

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

December 15, 2009

Council Chamber, 8th floor

CONVENE: 1:35 p.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember Danny A. Mateo, Vice-Chair
Councilmember Sol P. Kaho`ohalahala, Member
Councilmember Bill Kauakea Medeiros, Member
Councilmember Michael J. Molina, Member
Councilmember Wayne K. Nishiki, Member
Councilmember Michael P. Victorino, Member

EXCUSED: Councilmember Gladys C. Baisa, Member
Councilmember Jo Anne Johnson, Member

STAFF: Gayle Revels, Legislative Analyst
Yvette Bouthillier, Committee Secretary

Leinaala Kihm, Executive Assistant to Councilmember Medeiros
Arthur Suyama, Executive Assistant to Councilmember Mateo

ADMIN.: Frederick Pablo, Budget Director, Office of the Mayor
Ken R. Fukuoka, Director, Office of Council Services (BF-53)
Cheryl K. Okuma, Director, Department of Environmental Management (BF-57)
Kalbert L. Young, Director, Department of Finance (BF-53)
Agnes Hayashi, Deputy Director, Department of Finance (BF-53)
Benjamin M. Acob, Prosecuting Attorney, Department of the Prosecuting Attorney
(BF-61)
Traci Fujita Villarosa, First Deputy Corporation Counsel, Department of the Corporation
Counsel

PRESS: Akaku: Maui Community Television, Inc.

CHAIR PONTANILLA: . . .(*gavel*). . . The Budget and Finance Committee meeting is now in session. The time is 1:35. Good afternoon, Members. At this time the

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Chair would like to recognize the Members that are here this afternoon. We do have to my far left is Member Molina.

COUNCILMEMBER MOLINA: Good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. Member Sol Kaho`ohalahala, Member Medeiros, Member Nishiki, Chairman Mateo, and Member Victorino.

COUNCILMEMBER VICTORINO: Good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. Excused at this time are Members Baisa and Johnson. Upfront this afternoon with us is the Administration personnel. We do have our First Deputy Corporation Counsel Traci Fujita Villarosa; also our Budget Director, Mr. Fred Pablo; and our Deputy Finance Director Agnes Hayashi; and sitting in the back is our Director, Mr. Kalbert Young. Again supporting the Staff is our Legislative Analyst Gayle Revels as well as our Committee Secretary Yvette Bouthillier. We do have with us the Council Staff Director, Mr. Ken Fukuoka. Members, we do have three items on the agenda. Do we have any person signed up for public testimony? We do not have any person signed up for public testimony. And we do have only County officials in this Chambers this afternoon. Is there any objections if the Chairman closed public testimony at this time?

COUNCIL MEMBERS: No objections.

ITEM NO. 53: DISPOSAL OF COUNTY PERSONAL PROPERTY
(C.C. No. 09-288)

CHAIR PONTANILLA: Thank you. Again, the Committee has three items on the agenda. The first item this afternoon is BF-53: Disposal of County Personal Property. And the purpose of the proposed bill is to amend Chapter 2.72, Maui County Code, relating to the disposal of County property to specifically limit the Charter, or chapter to County personal property and to authorize its disposal by sale, grant, exchange, or discard. Members, this afternoon you were passed out with a memo regarding this particular item. At this time the Chair would like to call on Mrs. Hayashi for your comments.

MS. HAYASHI: Good afternoon and thank you, Budget and Finance Committee Chair Pontanilla and honorable Committee Members. On behalf of the Department of Finance thank you for this opportunity to speak on the proposed bill before you entitled A BILL FOR AN ORDINANCE RELATING TO DISPOSAL OF COUNTY PERSONAL PROPERTY. Pursuant to a memorandum dated October

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9, 2009, which is with you, with you, which is before you, the purpose of this bill is to provide clarity to specifically relate Chapter 2.72 of the Maui County Code to personal property of the County and to provide more explicit guidance on the methods and procedures for the disposition of personal properties of the County. The primary purpose of the amendment to Chapter 2.72 as proposed in this bill is to provide clarity and to conform existing laws with practices that reflect our current situation and address our current needs. To briefly summarize, this bill addresses specific and separate guidance for County personal property apart from real property which is provided in Chapter 3.44 of the Maui County Code. Secondly, it allows for the granting as another means of disposition besides sale and exchanging through a grant agreement; thirdly, allows for the offer of trade in, in the exchange of personal property; fourthly, procedural requirements reporting to Council on an annual basis and rule making. Should the Budget and Finance Committee have any questions or concerns the Administration would be happy to address them at this time. Thank you.

CHAIR PONTANILLA: Thank you. Members, again this afternoon you were passed out with a memo from the Chairman of the Council, and this memo comes from our Director of Council Services Ken Fukuoka. I know, you know, we all received it but at this time rather than discuss the handout that you received this afternoon, if you have any questions for the Department regarding their recommendation in regards to this particular ordinance. Any questions for the Department? Member Nishiki.

COUNCILMEMBER NISHIKI: Yeah. I, I, I want some clarity between what real property is and this ordinance which deals with personal property. So, I guess the first question that I have is land is considered real property. What about the content of a structure? How do we view this in our interpretation?

CHAIR PONTANILLA: Department...or Corporation Counsel.

MS. FUJITA VILLAROSA: Mr. Chair, if you take a look at the one of the new definitions that was added to the proposed bill, is the definition for personal property. And in that definition it basically means that personal property is everything except for, or all property other than real property or fixtures permanently attached. So when you say the contents of a building it kind of depends on, on what the contents are, because they could be considered fixtures which in that case it would be real property. But if they are not fixtures then they could be considered personal property.

COUNCILMEMBER NISHIKI: Montana Beach...I just referred to Montana Beach and in it I heard that there were quite a bit of valuable things within that home that we

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took for ourselves, I guess, when we purchased it. And, and, and anything that is attached is considered what? Personal property?

MS. FUJITA VILLAROSA: No, no, no. Real property. The Montana Beach structure and, and whatever's currently in it, we, our Department has been treating that as real property.

COUNCILMEMBER NISHIKI: Okay.

MS. FUJITA VILLAROSA: Not personal property.

COUNCILMEMBER NISHIKI: So, so does that, do we leave that up to the Administration?

MS. FUJITA VILLAROSA: You mean whether something is real property or personal property?

COUNCILMEMBER NISHIKI: Right.

MS. FUJITA VILLAROSA: Usually our office probably would be consulted to make that determination if it was unclear, because our office would be consulted in the proper procedures. 'Cause, you know there's a separate process that we have to follow if it's real property.

COUNCILMEMBER NISHIKI: Right. Okay, then, then, then let me ask you in regards...just because there's no, there's no value of an amount in this circumstance here. Say a department has 20 computers worth \$20,000 are we saying that the, and, and, and this is, I'm concerned about giving away the Council's authority, Mr. Chair. I mean, hey, we have very little. And, and, and sometimes we don't even exercise the power that we have because for whatever how the Administration deals with things. So, my concern is that you got a group of computers worth \$20,000. Is there any type of consideration here where the value can be considered before an Administration goes and gives it to a certain non-profit? And the Council has no say at all. Is that, is there anything like that in this bill that allows them to pretty well take care of, of power, not of power, a responsibility given to the Council. I'm concerned about that. Is there anything in here?

CHIAIR PONTANILLA: What I've read, there's no--correct me if I'm wrong, Department--there's no valuation in regards to the property that we grant. Although there are probably some, some valuation in regards to that particular piece of equipment.

