 to 241, the Water Use and Development Plan on Page 233, Planning by...estimates to County officials and ____, there's 100 million --

MS. BLUMENSTEIN: Okay.

COUNCILMEMBER SINENCI: --for the Central Maui Water System, 100 million for West Maui Water System, 100 million for Upcountry Water System, and 10 million for East Maui System for various combinations of sources, storage, and transmission improvements. So --

MS. BLUMENSTEIN: Yeah --

COUNCILMEMBER SINENCI: --is there a breakdown?

MS. BLUMENSTEIN: --first, those estimates were done during the Maui Island Plan, so they were kind of rough estimates by Department system and they have been a little further refined throughout the plan for each regional sector. So, for Upcountry Water System, that would include basal well development to meet demand in the Upcountry System.

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COUNCILMEMBER SINENCI: Yeah for the --

MS. BLUMENSTEIN: Yeah.

COUNCILMEMBER SINENCI: --East Maui, is there allotments for the 10 million allotted for East Maui System.

MS. BLUMENSTEIN: Well, so it was...neither in the Maui Island Plan or in the Water Use and Development Plan is the need for additional groundwater development anticipated because currently there's sufficient reliable capacity and looking at projected growth within the existing capacity between the Department's system and the private systems, it wouldn't constitute more than an additional .1 MGD or 100,000 gallons per day. So, we think that that could be accommodated within the existing system conservation but still need to be further evaluated or assessed through a system assessment or an optimization study, because that has not been done for the Hana System.

COUNCILMEMBER SINENCI: Efforts in getting off...residents off of the private systems currently?

MS. BLUMENSTEIN: I'm sorry, can you repeat the question? It was a little muted there.

COUNCILMEMBER SINENCI: Any efforts to get some of the Hana residents off of the current private systems? Three private systems?

MS. BLUMENSTEIN: That was not brought up as a concern or desire in the public meetings. I'm not aware of any newer requests from private system --

COUNCILMEMBER SINENCI: Right --

MS. BLUMENSTEIN: --customers.

COUNCILMEMBER SINENCI: --only because last year we had a meeting with the PUC as the private systems were increasing those rates due to going ahead and fixing the system. The system is dilapidated, so they're trying to put the...push the renovation costs onto the consumers. So, we had a PUC maybe about a year and a half, two years ago about increased rates on the private systems. Okay. Then, last question, we had a testifier that mentioned about Kahikinui. As you know, it's a very fire-prone area and have had fires in the past. So, you mentioned any efforts to get water to the Kahikinui Homesteads?

MS. BLUMENSTEIN: Yeah, so, the plan incorporates the source strategies that DHHL has defined in their water projects plan. So, whatever they adopted back in 2017, we incorporated that. So, that included fog drip, hauling, but we added to consider development of groundwater in the region considering climate change projections of drier, even drier conditions for that region. So, we noticed groundwater being developed in the vicinity, and some of that may have had slightly higher chlorides. So,

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whether that would be desalinated or not, you wouldn't really know until you develop it. But that was what we proposed kind of like as a backup or contingency supply to what was proposed by DHHL.

COUNCILMEMBER SINENCI: ...Ms. Blumenstein. Thank you, Chair.

CHAIR SUGIMURA: Okay, thank you. Anybody else have questions? Oh. Mr. Hokama?

COUNCILMEMBER HOKAMA: Yeah, I know Ms. Blumenstein mentioned about a part of the issues as she's facing is decreasing watershed acreage because of potential climate temperature increases, so, you know, Council was very generous in putting resources to ungulates or feral mammal programs that impact the watershed. You have any comments for us how some of our funding may assist this region to take care of the watershed issues?

MS. BLUMENSTEIN: Yes, yeah. Thank you. So, the Department has requested and been allocated grant subsidies for East Maui Watershed Partnership and Maui Invasive Species Committee. MISC focused primarily on the Miconia control that is both within...not within the critical watershed, but in the peripheral parts of the watershed. So we want to keep them out of the mauka regions and other weeds as well, but that's a priority weed. And East Maui Watershed Partnership, their focus has been for FY '20 and will continue to be in FY '21, ungulate control. Some of that in the upper Kuhiwa units that borders the forest reserve, primarily for pigs but deer as well. Multiple invasive weed control from the eastern to the western boundary. So, yes, even though there...we don't see that this is being resolved short-term, this is a long-term investment. We feel that the grant subsidies that Council grant every year is really invaluable. I don't know how the projects would really do without the County funding. They have some, they can leverage based on our funds, Federal, private, and State funds, but it's kind of their core funding to continue their critical functions.

