

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

September 28, 2010

Council Chamber, 8th Floor

CONVENE: 1:32 p.m.

PRESENT:

Councilmember Joseph Pontanilla, Chair
Councilmember Danny A. Mateo, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Jo Anne Johnson, Member (in 1:33 p.m.; out 3:05 p.m.)
Councilmember Sol P. Kaho`ohalahala, Member (in 1:42 p.m.)
Councilmember Bill Kauakea Medeiros, Member
Councilmember Michael J. Molina, Member
Councilmember Wayne K. Nishiki, Member (in 1:33 p.m.; out 3:05 p.m.)
Councilmember Michael P. Victorino, Member

STAFF:

Gayle Revels, Legislative Analyst
Yvette Bouthillier, Committee Secretary

ADMIN.:

Frederick Pablo, Budget Director, Office of the Mayor
Agnes Hayashi, Deputy Director, Department of Finance (BF-93)
Tamara Horcajo, Director, Department of Parks and Recreation (BF-91, BF-93)
Wayne A. Boteilho, Deputy Director, Department of Transportation (BF-94)
Adrienne N. Heely, Deputy Corporation Counsel, Department of the Corporation
Counsel
Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel
(BF-93)

OTHERS:

Item 93: Ted Yamamura, SRA, R/W-AC, Executive Vice President, Certified
General Appraiser, ACM Consultants, Inc.
Item 94: Sandy Baz, Chief Executive Officer, Maui Economic Opportunity, Inc.

PRESS:

Akaku: Maui Community Television, Inc.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee meeting is now in session. The date is September 28, 2010. The time is 1:32 p.m. Good afternoon, Members. At this the Chair would like to introduce the Members that are here. We do have our Vice-Chairman of the Council, Member Molina.

COUNCILMEMBER MOLINA: Good afternoon, Chairman.

CHAIR PONTANILLA: Member Baisa.

COUNCILMEMBER BAISA: Good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. Member Medeiros.

COUNCILMEMBER MEDEIROS: Aloha and good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. Our Council Chair, Member Mateo.

VICE-CHAIR MATEO: Good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. And Member Victorino.

COUNCILMEMBER VICTORINO: Aloha and good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. Excused at this time are Members Johnson, Kaho`ohalahala and Member Nishiki. We do have personnel from the Administration: from Corporation Counsel we have Deputy Corporation Counsel Adrienne Heely; our Budget Director, Mr. Fred Pablo and our Parks Director, Ms. Tamara Horcajo.

MS. HORCAJO: Good afternoon.

CHAIR PONTANILLA: Hi, and joining us at this time are Members Nishiki and Johnson. Supporting the Committee or Committee Staff, we do have our Committee Secretary, Yvette Bouthillier and our Legislative Analyst, Gayle Revels. And I think this is Gayle's last meeting on the public, public, Budget and Finance Committee.

AUDIENCE: ...*(Applause)*...

CHAIR PONTANILLA: Publicly I'd like to thank Gayle for the services that you provided this Committee the last four years. Thank you very much.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

AUDIENCE: ...(*Applause*)...

CHAIR PONTANILLA: Okay, Members, we have three items on the agenda but before we go into those items, we do have public testimony. For those of you that are providing public testimony this afternoon, you have three minutes to provide your testimony, one minute to conclude and if you can state your name and the organization that you represent, the Committee would appreciate that. And if, I'd like to remind everyone to turn off your cell phones or put it on the silent mode. Thank you. First person to sign up for public testimony is Sandy Baz. Sandy is the CEO for Maui Economic Opportunity. Sandy?

...*BEGIN PUBLIC TESTIMONY*...

MR. BAZ: Good morning or good afternoon I guess, Budget Chair Pontanilla and Budget Committee Members. My name is Sandy Baz and I am CEO for Maui Economic Opportunity and I am very pleased to be here to testify again to you today regarding Budget and Finance Item No. 94, amending Fiscal Year 2011 budget revenues, fees, rates, assessments and taxes. Your opportunity here to review and, and decide on daily bus passes is something that has come up in a number of community meetings and discussions that I have had with our clients and things. And they really would desire this daily bus pass. Our seniors especially that are, that were used to ride in the bus in the free areas and now they're getting charged a dollar per route, you guys have heard it throughout the community as well but every time they get on and off the bus it's a dollar, right, on the bus I suppose so and if they go to the Wharf Center they have to get off. And so when they, they get back on they have to be charged another dollar. So, a daily bus pass will go a long way towards that effort of providing them with an opportunity to be able to ride the bus for the two dollars per day, I know other jurisdictions use transfers that are good for a certain number of hours and things like that. But I think for our system in its infancy still this will work out well. As the ADA paratransit provider we're gonna be able to integrate this into what we do as well, so just wanted to support that initiative, and just, you know, continue looking at this and maybe for the next year as we heard in different committees with the desire for a disabled transportation pass as well might something to look at in the future. So thank you, Budget Chair, for reviewing this item so quickly and I look forward to implementing this when it's applicable. And I just wanted to give my thanks also to Gayle Revels; she's been great for the community as well being Council Services Staff, so I appreciate that. Thank you.

CHAIR PONTANILLA: Thank you. Members, any question for Mr. Baz at this time?

COUNCILMEMBER VICTORINO: Chair? Chair?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

CHAIR PONTANILLA: Member Victorino?

COUNCILMEMBER VICTORINO: Yeah. And thank you, Sandy, for, for coming today. You know, I'm reading that, you know, this is a proposal to provide a two day, two day...excuse me, two dollar daily bus pass. That's the proposal?

MR. BAZ: Correct.

COUNCILMEMBER VICTORINO: And we still, you know, and, and I, I thought we had and I guess maybe something that we need to ask the Administration afterwards. I thought we were looking to get monthly passes for these people where, you know, somebody pay \$20 for the month and you know unlimited use.

MR. BAZ: There are monthly passes available.

COUNCILMEMBER VICTORINO: Okay.

MR. BAZ: They are different rates for youth --

COUNCILMEMBER VICTORINO: Right.

MR. BAZ: --and seniors --

COUNCILMEMBER VICTORINO: Okay.

MR. BAZ: --and then there are also different rates for the villager routes, which are internal to like Kahului --

COUNCILMEMBER VICTORINO: Right. Right.

MR. BAZ: --Wailuku, Kihei, and Lahaina --

COUNCILMEMBER VICTORINO: Right.

MR. BAZ: --and then the system wide route --

COUNCILMEMBER VICTORINO: Okay.

MR. BAZ: --is a little bit more expensive.

COUNCILMEMBER VICTORINO: Okay. So...

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

MR. BAZ: Those passes exist as a monthly pass.

COUNCILMEMBER VICTORINO: So, this should be for somebody, example myself if I decided I going catch the bus today. And I wanted to go to Kahului from Wailuku and then maybe then come back to Wailuku and then go back to Kahului, so in other words for that day I pay two dollars and I can whatever the bus pass does, right?

MR. BAZ: However many stops you wanted --

COUNCILMEMBER VICTORINO: You needed to go.

MR. BAZ: --that, that day. What happens is a senior, they may only go out once a week, so a monthly pass is not really economical to them, but if they go out once a week and they're gonna make five stops on that one day, then, you know, it's, would normally would be six dollars where this would be two dollars, so, that would be great.

COUNCILMEMBER VICTORINO: And so would this also include, and you mention the paratransit which, you know, I know your, your, you know, MEO's be taking over. Would this also be applicable to the caregiver for that purpose when the caregiver goes with the patient and, you know, they're going to make multiple stops, so this two dollar could be purchased by the caregiver, to do that?

MR. BAZ: That probably a question for the Administration, I'm sure it'd be the same as what's applicable now.

COUNCILMEMBER VICTORINO: Right. Right, right, okay. Okay, thank you, Sandy, thank you for the explanation. Thank you.

CHAIR PONTANILLA: Thank you, Member Victorino. That's something that the Chair is gonna also recommend --

COUNCILMEMBER VICTORINO: Okay. Good.

CHAIR PONTANILLA: --about the ADA riders --

COUNCILMEMBER VICTORINO: Okay.

CHAIR PONTANILLA: --that don't have the monthly passes, that they can for two dollars for, you know, utilizing the transportation system.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

COUNCILMEMBER VICTORINO: Thank you, Chair.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. And thank you, Sandy, for being here this afternoon. If I remember correctly during the budget session, when we spent a lot of time talking about proposals on bus fairs and we went to a lot of meetings and we had a lot of testifiers, and I think they were all suggesting this two dollars fare and that they felt it was fair. I just want to be sure that we have the support of the seniors and has, have you had a chance to discuss this with the PNC?

MR. BAZ: I have not a chance to discuss this with the PNC. We did talk with Lahaina seniors about it. Mayor's Budget hearing was out in Lahaina, about a week and half ago and that's when she had brought it up as that she brought forward to Council for approval. The seniors over there overwhelmingly were in support of it.

COUNCILMEMBER BAISA: Okay, very good, 'cause I think that's what they were asking for in the last budget session and it sounds like a better plan than a dollar every time you board depending how many times you board, and I think seniors try to make it a trip into town and then they go to four or five places, is that what happens?

MR. BAZ: Yes, generally that's what happens is that they consolidate their activities, transportation activities into one day or two days a week, and so this will help them a lot.

COUNCILMEMBER BAISA: Okay, thank you very much.

CHAIR PONTANILLA: Thank you. Members, any more questions for Mr. Baz? Seeing none, thank you again.

MR. BAZ: Thank you.

CHAIR PONTANILLA: Mr. Baz was the only person signed up for public testimony. Is there anyone else that would like to provide public testimony at this time? Seeing none, if there's no objections the Chair would like to close public testimony.

