

MOLOKAI IRRIGATION SYSTEM ADVISORY BOARD MEETING  
MINUTES

10:00 am, October 20, 2009

- I. Call to Order: James Boswell, Chairman, called the meeting to order @ 10:45 am. Board Members Present: Steven Arce, James Boswell, Audwin Calairo, and Lynn DeCoite.

Guest: Duane Okamoto, Randy Teruya, and Oscar Ignacio, HDOA... (see sign in sheet)

- II. Approval of Agenda: Steve Arce moved to accept the agenda; seconded by Lynn DeCoite; motion carried.

- III. Approval of Minutes: Lynn DeCoite moved to accept the minutes (w/amendments); seconded by Steve Arce ; motion carried.

IV. Old Business

A. System Update – Reported by Oscar Ignacio:

- Water level in reservoir @ 13'; compared to 15.5' last year at same time.
- 3.81 mgd reservoir inflow; 3.25 mgd reservoir outflow.
- MPL Inflow = 0.826 mgd; Outflow = 0.508 mgd and
- MPL Buffer in reservoir = 18.359 MG.
- The Daily/Monthly Checklist has been performed and documented on a daily basis, as far as flushing the transmission line and the distribution line, inspecting the Reservoir and maintenance work in Waikolu Valley.
- At the beginning of August, the aluminum gate at the West Portal was replaced with the help of DOFAW personnel, who welded the new gate with 1½" galvanized pipe.

B. Capital Project Update – Oscar Ignacio

As of October 16, 2009, contractor has performed the following:

- The high voltage electrical cable, running the length of the tunnel is complete.
- A new transformer was installed at the East Portal gallery and is now operational and running Pumps #23 and #24. Both pumps are set on timers.
- A new transformer is being installed at the Lower Diversion Dam building. Installation is almost complete but requires a necessary part to connect to the MCC panel.
- The new shaft for Pump #1 has arrived and should be installed this week.

- C. Financial Status of M.I.S. – Duane Okamoto
- Duane reported that MIS revenue, as of August 31, 2009, was \$60,642; with expenses of \$38,156, generating a surplus of \$22,486.
  - Overall, revenue was down by 34.7% compared to last year, at this time.
  - Expenses have been kept to a minimum, primarily because of an electrical outage since April 2009.
  - Also, Administrative costs have been minimized by staff.
  - James asked about payroll savings due to furloughs; and Byron's retirement.
  - Randy confirmed that Byron will be retiring effective October 31, 2009 and that Oscar has established a plan of operation while the Honolulu office pursues approvals to fill the vacant position.
  - Regarding the furloughs, only Oscar is affected by the current furlough plan and will have a minimal effect on expenses.
- D. Accounts Receivable Collections Discussion – Duane Okamoto
- Duane reported on the status of the Accounts Receivables; noting that 73 account holders have delinquent balances totaling \$247,727.
  - Twenty-four account holders have delinquent balances of \$1,000 or more and owe a total of \$223,291.
  - The twenty-four account holders owe 94.9% of the total delinquent balance.
  - HDOA is pursuing a collection plan with DHHL and OHA to reduce delinquent balances of homesteaders.
  - As additional information, Duane reported the MIS Water Usage for the period July 1, 2009 to August 31, 2009 reflected an increase in usage by both homesteaders and non-homesteaders.
  - The homesteader consumption increased 4.2% compared to the same period last year.
  - The non-homesteader consumption increased 35% compared to the same time last year.
  - Should the current trend of consumption continue, the MIS will meet or exceed the 850,000,000 gallon threshold to receive a discount for volume usage for the ensuing fiscal year.

V. New Business

- A. Molokai Properties Limited – Pipeline Agreement
- Duane stated that the pipeline agreement has been held in abeyance for the past couple of years due to several factors, such as, Molokai Ranch shutting down operations, MPL's request to the PUC for rate increases for West end users, and a lawsuit filed by the County of Maui.

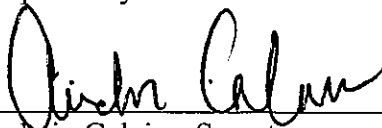
- HDOA is working with the Commission on Water Resource Management (CWRM) to identify the conditions which MPL are responsible for.
- HDOA has opened discussions with the Attorney General's office regarding re-initiating discussions with MPL regarding the Pipeline Agreement, however, no formal contact has been made.
- James asked about MPL getting off the system per AG's letter. Lynn stated that it should be a priority for HDOA to move the issue of the pipeline agreement forward with MPL.
- Lynn expressed concern for the fairness for homesteaders because of the July 1, 2009 rate increase to users because the MPL agreement hasn't paid any increases over the years. Lynn asked "why is MPL given special circumstances when all users are hit with an increase?"
- James asked who is supposed to do the Environmental Assessment (EA)?
- Duane responded that sometimes the State does it and other times the applicant will do it. The applicant would pay for it or reimburse the State. HDOA feels that MPL should have the EA done and pay for it.
- Lynn asked that HDOA commence discussions with MPL in the next two months and report back at the next board meeting regarding any progress made.
- Lynn DeCoite then made it a motion for HDOA to sit down with Molokai Properties Limited and get a timeline when the EA can be completed and report back to the MISWUAB before the next meeting. The motion was seconded by Steve Arce. Motion carried unanimously.

VI. Next Meeting Date: January 19, 2010 at 10:00 am, MIS Conference Room.

VII. Announcements: None

VIII. Meeting adjourned @ 11:53 am, motion by Lynn DeCoite to adjourn; seconded by Steve Arce. Motioned carried.

Respectfully submitted



Audwin Calairo, Secretary

MIS Water Users Advisory Board