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COUNCILMEMBER NISHIKI: Yeah. And, and, and, and this is where my, my concern is, you know, political motivation, whatever, you know, abuse by the Administration. I'm not saying that they're dishonest but I tell you these kind of subtle type of situations I'm concerned about. I, I would be looking perhaps at a cap or something. I don't know how we dispose of a vehicle or whatever. You know, maybe we go to auction or whatever but, the County has some valuable things that we are going to give the Administration the ability to do this. I, I, there's no check and balance. There's no check and balance. And I would look at perhaps considering an amount. And I don't know how that amount is appraised or looked at, but, anyway those are my concerns, Mr. Chairman.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MOLINA: Question.

CHAIR PONTANILLA: Any response on that?

MS. HAYASHI: If I may just add a few comments, Council Member Nishiki. In regards to your, your comment about valuation, well first of all, may I say that this section does deal with the disposal, the disposition of property. In terms of granting there is a separate ordinance that deals with the granting process and it goes through a Grants Review Committee. So that does address, may address some of the concerns that you have raised. But in terms of valuation we do identify that the estimated, that estimated value has to be determined. And our procedures require that when the property is actually disposed, we have a disposal form. And the, the director of the or the agency director for which that County property is under his/her purview must identify or provide an estimated value through, in the course of disposition. So there is a value identified. They must also provide the reason or description of the property and the reason for disposing of it. And that must be certified and there is a requirement in that manner.

COUNCILMEMBER NISHIKI: That's fine, but you still govern yourself. You don't say that if it's worth over \$100,000 that you gotta go to the Council. You, you, you make that decision. I, if, if 2.72.050 on Page 3 is what you're talking about, speaking to, it says the director may authorize the grant of personal property for which the County no longer has use to a non-profit organization, school or government entity. Such properties shall be granted pursuant to a grant agreement by the requesting department. So nothing says --

MS. HAYASHI: That's true.

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COUNCILMEMBER NISHIKI: --about any kind of check and balance. I don't know if this is what you're trying to sell me by your answer just now. It doesn't give any authority to the Council, to see who you give it to or anything else. Is this not true?

MS. HAYASHI: Well this, it is, this is conforming to a long-standing practice and it has been in, it has been the method of disposal. And should the Council wish to participate in that evaluation if that is the desire of the Council but we, what we are doing is recognizing that it, that this is the current practice and we are conforming the Code to reflect that practice.

COUNCILMEMBER NISHIKI: Maybe, maybe you can correct me then. If, if you've got a bunch of computers worth over \$100,000 are you saying right now when you dispose of it there is no need to come to the Council? That's a question.

MS. FUJITA VILLAROSA: Mr. Chair.

CHAIR PONTANILLA: Corporation Counsel.

MS. FUJITA VILLAROSA: Currently what happens if there is computers with that kind of value attached to it they wouldn't be disposed of. I, I believe, that they would still be in use by the County. I don't know what the exact dollar thresholds are but that's not the situation that this bill is trying to address. What happens now is that when MIS, say for example MIS has, they replace computers, right, every, every so many years, so after the computers have no longer a useful life for County purposes. . .and I don't, again I don't know what all the, you know, specifications and details and the time limits are for that, but somehow they come to an end of life. Those computers are basically they don't have a value anymore to the County. They're not useful to the County anymore and it's not worth it, I'm told it's not worth it to go to auction because the cost of, of putting on an auction for old computer equipment you wouldn't recoup that cost through the auction process. So what the County has been doing is they have a grant agreement in place with Aloha Shares Network, I believe is the name of the entity. And these computer equipments that, you know, the County no longer has use for are given to Aloha Shares Network, and this organization distributes the equipment to non-profits and schools, you know, that still may be able to use it. So it, it may be useful to some non-profits or schools, but its equipment that's no longer useful to the County. And I don't know, we could, you know, possibly put in a dollar threshold, you know, as you are suggesting. We probably would just need to talk to, well we'd have to talk to, talk to the people that are in charge of the computers to figure out what that threshold is. But also we'd have to think about other personal property 'cause it's not just computer equipment that we're

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talking about. You know, this bill is basically, you know, would apply to all personal property. So we kind of would have to think a little bit more about what kind of dollar threshold we, you know, we would want to consider.

COUNCILMEMBER NISHIKI: Who is Aloha Shares Network? Is it the non-profit, for profit.

MS. FUJITA VILLAROSA: No. It's a...

COUNCILMEMBER NISHIKI: Why have we chosen them?

MS. FUJITA VILLAROSA: It's a non-profit. I don't know why they were chosen. I'm not sure if there's any other entity out there. My understanding is that that's all they do is that they distribute used computer equipment so. . .I mean that's the purpose of their organization.

COUNCILMEMBER NISHIKI: So, none of you three sitting in front of me today know anything about Aloha Shares Network? Really? Oh, God, I'm --

CHAIR PONTANILLA: Corporation Counsel --

COUNCILMEMBER NISHIKI: --I'm surprised.

MS. FUJITA VILLAROSA: Uh-huh.

CHAIR PONTANILLA: --is that the group that collects electronic equipment on a weekly basis. And they do have an outlet on Lower Main St.

MS. FUJITA VILLAROSA: I'm not sure if that's the same organization.

CHAIR PONTANILLA: Yeah. 'Cause that organization only receives electronic equipment for reuse.

COUNCILMEMBER NISHIKI: Anyway. I'd like to hear other Members.

CHAIR PONTANILLA: Okay. Member Molina.

COUNCILMEMBER MOLINA: Yeah. Thank you, Chair. You know, in light of the letter that we received from Mr. Fukuoka and this is an issue of Council authority that's at stake here. And I appreciate the Administration coming down here to, you know, maybe look at--since this has been based on past practices--maybe amending the ordinance. I would be comfortable too with possibly looking at a

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dollar threshold but at the same time, as I was looking at what the director could do if he, under this proposal he or she could just designate some of this County property to, in essence, a non-profit of his or her choice without Council input. Am I correct with this proposal? So the Council would be left out without finding out who, what, where, who or what is going to get our County property. So it's just that I, I have concerns about being kind of left out of the loop. 'Cause what if there, if you designate computers, for example, to one particular non-profit now what about another non-profit, you know? It's just that I feel that as the elected representatives we should at least be involved in it at least. So, I would like to, I don't know what your intention is, Mr. Chair, but I would like to take more time to study it, give the Administration the opportunity to come back to us with a proposed dollar threshold if that be the case, and for us to study this letter as well. So, I'm, I'm fine with, you know, sitting on this for a little bit and thinking this thing over. Thank you.

CHAIR PONTANILLA: Yeah. The Chair's intention to begin with--because after hearing some of your concerns, I too had some concerns--was to defer this item, you know, but prior to making that decision, to hear all of your concerns so that if we do intend to defer, then at least we got the questions that we need or somebody needs to answer. And, you know, Mr. Nishiki brought out some points where, you know, a dollar value, you know, we could be giving up thousands of dollars without, you know, any authorization from this Council.

COUNCILMEMBER VICTORINO: Chair.

CHAIR PONTANILLA: Thank you. Any more questions, Mr. Molina?

COUNCILMEMBER MOLINA: No. I'm fine.