COUNCILMEMBER RAWLINS-FERNANDEZ: Member Hokama, you're muted.

COUNCILMEMBER HOKAMA: Thanks for the reminder. Thank you, yeah. My follow-up is, do you have cooperative agreements with the National Parks, State DLNR, and your Department regarding feral animal controls since it, you know...deer, pigs, and whatnot, they don't have a sense of property lines. So, they go where there's food and water, and I'm just wondering if we have a cooperative effort with the various government agencies and private landowners in approaching this feral mammal issues we have.

MS. BLUMENSTEIN: Yes, so, for East Maui, the partners of the watershed partnership includes the Feds, the National Parks, State DLNR, EMI, and other major landowners. So, through their main strategic plan, which is their watershed management plan, they commit to the type of critical functions, which includes ungulate control. That's the biggest one in East Maui. Feral pigs, deer, and goats. So, however they cross boundaries there, the partnership is meant to allow management over landowner boundaries. So, I believe they work quite well.

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COUNCILMEMBER HOKAMA: Do you utilize State DLNR numbers as far as estimates of the various species of feral mammals in the region? I mean, whose numbers are we kind of referring to when we try to look at management programs? Is it the Forestry, you know, regarding the Axis deer? Sheep? Feral goats? Feral pigs? I mean, whose numbers are we utilizing?

MS. BLUMENSTEIN: We look at the progress reports and the data from our...the grantees that we fund. So, that would be Maui Invasive Species Committee and East Maui Watershed Partnership. And they establish baseline data through transects, aerial surveys, et cetera, and report quarterly on number of ungulates removed or traps checked, or invasive weeds removed. So, the partnership establishes those, the baseline data and the progress. I couldn't tell you exactly how they match DLNR's data. I would assume that they do something similar.

COUNCILMEMBER HOKAMA: Okay, and if you can answer this simple question, do you feel the program is producing benefits for the Department, for the County?

MS. BLUMENSTEIN: Yes, I think if we stopped investing in it we would really see the degradation and the impacts from it. So, I do.

COUNCILMEMBER HOKAMA: Thank you, Chair.

CHAIR SUGIMURA: Thank you, Mr. Molina. I mean . . . *(inaudible)* . . .

COUNCILMEMBER MOLINA: Okay, thank you, Madam Chair. Yes, Ms. Blumenstein, just following up on Member Sinenci's questions regarding, I guess, the salt in the Hana and Kahikinui Aquifer Section. And sorry if I missed your response. So, I guess possibly due to over pumping there's a possibility of increasing nitrates in the water. But what's been done to remedy that? And I bring this up because my last year on the Council back in 2010 in the Upcountry region, we had people complaining about the water that fed Makawao, Pukalani, Kula causing skin irritation and burning and whatnot. So, can you comment on that nitrates in the Hana/Kahikinui Aquifer that were there a lot of complaints about that?

MS. BLUMENSTEIN: I'm not aware of complaints of nitrate contamination for Hana Aquifer Sector. The wells...I mean, we looked at the wells that we're reporting for the plan and if they meet water quality standards. They do. And also, that's groundwater only, so, not related to surface water and what was the complaints back on the Upcountry system. Your other question was on chlorides?

COUNCILMEMBER MOLINA: Yeah, I guess back then, I guess there were people complaining about, you know, skin irritation, and maybe because of the amount of chlorine or whatever in the water, and I guess the Department used GAC filters? I don't know if that's still being used or was granulated charcoal filters to alleviate some of that. Has that been implemented because I, knock on wood, I haven't heard any complaints since --

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MS. BLUMENSTEIN: Oh.

COUNCILMEMBER MOLINA: --about water causing irritation.