COUNCIL MEMBERS: No objections.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

CHAIR PONTANILLA: Thank you.

...END OF PUBLIC TESTIMONY...

BF-91: AMENDING FY 2011 BUDGET, APPENDIX A, GRANT REVENUE (DEPARTMENT OF PARKS AND RECREATION, STATE OF HAWAII - WAR MEMORIAL STADIUM)

CHAIR PONTANILLA: The first item on today's agenda is BF-91, Amending Fiscal Year 2011 Budget, Appendix A, Grant Revenue (Department of Parks and Recreation, State of Hawaii - War Memorial Stadium). The purpose of the proposed bill is to receive funds from the State of Hawaii that has been appropriated for plan designs, construction, and equipment for a new public address system and scoreboard at the War Memorial Stadium in Wailuku, Maui, Hawaii. At this time I'd like to call on the Parks Director, Ms. Horcajo, for opening comments.

MS. HORCAJO: Thank you very much, Chair Pontanilla and Members of the Budget Committee. We're very glad to be here today to hopefully amend the budget to accept money from the State of Hawaii. We did have our Department, had assistance from Senator Shan Tsutsui to put some funding in the State budget to assist our County with a new PA system, and hopefully there'll be enough money to either fix or replace the scoreboard. If you've been to our football games, MIL, Pop Warner, any of the games at the Stadium you'll understand why a new PA system is greatly needed in order to understand what's going on, on the field and in case of emergency we very much need to replace our PA system. So we're hoping that you can support us in finding an avenue to accept these funds so that we can begin the process to have a new equipment in our stadium. Thank you.

CHAIR PONTANILLA: Thank you. Member Victorino?

COUNCILMEMBER VICTORINO: Thank you, and thank you, Ms. Horcajo, and I want to thank Senator Tsutsui for helping assisting us. A 150,000 is the amount that we're looking at, is that correct?

MS. HORCAJO: I believe it's 145,000 in the State appropriation. I believe that we put 150 as the request in case that amount can go a little higher if our bids come in a little bit higher.

COUNCILMEMBER VICTORINO: Okay, okay. So in other words we are...they have a commitment of 145?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

MS. HORCAJO: They have a commitment of 145.

COUNCILMEMBER VICTORINO: 'Cause the, the ordinance showed 150 that's why, so.

MS. HORCAJO: That is correct.

COUNCILMEMBER VICTORINO: Okay, okay. And so the first priority would be the sound system, and then anything left over we look at the scoreboard and we either changing or doing some real dire need improvements on it, yeah?

MS. HORCAJO: That's correct, and we are hoping to get additional support as needed, as soon as we get the scope out and we'll need to advertise for bid. We'll have a better idea of the cost of the project, but first we have to make sure that the Council approves the appropriation.

COUNCILMEMBER VICTORINO: Well that's great, I mean I think, you know, the War Memorial Stadium is a heavily used stadium, and I'm glad that the State putting in some money, because the State is one of the biggest benefactors, all the high school football games, many of the soccer games are held in the stadium. And, you know, that is one of the bigger benefactors, and I would hope, Mr. Chair, that if there's more money needed that somehow, someway we could come up with the difference, because it is supposed to be one of our gems as far as playing facilities and whether you're talking Pop Warner on up to college football, that's the stadium that they play in. And, and soccer inclusive also and then track and field. And that is where all the main track and field events are held throughout the County of Maui. So, then that's another one you add to the high school. So, that field is heavily used for many venues, and the State is the direct benefactor, if I'm correct, right, Ms. Horcajo?

Ms. HORCAJO: That's correct, we are a partner with the State. Thank you.

COUNCILMEMBER VICTORINO: Okay. Good. Well I thank you very much, and I hope that we can, we can do more. But thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. If we can have a major league baseball team sponsor or maybe one NFL team sponsor, that would be nice.

COUNCILMEMBER VICTORINO: Now that's getting a little heavy on that one.

CHAIR PONTANILLA: Mr. Victorino?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

AUDIENCE: ...*(Laughter)*...

COUNCILMEMBER MOLINA: Phillies, Phillies.

COUNCILMEMBER VICTORINO: Well, I have to go to Iron Maehara now.

CHAIR PONTANILLA: Members, any more questions for the Department?

COUNCILMEMBER VICTORINO: Thanks a lot, yeah.

CHAIR PONTANILLA: Seeing none, before I call for the question I'd just like to recognize the presence of Member Kaho`ohalahala.

COUNCILMEMBER KAHO`OHALAHALA: Aloha, Chair.

CHAIR PONTANILLA: Members, if there's no objections, the Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation.

CHAIR PONTANILLA: Thank you. The Chair's recommendation is to pass on first reading, "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2011 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART I, GRANT REVENUE - SCHEDULE OF GRANTS BY DEPARTMENTS AND PROGRAMS, DEPARTMENT OF PARKS AND RECREATION, STATE OF HAWAII", and filing of County Communication No. 10-203.

VICE-CHAIR MATEO: Mr. Chair, I move for the passage of the proposed bill on first reading as you had so read or recognized, and this includes the filing of the communication as well.

CHAIR PONTANILLA: Thank you.

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

CHAIR PONTANILLA: It's been moved by Member Mateo, second by Member Victorino. Members, any more discussion? Chair would just like to thank Senator Tsutsui for his support in funding \$145,000 from the State of Hawaii to do some maintenance work at our War Memorial Stadium. So all in favor of the motion, please say "aye".

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Seeing none, motion is carried, nine ayes, zero noes. Thank you.

VOTE: **AYES:** **Chair Pontanilla, Vice-Chair Mateo, and Councilmembers Baisa, Johnson, Kaho`ohalahala, Medeiros, Molina, Nishiki, and Victorino.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **None.**

MOTION CARRIED.

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

ITEM NO. 93: AMENDING FY 2011 BUDGET, APPENDIX A, SPECIAL PURPOSE REVENUE (OPEN SPACE, NATURAL RESOURCES, CULTURAL RESOURCES, AND SCENIC VIEWS PRESERVATION FUND, WAIEHU BEACH PARK)

CHAIR PONTANILLA: The next item is BF-93 Amending Fiscal Year 2011 Budget, Appendix A, Special Purpose Revenue (Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund, Waiehu Beach Park). The purpose of the proposed bill is to amend the budget by adding an \$81,000 proviso for land acquisition at Waiehu Beach Park in Wailuku, Maui, Hawaii. Also attached is a proposed resolution to authorize the purchase of the oceanfront parcel on Lower Waiehu Beach Road comprising approximately 1.65 acres. Members, before I call on Ms. Horcajo for comments, in the audience we do have Ted Yamamura if you have any questions, he's the Executive Vice-President of ACM Consultants that did the appraisal. So at this time, Ms. Horcajo?

MS. HORCAJO: Thank you very much. The Department is pleased to recommend or hope to recommend the purchase of the Waiehu Beach Park property. I did submit for your information a map that shows the location, however, I believe that everyone on this Council is probably very familiar of this location, it's a favorite fishing spot, surfing spot, area to read your book, walk your dog and walk along

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

the beach. The proposal is for 1.65 acres, I think you had indicated, and the purchase price from the Open Space Fund is \$75,000. We believe that this is a very excellent deal for our community and for our County to be able to purchase this property as on both sides of this parcel are already managed by the, the County of Maui. This parcel also has been under the management of our Department for about 40 years already, and the appraisal price came in at \$344,000. So we feel that this is a really good opportunity for our community to have access to the shoreline, to the beach for recreation activities, and believe that it falls well within the Open Space Fund categories, and be happy to answer any questions.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Thank you. Members, I'm going to call on Member Johnson since she head the Parks Department Committee, and Member Victorino right after that. Member Johnson?

COUNCILMEMBER JOHNSON: Yeah. And I, you know, I don't have questions for Ms. Horcajo, but I just wanted to for the benefit of those Council Members that were not here and not everybody has always been on my Committee. But, very early on when C. Brewer many years ago was actually offering, this particular property it was offered as a part of a larger number of holdings, and the Council, Mr. Chair, had actually and I think you were part of my Committee as well. We had passed a resolution actually encouraging the Administration at the time to acquire this, and for whatever reason, I think the Council at that point in time, you know, it came from our Committee but I think there were other things that were included that perhaps not everyone agreed with and we could never move forward with this. But, I have had an opportunity to look at this issue for a number of years and I think it's important as an asset, and it certainly fits in with the existing Parks program. So I wholeheartedly support it, and I think that the price is fair given what the market is right now, and I, I'm behind this 100 percent. Thank you.

CHAIR PONTANILLA: Thank you. And, Member Johnson, I do recall we had some great opportunities way back when. Member Victorino?

