

# Rules Committee Meeting

November 5, 2012  
10:30 a.m.

Committee Members Present: Michael Dahilig, *Chair*, Randall Nishimura, Raymond McCormick

Board Members Present: None

Staff Present: David Craddick, William Eddy, Dustin Moises, Anne Parrott, Aaron Zambo, Keith Aoki, Mary-jane Garasi, Deputy County Attorney Andrea Suzuki

Chair Dahilig called the Rules Committee Meeting to order at 10:30 a.m., quorum was achieved.

## **AGENDA**

Mr. Nishimura moved to accept the amended agenda Item 4a as circulated and noted the correction for the Fee Sections I-XII (not I-X); seconded by Mr. McCormick; by a unanimous vote, motion was carried.

## **Re: Review and Acceptance of Minutes – May 15, 2012**

Mr. McCormick moved to accept the minutes from May 15, 2012; seconded by Mr. Nishimura; with no objections, motion was carried with 3 Ayes.

## **OLD BUSINESS**

**RE: a. Impact Fees and FRC Proposed Rules, i. Part V Water System Development Fee Sections I-XII**

## **BACKGROUND**

Manager Craddick read the proposal on the Impact Fees and FRC Proposed Rules, i. Part V Water System Development Fee Sections I-XII which is based on the current practices for meter sizing and credit application. If the Board accepts this proposal, it should be with the understanding that the Board and Manager Craddick meet in an accelerated basis to get a rational industry standard foundation to use the AWWA (American Water Works Association) Sizing Water Service and Meter Manual M-22 for determining meter size and accessing a development fee that should meet all objectives. The issue regarding the current situation where any developer could take all available water needs to be addressed.

Manager Craddick requested the Board's action to be transmitted to the Finance Committee before going to the full Board for an understanding of the rule change. The relevant proposal from the consultant will be used by the Finance Committee for the work to be completed.

Chair Dahilig recommended to refer the Impact Fees & FRC (Federal Reserve Charge) Proposed Rules to the Deputy County Attorney Andrea Suzuki for final clean up and to schedule a meeting on the same

## Rules Committee Meeting November 5, 2012

date of the Special Meeting on November 19<sup>th</sup> based on the proposed rules for review and to provide suggested changes.

Chair Dahilig clarified that the fixture counts will be considered by the Rules Committee. There is still a lot of research to be done and to continue potential implementation. The Manager's recommendation is this from acceptable industry standards with respect to capturing usage and understanding how it impacts the DOW's system. The Finance Committee and the full Board need to move forward with implementation on the FRC fund and to address the fixture count issues.

Manager Craddick stated there are some things that are in conflict with Section 2 and Section 3 of the Rules which are written in both places. Manager Craddick clarified the term "phasing out." If an individual pays the fee, it is paid forever. This proposal allows an allotted time for payment. If an individual has not put their meter in but paid the fee; their fee can increase.

Mr. Nishimura inquired if an individual paid the fee to put the meter in and the Department did not put the infrastructure in, is the fee adjusted in this proposal. Manager Craddick stated he did not believe any of the meters are waiting for infrastructure. Fees have been paid for many meters for a second dwelling unit. Individuals avoid putting in the service lateral due to the expense.

If individuals paid a \$600 fee and have their approved building permit plus use their existing meter, they may decide not put in a \$1,400 service lateral. The \$1,400 is a large percentage of the \$4,600 fee for individuals who paid it. The Department may have already collected a fee if the individual never put in a service lateral. At a later date, the owners may want to subdivide or sell the second dwelling lot. With the existing Rules, this can be done because they already paid the fee. This proposal will phase out from the existing Rules.

Mr. Nishimura questioned if there are water restrictions and what happens if the Department cannot collect the FRC. Manager Craddick stated the Department is still giving out meters even though the system is not adequate to individuals varying from system to system. Mr. Nishimura would like to address cases where infrastructures are not allowable and what happens if the infrastructure is not allowed. He does not feel it is fair in those situations to be at a higher fee.

Deputy County Attorney, Andrea Suzuki stated the proposal is worded with a grace period that Chair Dahilig added where an individual will have six months to drop the meter or they will lose the allocation. An individual can be refunded the money within a year which is in compliance with the current law. The Rules were set before the impact fees statues were in place. If the Department does not use the funds within six years, the Department has to refund the fees. The Department would give a credit (refund) for what the individual already paid. If the individual paid more when they put the meter in and if the fee went up, this needs to come up after a change in the Hawai'i Revised Statues. The statues currently states a "building permit issuance" which the DOW does not necessarily mean a meter is being put in. Mr. Nishimura requested the Hawai'i Revised Statues be addressed in the meeting.

Deputy County Attorney, Andrea Suzuki recommended the full Board have a Public Hearing regarding benefits zoned or not identifying benefit zones.

Rules Committee Meeting  
November 5, 2012

Mr. McCormick moved to refer *Part V Water System Development Fee Sections I-XII* for further review of the draft dated November 2, 2012 at 20:12 p.m. to Deputy County Attorney, Andrea Suzuki; seconded by Mr. Nishimura; with no objections, motion carried with 3 Ayes.

**Re: 4b. Manager's Report No. 13-7 – Board Discussion and Possible Action on Part 2 Section IX of the Rules: Adjustment of Bills for Undetected Leaks and Unforeseen Damages, i. DOW Revised Proposed Changes on Part 2 Section IX of the Rules**

Manager Craddick recommended the Board take no action in eliminating Part 2 Section IX of the Rules at this time.

**BACKGROUND**

Manager Craddick read the revised proposal to the Board and division heads.

Manager Craddick stated there was concern with fires or explosions and leaks being stopped within 24 hours unless a service holder has passed away. The proposal states that the consumer will be given one week to address the DOW in order for the Department to provide services. The concern for this issue is still being addressed by our staff.

Mr. Nishimura noted that Manager's Report No. 13-7 was dated September 20, 2012. Manager Craddick indicated based on a discussion at a previous meeting he submitted a revised draft which is not before the Board.

Mr. Nishimura moved to defer Manager's Report 13-7 Part 2 Section IX of the Rules: Adjustment of Bills for Undetected Leaks and Unforeseen Damages, i. DOW Revised Proposed Changes on Part Section IX of the Rules to the next Rules Committee meeting; seconded by Mr. McCormick; with no objections, motion carried with 3 Ayes.

Chair Dahilig acknowledged Mr. Nishimura and Mr. McCormick will be present for a Rules Committee Meeting set on the same day as the Special Board Meeting on Monday, November 19th at 9:01 am.

With no further business, Chair Dahilig adjourned the Rules Committee Meeting at 10:50 a.m.

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