CHAIR PONTANILLA: Thank you. Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you, Chair. And I too agree with my colleagues, you know, a dollar amount I think would be paramount in any kind of legislation we bring forward because we are the Legislative Branch that puts the budget together. Yeah. The Mayor sends it down but we approve it. And we are accountable to the people of Maui County and if it's not known to us and something is being disposed by the Administration then, and I don't care what Administration that leaves us out there in the dark. And I, and I read here that the old...whenever, and I read 2.272.070 report to the Council. The old language read the Director of Finance--okay, that was changed--shall file whenever it disposes or sells of any County property a annual report with this Council. Right? And I think that's the way the old language read. And I think annually getting a

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report has never been a real major problem. I believe that if we put a threshold as far dollar is concerned and still ask for an annual report, I don't think that would be too much to ask, Mr. Chair. I think that's something, I mean again, you know, you bringing, you asking for concerns. I would rather that language stay in there than be taken out. Because no offense to whomever is in charge, I think accountability, accountability and transparency is what we talk about all the time. We ask, the public asks us for that all the time, so I think within our own agencies within different divisions on government we should have accountability and transparency. So that would be one of my recommendations. I have a couple others that I have listed and maybe, Mr. Chair, if you're gonna defer this then maybe I'll put it in writing and send it to you. And then you can forward it on our behalf. But again, this is not a reflection on anybody. It's just the idea that we're accountable, you're accountable, so we need to know. And I think that's something that I don't care who the Administration is in the future. This one or any one that will come up in the future, they should be able to report to any Council that sits here, what's going on. Even it's on an annual basis, I don't think that's too difficult. And if we want to meet and we need to set a threshold, a dollar amount, then that's fine. 'Cause if you dispose of one small computer that's worth 21, \$29.95 and you gotta list everyone you do that, then it may be a lot of extra work for nothing. But set a threshold and then we can go from there. So thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you, Mr. Victorino. Yeah. We don't want to nickel and dime, you know what I mean, and, and, and create more work for the Department. But at the same time, we need to be accountable to the people that we represent, so thank you. First, Ms. Hayashi and then followed by Corporation Counsel.

MS. HAYASHI: Thank you, thank you, Chair Pontanilla. I, I would like to just add a few comments. First of all, I'd like to thank the Council for their comments. I think all of the comments are, are reasonable and they're well intended. And operationally, Finance does, we receive the request from the departments when they first identify the assets that they would like to remove from inventory. They have to go through that process and so I think your suggestions operationally would be very good for Finance. Just if I may to explain a little bit more, when it, when the request does come to Finance--and this is in part an answer to your question, Councilmember Nishiki--they're already identified as, as a First Deputy has mentioned, First Deputy Corporation Counsel had mentioned, they're already identified by the, by the department, by the agency that they're no longer useful and appurtenant in their, for their operations. So they've already assessed in their mind that the value is zero or, and for reasons being either they're obsolete, they're broken, they're not working, or the current environment has yield them not necessary for their operations. And so they've identified in more cases than

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not that it's, it's not a, it's usually broken or obsolete, and they no longer have a value. And at that time, or it's extended its useful life, at that time they've assessed it to be zero. So by the time it comes to Finance, it's, it's a zero value they, they've ascertained it. But that doesn't mean, like you said, that there might not be another value to another organization it could be useful for. But understanding that there is, just so that the Council may understand, there is a huge volume of these kinds of equipment, and as much as we welcome your involvement, we just wanted to make known to you that it, it may require, what, what comes, what we see through the granting process is just, is just a fraction. Many of this doesn't go through that process and it's stored, so there is a volume, and this is something that you may want to think about if you, if you are desirous to be involved in the process. Thank you.

CHAIR PONTANILLA: Thank you. Corporation Counsel.

MS. FUJITA VILLAROSA: Mr. Chair, just for clarification, the language that Councilmember Victorino brought up regarding the report to Council. The language, that was deleted, was actually, because if you look at the old section it really only talks about disposal or selling of County property, and in the new bill, there's now other options that, you know, we're proposing in the bill, exchanging, granting. So the reason why we had to delete that language was because those aren't the only options anymore. There's actually more options, so the language currently, in the bill reads, "The Director shall file an annual report with the Council. The report shall contain a detailed statement of the Director's actions with reference to the disposition of any personal property." So, it's broader, actually this new language is actually broader and will, it requires that the annual report cover all disposition and that's set, you know, all the different methods of disposition that are set forth in the Maui County Code.

COUNCILMEMBER VICTORINO: Okay. Thank you for that clarification, Corp. Counsel, because again, you were deleting areas and I was very afraid that --

MS. FUJITA VILLAROSA: Yeah

COUNCILMEMBER VICTORINO: --that meant you didn't have to do that anymore. But thank you for the clarification. As you read it further down it does make it more clear. So thank you for that clarification.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Department? Member Mateo followed by Member Nishiki.

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COUNCILMEMBER MATEO: Thank you. And, Mr. Chair, your, your question to the Department is strictly on the bill that we're looking at, and because we do have the December 15th communication, can we ask them whether or not they had the opportunity of looking through it, to comment on it?

CHAIR PONTANILLA: Sure. Did you have an opportunity to review, the December 15th Memo?

MS. HAYASHI: Council Chair, yes we, I was provided, we were provided with a draft of that, and we are, we, we do feel that those are reasonable requests and have no objections to them.

CHAIR PONTANILLA: Okay.

COUNCILMEMBER MATEO: So the, the existing communication that was submitted to us by Director of Council Services has the four proposed amendments so your Department does not have any issues with the four issues?

MS. HAYASHI: No, we do not.

COUNCILMEMBER MATEO: Okay. Thank you very much. Thank you, Mr. Chairman, because I think, I think as referenced at the very beginning of the meeting, one of the areas that did bring up questions was the, was the issue on, on the grants. That would just be the need for us to actually clarify what that particular grant process would be. The other, the other item would be...and, and Ms., the Deputy responded, or recognized that an estimated, an estimation of value is in fact determined by an individual. And questions arise with that individual that the background, the training, whether it was based on fair market value, whether it was based on knowing it was, it could potentially go to an organization that the individual is involved in. There is always an assumption that, that could put that particular individual in, in a bad light. Also, Ms. Hayashi, you also indicated that the majority of the properties either old or obsolete, perhaps that is the norm, but this County also has a lot of equipment that is not old and is not obsolete. It has just gone through changes because of functionality primarily. So, there is equipment and furniture that does have a definite value on it. So, the fact that the Department is receptive to these changes, Mr. Chairman, I have no problems. I think that the changes just helps to strengthen it and, and provide that kind of clarification. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Mr. Nishiki.

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COUNCILMEMBER NISHIKI: I really wish you guys would tell me who this mystery group is that some of the things go to. Aloha who?

CHAIR PONTANILLA: Corporation Counsel?

MS. FUJITA VILLAROSA: Aloha Shares Network.

COUNCILMEMBER NISHIKI: Yeah, Aloha Shares. I mean, is this something that was done three Administrations ago and no...

CHAIR PONTANILLA: Excuse me, Mr. Nishiki.

COUNCILMEMBER NISHIKI: Uh-huh.

CHAIR PONTANILLA: In regards to that particular non-profit, Ms. Revels have pulled out the website and maybe she can provide us with some insights in regards to what that organization do. Without any objections, Members.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

MS. REVELS: Thank you, Mr. Chair. Aloha Shares Network is a program managed by Maui Recycling Group, Inc. Funding is currently provided by a grant from the County of Maui Department of Environmental Management. It says that ASN solicits donations of all kinds as long as they are in good, clean, working condition. Items that require mending, cleaning, or repair are not accepted for listing in Aloha Shares Network. The ASN mission is to keep good usable material out of Maui's landfill and get this material into the hands of our non-profits, churches, and schools and the community at large. We accomplish this by developing relationships with community non-profit organizations, churches, or schools registered in the State of Hawaii. Donations of materials are accepted from anyone . . .(end of tape 1A). . . government agencies. Recipients must be non-profit organizations if the donor requires a tax receipt. Further down on the webpage, it says there's no charge for services and that they can't pick up donations, they arrange for donations to be delivered directly to a non-profit agency. They're not stored in their, their facility.

CHAIR PONTANILLA: And their location?

MS. REVELS: They have a mailing address which is a P.O. Box in Kihei.

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CHAIR PONTANILLA: Thank you. Member Nishiki, go ahead in regards to your questions.