COUNCILMEMBER VICTORINO: Thank you. And unfortunately opportunities never knock twice, but I guess in this case we have a second chance at it. So, with that said I've been down there many times and I know the area very well. But, I want Ms. Horcajo and the rest of the Council Members to understand that there's a line being drawn out, you see that dark black line, and that dark black line was the original coast line. It's an eroded area that is eroding very quickly; if you go to

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

the far or I guess go to where that line is at the top of that property above the number. You see some asphalt, that used to be a park, I mean a parking lot and they used to be if I remember correctly a pavilion, tables and all that. Now that's all been washed in, okay, if you go down there right now, the, that the water is eroding the parking lot now, okay. Just so that everybody sees that, this \$81,000 or 75,000 is a great deal, but we're not getting all of what we, you know, it says here because of the fact of erosion, okay. And on the other side or below that if you go down towards the lower section of the, of that property, that's overgrowth that has to be cleaned out and that's been kind like of homeless and other things that, you know, have been using that property for, for many years. That's the area where you have Wailuku Sugar Company lease County of Maui 1.65 acres. That area is overgrown and that's been a haven for homeless people in that area. So, I want everyone to understand this is a great opportunity and I am not against it, but there is the fact of erosion that is occurring and it's occurring all along that coast line, so it's just not just in that piece, that parcel, but it goes all the way along. And where that black line goes up that was kind of the original coast line, but through the years it's eroded to that point, and so I still think it's a great opportunity, it's a great price and I would support it tremendously, but just so everyone to understand that this area has an erosion problem. And I don't know if it's gonna ever change, and so through the years we may lose a little bit more, a little bit more. In fact if you go down there now you'll see some of the tables that are in the ocean and some of the, the old sewer, what is that, the cesspool is in the ocean. So, you know, I, I don't want to burst anybody's bubble and, "you know", Ms. Horcajo I just want to make sure everyone understood that there is that challenge with the erosion problem in this particular area all along that coast line. However, I still think it's a great deal and I think we also have the two parks on either side so why not join them all together. So I would support this wholeheartedly, Mr. Chair. Thank you.

CHAIR PONTANILLA: Thank you. Member Molina?

COUNCILMEMBER MOLINA: Thank you, Chairman. And, and thank you Mr. Victorino for ...*(Laughter)*... but I think it's good that, you know, these issues were brought out so, you know, even though the appraised price was roughly close to 350,000 and now we're being offered 75,000 for it, so, maybe that had something to do with the much lower price, as compared to the appraisal price. In terms of the seller, if I may ask the Director or, or, or the Parks Director or Mr. Pablo. The seller is Wailuku Agribusiness for the record?

MS. HARCAJO: That's correct.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

COUNCILMEMBER MOLINA: And, and so they, it's being done in terms of gifting so they get a benefit out of this as well even though, well they're getting 75,000, but they get to write off the difference between the appraised price and the selling price, am I correct?

MS. HORCAJO: We don't know --

COUNCILMEMBER MOLINA: Okay.

MS. HORCAJO: --exactly that, that answer.

COUNCILMEMBER MOLINA: Okay. Yeah. So, you know, it's also good to know that, yeah, it's a, it's a nice thing, we're getting it for 75, but I'm sure, you know, the seller of course has to get something out of this as well. So I just want to make sure we, we all know what we're getting into. So anyway, so for 75,000 even though we may be getting less land overtime as Mr. Victorino pointed out. I also continue to support it, so but I appreciate all the issues being brought out on this, Chairman. Thank you.

CHAIR PONTANILLA: Thank you. Member Johnson, followed by Member Medeiros.

COUNCILMEMBER JOHNSON: Yeah. And I just wanted, and my assumption is, Tamara, that the difference between the 75 and the 81, is the closing costs?

MS. HORCAJO: That's correct, or any costs that are associated.

COUNCILMEMBER JOHNSON: Yeah. Okay. You know because, you know, someone may ask that we're looking at the resolution for 81, and yet they're receiving 75. So thank you.

MS. HORCAJO: As I understand it if that full 81 is not expended then it won't need to be expended.

COUNCILMEMBER JOHNSON: Okay, that's great. Thank you very much.

CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. Director Horcajo, you said the appraiser is present today?

MS. HORCAJO: That's correct.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

COUNCILMEMBER MEDEIROS: Okay. Maybe I'll ask you, if you can't respond then I'll ask the Chair if he'll allow the appraiser to come forward. What has been because as it has been mentioned by colleagues, that area is aggressively being eroded. If you look in the last 20 years, there's quite a difference from what it was to what it is today. What is the rate of erosion for that area?

CHAIR PONTANILLA: Ms. Horcajo?

MS. HORCAJO: I wouldn't be able to address that.

COUNCILMEMBER MEDEIROS: Okay. That's an important part of an appraisal. So, Chair, is it possible bring down the appraiser?

CHAIR PONTANILLA: Sure.

COUNCILMEMBER MEDEIROS: Please?

CHAIR PONTANILLA: Mr. Yamamura? As Mr. Yamamura comes down to the lectern, Members, if you look on the top side of that drawing. Our golf course is just, well it's, we, we had set some revetment to eliminate further erosion on the golf course site, so just to let you know that on that particular hole there is a rock wall that goes from the tee box to, to the green.

COUNCILMEMBER MEDEIROS: Yeah. And, and...

CHAIR PONTANILLA: To save the --

COUNCILMEMBER MEDEIROS: Yeah.

CHAIR PONTANILLA: --to save the --

COUNCILMEMBER MEDEIROS: Right.

CHAIR PONTANILLA: --the golf course.

COUNCILMEMBER MEDEIROS: But, Mr. Chairman, the history of revetments in South Maui and West Maui, has been to the detriment of the shoreline.

CHAIR PONTANILLA: Yeah. But, you know, the Chair is just pointing it out to you --

COUNCILMEMBER MEDEIROS: Oh, okay.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

CHAIR PONTANILLA: --that this revetment had been . . . *(inaudible)* . . .

COUNCILMEMBER MEDEIROS: That, that they had put some revetments.

CHAIR PONTANILLA: Yeah. Maybe about 30-35 years ago.

COUNCILMEMBER MEDEIROS: Okay. Okay.

CHAIR PONTANILLA: Yeah. Okay.

COUNCILMEMBER MEDEIROS: Mr. Yamamura?

MR. YAMAMURA: Yes?

COUNCILMEMBER MEDEIROS: Okay. Yeah, in your appraisal of the property did you consider the rate of erosion?

MR. YAMAMURA: Yes, I did, as matter of fact.

COUNCILMEMBER MEDEIROS: Okay. And what is the rate of erosion?

MR. YAMAMURA: Well, from the erosion map that's on the County website, it was determined that erosion is occurring sufficiently where in 30, approximately 30 years the parcel may be gone.

COUNCILMEMBER MEDEIROS: And that's why I bring that point up, because we said, you know, we hear an appraisal's been done, the price is wonderful, but in 30 years we have no property.

MR. YAMAMURA: Well yes --

COUNCILMEMBER MEDEIROS: You know so...

MR. YAMAMURA: --that's provided you don't exercise any kind of mitigation efforts.

COUNCILMEMBER MEDEIROS: Right. But, you know, even engineers, when I worked in Public Works my boss was an engineer and there was several different designs that were tried in West Maui and South Maui, and most of the designs was to the detriment of the shoreline. It eroded the shoreline even further. And so my, my question to you and to the Department and because the taxpayers are pretty much, you know, paying for this, is was that made known to the Parks

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

Department that this is eroding? That potentially in 30 years this land will no longer exist?

MR. YAMAMURA: Yes, in fact it's in the appraisal report.

COUNCILMEMBER VICTORINO: Right.

COUNCILMEMBER MEDEIROS: Okay. So it's on the appraisal report --

MR. YAMAMURA: Yes.

COUNCILMEMBER MEDEIROS: --and the appraisal report went to Parks Department?

MR. YAMAMURA: It went to Finance Department.

COUNCILMEMBER MEDEIROS: Okay. If you'll remain there. Parks Department did you get a copy of this report? So, you could have made an assessment of the appraisal?

MS. HORCAJO: We did get a copy of the appraisal, as well as just our visual contact with the site over the years. We do know that there is an erosion rate happening all along that coast line.

COUNCILMEMBER MEDEIROS: Right.

MS. HORCAJO: But I feel the use of the area right now and access to the coast in our lifetime and for use of the community and our children, is of benefit. So...

COUNCILMEMBER MEDEIROS: Okay. So, so that's the assessment and the decision of the Parks Department, as far as this is concerned?

MS. HORCAJO: Yes, it is.

COUNCILMEMBER MEDEIROS: Okay. Okay. Mr. Yamamura, I appreciate that information. I was very concerned because I have witnessed that area eroding very aggressively, and more so than other areas on Maui island. And I'm glad that you were able to answer my question regarding the erosion rate and the projection that that property may not be there in 30 years. So I think that brings up some concerns for the Members here, is this a purchase that we want to do even if it's only 81,000? Because, you know, global warming and other things that contribute to shoreline erosion is not getting any better, and we may see an

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

even more aggressive rate. So I appreciate the information and that you did research that in your appraisal. Thank you very much. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Thank you. Any more questions for Mr. Yamamura? Member Molina --

COUNCILMEMBER MOLINA: Yeah. Thank you, Chairman.

CHAIR PONTANILLA: --followed by Member Nishiki.

COUNCILMEMBER MOLINA: Good afternoon, Mr. Yamamura --

MR. YAMAMURA: Good afternoon.

COUNCILMEMBER MOLINA: --and thank you for being here. Your initial appraisal of 344,000 even with the, you know, the erosion rate factored in, if you can kind of just briefly explain how the 344,000 came about initially? Or is that without the erosion rate factored in or?

MR. YAMAMURA: The 344,000 did incorporate the erosion factor.

COUNCILMEMBER MOLINA: Even with the erosion factor it was 344,000?

MR. YAMAMURA: Yes. Yes.

COUNCILMEMBER MOLINA: Okay. Okay. I'm just, I'm just curious, I mean I'm not an expert in appraising properties or anything like, like you are so. And this is for 1.65 acres?

MR. YAMAMURA: Roughly, yes.

COUNCILMEMBER MOLINA: Yeah. Okay.

MR. YAMAMURA: I have 71,874 square feet.

COUNCILMEMBER MOLINA: Square feet. Okay, and I guess like what Member Medeiros said for some of us it's now, well for me, I'll just speak for myself, it's this, this erosion rate factor and the 30 years that's, you know it kind of concerns me a little bit so anyway thank you. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. And, Members, you know, just a reminder we have one County park right across the highway.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

COUNCILMEMBER JOHNSON: Yeah.