MS. BLUMENSTEIN: Also, so...no, this is not part of the Hana System at all, but for Upcountry System, the complaints back when, I mean, I was here at the time where I think it was related more to the household filters that were not changed according to recommendations or whatnot. We have not had nitrate concerns in the Department's systems for Upcountry or any other. The GAC or the granular activated carbon treatment system were put in to treat Dibromochloropropane which was a pesticide used in pineapple that were found in the Haiku Aquifer. So, GAC systems were put in at the H'poko wells and they're still there. But that addresses DBCP.

COUNCILMEMBER MOLINA: Oh, okay, great. Okay, thank you for your responses. Thank you, Madam Chair.

CHAIR SUGIMURA: Thank you. Anybody else have questions for the Department?

COUNCILMEMBER KING: Keani has her hand up.

CHAIR SUGIMURA: Oh, I'm sorry. So, Tasha Kama then Keani Rawlins-Fernandez.

COUNCILMEMBER KAMA: Thank you, Chair. So, I wanted to get back to Page 11 on the slide, the presentation. The 2035 demand for Kahikinui is projected for 63,000 for potable water and 106,405 for non-potable. So, that . . . so how did you anticipate that would be the demand for 2035?

MS. BLUMENSTEIN: Okay, so DWS potable, the first line with the little one star...

COUNCILMEMBER KAMA: I was just concentrating on the DHHL.

MS. BLUMENSTEIN: Oh, DHHL.

COUNCILMEMBER KAMA: DHHL potable and, yeah.

MS. BLUMENSTEIN: Oh, yeah. So, that's the projections by DHHL in their water projects plan. We did not change that. That's what they have projected for their needs for this region.

COUNCILMEMBER KAMA: And so, the plan is for them to do the one...so, on 514, the 1.8 million capital cost is for the fog drip catchment system and groundwater development, is that what that is? For 2035?

MS. BLUMENSTEIN: The 1.8 on slide 13...I'm going to go back so we can...this is for groundwater development build out. Fog drip is a minor cost in comparison. They're doing some pilot tests there, in fact the Leeward Haleakala Watershed Restoration

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Partnership is doing some as well. So, that capital cost is for groundwater development.

COUNCILMEMBER KAMA: So, this is 2020, so we know that 15 years from today, that's what the cost is going to be to develop groundwater for Kahikinui? I mean, is that realistic?

MS. BLUMENSTEIN: No. Estimated cost for all strategies in the plan were assessed as a lifecycle cost over a 20-year period. So, this represents the estimated 2035 cost, but no, we have no idea exactly what it would be. Depends on the timing of groundwater development, site specifics, so, I would say that's a very rough estimate.

COUNCILMEMBER KAMA: Would you say it's a high estimate or low estimate?

MS. BLUMENSTEIN: We didn't have a range, a cost range. So, again, I mean it really depends what you find when you drill, what the quality of the water is, what elevation, et cetera, land ownership. So...we're really trying to just provide estimates because it is over a 20-year period and whenever a project is refined and scoped, it's going to be very specific to that source and that site.

COUNCILMEMBER KAMA: That's...but that is the plan for 2035 though is they have to develop a water source for Kahikinui?

MS. BLUMENSTEIN: Well, the DHHL water strategies included the fog drip --

COUNCILMEMBER KAMA: Yeah.

MS. BLUMENSTEIN: --catchments as well as truck hauling. One of their considered strategies was groundwater development. We wanted to emphasize in the plan that it would be prudent to really consider groundwater development, not relying on fog drip and truck hauling only considering planned projections, reliable supply, et cetera.

COUNCILMEMBER KAMA: So, when you talk about groundwater development may actually talk about doing a well, right? So, who else would benefit off of the wells that are, that would be developed besides the Department of Hawaiian Home Lands?

MS. BLUMENSTEIN: If the well was developed for the DHHL project, I think it would really be mostly for the homesteads there --

COUNCILMEMBER KAMA: Mostly but not --

MS. BLUMENSTEIN: --depending again on --

COUNCILMEMBER KAMA: --necessarily for...

MS. BLUMENSTEIN: --the site. I'm sorry?