COUNCILMEMBER NISHIKI: Yeah. So they despite that what they, what the, they, they make no profit from any of these items that they accept? They go directly to a non-profit?

CHAIR PONTANILLA: Ms. Revels.

MS. REVELS: That is what the website says.

CHAIR PONTANILLA: And your question to Corporation Counsel.

COUNCILMEMBER NISHIKI: I'd like to find out who these people are.

CHAIR PONTANILLA: Okay. Fine. Corporation Counsel, you've got any more to add?

MS. FUJITA VILLAROSA: No. I don't.

COUNCILMEMBER NISHIKI: You guys don't deal with any personality at all. Kalbert, I find that hard to believe.

MR. YOUNG: Mr. Chair. Councilmember Nishiki, if I may. This particular grant, similar to other grants in the County, the Department of Finance doesn't select the grantee. In this particular case, my understanding is that, either the MIS Division, you know, the County's computer division and/or the Department of Environmental Management has selected this particular grantee as the most efficient and expedient entity to dispose of, you know, obsolete technical equipment, computer equipment. But the Department of Finance is not involved in selecting the grantee. We don't really have any interaction with the operations of the grantee. So, you know, I apologize that I can't provide you a little bit more background on the specifics of this entity. I, I, don't know if...I see representatives from the Environmental...Department of Environmental Management. I don't know if they would be familiar, if they were the actual awardee for the grant. But perhaps the more appropriate entity would, in the County would be the MIS Division, and I would also say that there are, there may be other entities or other grant arrangements in the County for non-computer tech equipment that are handled in the same fashion. And so as Ms. Hayashi mentioned earlier, the Department of Finance is currently under the existing ordinance charged with administering or handling the coordination of disposal of, of real and personal properties. The existing code is rather vague or outdated or

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it, at the very least it doesn't, our existing practices or historical practices doesn't conform to the strictest sense of the existing Code. So, what Corporation Counsel and Department of Finance would desire is just a revision to the existing Code to make it more clear in terms of how Department of Finance can go about disposing of these properties. What Ms. Hayashi mentioned earlier was that the Department of Finance in coordinating this disposal, we get, we get an inordinate amount of requests to dispose of old County property. And the existing code is very limited in terms of the means from which to dispose of that property. It's primarily through the auction route. And as we mentioned earlier that route is not the most efficient, and in fact it's so cumbersome and cost-ineffective to the point that what departments are doing are, they are storing a lot of these equipments. So the intent is only to make it a little bit more flexible, a little bit more clear in the Code. The communication from Council Services Director Fukuoka is totally on point and agreeable, in my opinion. In fact it would provide a little bit, a lot more benefit to the Department of Finance in terms of making it more clear on how to handle it. A lot of the suggestions actually we had intended to address in the form of administrative rules, but if the choices were to be given that it could be inserted in the Code itself we would more, be more than happy to take that route as well. And so on the original point about the different types of granting entities, you know, I would just want to point out that we're trying to be somewhat flexible and efficient in trying to clear out old equipment, and one other route is the establishment of, or a relationship with these granting entities. And I and I have no...it is, it is a more expeditious route that still conforms to the letter of the Code, but I am not familiar, to what degree the Council itself is apprised of the establishment of that relationship. I, I'm not, I, I just, I, I'm not saying that there isn't a communication to Council. I'm just not familiar enough what is that communication.

COUNCILMEMBER NISHIKI: Mr. Chairman.

CHAIR PONTANILLA: Mr. Nishiki.

COUNCILMEMBER NISHIKI: So, so we know where the electronic things are going and, and it is to, from what you understand the MIS that's dealing with them. Now you also mentioned to me that you've got a bunch of stuff that you don't know, even know how to deal with. And I don't know how long you guys have been accumulating this so-called stuff. And I don't consider it junk. So what do you have in your little museum? What do you have? I'm really curious.

MR. YOUNG: The best example that I can point to is the Old Wailuku Post Office, which I know the Administration and the Council has discussed at length for a number of years now. That building we don't occupy for office space, but the

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functional utility of that building is essentially a storage locker for the County. There is an immense amount, well first of all that building is about, somewhere around 20 to 30 thousand square feet. That entire building is being used to house old County furniture, equipment, some of which dates back to, you know, I, it could be the early '90s, late '80s. There's old cubicle, you got Wang computer systems in there, printers, you know, filing cabinets systems, it just, it runs the gamut. Anything that can be stored is basically being stored there and the County doesn't only have that Old Wailuku Post Office building. I am aware of departments that are actually renting space to store items that they would desire to dispose, but Department of Finance has not been able to dispose of it in accordance with the Code.

COUNCILMEMBER NISHIKI: Yeah.

MR. YOUNG: So, they're basically holding it in limbo.

COUNCILMEMBER NISHIKI: Yeah. And so, and so we are correct in, in so-called designating it a museum. The concern is, Mr. Chairman, as you've heard today and thank God that maybe we're moving ahead, is we're paying taxpayers money to store things. I think, I think, I think people that are watching would be totally upset at that and not accepting it. What you don't want to do and what we don't want to see you do, and, and, and is, now put it in the dump and take up more space in the dump. So, this is perhaps a good direction, but you need to get rid of this stuff, or whatever you doing at this so called location, and I am curious to see how much rent we're actually paying, Mr. Chairman, to store these things. I mean it's a little offensive to me. Thank you.

CHAIR PONTANILLA: Thank you. And what Mr. Young had indicated, you know, some of the departments, even for ourselves, you know, we store our stuff in closets and, and any space that we can find. I can direct you to one on this 8th floor if you want to, and these are like old desks from each of our offices, old cabinets, old chairs, yeah, we do have them on this 8th floor in a particular area. So, Members, any more questions for the Department? Member Medeiros.

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. And what we discussing here is mainly talking about computer or electronic equipment or any kind of disposal of County property?

MR. YOUNG: Well the, the ordinance, Councilor, is actually related to all types of personal property in the County. I would say that the biggest items that we frequently get requests for disposal though is in the area of computer equipment and furniture. And actually furniture not so much because County departments

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tend to use their furniture for probably beyond any real useful life. We're not, offices are not outfitted to be contemporary looking, but the computer equipments are rather frequent, right, because the useful life for a computer in the business world is somewhat less than five to seven years. So, we're constantly turning over equipment, computer equipment and they can't go into the landfill, so it is a trick or a problem or challenge to try to get these computer items off of the County books and still have some, you know, quality useful life to somebody. 'Cause they are useful to somebody out there.

COUNCILMEMBER MEDEIROS: But isn't it currently the procedure to dispose of County items, which I've been familiar with, is that the agency that has the item would fill up a form with the intention to dispose, have the justification, have the signature of the district holding that item, and the department heads sign off, and then dispose of it. So, why is it so difficult to dispose of what you're talking about?

MS. HAYASHI: Councilmember Medeiros, that is the process we are discussing. There is a form that comes to Finance and that actually, what that does is that is on paper tracks the physical control of the assets. And so, the paperwork we'll either add it to our books or remove it from our books. But that's only the paperwork. Now the, what we're talking about is the physical disposition, so the department or the agency may, may very well decide yes, it should go to auction or yes, it should be granted, or yes, it should go to the landfill. And it's, so all these agencies are doing that and we've, you know, we've been looking more at a, trying to make sure that we can feasibly, like you mentioned, not do the, not do disposition through landfill but in fact be able to do it through grants, through non-profits where there are other organizations that can use these, the equipment or the furniture, which we no longer can use, but they could definitely further extend their life, extend the life of that equipment and use it to their benefit, since it doesn't serve ours.

COUNCILMEMBER MEDEIROS: Okay.

MS. HAYASHI: So that is the one in the same process. It's just extending it to the physical disposition.