CHAIR PONTANILLA: So, you know, I also spoken to the Department in regards to contacting and working with the Corps. of Engineers to see what we can do to save that land. Because in 30 years, you know, we need do something about the County park across the street. So, Member Nishiki?

COUNCILMEMBER NISHIKI: Thank you. Ted, being that Ted's up here. What was the...

CHAIR PONTANILLA: I'm sorry. Hang on, Mr. Nishiki. Ted if you can come up front again? Sorry. Okay, Mr. Nishiki?

COUNCILMEMBER NISHIKI: Good afternoon, Ted. What was this land zoned?

MR. YAMAMURA: It was zoned Interim. County Interim.

COUNCILMEMBER NISHIKI: Interim?

MR. YAMAMURA: Yes.

COUNCILMEMBER NISHIKI: Okay. And the, I think you mentioned earlier, despite that the, what it says, 1.65, what is the amount of land that's now say above the high water mark?

MR. YAMAMURA: Okay. We weren't provided a shoreline survey. However, I did go and physically measure the parcel from the street to the high water mark. And based on that un-scientific measurement the dry land area was about 38,388 square feet, it's about half.

COUNCILMEMBER NISHIKI: Okay. And, and, and, and now you mention that with the erosion rate perhaps in 30 years it will be gone. So does your valuation deal with this? Because my question is what would the landowner be able to use that land for? Knowing that erosion rate, knowing that the County has to consider these things before allowing anyone to put any structures there they should decide to do this?

MR. YAMAMURA: On this particular parcel, I concluded on highest and best use as park dedication use.

COUNCILMEMBER NISHIKI: Park?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

MR. YAMAMURA: Yeah.

COUNCILMEMBER NISHIKI: Oh, okay. And despite the 38,000 of usable land, how did you come up with a evaluation of 344,000?

MR. YAMAMURA: Great question, that, that 344,000 was based on County Tax Office land area, which is 71,874 square feet.

COUNCILMEMBER NISHIKI: So, so just from the tax record is how you got the valuation?

MR. YAMAMURA: Well I've got the land area, yes.

COUNCILMEMBER NISHIKI: Yeah, despite that the actual is 38,000 useable?

MR. YAMAMURA: That's what I measured.

COUNCILMEMBER NISHIKI: Right, right. Okay. So that 344, how did you value that then? If it's being based, see you used County tax records --

MR. YAMAMURA: Right.

COUNCILMEMBER NISHIKI: --but the actuals is not what it is in regards to the usable land. Because no one's able to build into the ocean unless they're gonna build a small boat harbor or something.

MR. YAMAMURA: Or unless you have some kind of accretion.

COUNCILMEMBER NISHIKI: Yeah. Yeah. Yeah.

MR. YAMAMURA: Yeah. But you're right. However the assignment, my assignment was to appraise this property and utilize land area as indicated by the County Tax Office, because we had no survey to work with.

COUNCILMEMBER NISHIKI: Okay, okay. And, and so that's what you, you appraised it at. I guess, Mr. Chairman, I want to know who negotiated this deal. You did not, oh let me ask Ted that, did you negotiate the deal and valuation? The price for the purchase?

MR. YAMAMURA: Oh, no, no.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

COUNCILMEMBER NISHIKI: Okay, okay. I'm done. Thank you.

CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. Just to follow up, Mr. Yamamura, in normal real estate transactions, where real property is being sold, and this one has being sold even though at 81,000 or 75,000, normally the seller of the property is responsible for a survey to verify the pins of the property. Was that done?

MR. YAMAMURA: I don't know.

COUNCILMEMBER MEDEIROS: You don't know. So your, your assignment, just do appraisal, is that correct? Your scope of work that the Parks contracted you for?

MR. YAMAMURA: Yes. To appraise the property based upon the land area from the County Tax Office.

COUNCILMEMBER MEDEIROS: Based on the information at the County Tax Office?

MR. YAMAMURA: Yes.

COUNCILMEMBER MEDEIROS: So, the County Tax Office probably showed this land as it shows on this map at 1.65 acres. How do you verify that on your appraisal? That this is the land you're, you're appraising, 1.65 acres? When, when as you said only 38,000 square feet exists? How do you do that and how do you justify that to say the County who is purchasing this property?

MR. YAMAMURA: Well, we value according to the scope of work. And the scope of work is to value the property --

COUNCILMEMBER MEDEIROS: Okay.

MR. YAMAMURA: --with the land area as indicated by the County Tax Office, because we did not have a shoreline or rather a survey of the property.

COUNCILMEMBER MEDEIROS: Okay. So, you just did the appraisal, you didn't do the negotiations? The Parks did that on the price and so forth?

MR. YAMAMURA: I don't know, but I did not.

COUNCILMEMBER MEDEIROS: Okay.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

MR. YAMAMURA: Yeah.

COUNCILMEMBER MEDEIROS: Okay. Okay. Chair, that's all I have of the appraiser, but I do have questions for the Department.

CHAIR PONTANILLA: Okay. Any more questions for Mr. Yamamura? See none, thank you again, Ted. Questions for the Department? Member Molina followed by Member Medeiros.

COUNCILMEMBER MOLINA: Yeah. Thank you, Mr. Chairman. One question for the Department. So currently right now, does the Department has any type of lease or rental agreement with the property and the land owner at this point? Is there any agreement? Lease agreement or any rental agreement with this, the subject property we are considering for sale?

MS. HORCAJO: The current lease has been on hold over lease from about 40 years already, but the agreement has lapsed but it's just been on a carryover month to month.

COUNCILMEMBER MOLINA: Okay. And what was the payment from 40 years ago, what was the agreement? And the reason I ask that, because I don't know if it's maybe more prudent for us to consider just maybe establishing a lease agreement versus a purchase. So it's just for my own curiosity. I don't know if you have that information for us?

MS. HORCAJO: We do have a representative from Finance Department here regarding that, but it's my understanding that Wailuku Agribusiness is dissolving all of their assets. And so, this property will be going on as, I understand it, on the open market.

COUNCILMEMBER MOLINA: I see.

MS. HORCAJO: Otherwise, feel like it was an opportunity for the County, I do know that they do have a deadlines since they are dissolving their corporation. And so, we are trying to work with them on this purchase for the community. Otherwise, again our Department was not negotiating the purchase price, it is with the Director of Finance and the Mayor's Office.

COUNCILMEMBER MOLINA: Okay. And, you know, forgive me for asking, it's just, you know, we have to ask this questions, 'cause, you know, upon the revaluation of the erosion rate, you know, our constituents are going to ask us,

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

we're paying 75,000 for something that could possibly be gone in 30 years. And I bring up the issue of maybe would it be more feasible for us to just enter into a lease agreement maybe saving the taxpayers money if that's the direction the owner wants to go, but now in light of what's happening with the corporation. And so, it causes it to be a bit more complicated. Mr. Chair, if I may ask Corporation Counsel a question in relation to this?

CHAIR PONTANILLA: Sure, go ahead.

COUNCILMEMBER MOLINA: For Mr. Ueoka, being that, okay, once a property erodes into the ocean and say, you know, the boundary lines are, say, say we buy this 1.65 acres. It goes under water every year, then the jurisdiction then would go to whom? The DLNR? Because now becomes property underwater? Then it's not ours anymore, am I correct? Can you explain that to us?

MR. UEOKA: Yeah. It would be with the State, the State of Hawaii.

COUNCILMEMBER MOLINA: So, what was once ours becomes the State now?

MR. UEOKA: Yeah, upon a survey, official survey by the, I believe the State Surveyors Office.

COUNCILMEMBER MOLINA: Interesting, maybe the State wouldn't wanna buy it from us. Okay, anyway. Thank you. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Fast question for Corporation Counsel. Now knowing that, you know, we do have an erosion rate for that one particular parcel, if you look at the parcel where the State of Hawaii leased to the County of Maui, you know, I'm looking at that road. So what do we do, I know you're not one engineer, what is the County's responsibility to ensure that the parking lot and the road is safe?

MR. UEOKA: My understanding would be, we probably should work with engineers and figure out a, I guess, a plan to make sure the, whatever is existing is maintained and, I guess, barricaded or whatever's necessary in the safe manner.

CHAIR PONTANILLA: Okay. Thank you. I know we have a lot of discussion not only, well we're having a lot of discussion on this piece of property but there's other properties that also have lot of discussion on regarding, you know, revetments. And, and when I look at the golf course, if it wasn't for the revetment we probably don't have a golf course. So, Member Medeiros followed by Member Nishiki.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. Department, just following up on, on this, when, when the request for the appraisal was done, was it done by the Department or again was it done by Finance or the Mayor's Office?

MS. HORCAJO: Finance Department handled the appraisal.

COUNCILMEMBER MEDEIROS: Okay. And, well, maybe, Mr. Chair, if we can ask the Finance Department, because, the Parks didn't have anything to do with the negotiation of the property or the appraisal.

CHAIR PONTANILLA: Sure.

COUNCILMEMBER MEDEIROS: Thank you.

CHAIR PONTANILLA: Joining us is Deputy Director Hayashi. Mr. Medeiros, question?

COUNCILMEMBER MEDEIROS: Thank you for coming forth to answer some questions. So according to the Parks Department the Department of Finance handled the request or contract for the appraisal and the negotiation on the property, is that correct?

MS. HAYASHI: May I clarify Councilman Medeiros?

COUNCILMEMBER MEDEIROS: Sure.