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COUNCILMEMBER KAMA: I said so mostly for but not necessarily exclusive of? You know?

MS. BLUMENSTEIN: For...so, yeah, for this project it would be for the Kahikinui Homesteads.

COUNCILMEMBER KAMA: Okay, thank you. Thank you, Chair.

CHAIR SUGIMURA: Thank you, Tasha. . . . *(inaudible)* . . .

COUNCILMEMBER KING: You're still muted, Chair. You're still muted.

CHAIR SUGIMURA: Keani Rawlins-Fernandez, did you have a question?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. My first question...I have two questions. First question is have the sector based drought workshops referenced on slide 9 and 13 of the presentation been implemented or scheduled for the Hana and Kahikinui communities?

MS. BLUMENSTEIN: I would like to schedule them this upcoming summer. On the Maui Drought Committee this is something that we have discussed to do together with CWRM considering certain conditions, are now going to have to be virtual or a combination of that. But, so it's something, I mean, some of these strategies have sort of been self-fulfilling or, you know, started but we didn't formally do, start the drought workshops, but I can see it's gearing up. I would like to have that started this summer already.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo. And then we wanted to hear...I think perhaps Member Hokama had asked a question earlier because we had allocated additional feral animal control for the rural areas. Or, I guess all areas. But I think you may have understood his question to mean limited to the watershed grants. So, we allocated additional funding and he asked if you have any ideas for that additional funding in these areas.

MS. BLUMENSTEIN: So, that would be for...

COUNCILMEMBER RAWLINS-FERNANDEZ: I think it was like . . . *(inaudible)* . . .

MS. BLUMENSTEIN: So, that was not for ungulate control? Was that for other?

COUNCILMEMBER RAWLINS-FERNANDEZ: Feral animals.

MS. BLUMENSTEIN: Yeah, so the...so, I can really just respond to the grant subsidies that we manage and that we have requested, which only includes ungulate control, pigs, deer, wild pigs...wild pigs, deer, and goats.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

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MS. BLUMENSTEIN: And wild cattle.

COUNCILMEMBER RAWLINS-FERNANDEZ: And that is all covered under the watershed organizations funding, grants?

MS. BLUMENSTEIN: For East Maui and for other regions as well, those funds include ungulate control, yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So, as far as additional funding, no comment?

MS. BLUMENSTEIN: We have...I really don't have the experience...we haven't requested funds for other animal control than those. I mean, those are the ones...ungulates are the ones that have a negative impact on the watershed and the water resources, groundwater recharge, surface water flow, so...and that's kind of been our priority and requests that are related to preserving freshwater resources.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So, the watershed organizations have enough?

MS. BLUMENSTEIN: Funds?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes.

MS. BLUMENSTEIN: Sufficient funds? Well, I mean, there's...we...

COUNCILMEMBER RAWLINS-FERNANDEZ: Specifically for feral animals, ungulate control.

MS. BLUMENSTEIN: I have to look at each grant request individually to accurately respond, but I can't recall that we have had requests for additional ungulate control that we have not funded. There have been other projects that we have not recommended funding because it may not be related to groundwater recharge or surface water protection, but ungulate control has been one of those priority core functions, I guess, that we fund.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Ms. Blumenstein. Mahalo, Chair.

CHAIR SUGIMURA: Thank you.

COUNCILMEMBER SINENCI: Chair?

CHAIR SUGIMURA: Ms. Lee, did you have a question?

COUNCILMEMBER SINENCI: Shane.

COUNCILMEMBER KING: Shane. Shane is trying to get your...

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CHAIR SUGIMURA: I know, but I haven't had anything from Ms. Lee yet, so I was just wondering because I had...Shane had a first round, so...

VICE-CHAIR LEE: Thank you, Chair --

CHAIR SUGIMURA: Ms. Lee, did you have a question?

VICE-CHAIR LEE: --but I'm just so mesmerized by the conversation and discussion. I have no questions at this time.

CHAIR SUGIMURA: Okay, thank you. Mr. Sinenci?

COUNCILMEMBER SINENCI: Oh, I'm sorry, was I out of turn? Did Kelly have a question? Member King?