COUNCILMEMBER MEDEIROS: Okay, and, and I agree with that process. And what you're attempting to do. But following on Member Nishiki's, one of his concerns is, which I agree with, is when you start dealing with more expensive items such as vehicles or heavy equipment and so forth. There are those that can within the County give an appraisal value whether they're an appraiser or not, but that's their part of their work and what they do, and we have to be cautious because there is

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some verbiage in here that I bring to your attention. Property shall not be disposed in a manner that confers a special benefit to a County office or employee. And there's always that possibility that something would be given a lower value than it's worth, and then somehow it ends up with the person or some partnership that, that made that appraisal. So I think that we gotta be careful that that's, you know, thought about when we start disposing of things. I know you're talking about items that have lost their service value and so forth, but we shouldn't, I think Member Nishiki's concern is if we take it away from the purview of the County Council then you might end up with things that are of greater value than we talking about ending up in a way we don't want it to. And I don't know if you have any comments or any experience on that but in my 31 years I saw some of that.

MR. YOUNG: Counselor, I would say that, that's, that is actually one of the bigger challenges for the Department of Finance, because Ms. Hayashi and I, a lot of these disposal requests come directly to our, to our desk. We don't have people in Finance to, that actually physically goes out and inspects all of the attest value. So we do rely on the agencies when they put in. But we scrutinize requests for disposal to the point that it has to be reasonable on its face. So specifically on the items with like you're talking about big ticket items when it's in the area of heavy equipment or vehicles, there's typically only two types of methods for disposal in the County of Maui that we, that Department of Finance will authorize. And that is either trade-in value on the replacement of a new vehicle so that...and that, that is in the exchange section ordinance. But we are therefore relying on at the open market, if you will, when the, when a prospective bidder for a new vehicle that wants to provide a new vehicle to the County. They will offer a trade-in value for our, for our old vehicle. So we're not leaving it up solely to the discretion of a County employee. It's open to the open market. The other option for disposal could be, like they don't want to trade it in as a part of the replacement, they actually want to go out and try and sell it to get more money. They believe they can get more money in the sale rather than through the trade-in process, which is a legitimate method. The problem therein for Department of Finance is we have very limited options for effectuating that sale. We have used in the past the auction process as a sales method, but that auction process is actually in the Department of Environmental Management when they are auctioning off the Abandoned Vehicle Program. We, if they have room in the auction process we'll ask them to accommodate the County by auctioning off some other vehicles. But we don't, we have not had as far as, as long as my tenure of Finance Director a specific auction for specifically to sell vehicles or County equipment just for the purpose of disposing of property. And that is the reason why when it comes, a lot of these requests come to the Department of Finance operationally, we are very limited right now because that is the only method that is really acceptable under

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the current ordinance. The proposed ordinance would allow a little bit more flexibility in terms of opening up the avenues for disposal a little bit. And that's really all we're, we're really interested in trying and again the recommendations from Mr. Fukuoka are totally reasonable and realistic and they actually would be a benefit to the operations for disposal.

COUNCILMEMBER MEDEIROS: And I thank you for that. And right, I, I support trying to keep in use some of this equipment by offering to other agencies that can use them or repair and use them. Because I think we need to support our own direction of Reuse, Reduce, Recycle instead of sending it to the landfill. But, I, I will caution you that on the first option you mentioned about trade-in. That's where negotiations are made for benefit of certain few. So, you gotta be careful with that. That, it can be negotiated with a vendor to take the trade-in at a much lower market price and that it ends up with somebody that, you know, may have been connected with it, so. That's a part that's hard to monitor, but I can tell you that, that's one of the ways that, that occurs. So, but I support the idea of trying to get these light computer items, yeah to someone that can use it and not send it to the landfill. Thank you.

MR. YOUNG: Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions? Member Kaho`ohalahala.

COUNCILMEMBER KAHO`OHALAHALA: Thank you, Chair. I just wanted to ask about in the proposed language here there seems to be reference to property shall be granted pursuant to the grant agreement. So I'm just wondering what I'm hearing you say on one hand is that the processes have been limited, but on the other hand I also hear you saying that while you are trying to open up the process there is still connection between whose, whose property is being disposed of and what department has access to that equipment or property so that there seems to still be this oversight in connection to the department. Is that what the, this makes reference to? Because it would seem to me if you wanted to do it really fairly that there should be just one place for the disposition of all equipment rather than having it tied to specific departments that how, somehow seem to be connected in this process so you can't dispose of this, because this process is too cumbersome for one. Then you wanna add yours to theirs. So if we're looking at just disposition why wouldn't we look at process that makes all equipment available under some process that is no longer encumbered by the, by the specific department? Just your thought about that?

CHAIR PONTANILLA: Department.

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MR. YOUNG: Well, I would say that, the centralized concept right now in the Code and Charter is effectively the Department of Finance is this "centralized source". But every department, you know, we, we recognize every department has ultimate control and authority and accountability over all of their equipment. And, right now only to the extent that, as long as these departments can go through the administrative process to you get approval from Department of Finance to dispose, to dispose of their equipment. We've been trying to effectuate the code in that, in that means. Now, it would be better perhaps if there was some centralized agency that could control all of the acquisition and disposition of property. The Department of Finance currently under our existing resources cannot, cannot handle that. So we're currently operating under the, I guess the historical practice of how departments interact. All computers though, in the area of computers and vehicles, those have a little bit more comprehensive coordination, because all computers, at least on the executive branch side, are run through the MIS Division. So, even though a, you know, Department of Public Works or Department of Finance, we have computers they're actually not computers that are owned by our departments, per se,, they're actually owned and controlled by the MIS Division, and so MIS handles when these computers will be cycled out. They handle the acquisition, they handle the disposition as well. They work that process through Finance. Similarly, vehicles are also all centralized in that same manner through the Department of Public Works, Highways Division. They actually procure the vehicle. They maintain the vehicle. When it comes time to dispose of, whether by means of trade-in or request for sale, it's the Department of Public Works personnel that will work on that process through the Department of Finance. The things that are left though are the more complicated things in the sense that individual departments have to deal with it. And that would be in the area of furniture or office equipment other than computers, so filling cabinets, desks, and that sort. Those types of items, it is incumbent upon the individual departments to, when they come in, and they, if they want to dispose of it they have to come in and submit the paperwork themselves through the Department of Finance for approval. And so, it's in that last item, the furniture and equipment area that I think the, this ordinance was, would be particularly relevant. We're spending a lot of time talking about the computer and furniture aspects, 'cause those are the bigger ticket items, but there is a process already in place for those.

COUNCILMEMBER KAHO`OHALAHALA: Okay. And then in this proposed ordinance you are deleting the powers of the Mayor. So you're saying that all, all decisions would be discretionary to the Director of Finance then?

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MR. YOUNG: I, I would say in practice right now the, the Mayor has, really is not involved to the point where a review or approval of the disposal is value added. In fact the, even the review and evaluation at the Department of Finance level, as I mentioned, Ms. Hayashi and I, we, you know, when we get these requests for disposal we don't either personally or assign, go out and actually take a look at this stuff. We, you know, at the best we will audit or we will inquire on an audit basis, but there, there's the value added gets lower and lower, the higher and the higher you go up the food chain, I guess is what I'm saying. So, I, I don't think that the removal of this section with the power of the Mayor compromises the integrity of the County or the process for disposal of, personal property. And I think it just solidifies the existing practice with very little diminishing of, of oversight or control.

COUNCILMEMBER KAHO`OHALAHALA: Okay. And then by contrast of the sale of property in here it makes a, a statement that, that in order for this to occur that there needs to be waiver by the Council. So in the case of the sale of personal property then, what is the, the process of this coming before the Council?