MS. HAYASHI: My understanding is that there were earlier discussions that occurred before this most recent offer by Wailuku Agribusiness. And in fact if I may point to a, you don't have a copy of it, but there was an appraisal done back in 2008 of this subject property, and for your information the appraisal of that property was determined, it was also done by Mr. Ted Yamamura of ACM, and it was appraised at \$408,000. And as Director Horcajo mentioned it was discussion that occurred in the past several years ago, and the more recent discussions I think was a continuation of that early interest. And the Mayor and a member of her staff in fact continued some discussion with Wailuku Agribusiness, and from that discussion it was I understand an offer or an amount of 75,000 was, was discussed. It was at the point that the Department of Finance was notified, and to substantiate the reasonableness of that offer Finance then went back to Mr. Yamamura and we asked, I asked for an update to this appraisal. From that discussion and this was in July, 2010, just several months ago, Mr. Yamamura prepared that updated appraisal that you have with you. And that is based on as

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

he said records from Real Property Tax, and because it was determined by, that a survey was, and I wasn't a part of this discussion, but because it was determined that a survey was not necessary it was based on the records that we had with the County. And it was in that appraisal Mr. Yamamura and I discussed at great length the subject of erosion, and therefore, he included that 30 percent erosion factor, after, you know, study of existing material in that area. Additionally, I do recognize and Mr. Yamamura recognized and we had further discussions knowing that physically, not by, you know, not by a survey, but physically by observing it, we saw that yes there is land, possibly less land. I did ask him to do just additional survey, sorry, additional work not survey, additional work, and that is where he determined that, and again just by measurement he determined that there was 38,388 square feet available. And based on that it was assessed, and again that's an assumption made on professional judgment but still an assumption, he determined that based on that less amount of square foot visibly that an appraised value would be more like 223,000, and I have that report from him. And the whole reason of doing this when Finance coordinated this appraisal with Mr. Yamamura is that, yes, we do recognize there is an erosion factor there. Yes, we do recognize that there is less land, appears to be less land based on as compared to our, our records. But the whole idea or the whole premise of an appraisal, a professional appraisal is to determine, I guess, the reasonableness of that offer of 75,000, and based on the professional standards that Mr. Yamamura employed in doing his appraisal, the 75,000 is deemed reasonable. And that is the conclusion that the Finance Department reached and shared with the Mayor, and that is what we feel substantiates the offer of 75,000 as a, if I may say, a more than reasonable and more than fair offer for the purposes that Parks would like to use this piece of land for. Thank you.

COUNCILMEMBER MEDEIROS: Okay. Thank you for that information; that clears up some of my questions. Under what real estate authority or license is the County purchasing this? And the reason I say that is normally there has to be a licensed real estate broker that negotiates purchase of land and sale of land. So did the...Wailuku Agribusiness, right, is the owner currently? Did they have a representative in this negotiation as far as that's concerned? And the reason I ask you this is because I used to have a real estate license, so I'm aware of the real estate, you know, requirements. I'm not sure it's different if the government is purchasing it that it's not the same, and that's what I am trying to find out. Because under a normal real estate transaction where there's a sale and a purchase, the property owner is required to produce and verify the boundary pins of the property. And by not doing that we're assuming under our tax records it's still, you know, it was appraised for 1.65 acres, and we have 38,000 feet left of that 1.65 acres. So I'm just asking, does the, is the County exempt, Corp. Counsel, from the regular Real Property Tax transactions?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

MR. UEOKA: I am not familiar with that. All I, it says in the Code that the Director of Finance is charged with negotiating the purchase of property for the County of Maui.

COUNCILMEMBER MEDEIROS: And this will be for Parks, but, yeah, I, I, I'm just not, not sure about for myself, if we want to spend tax money to purchase something that will vanish in 30 years. You know, we have a ballpark across the street. You know, that's gonna be beachfront property next, you know. And, and 30 years isn't not too far away. If you look how fast time passes, that's not too far away. And for us to spend tax money for something that won't exist, and even though the Chair has mentioned maybe some engineering structures, but in my, you know, 31 years with the County having to work along the coastline for Public Works, we haven't seen anything successful in stopping shoreline erosion. In fact it has been to the detriment of the shoreline to put up revetments and similar structures. And so, yeah, for me, you know, I won't pursue it anymore because I, I'm satisfied that I don't think this is good for our taxpayers and even for our Parks Department. Shoreline land is wonderful. I mean it's beautiful to have but it won't be here in 30 years. So what are we buying? You know, we're buying air in 30 years. Thank you for your responses though, Department of Finance. I appreciate it. Thank you, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Member Nishiki?

COUNCILMEMBER NISHIKI: Yeah. Am I...? This calculation right, because, I, I, I...it's not that I want to debate Mr. Medeiros but 38,000 square feet, \$75,000 dollars isn't that equate to about \$2.00 on a square foot on, on useable land? Is that what it is? Yeah? That's about right, anyway, okay, okay. Okay. I just wanted to make sure that my math and my mind is right. So anyway, that's really reasonable, but oh, I'll ask the Administration before I make my statement. The final analysis of what you are paying, who negotiated it with the landowner? Who, who...there's got to be somebody responsible and who is that name?

CHAIR PONTANILLA: Department?

COUNCILMEMBER NISHIKI: Nobody just . . .(inaudible). . .

MS. HAYASHI: Council, council --

COUNCILMEMBER NISHIKI: Go ahead.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

MS. HAYASHI: I'm sorry. Councilmember Nishiki, as I tried to explain and I may not have been clear was that there were early discussions back in, as I understand, back from two thousand and...as early as 2008, maybe 2009, on this piece of parcel and others, and Parks was involved. But this...and because it was continuous discussion, this final offer was actually a discussion that occurred between the Mayor and Wailuku Agribusiness, and through that discussion, although was initiated several years ago, through that discussion, the \$75,000 was arrived.

COUNCILMEMBER NISHIKI: Yeah. Okay and don't forget, Committee Members, in case none of you were around at that time, the parcel adjacent to it, the County bought also. I don't know if any of you were in office, but that doesn't matter, that's what occurred. And I can't remember, Mr. Pontanilla, what we paid for that, but I think it was more than this for sure --

CHAIR PONTANILLA: Oh yeah, more.

COUNCILMEMBER NISHIKI: --you know. I just want to say something. I'll just wait because people may have questions for Administration, but I'm satisfied with answers.

CHAIR PONTANILLA: Okay, I just was looking at the numbers, you know, purchasing this thing for \$81,000. We know that probably going to last 30 years, and probably the useable space would be for 15 years, and if it's 15 years, you know, we kind a paying like \$6,000 per year? But if you equate it to 30 years, you know, you know, we looking at \$2,700 of, you know, space that we can pay every year that we can utilize for the public, or the public can utilize for, you know, fishing, surfing, whatever needs. So I thought I'd pass that information to you folks about the cost. Members, any more questions? Member Baisa?

COUNCILMEMBER BAISA: Yes, thank you Chair. Actually, you know, when you get down to the cost per acre and this 38,000 is pretty close, it's really not that bad but just a question for Parks Department. You're not planning to put any structures on this, are you?

MS. HORCAJO: Thank you, absolutely there won't be any structures put on the property. Our intent is to make it safe, so that the public can have access for parking so that they can enjoy the coastline. And that's all we'll do is to make it safe to park.

COUNCILMEMBER BAISA: So actually, it's like we're paying rent for recreational area. I mean, you know, we all know where this is going but this is not the only

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

area that we have a park that has problems with erosion. I mean I've been to Baldwin Park and you know that just eats away over there, so this is a problem that we have everywhere. It's too bad we couldn't get it for a donation, being that it's going to disappear in time. But, you know, as much as I hate to invest in something that's going to disappear, you know, what is a house worth in 30 years? You know, everything kind of devalues over time, but I think it's really important. I know the needs for park space; I know the need for recreational areas particularly at the beach. You know, we hear so many people come here and bemoan the fact that they can't get near the beach anymore, they don't have beach access. And so maybe that's something we ought to think about in making an investment like this. It's, it's a tough one, but, you know, I don't think it's so much money that, you know, we can sit here and ring our hands about we're having to spend this money. You know, I'm Portuguese, I don't like to waste money, and I always believe in buying land, but I don't normally buy a land that, that's eroding away. Isn't there's something that we could do to try and prevent this from eroding? Can we bring sand and fill it in or do something?

CHAIR PONTANILLA: Department?

MS. HORCAJO: Well, we are an island community and you're right, we do need access to the coastline and we do need to save as much as, coastline as we can. I do know that more and more people are looking at different ways to build reefs south side, the coast, you know, looking at different avenues. I am not sure that there is one yet that our County has bought into and that the community would be in support of, but I think that's an up and coming avenue that people are now researching and that we would very much like to continue to look into that to save our public parks.

COUNCILMEMBER BAISA: Okay. We've spent a lot of time talking about what will happen if we buy it? What will happen if we don't buy it?

MS. HORCAJO: Well, actually...

COUNCILMEMBER BAISA: What is likely to happen if we don't buy it?

MS. HORCAJO: I guess it would be up to Wailuku Agribusiness at that point. That opportunity would be gone from us. Access may be limited at that point.

COUNCILMEMBER BAISA: So we could have an access limitation and not be able to use it, or if they sold it to someone else then we might have somebody going in between?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

MS. HORCAJO: That's correct. We really don't know what the...

COUNCILMEMBER BAISA: Okay. Well, thank you very much for the information.

CHAIR PONTANILLA: Thank you. Member Kaho`ohalahala?

COUNCILMEMBER KAHO`OHALAHALA: Yeah. Thank you. I'm looking in the documents that are in our binder here and I'm just wondering why, if we understand that the area is only 38,000 square feet versus the 1.65 acres then why are the documents reflecting 1.65 acres?

CHAIR PONTANILLA: Department? Oh, Corporation Counsel?