COUNCILMEMBER KING: No, thank you, Shane. I was just trying to point out that you had your hand raised. I didn't think she could see you.

COUNCILMEMBER SINENCI: Okay, thank you. I just had one more question for Eva, so on the two wells up in the Wakiu district, are those MDWS wells on DHHL lands?

MS. BLUMENSTEIN: If I recall I think one of them is on the latest Wakiu Well C was developed on DHHL land. I'm not sure about the first one.

COUNCILMEMBER SINENCI: Is there any partnership with DHHL? I mean, I know we're...the community is working towards possibly opening up those for DHHL water needs, so I guess the well would be right there but is there any partnership with DHHL at this time?

MS. BLUMENSTEIN: You know, that's more Engineering Division when it comes to the implementation and the source, the agreements for a specific project. I'm not sure if Director has any more...

CHAIR SUGIMURA: Mr. Pearson?

MR. PEARSON: Yeah, I can add a little bit to that to Member Sinenci's question. I was at the CIP section here at Water Supply when we drilled that well, the Wakiu C and the answer is, yes, it is on DHHL lands, I'm sure of that. We were working on securing the lands from DHHL but I don't think it was finalized while I was there. We do have a real good relationship with Stewart Matsunaga, you probably know that because of what took place recently on the West Maui side where we're looking at the well development there and the land issues there. So, I don't know where the actual discussion is with that specific piece of land where our well sits, but I think we have a good relationship and I don't...I'm sure we can...we'll work out something.

COUNCILMEMBER SINENCI: Thank you, Director, for that. Thank you, Chair.

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CHAIR SUGIMURA: Thank you. Members, anybody else have questions? I can't see Mr. Molina. Mr. Molina, you have a question? Are you fine?

COUNCILMEMBER MOLINA: No, no further questions, Madam Chair. Thank you.

CHAIR SUGIMURA: Okay, okay anybody else have questions? If not, we're going to be done with this item and we'll defer it. Thank you very much, Eva, for all your hard work. You're pretty amazing. And, Mr. Pearson, a very complicated and important Department, so thank you for your hard work. I'm going to take this up again, I'm going to defer this and take up the last sector, which is the last aqua-sector is Lahaina. And then I also want you to know that the...Lesley and Chester was working on with Mae Nakahata from my office, an addendum to this as came up all through the conversation from testifiers questioning about and as you may have thought about other projects that have come up which is not included in this because it's not the cut off for this was 2015, I believe, so anything after that we're creating like an addendum just so that people will know that it was, you know, considered or its, was in the discussion at some point, but not necessarily part of this plan directly. So, we're working on it and we look forward to finalizing this sometime before the deadline. So, Members, at this time I'm going to defer this item.

COUNCILMEMBERS: No objections.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR SUGIMURA: Thank you very much for a long meeting today and we will see you again on June the 15th is my next meeting. I got a call from Shelly and all of you are in the...in Mr. Molina's Committee, so we're to report at Council, but bring your laptops because we're going to be working remotely also still on BlueJeans, but working from the Council so that we can have the GET Committee in both Chambers and on BlueJeans. Is that correct, Mr. Molina?

COUNCILMEMBER MOLINA: Yes, that is correct. So, for any Members who would prefer to do work at home, then that's your choice. I will be facilitating a meeting from the Chambers for Executive Session purposes --

CHAIR SUGIMURA: Oh.

COUNCILMEMBER MOLINA: --which is my rationale and documents and all of the those; that's why. So, again, Members, if you do have any questions as to the process tomorrow, please inform myself or Ms. Espeleta ahead of the meeting time tomorrow if there's any concerns that do pop up, because it will be...we'll be a split faction tomorrow, right? Some of us will be in the Chambers and some of us will be working remotely from home. Thank you.

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CHAIR SUGIMURA: Okay, thank you, everybody. Ms. King, you have a question?

COUNCILMEMBER KING: Yeah, I just wanted to follow up with Mike, so you...do you...you want us to bring our laptops and be still on this format but in the Chambers?

COUNCILMEMBER MOLINA: You know, that was mentioned to me from Staff. I guess, just, yeah, bring your laptops just in case because now my understanding initially was if you were in the Chambers you wouldn't need your laptops, you know.