MR. YOUNG: This, this, this part of the Code is actually not being changed from the existing, the existing process. Under my tenure I've never, I don't believe I've ever come before the Council asking for an authorization of a, a, a waiver of the auction process for sale with the exception of the Montana Beach discussion, you know, the, the when we, when we were initially thinking of selling just the building itself. My understanding of how that process would work is that we would, if there was an inventory of items that were desirous to be sold not through the auction process that a request by resolution would have to be proffered to the County Council for, to approve that. Again as far as I know I don't believe that, as far, as long as I've been Finance Director I don't believe the Administration has ever come forward in that process. And probably even before, you know, the years preceding my tenure; I don't think the County has ever done an auction of personal property.

COUNCILMEMBER KAHO`OHALAHALA: Okay. And then, Chair, just, just one more clarification because, Corporation Counsel, you said that, because one of the options that is being amended to is, is the ability to grant and you mentioned that in that regard that there's a separate section that, that oversees the, sort of the granting. Can you clarify or explain what you meant by that?

MS. FUJITA VILLAROSA: I think you might be referring to some statements that, Agnes Hayashi mentioned. But there is a separate section in the Maui County Code with regards to grants. I think it's 3.54, but that section has been, it doesn't specifically say so but that section has been used for social grants, you know, the

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grants that are approved by the Grants Review Committee of, under the Department of Housing and Human Concerns.

COUNCILMEMBER KAHO`OHALAHALA: Okay. So, your reference is that when you're looking at the granting as a procedure for the disposition your reference to that grant program, and how, how you, how are you connecting...

MS. FUJITA VILLAROSA: Yeah, I think you should ask Agnes cause I didn't, I didn't make that statement.

COUNCILMEMBER KAHO`OHALAHALA: Okay.

MS. FUJITA VILLAROSA: Yeah. I don't know what...

COUNCILMEMBER KAHO`OHALAHALA: I, I just want to clarify so I understand what granting means in this case and whether it's being tied to a grants process that's already in place.

CHAIR PONTANILLA: Ms. Hayashi.

MS. HAYASHI: Councilmember Kaho`ohalahala, what I was alluding to was that that particular guidance in the Maui County Code is not necessarily, as I recalled, not limited to social grants; however, it is utilized in that process. But it's, I don't believe that that specifically says it's, it's only for that purpose. And what I was alluding to was that it's established to provide guidance for granting. And it certainly could lend itself if the Council so desires, to, we could adopt those, that framework for the granting, certainly of equipment. What we do recognize is that the grant, grants are governed by a grant agreement and I think at minimum that is really key, because that specifies and, and outlines, the, the purpose of that grant, how that asset or is to be utilized and I think anything like that when there is a relationship with the, with a County agency and another partner in the organization, that is, that's really critical to have it specified, written in an agreement. But, I was alluding to that, that there, there is a process that's existing in the Maui County Code, and it certainly could lend itself, I haven't studied it to that degree but I could certainly lend itself, as I am familiar with the granting process to what I believe you were alluding to in terms of granting equipment.

COUNCILMEMBER KAHO`OHALAHALA: Okay. I, I think I understand what you're saying but that to me I just wanted some clarification because while you're looking for various methods in which to dispose, then when it comes to the grant where you will be granting an entity equipment or personal, personal disposition then, then you're saying that you would be able to use the grant processes that

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currently exist within other departments as your guiding premise in how you grant these. Or you're saying that if a person is already in a grants agreement that they would be somehow selected for preference for the, for the grant.

MS. HAYASHI: Well, if, if the Council so desires to, establish, you know, a dollar threshold for the granting purpose, all I'm saying is that there, we could certainly look to this guidance and we could, it's, it's, it's identified with a, it has a whole process outlined with the Grants Review Committee that outlines how grants are selected and the reporting requirements, and we could certainly...I guess what I'm trying to say instead of recreating the wheel and do everything all over again, it has guidance there that we could, as the Council desires to use all of it, some of it, you know, as you feel necessary. But that certainly is somewhere we could look to.

COUNCILMEMBER KAHO`OHALAHALA: Okay all I'm trying to establish is that that's the process that's currently in place to determine how an entity is granted . . .(end of tape 1B). . . if they are already a grantee does this now allow you by saying that you have the ability to grant also, uh, equipment, that they be given some kind of preference in this process for the granting because they are already determined to be a grantee.

MS. HAYASHI: That's...

COUNCILMEMBER KAHO`OHALAHALA: That's not the same.

MS. HAYASHI: No, no that's not . . .(inaudible). . . I'm, in, in the process I think you're, you're describing that is what Housing and Human Concerns uses and they've identified certain services that they're looking for. This is not, this is different in the sense that it's not the same service, it's not for the same, it's not fulfilling the same objective.

COUNCILMEMBER KAHO`OHALAHALA: Okay. I understand that. I just wanted to clarify because that's what I thought I heard is, in your discussion.

MS. HAYASHI: No, no. Thank you for the opportunity to clarify. That's not what I meant.

CHAIR PONTANILLA: Okay, Members, hopefully no, there's no more questions. . .(laughter). . . I think we beat this thing to death. Okay um if there is no objections the Chair would like to defer this item, then bring it back some time in January.

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COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: We'll do the amendment that was offered by our Director of Council Services, Mr. Fukuoka. And, we may have some more discussion in regards to a dollar value, like Member Nishiki had alluded to. So without any objections, Members, the Chair would like to defer this item.

COUNCILMEMBER MEDEIROS: Chair.

COUNCIL MEMBERS: No objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS (excused: GB and JJ).

COUNCILMEMBER MEDEIROS: Can, can, can I ask for one definition before we...

CHAIR PONTANILLA: Sure.

COUNCILMEMBER MEDEIROS: Thank you for the opportunity. I'm not sure if the word used was initiated by the Finance Department or Corporation Council, but inserted in the amendments and revisions and this, is the word "personal property", that replaced "such property". And I was wondering why "personal" was the word used? Because for me my understanding of "personal" is something pertaining to a person, a private individual, a single person, and to call County property, personal property, I just want to know what's the rationale behind that?

CHAIR PONTANILLA: Corporation Council.

MS. FUJITA VILLAROSA: Mr. Chair, it's actually a legal term...

COUNCILMEMBER MEDEIROS: Oh, okay.

MS. FUJITA VILLAROSA: Yeah, legally property is either real property or personal property.

COUNCILMEMBER MEDEIROS: Okay, so that's how it's used here. Thank you for that clarification. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Okay. Members, we'll defer this item.

ACTION: DEFER pending further discussion.

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CHAIR PONTANILLA: The next item is BF-61 Amending Fiscal Year 2010 Budget. Mr. Young, Ms. Hayashi, I think you got one more item right?

MR. YOUNG: Yep.

CHAIR PONTANILLA: So as soon as we take care of, of this one particular item then we'll call you again.

ITEM NO. 61: AMENDING FY 2010 BUDGET, APPENDIX A (DEPARTMENT OF PROSECUTING ATTORNEY) (C.C. No. 09-331)

CHAIR PONTANILLA: Okay. The next item is BF-61, Amending Fiscal Year 2010 Budget, Appendix A, Department of Prosecuting Attorney. The purpose of the proposed bill is to recognize an ARRA grant of \$72,000 for the Victims of Crime Act Program. The funds will go to three non-profit agencies in the community that provide services toward domestic violence and sex assault victims. Joining us this afternoon is Mr. Acob, our Department of Prosecuting Attorney. Mr. Acob, comments?

MR. ACOB: Thank you, Mr. Chair. So this, this request to amend the budget is just to reflect a grant amount that was received by the Department after the budget ordinance was passed for 2009-2010. That's basically it, received money and so we are asking for this amendment so that it reflects that.

CHAIR PONTANILLA: Thank you. Members, any questions for Mr. Acob? We're receiving money?