MR. UEOKA: That 38,000 is a estimate. It's not a true official measurement of the property. At the time when we were starting to work on this, to get an official shoreline certification and everything, it didn't seem like the timeframe...I didn't see how we could get one in time basically, too.

COUNCILMEMBER KAHO`OHALAHALA: Okay. But everything else in here that make statements that we are in fact purchasing 1.65 acres?

MR. UEOKA: That's according...right now, that's the survey, the legal description of the property is for 1.65 acres according to the title, yeah.

COUNCILMEMBER KAHO`OHALAHALA: Okay. But if the land has, has been taken away, then that changes, right?

MR. UEOKA: Yes, and it won't be official in a sense that there won't be a true survey until there is a shoreline certification.

COUNCILMEMBER KAHO`OHALAHALA: Okay, and we won't be doing a shoreline certification prior to the completion of these documents then or the filing of the ordinance, the, well, the completion of the documents?

MR. UEOKA: Probably not. It seems unlikely that we would be able to complete one in the next...prior to dissolution of C. Brewer.

COUNCILMEMBER KAHO`OHALAHALA: Okay and then just a question that follow up from Mike my, Member Molina, and that in here it mentions that we have several lease agreements for the property overtime, began with a 15-year lease in 1974, and do we know what that cost was?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

MS. HORCAJO: It was nominal. I believe it was a dollar a year but I have to go look back again and check my records. Perhaps, Corporation Counsel can find it for me real quick here?

COUNCILMEMBER KAHO`OHALAHALA: And it says that it was renegotiated, I think, twice since then, and so I just want to get an idea of what, you know, what we're talking about in terms of a lease agreement?

CHAIR PONTANILLA: Corporation Counsel.

MR. UEOKA: The first one I could find was one dated 1989. It was amendment lease. It was dollar a year.

COUNCILMEMBER KAHO`OHALAHALA: So it remained a dollar a year then since 1974? Okay.

MR. UEOKA: It seems to be the case.

COUNCILMEMBER KAHO`OHALAHALA: So if we did a 30 year lease for \$30.00 going forward with the, with the ownership purchase or lease to, lease to ownership?

MR. UEOKA: Again, I can't speak for the owners of the property, but they are contemplating dissolution at this time. I am not sure if they'd want to enter in a long-term lease but I can't speak for them.

COUNCILMEMBER KAHO`OHALAHALA: I'm just trying to follow up on some the practicalities of, of this so that people understand what it is we're doing. Yeah, \$2, you know what, what we are talking about \$2 a square foot now, but if we were paying \$1 a year, and, you know, so, you know, what are the options available? It sounds to us, it sounds to me like this is been negotiated that there are no really no options. It's just a "take it or leave it" kind a thing, you know.

CHAIR PONTANILLA: Department?

MS. HORCAJO: It's my understanding that many years ago--I don't have the long-term history that Councilmember Victorino has--that there was actually a pavilion there and the parking lot was a portion of that facility. And it's my understanding also that, that was put up by the County. We don't have records of that. We have been trying to locate that. But in those terms since the County at one time did put up the pavilion, the cesspool, and the parking lot it may be required and again I'm

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

not real sure but it could be required that we remove these items from the property if...

COUNCILMEMBER KAHO`OHALAHALA: As part of the, the, the acquisition?

MS. HORCAJO: No, if we do not decide to purchase the property.

COUNCILMEMBER KAHO`OHALAHALA: Oh, okay.

MS. HORCAJO: If we return the property to the...

COUNCILMEMBER KAHO`OHALAHALA: Then if we did then we don't have to do that?

MS. HORCAJO: If we purchase the property we can, it will be, the County made those improvements, will make those improvements safe, and they'll be open to the public.

COUNCILMEMBER KAHO`OHALAHALA: Okay, for right now, I know that the condition because I went there recently and noticed that the parking lot is actually closed. And so, so what is the plan for right now? Because if it's closed today, then what are you talking about in terms of use? What's the distinction between closing it now and then making the purchase and then saying that it's going to be available for parking, you know?

MS. HORCAJO: The Department had requested approval from Wailuku Agribusiness to make minor improvements to the parking lot, meaning setting up a buffer for safety so that the parking lot could be safe to use. Since we were in negotiating for purchase, we did not get approval for those improvements, so we boarded it off until a decision was made on how that property, if that property was going to become part of the County inventory, and then we would go ahead and open up the parking area and make it safe.

COUNCILMEMBER KAHO`OHALAHALA: Okay. So improvements is, are, is contingent upon this acquisition then?

MS. HORCAJO: Well, use and improvements, right.

COUNCILMEMBER KAHO`OHALAHALA: Okay, thank you, Chair.

CHAIR PONTANILLA: Thank you. Chair has one question regarding, improvements. If we weren't to improve that particular area, you know, saying that we don't

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

provide the parking, but make everything else safe. You know, I think I mentioned to you before in regards to the big parking area that we have that's adjacent to the ball field, that users of the beach park in there and walk to this particular area rather than, you know, rebuilding any parking so that you have one big continuous beach from the County-owned park, you know, all the way to the golf course. And there's no vehicles but I understand that there is some trails that go into the County park right now on that two point zero six or zero eight one acres, and my idea was that, you know, for those that...if we do go ahead and, and purchase this park that no parking is made available in there. You know, parking would be coming from that big parking lot above this particular parcel. Is that a possibility? I hate to spend money knowing...you know?

MS. HORCAJO: Right. That is a possibility. Again at this point, we are just looking at what kind of improve...no major improvements were planned at all for this, for this area.

CHAIR PONTANILLA: Okay. Member Johnson, followed by Member Molina.

COUNCILMEMBER JOHNSON: Yeah, and, and because, just want to remind Members about the Malu property that we purchased which is also under heavy erosion, granted it has a portion of it that is got some revetment. But I hate to tell you, remind you what we paid for that property, you know. And that was a far small arear [*sic*], you know, smaller area than this area. The other thing is that in many coastal areas, sand mining is one of the new options that's being utilized where you take the offshore sand and you bring it in. Granted we would need DLNR permits, but if we control this area that at least that would be an option where we can actually...even though it's artificial accretion, what it does is it buys you an extension of time so that you do have useable use of that area. The other thing that we did not know many years ago is that the coastal processes are impacted by structures that are built on the property, hardening of the shoreline surfaces that are adjacent to many of our coastal areas. So with the best of the intentions, we may inadvertently have caused an acceleration of the erosion rate in this area. But I think that if this property is no longer in our hands, all of those options, all of the work, all of that potential will be lost. So if we can just get by this, you know, psychological erosion, if you will, and think not of the glass being half empty but half full and what we can we do to actually enhance the area and work with some of the new technology. I think it would be more productive and certainly in the best interests of the public to look at creative, positive solutions to the problems that everybody who built on the coastline from hotels to, you know, the old family homes. We're all facing that problem, so let's just, you know, approach it from a different perspective. Thank you.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

CHAIR PONTANILLA: Thank you. And I think this is not the only opportunity that, you know, we're going to have. I am sure we are going to have much more. We've done one on Molokai already, purchasing some beachfront property and we don't know the erosion on that, so hey. Member Molina?

COUNCILMEMBER MOLINA: Yeah. Thank you, Mr. Chairman. Boy, you know, this one sounded like almost a no-brainer at the start, but, but thanks to Mr. Victorino, as the area rep, he, you know, made sure we knew about all the issues and that's a good thing, that's a good thing. If I may ask the Department, you know, one noticeable face that's not here today is the representatives from the Maui Open Space Land Trust? I was just wondering if you folks had any discussions with them. You know, Mr. Bonar, I remember, I can recall being on this Council term, and we've all seen him or a representative here to speak, you know, and on behalf of, you know, purchases being made out of the Open Space Fund. So I'm just kind of curious if the Department had any discussion with Mr. Bonar or a representative from that organization? I presume they're still in existence?

MS. HORCAJO: They are. This property is requested to be purchased by the County for public use and not by the Open Space Fund, but, I mean not by the Maui Coastal Land Trust.

COUNCILMEMBER MOLINA: Maui Coastal Land Trust, yes.

MS. HORCAJO: And I believe that the purchase of this property would within their mission --

COUNCILMEMBER MOLINA: Uh-huh, exactly.

MS. HORCAJO: --by the community, but no, it is for the public.

COUNCILMEMBER MOLINA: Okay, alright. I was just...that was just, that was, that's what's was missing here today, because anytime with coastal land purchases, you, you saw them here. And, but I guess be, this is being initiated by the County, maybe for whatever reasons they are not here today. So anyway, but thank you and, you know, again, we have to look at...I know we're looking down the road. It's like buying a house, Mr. Chairman. The final price of that house, that's not going to be your final price. Over time you still got to maintain so the same thing with the purchase of this land, if we are looking at upgrades or doing whatever, you know, we need to do to preserve as much as . . .(inaudible). . . it's going to cost this County more than \$81,000 over the long term. So we just want to make sure we state all the facts here. So it, it will cost no matter what, what we do. It's going to be more than \$81,000 --

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

CHAIR PONTANILLA: Okay. Thank you. Member Mateo?

COUNCILMEMBER MOLINA: --if we decide to go that direction. Thank you.

CHAIR PONTANILLA: Member Mateo?