COUNCILMEMBER KING: Yeah.

COUNCILMEMBER MOLINA: Unless you're working in your office. So, that's something I'll have to discuss with Staff as to why the requirement to bring your laptop into the Chambers. So --

COUNCILMEMBER KING: Oh, okay.

COUNCILMEMBER MOLINA: --anyway. But keep your laptops on standby anyway.

COUNCILMEMBER KING: Okay. And do you want us --

COUNCILMEMBER MOLINA: Thank you.

COUNCILMEMBER KING: --to wear masks in Chambers?

COUNCILMEMBER MOLINA: Yeah, for the sake of safety. I mean, when you do speak, you can take them off as we've seen Administration, when they're...when during Budget Session sometimes...some Members prefer to take their mask off while they're speaking and responding to questions. I think that's fine. We'll have the appropriate social distancing in the Chambers and then you can put your mask on. So, do what you feel most comfortable with. Play it safe is what I say.

COUNCILMEMBER KING: Okay. All right, thank you.

COUNCILMEMBER MOLINA: Thank you.

CHAIR SUGIMURA: Any other questions, Members? Keani?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I guess this is for Member Molina for tomorrow's meeting. So, I understand that you're asking those or inviting those to come to the building, but for...out of fairness to everyone, should Members continue to work from their office instead of in the Chambers?

COUNCILMEMBER MOLINA: I made that option to all Members. I said early on when I contacted everybody individually, you have the choice to either work in the Chambers or work from your office. That was made clear when I talked to everyone.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Okay . . . *(inaudible)* . . .

COUNCILMEMBER MOLINA: If the Members feel more comfortable working in their offices, and if you work in your office, well, certainly you're going to need your laptop or use your other office computer. So, I...I've seen it facilitated by other Members in the Chambers from the rostrum so my preference for this one particular meeting because we have four legal matters that may require, well two I...for sure will likely require Executive Session, so my preference is to be on the rostrum in the Chambers to run this, again, for the Executive Session reasons that I've explained to all of you. But, yeah, Members, if you want to work out of your offices or remotely, that's your choice.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, out of consideration for fairness for those that don't live on Maui, then your preference would just be to not take that into consideration?

COUNCILMEMBER MOLINA: I don't understand what you mean by that.

COUNCILMEMBER RAWLINS-FERNANDEZ: There is an inequity factor when Members meet in the Chambers together for those that have that option, and for those that don't have that option, it's not fair. And so, the fairest thing I would think would be to have Members meet in their office and if you want to conduct the meeting from the Chambers as the Chair, then that would be your prerogative. But for everyone else, I think it would be fair for everyone to be separated in their offices.

COUNCILMEMBER MOLINA: Okay, well I, yeah, I appreciate those comments but please understand I did not require or mandate any Members to operate out of the Chambers. As I stated before when I talked to everybody, you have that option to operate out of your office or in the Chambers. I did not mandate that to all of the Members. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, my comment was just that it wouldn't be fair. So, as the Chair of the Committee that some Members don't have that option and so it will be inequitable. Mahalo.

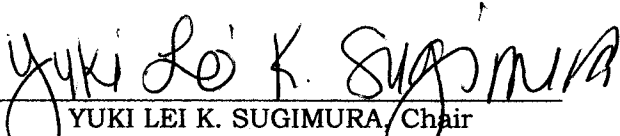
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CHAIR SUGIMURA: Okay, thank you. Yeah, we're still in this COVID-19 trying to, you know, do the best that we can. And I know with, you know, having the legal matters in your Committee it becomes something that I think you've deferred already so that we could take it up. But thank you everybody, the meeting is...this item is deferred and this meeting is adjourned. Thank you very much for being here. . . . (gavel) . . .

ADJOURN: 4:32 p.m.

APPROVED:



YUKI LEI K. SUGIMURA, Chair
Water, Infrastructure, and Transportation
Committee

wit:min:200601:cs

Transcribed by: Crystal Sakai

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CERTIFICATE

I, Crystal Sakai, 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 19th day of June, 2020, in Kahului, Hawaii



Crystal Sakai