COUNCILMEMBER MOLINA Recommendation?

CHAIR PONTANILLA: Okay, the Chair's recommendation is for passage of the proposed bill entitled A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF FISCAL YEAR 2010 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO THE DEPARTMENT OF PROSECUTING ATTORNEY, VICTIMS OF CRIME ACT (VOCA) PROGRAM - ARRA on first reading and filing of County Communication No. 09-331.

VICE-CHAIR MATEO: Chairman, I move for the passage of the proposed bill on first reading including the filing of the communication.

COUNCILMEMBER VICTORINO: Mr. Chair, I second the motion.

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CHAIR PONTANILLA: Thank you. There's a motion by Mr. Mateo, second by Mr. Victorino. Is there any more discussion regarding this item? All in favor, please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed. Seeing none, motion is carried with seven ayes and two excused Member Baisa and Member Johnson.

VOTE:

| | |
|-----------------|---|
| AYES: | Councilmembers Kaho`ohalahala, Medeiros, Molina, Nishiki, Victorino, Vice-Chair Mateo, and Chair Pontanilla. |
| NOES: | None. |
| ABSTAIN: | None. |
| ABSENT: | None. |
| EXC.: | Councilmember Baisa and Johnson. |

MOTION CARRIED.

ACTION: FIRST READING of revised bill; and FILING of communication by C.R.

CHAIR PONTANILLA: Members, you guys want to go directly into the third item or you guys want to...

COUNCILMEMBER VICTORINO: Yeah. Let's go ahead. Let's finish up.

CHAIR PONTANILLA: Okay. Good.

ITEM NO. 57: AMENDING FY 2010 BUDGET AND GENERAL OBLIGATION BONDS ORDINANCE (COUNTYWIDE SOLID WASTE PROCESSING) (C.C. No. 09-310)

CHAIR PONTANILLA: Our final item this afternoon is BF-57, Amending Fiscal Year 2010. Oh, Mr. Acob, thank you very much. Amending Fiscal Year 2010 Budget and General Obligation Bonds Ordinance (Countywide Solid Waste Processing). The purpose of the revised proposed bill is to change the title of the Material Recovery Facility Project to Countywide Solid Waste Processing and increase the appropriation by \$500,000 making the total appropriation of \$1.5 million and to increase the authorization for the issuance of general obligation bonds to include the funding of the project. The increase of the \$500,000 in the appropriation is

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due to the Fiscal Year 2009 funds not being encumbered by December 31, 2009 deadline. So at this time, the Chair would like to call on Director Okuma for some comments.

MS. OKUMA: Thank you, Committee Chair Pontanilla, Committee Members. Basically we're here today to also broaden the description in terms of this project, which is right now Material Recovery Facility, we wanted to be able to broaden it to Countywide Solid Waste Processing to more reflect what we're doing in support of the recommendations of the integrated Solid Waste Management Plan. I believe that I have been here before this Council to speak to this 25 acre purchase which is adjacent to the Central Maui Landfill and thank you to the Council in Fiscal Year 2010, you did fund the purchase, the money in order for us to purchase. So, what I wanted to be able to say is that we have opened negotiations with Alexander and Baldwin, but in order for us to be able to continue it's important for us to be able to expend the money to do such things as surveying and final subdivision approval. For example, we went through this experience, this very similar process when we did the purchase of Phase V Central Maui Landfill, which we were able to accomplish last year. And I just want to say that what we've handed out to you is a conceptual map, a conceptual map only, not to scale, that indicates what currently is Central Maui Landfill, and adjacent to that is the 25 acres that we have identified for purposes of the negotiation that sits along Pulehu Road. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for the Director at this time? Member Mateo followed by Member Medeiros.

VICE-CHAIR MATEO: Chairman, thank you very much. And I guess just for clarification purposes because I thought that the, this is a, this is a request that goes beyond the initial appropriation the \$1 million; this is an additional 500,000 being requested?

MS. OKUMA: Yes, that's correct because we anticipate that in order to go through this process of being able to complete the negotiations, complete the purchase, go through land use entitlements, environmental assessments, special use permits, County special use permits, we anticipate that it's gonna be well beyond the \$1 million that was appropriated. The \$1 million was for purchase price, estimated purchase price and anything else that we needed. So we already know that we're going to be well beyond that \$1 million.

VICE-CHAIR MATEO: So, where in the scheme of things does the MRF actually end up?

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MS. OKUMA: Okay. This property when we completed the Integrated Solid Waste Management Plan, it talked about a centralized solid waste area where we would have the ability to look at a variety of solid waste facilities including the Material Recovery Facility or the MRF that you are referring to. It could also, the property could also be used for a construction and debris material recovery facility, as well as for centralized maintenance baseyard for both landfill and refuse, as well as a facility for household hazardous waste. That that came out in our Integrated Solid Waste Management Plan, but speaking to the MRF I believe that I have been here before the Council, 'cause the MRF from what I understand and can tell from the documentation, has been on the minds of the County, or the mind of the County for a very long time, and so where we are in that process right now is we are awaiting a consultant report that will give us a variety of options in terms of how we might procure for MRF, which runs from private to public, or public/private partnership. You know there's, there's a variety of ways it can be looked at. I had thought that report would be finalized in October; I think that's what I had reported. That report is a little bit delayed and I'm now told that it, it will be expected some time towards the end of January. But potentially yes, that facility could end up on that 25 acres.

VICE-CHAIR MATEO: Okay. So, so essentially though when the Department came and requested the funds that was specifically for, property, properties to construct the MRF?

MS. OKUMA: It was property, the \$1 million was for property to be able to purchase the property, the price to purchase the . . . *(inaudible)*. . .

VICE-CHAIR MATEO: It was just for acquisition?

MS. OKUMA: The acquisition. But we also do, did end up with some, money for preliminary work, in order to look at the variety of options in terms of how we could go out with respect to a MRF. And some of, some of that timing is the way it is, because as you might recall we, we actually pulled out of the Puunene property. You recall when, when I actually first came on board, that was a property the County had been looking at, but there are a number of, what I considered issues that wouldn't be in the best benefit, interest of the County to pursue. And I believe I reported on that last, this year, several months ago.

VICE-CHAIR MATEO: Okay. And I also, I also read that you would be or you've already started apparently the, the master planning for, for the properties already.

MS. OKUMA: We haven't.

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VICE-CHAIR MATEO: Is this...

MS. OKUMA: No we, I'm sorry. We haven't started the master planning. That's what we know we would like to do, especially in light of the Integrated Solid Waste Plan that we reported in February, so we know that that's one element that we will need to do to see, what are the different facilities we're looking at, where, where could they be sited on the available property that we have around Central Maui Landfill. Hopefully that will include that 25 acres too. Hopefully we can negotiate the purchase of that.

VICE-CHAIR MATEO: Then, Madam Director, would you have an idea then what kind of, what kind of timetable we're looking at, so that these 25 acres that we've virtually land banking is going to be incorporated into the, the entire master plan that you may have with the landfill?

MS. OKUMA: Okay. Well we're hoping that the master plan we're going to be able to do assuming we can get the funding for it in the upcoming near future. But in terms of the overall process when you're talking about master planning and doing preliminary engineering reports that are going to be, need to be done for the variety of facilities, if you include the environmental assessments that need to be done. If you include the fact that we also need to go for State Special Use Permits and County Special Use Permit that will, that whole process by itself, I mean there's a, there's a whole bunch of things that need to go along in that, will take us into 2012, 2013, in order for us to get all those land entitlements in place, you know, environmental assessments and all of that. That's, that's our best conceptual timeline at this point.

VICE-CHAIR MATEO: Thank you. And would you have an idea then since you've already been in discussion with, with the landowner for the 25 acres, what the purchase price may be?