VICE-CHAIR MATEO: Mr. Chairman, thank you. What I thought was something that was easy to handle became quiet difficult. And I think, I think for future considerations, I think it would be easier if the Department who...you know, they got the appraisal report, they saw the, the limitations and difficulties with the property. I think in the future for, for this body to be provided with as much information prior to, you know, so we are able to not only to take a look at the difficulties but like...you know, \$75,000 for this particular parcel is a real good buy, but it comes with everybody's bones on it. And I think that's the difficulty because, you know, it's our decision to spend the money and it's not even our money, its taxpayers' money. I support the purpose, the purchase of this particular property, but I think in the future, we need to be given as much information as possible. Not only the erosion rate, but I think it would be important for us to have heard from the Department, what your plans are, you know, with the property, how you plan on utilizing it, how you plan to adjust with the consideration of the erosion, and all of that. It would have made it a lot easier for me, because right now it's quite difficult for me, because I'm like everybody else, I no like put hand in my pocket and take out my money, because what I going purchase may not be there. So I have difficulties in just taking a look at that concept. Thank you, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Mr. Victorino gonna be the last guy, because I, I just want to move on.

COUNCILMEMBER VICTORINO: Okay.

CHAIR PONTANILLA: And if we want to have the Maui Land, Maui Coastal Land Trust put some, provide us with some comment, I think first reading would be the best. Member Victorino?

COUNCILMEMBER VICTORINO: Thank you, Chair. And sometimes honesty can really make things, you know. . .(slaps desk with both hands). . .you know. And, but, you know, I could not and I, in a clear conscious, you know, I, I grew up around this area. My in-laws, they go diving all the time and they've seen the change and that's why. And if you remember, this was St. Anthony Club House on the other end of the parking lot. And there's a lot of history right here, you

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

know. But let me go to this parcel itself, you know, and, and I thank Mr. Yamamura, and, you know, information is in here in your binder. Part of the problem and it has been, been stated that this revetment that was built to protect the golf course is what has helped acerbate the problem with the erosion. So, no, Mr. Molina, no worry I'm not getting big words. I'm just, I'm just trying to follow your lead, sir. Whew, I tell you. It's been a long day already and I can't see where I'm going now. But I truly feel in walking this property with Ms. Horcajo and some other people from the Parks and knowing this whole area as is in, as in its entirety, this would not be a bad, bad purchase, because I'm afraid if we don't something else might happen with it, which cuts off two pieces of property we presently control. One we own and one is a lease from the State of Hawaii. Now the problem comes up, yes, 30 years, 35, 40 years it may be gone. But I don't know how global warming is gonna continue to work. None of us know that and we don't know how erosion rate is gonna continue. Ms. Baisa mentioned about Baldwin Park, a classic example of heavy erosion that continuously...and again revetments that were built by homeowners has done that area some harm. You know, so I don't think revetments is the answer but there's other things and Ms. Johnson has mentioned some of the alternatives and we are gonna have to look at things. You're right, Mr. Molina, we are not paying only \$81,000. We may be paying \$100,000 or \$200,000 in the future. The point remains once we control it, then we have things we can do with it. If we don't, somebody else controls it, who knows at that point in time what may happen. Most importantly, we don't have a lot of coastline that is open to the public, and this would be another classic example that we'd have open space to go fishing, as we remember, and swimming, and surfing and everything else in this area. We have parking so if we did not develop any parking in this area we have parking right down here. And there's a big parking lot that's empty most of the time, right? So parking is not a big issue; it's really control of some open space, shoreline space. So I would ask my colleagues to realize that, yeah. it's a gamble, but we spend bigger money and, and gotten less and things change and I don't know what else may happen in the future. None of us are prognosticators that we know better. I am just saying at least the facts are on the table. I never wanted it to be hidden. I wanted everyone to understand what was here, and what is here and what we are getting. So you make your choices. I would just encourage you to understand and I'd like us to control it because by controlling it we can hopefully in the future do something to mitigate some of the erosion, but till then it just a matter of conversation. Thank you, Mr. Chair, and thank you, colleagues.

CHAIR PONTANILLA: Thank you. If there's no objection, the Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

CHAIR PONTANILLA: Chair recommendation is to pass on first reading “A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2011 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2011, OPEN SPACE, NATURAL RESOURCES, CULTURAL RESOURCES, AND SCENIC VIEWS PRESERVATION FUND”. Two, adopt the proposed resolution “AUTHORIZING THE PURCHASE OF A LOWER WAIEHU BEACH ROAD OCEANFRONT PARCEL, PURSUANT TO CHAPTER 3.56, MAUI COUNTY CODE”; and three, filing of County Communication No. 10-205.

VICE-CHAIR MATEO: Mr. Chairman, I move for the passage of the proposed bill as you had so recognized, including the adoption of the proposed resolution and the filing of this communication.

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

CHAIR PONTANILLA: Thank you. It’s been moved by Chairman Mateo and second Member Victorino. Members any more discussion? Member Nishiki followed by Member Medeiros.

COUNCILMEMBER NISHIKI: Yeah. Thank you and, and sorry, Members, I’ve been waiting because I didn’t want to question. I was satisfied with the questioning of Administration. I want to thank this Administration today. I’ve been sometimes critical but I think that we need to thank them for making this purchase on behalf of the general public. Too many times when people look at land, their objective is dollar signs. What can I make from this land purchase? How will I further my bankroll? Many of you had spoken about using taxpayers’ dollars. Well, let me tell you something. Look at all the people that come to Maui and spend billions of dollars to look at a coastline, to enjoy the surf, to honeymoon with their love ones, to touch sand, to swim in clean ocean, to surf, to kite surf, to windsurf, to swim, to dive, to fish, to just go and look at that ocean environment. Here is an opportunity to save for this community finally, a small portion of land. Mr. Victorino talks about global warming. Are we so foolish? When Gladys talks about Baldwin Park, when Jo Anne talks about another beach, when I talk about Paukukalo. When I talk about this beautiful layer that I surf at called Sand Piles where people go and gather and dive for fish, where people even if they have pressure can go and park their car, walk down to the beach, and get no hassle from a land owner saying, you trespass on me. Many people use this area and the area is called Sand Piles, as more people visit this Island, as more people come and live in this Island. I say for those that want to live here forever, not those that

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

come, and oh, times get hard, I gotta leave. Oh, those that come and go, oh, I make my million dollars off of my investment and, and leave. For those of you that intend on making Maui your home, this is an opportunity for this Council, making your home forever if your families don't get chased off because they can't buy something. But those that want to make this place your home forever; this is a good buy, Mr. Chairman. You know, just because I've been so passionate about public access and beachfront properties and the concern of flank erosion and, and we created, as someone said, 30 years ago, that wall. But since then, we've learn about hardening of the ocean by putting in seawalls. And we passed an ordinance that said except for emergent purposes, emergency purposes, you cannot build a seawall, because scientific evidence has shown what we call flank erosion and you can see by that picture that Administration showed us that wherever you put a hardened surface, to the right and to the left of it, you will see the shoreline be eliminated. This is what's happening. I can only say that, I want and, and, and I don't mean to argue with anybody here today. I don't want an open something trust to, to manage this, because we've had some problems from community members in Waihee about the access to get down there. I want the County to control this right-of-way, Mr. Chairman. We purchased land to the right as you look out, State has land to left, and then we've got our golf course. We need to keep this place open in perpetuity. And, and so for this reason I thank this Administration. This is foresight. Global warming is not an illusion, it is being felt throughout our nation, and we've got different sea coast communities dealing with their properties being lost due to the rising of the water. That's a fact, you cannot debate it, and to say that you're going to cure this by putting walls is not the answer.

Finally, we keep this so that people, you and me, those of us that can't afford to buy an oceanfront area, to be able to get down to this areas and, and really, really experience what the true Maui is all about. We owe it to our community. That is what this fund was set out to do. And I think that we are making good use of this property. The fact that it will erode, well, you know, that's Mother Nature. Every time man tries to do something about it through their own mental abilities and scientific speculations, we eff it up. That's a fact, okay. Sometimes just leave it alone, leave it alone and, and, and, and let Mother Nature show us what Mother Nature is all about.

So, I I'm through but, you know, to this Administration, thank you. I asked my question, I got my answers. I think it's, \$2 a square foot is good deal, so thank you for considering future generations and considering open space for our entire community rather than those few rich ones that sit atop their little domains and keep us from having that opportunity to experience ocean life, sunsets, sand, and

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

clean air and most importantly visual beauty without any type of manmade obstacles. Thank you.

CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. And I think my colleague, Mr. Nishiki brings up good points. And he's a shoreline, ocean person so he brings up a good perspective. No doubt this is a great purchase. I think any of us would like to buy oceanfront property for 75,000 dollars. We don't have that opportunity. And I want to give you a perspective from a different side. Lot of things happen along the ocean shoreline. Granted, that's not under our control but nature, but when we talk about trying to put up things that may save our shoreline, we forget that to do that we got to go through the whole process of the Corps. of Engineers. They won't allow you to build those walls along the beach, because they have seen the detrimental effects when people put up seawalls, from Honokowai to Honokahua. You walk that coastline, people have sand bags up, they have walls that they built without permits. What has happened? There's more erosion than happened before, because those things changed the natural flow of nature's currents and wave action. And it's been proven, you put up those things and you gonna see a greater loss of the shoreline. The other part that is concerning to me about the property, and again it's a great purchase for the County and for a great purpose, is no survey is required, and yet our documents shows that we are agreeing to purchase this property on the metes and bounds described in the documents. Those metes and bounds are for the 1.65 acres. We're agreeing to something that is erroneous and is a fraud. That's not what we buying, so I question the legality of describing this property as 1.65 acres with the metes and bounds when it is not. The appraiser himself told us it may be about 38,000 square feet. That's a lot of difference between 1.65 acres and 38,000 square feet. Along the West Maui area that I described where the ocean had started to erode the shoreline which is not going to be investigated here, we know the history of Waiehu and Waihee, the sand dunes are old burial grounds all along that area, all along Waiehu Terrace, Waiehu Heights, and all that property, but property owner doesn't have to supply us with anything like that. At Mala Wharf and West Maui, my crew and I had to remove bones almost on a daily basis from the Mala Wharf area, because as the ocean eroded the sand dunes it exposed all the bones. Now if we are going to put ourselves and our taxpayers in this condition that once that starts to appear and you gonna have the exposure of human remains, you gonna have to close that park area. You can't let people be trampling around that area until some kind of survey is done and certified. So that's why I question this purchase. In the documents it says that the seller does not have to certify anything such as if the property changes because of the erosion the price cannot be renegotiated. So we're, we're allowing, you know, this

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

purchase without the normal certifications in real estate transactions. I think as my colleague Nishiki said, you let nature go along its natural ways and you'll find it works well. Hana, we do not have any revetments or walls along the ocean area. We have a beach called Koki Beach in the Hamoa area. Every winter that beach erodes totally where we only have boulders left. Summer and spring all that sand returns. Soon you change that flow of natural currents and waive action, you will see the sand will not come back. That's why we're filling areas like South Maui, we're filling that back with sand because the revetments has changed the normal currents and waves of that area. So for me, for all of this reasons, you know, yes, I'd like to see that purchase and the property used by our community, our people, but I think in my conscious, I cannot spend taxpayers' money on something that I view as not being totally open and in the best of interests of our County and our taxpayers. So, Mr. Chairman, I respect your recommendation, but my knowledge and experience on properties like this is not a good investment of our tax money and for the County Maui. So I cannot support the recommendation at this time. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more discussion? Member Molina?

COUNCILMEMBER MOLINA: Yeah. Thank you, Mr. Chairman. And I'm certainly glad we had this discussion, but to me let's call it for what it is. This is a great short-term investment, that's called, that's the reality is, it's short term because we all know after discussions here today what's, what's gonna be there 30 years from now, quite possibly only water. And yeah, the price is great and provided of course we don't have any unforeseen circumstances like burials, God forbid. You know, that's gonna just complicate matters anymore. But I'll support it with some strong reservations and I would ask the Department maybe not even consider putting any improvements on, even the... 'cause if we gonna do a paved parking lot or something along that effect it's going to be under water, and like I said earlier, it's gonna cost us more down the road, more than the \$80,000 [*sic*] that we're considering. So I've stated my reasons as to why I'm some what apprehensive of this, but I think it was good we have this discussion because everything was revealed to us, the liabilities that go with this purchase as well. And I think again, I think it was mentioned by someone about thanking the Administration, I thank them, but please disclose to us all, everything, not only the good points about this purchase but tell us about this erosion rate, 'cause I had no idea about this erosion rate how serious it was as it relates to this small parcel. And, you know, the 38,000 square feet being, you know, the only real useable portions of the acreage that we are looking at. So, you know, I guess there is a short-term benefit for the public, so I guess if you look at it from that aspect it's not a bad deal for \$80,000 [*sic*] for maybe what, for 15 years, and, well hopefully, hopefully 30, you know, unless you have, want to do aquatics out there, boats and

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

what not, maybe that might be a future place. But it's a tough one, but I'm glad we had the discussion and the revelation of what we're, we are really, truly looking at as it relates to this investment. So I leave it at that, Mr. Chairman. Thank you.

CHAIR PONTANILLA: Thank you. Any more discussion? If not, the Chair would just like to add a comment. I think going forward, whenever we have coastal lands that need to be purchased that, you know, some of the things that we talked about today, I think need to be addressed prior to coming to the Budget and Finance Committee for purchasing. You know, we all talked about the erosion of this particular area. You know, that was really good discussion, and again, you know, future purchases coastal frontal properties for County use, you know, it would behoove the departments to ensure that, you know, all of the information that is required is brought forward to this Committee. So with that, all the favor of the motion please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any oppose?

COUNCILMEMBER MEDEIROS: No.

CHAIR PONTANILLA: Motion is carried, eight "ayes", one no, Member Medeiros. Motion is carried.

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

MOTION CARRIED.

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

CHAIR PONTANILLA: Thank you.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

MS. HORCAJO: Thank you, Chairman. Can I make a comment?

CHAIR PONTANILLA: Sure.

MS. HORCAJO: I do just want to say thank you. And it was not our Department's intent to not provide adequate information to you. I do believe that it was sent to you in your packet. Also, provided an opportunity to meet with each of you regarding the proposed parcel and provided the information in this map survey. So accept my apologies that it was not included in my opening statement. I did want to allow an opportunity for questions. It was not our intent to not discuss this at this time.

CHAIR PONTANILLA: Thank you.

MS. HORCAJO: Thank you.

CHAIR PONTANILLA: Thank you. Members, we do have one more item on our agenda, but before we go into that particular item, the Chair is going to request a eight minute recess. We will reconvene at 3:15. Thank you. . . .(*gavel*). . .

RECESS: 3:05 p.m.
RECONVENE: 3:15 p.m.

CHAIR PONTANILLA: . . .(*gavel*). . . The Budget and Finance Committee meeting is now reconvened. So much for short meetings. Members, we do have one more item.

ITEM NO. 94: AMENDING FY 2011 BUDGET, REVENUES – FEES, RATES, ASSESSMENTS AND TAXES (PUBLIC TRANSIT FARES)

CHAIR PONTANILLA: And the final item this afternoon is BF-94, Amending FY 2011 Budget, Revenues - Fee, Rates, Assessments and Taxes (Public Transit Fares). The purpose of the proposed bill is to provide a \$2.00 daily pass for those requiring multiple boarding on a single day. The current ordinance allows for a fixed route boarding \$1.00 and a loop village route, villager route monthly pass at \$20.00. Members, I think we've heard from the public in regards to some hardships, and, and I want to thank the Department for considering this. So at this time, I would like to call on Mr. Boteilho.

MR. BOTEILHO: Thank you, Mr. Chairman and Members of the Budget and Finance Committee. Just quickly, the Mayor had asked us to work with the Budget Office

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

on this so the bill is here. Very, very simple, \$2.00 daily pass, we think it's a good thing. We urge its passage. This will help people on fixed, fixed incomes, senior citizens, help most in-need, people that getting on and off the bus, you know, looking for sale and, and that, that sort of thing. So again, we urge its passage and we can answer any question you may have. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for the Department? Member Baisa?

COUNCILMEMBER BAISA: Yes. Thank you very much, Chair. First of all, I want to state that I think this a wonderful thing. And my only concern is that it took so long. The letter is interesting. It says it's time sensitive. I would have preferred we did this during the budget but now that it's here I totally agree with you. I think we should go ahead. Just one little question, has there been any financial evaluation of doing this in terms of revenues? Maybe Mr. Pablo can help.

CHAIR PONTANILLA: Oh, Mr. Pablo, or maybe, Mr. Boteilho, if you...

COUNCILMEMBER BAISA: Or, or, Wayne, if you know.

MR. BOTEILHO: Thank you. Yeah. Thank you, Mr. Chair. And basically we think it's gonna be revenue neutral. In the budget right now, our revenue is \$1.4 million, last year we had 1.2; however, with the fares going up this fiscal year on, on July 1st, we've seen an increase in passes. The first quarter, we sold about little over 3,000 passes, about 100,000 in revenue. On passes alone, we looking at about \$400,000 dollars. If you add that to the million dollars that we think we will get from the regular fares, one...1.4 million dollars.

COUNCILMEMBER BAISA: Well, that's good, 'cause we've heard of the pleads of the riders who came during budget, and I think this is great. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Department? Seeing none...thank you. The Chair's recommendation is to pass on first reading "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2011 BUDGET FOR THE COUNTY OF MAUI, AS IT PERTAINS TO REVENUES - FEES, RATES, ASSESSMENTS, AND TAXES FOR HIGHWAY FUND CHARGES FOR CURRENT SERVICES, PUBLIC TRANSIT FARES", and filing of County Communication No. 10-209.

VICE-CHAIR MATEO: Mr. Chairman, I move for the passage of the proposed bill, as you have just recognized on first reading and as well as the filing of the communication.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

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

CHAIR PONTANILLA: Thank you. It's been moved by Member Mateo, second by Member Victorino. Discussion? Member Baisa?

COUNCILMEMBER BAISA: Just one quick question. When will this take effect?

CHAIR PONTANILLA: Mr. Boteilho?

MR. BOTEILHO: We are looking at following the Council schedule, first and second reading. We are looking at second reading in early November, so to get the store ready, maybe middle of, of November.

COUNCILMEMBER BAISA: So as soon it's passed, then you can get ready?

MR. BOTEILHO: Yeah, yeah, we can start now, getting ready now.

COUNCILMEMBER BAISA: Very good, the sooner the better. Thank you.

CHAIR PONTANILLA Thank you. Members, you know, in regards to this particular item here, when you look at the budget ordinance and Americans with Disabilities Act (ADA), so the fare would also include, the amendment of the fare change would also include this particular area if there's no objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA Thank you. Okay. Any more discussions? If not, all in favor of the motion please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Motion is carried, seven "ayes", two excused, Member Johnson and Member Nishiki. Motion is carried.

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

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

EXC.: Councilmember Johnson and Nishiki.

MOTION CARRIED.

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

CHAIR PONTANILLA: Members, thank you very much for being here this afternoon. I know we had a pretty good, lengthy discussion on the second item. And I hope you enjoy your evening tonight. The Budget and Finance Committee meeting for September 28th is now adjourned. . . .*(gavel)*. . .

ADJOURN: 3:19 p.m.

APPROVED:



JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:100928:cr

Transcribed by: Connie Ramos

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

September 28, 2010

CERTIFICATE

I, Connie Ramos, 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 October, 2010, in Kihei, Hawaii

Connie Ramos

Connie Ramos