MS. OKUMA: Well, we haven't started the negotiations because one of the things we know we need to do is initiate a survey, and I know that we will not be able to finalize negotiating terms and conditions of a purchase sale agreement until we get a final subdivision approval. We learned that from having gone through Phase V, so we cannot close the deal until some of those things occur, and as you may, I don't know if you may recall this but when we went through the Phase V purchase, between the time that we were actually able to finalize the negotiations on terms and sale, on the terms and conditions of a purchase and sale agreement, we still were not able to, at that point in time, have final subdivision approval. Actually took us several more months through the end of last year. And so they conditioned the purchase and sale agreement on our ability to be able to finalize,

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get final subdivision approval and record the map. 'Cause they needed the actual description of the property, so I'm sorry I didn't know if I answered, answered the question. But that just kind of speaks to the process that it was, it was a little bit fluid, but we did, I just want to let the Council know that we will be back before you again to be able to explain all of this, 'cause we're going to need your approval on, on anything we do in terms of this negotiations. But we can't at this point begin anything more in the negotiation because Alexander and Baldwin wants to start the surveying and wants us to start working on getting subdivision, final subdivision approval.

VICE-CHAIR MATEO: So the additional funds to do the survey et cetera, that is going to be done with monies that you are requesting --

MS. OKUMA: Yes.

VICE-CHAIR MATEO: --now?

MS. OKUMA: Yes.

VICE-CHAIR MATEO: The \$500,000?

MS. OKUMA: Correct and...

VICE-CHAIR MATEO: So the \$1 million you already have is that what you're anticipating the cost of the property?

MS. OKUMA: No, no, and I just want to say that I don't, I hesitate to say anything publicly because we haven't gone into those negotiations yet. And...

VICE-CHAIR MATEO: So why are you here?

MS. OKUMA: Because I have...

VICE-CHAIR MATEO: If you haven't gone into negotiations you're asking us to give you another half a million dollars. You don't even know what the cost may be at this point. You're going to be working on a master plan that may take years. So...

MS. OKUMA: Well because I had understood that even to expend the 1 million we needed to be before you too.

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VICE-CHAIR MATEO: The original intent was so that you would be developing a MRF on, on County properties. And apparently the MRF is an apparent dream at this point.

MS. OKUMA: No, no the MRF is still moving, moving forward. As I mentioned, we are waiting for the report to be finalized end of January, but as I mentioned with the Integrated Solid Waste Plan that had also come into place, during this time that the County had been looking at a MRF which I understand goes back about ten years or so, we're now looking at something a lot broader in terms of solid waste facilities and not just a MRF, but a construction and debris MRF, or a household hazardous MRF, or/and centralized maintenance baseyard for landfill and refuse. And so this is what's come out of the recommendations of the Integrated Solid Waste Plan to be able to support the future efforts of a solid waste basically.

VICE-CHAIR MATEO: Thank you, Madam Director. Thank you, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Member Medeiros.

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. And, Director, I just, Chair Mateo kind of addressed some of the questions I had but I just wanted to follow up on one of them. Because in the description it says, the purpose of changing the project title from Material Recovery Facility to Countywide Solid Waste Processing. What was the purpose of that? The change?

MS. OKUMA: The purpose, the purpose of it was basically because we realized that we needed to look a lot more broadly in terms of solid waste facilities. As I mentioned, the County had only been focusing on the Material Recovery Facility from what I can tell going back about ten years. And when I stepped into this Department I knew, I understood that there was an effort at Puunene. Now in the meantime, the Integrated Solid Waste Plan was, underway and, and the Council got the final report in February, and the recommendations from that was basically, yes, it would include, include the MRF, in terms of a centralized solid waste area but also look a little broader than that. Look at the potential of having centralized maintenance, baseyard, household hazardous facility, construction and debris, demolition Material Recovery Facility, as well as a Material Recovery Facility.

COUNCILMEMBER MEDEIROS: So, so the, the definition for the use of this money has broadened considerably because another part says Countywide Solid Waste Processing Project. Now that, that would be everything that you're considering would be located at the Central Maui Landfill 25 acres?

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MS. OKUMA: Yes. Yes, and basically this fits the reality of where we are today because time did not stand still for us. I mean time did not stand still because the Integrated Solid Waste Plan had basically come out of this, you know, process after, after a year or two years.

COUNCILMEMBER MEDEIROS: Okay. And then finally I think what Council Chair Mateo asked to is, so the \$1 million itself, because you haven't started negotiations yet and, and you don't want to be given anything outright now as far as what the potential acquisition cost would be, the \$1 million is gonna, try to go that, for that purpose. And the 500,000 is going to go toward the other parts of the plan.

MS. OKUMA: Right. We needed to have the flexibility in order to be able to draw on the funds, in order to be able to move this, this big project forward. Yes.

COUNCILMEMBER MEDEIROS: And the purchase would be for the entire 25 acres all at once, not in phases?

MS. OKUMA: Yes, all at once. Correct.

COUNCILMEMBER MEDEIROS: Okay. Thank you, Director. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Department? If not the Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation.

CHAIR PONTANILLA: The Chair's recommendation is for passage of the revised *[sic]* proposed bills entitled A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2010 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES, COUNTYWIDE, SANITATION, COUNTYWIDE SOLID WASTE PROCESSING, TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS, AND TOTAL APPROPRIATIONS.--this is for operating and capital improvement projects--and A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3649 (2009) RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI; and filing of County Communication No. 09-310.

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COUNCILMEMBER VICTORINO: Mr. Chair, I move for the passage of the proposed bill and, the proposed bill referred in paragraph two of the above on first reading and the filing of County Communication No. 09-310.

COUNCILMEMBER MEDEIROS: Mr. Chair, I second the motion.

CHAIR PONTANILLA: Has been moved by Member Victorino, second by Member Medeiros. Members, any more discussion? If not all in favor please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any noes?

VICE-CHAIR MATEO: No.

CHAIR PONTANILLA: Seeing one. Motion is carried with one...six ayes, one no, two excused, Members, Baisa and Johnson. Motion is carried.

| | | |
|--------------|-----------------|---|
| VOTE: | AYES: | Councilmembers Kaho`ohalahala, Medeiros, Molina, Nishiki, Victorino, and Chair Pontanilla. |
| | NOES: | Vice-Chair Mateo. |
| | ABSTAIN: | None. |
| | ABSENT: | None. |
| | EXC.: | Councilmember Baisa and Johnson. |

MOTION CARRIED.

ACTION: FIRST READING of bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2010 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES, COUNTYWIDE, SANITATION, COUNTYWIDE SOLID WASTE PROCESSING, TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS, AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS"; FIRST READING of revised bill entitled "A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3649 (2009) RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI"; and FILING of communication by C.R.

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CHAIR PONTANILLA: Members, that's all we have for this afternoon and the Chair would like to thank you for being here this afternoon. Department, thank you for being here, Corporation Council, Budget Director, and Staff. Thank you for supporting the Committee again. At this time the Budget and Finance Committee meeting is now adjourned. . . .(*gavel*). . .

ADJOURN: 2:58 p.m.

APPROVED:



JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:091215:cb

Transcribed by: Cynthia Los Banos

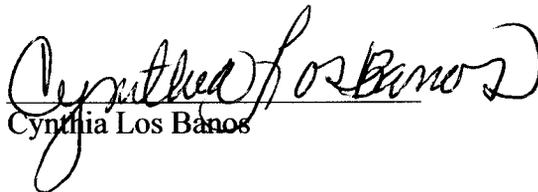
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CERTIFICATE

I, Cynthia Los Banos, 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 this 7th day of January 2010, in Wailuku, Hawaii.


Cynthia Los Banos