

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

March 1, 2011

Council Chamber, 8th Floor

CONVENE: 1:30 p.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Donald G. Couch, Jr., Member
Councilmember Danny A. Mateo, Member
Councilmember Michael P. Victorino, Member
Councilmember Mike White, Member

STAFF: Scott Kaneshina, Legislative Analyst
Camille Sakamoto, Committee Secretary

ADMIN.: Anthony T. Arakaki, Community Development Block Grant Program Manager,
CDBG, Office of the Mayor (Item No. 2)
Sananda K. Baz, Budget Director, Office of the Mayor (Item No. 2)
Adrienne N. Heely, Deputy Corporation Counsel, Department of the Corporation
Counsel
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation
Counsel (Item No. 28)

Seated in the gallery:

Hannah Matsumoto, CDBG Program Specialist, Community Development
Block Grant, Office of the Mayor (Item No. 2)

OTHERS: **Item 2:** John Howell, President and CEO, Easter Seals Hawaii
Thomas Douma, Member of the Finance Committee, Maui Family
Support Services, Inc.
Rebecca Woods, CEO, Ka Hale A Ke Ola
Joseph Molina, Maintenance Director, Ka Hale A Ke Ola
Jani Sheppard, Chief Executive Officer, Maui Family Support Services,
Inc.
Laura Novell, Board Member, Lanai Community Health Center
Diana Shaw, Executive Director, Lanai Community Health Center
Leinaala Kihm
Seven (7) additional unidentified attendees

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

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Claudine San Nicholas, *The Maui News*

CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee meeting for March 1st, 2011 is now in session. The time is 1:30. Good afternoon, Members. At this time, the Chair would like to recognize the Members that are present this afternoon. We have Member Carroll, Member Baisa ...

COUNCILMEMBER BAISA: Good afternoon Chair.

CHAIR PONTANILLA: Good afternoon. Member Cochran.

COUNCILMEMBER COCHRAN: Aloha.

CHAIR PONTANILLA: Member Couch.

COUNCILMEMBER COUCH: Good afternoon.

CHAIR PONTANILLA: Good afternoon. Member Hokama.

VICE-CHAIR HOKAMA: Chair.

CHAIR PONTANILLA: Member Victorino.

COUNCILMEMBER VICTORINO: Good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. Member White.

COUNCILMEMBER WHITE: Aloha.

CHAIR PONTANILLA: Aloha. Member and Council Chairman, Mr. Mateo.

COUNCILMEMBER MATEO: Good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. With us this afternoon from the Administration, we do have Adrienne Heely from the Corporation Counsel's Office.

MS. HEELY: Aloha.

CHAIR PONTANILLA: The Budget Director, Sandy Baz.

MR. BAZ: Aloha.

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CHAIR PONTANILLA: For the first time in this Chambers, we do have the CDBG Coordinator, Anthony Arakaki, and ...

MR. ARAKAKI: Aloha.

CHAIR PONTANILLA: Aloha. And sitting back there is, and we may call upon him, is our Deputy Corporation Counsel, Jeff Ueoka. Also, in the audience from the CDBG Office, we do have Hannah Matsumoto. Supporting the Committee this afternoon, we do have Scott Kaneshina, who is our Legislative Analyst, as well as Camille Sakamoto, the Committee Secretary. Members, we do have several people signed up for public testimony this afternoon. But before we receive public testimony, if everyone in the Chambers could either turn off your cell phones or put it on the silent mode. Thank you. For those of you that are providing public testimony this afternoon, if you can provide us the name, company that you represent, and the Chair will give you three minutes to provide public testimony with one minute to conclude and we'll start. First person to sign up for public testimony is John Howell. John?

...BEGIN PUBLIC TESTIMONY...

MR. HOWELL: Council Member Pontanillo [*sic*], Members of the Council, members of the County Administration and of the Staff members. Good afternoon. My name is John Howell. I'm the President and CEO of Easter Seals Hawaii. Easter Seals has been providing services for children and adults with disabilities or the special needs in Hawaii for 65 years, and we've been providing services on the island of Maui for more than five decades. In 2004, the Department of Health asked Easter Seals Hawaii to take over the State contract for Hale Hauoli, a Medicaid Waiver day health program located at Cameron Center serving adults with developmental disabilities. In the seven years that we've been running the program, the program has grown and today we serve nearly a hundred youth and adults on Maui and the island of Lanai. We provide services on Molokai in past until the State reduced those PICL Funds for that particular contract. We employ 80 workers on, in the County of Maui, and last year we delivered nearly 100,000 hours of direct service. Statewide, we employ 500 therapists, teachers, social workers and care coordinators. Reductions in State contract reimbursement and hours of authorized service have been devastating to all nonprofits. To save money, Easter Seals Hawaii has been part of a successful merger. We're reduced insurance premiums with safety programs, we've cut energy cost with the use of photovoltaic panels and we've addressed occupancy cost by initiating capital campaigns such as the one that we're proposing for Maui. Nine of our Easter Seal facilities, nine of the thirteen facilities we have statewide are either owned or have no lease cost. In April, we purchased 1.7 acres of land adjacent to Queen Kaahumanu Center for the purpose of creating a one-of-a-kind campus for adults--for adult and senior day health program, expanded youth program, supported work development training and independent housing for individuals with developmental disabilities. The move from Cameron Center will save us \$100,000 a year. Dollars will be reinvested in the community, into new programs and expanded services. This was our first request of any type to the city, to the County of Maui for any type of funding at all, whether it be for capital or for programs or operations. The importance of these funds is to serve

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as leverage to open the door for larger trust and foundation funds that typically enter projects at the end. Without the early stimulus funds, the projects generally do not happen or do not happen on time. As an alternate, there is a high likelihood that we will not receive funding for this project that will add dignity and quality to the daily lives of children and adults with disabilities. As an alternate, this project will be delayed by at least one year and funds may be jeopardized. The five projects that have been identified are all very worthy projects. There's also a compelling need for our capital project that will add employees and create construction opportunities on Maui. Easter Seals Hawaii respectfully asks for the support of the Council in considering other types of funds in the County budget to support the development of this new campus. We've contacted the Mayor's Office and have asked for that same level of --

MR. KANESHINA: Three minutes.

MR. HOWELL: -- consideration. Your consideration of our request is appreciated and will make a profound difference in the lives of individuals with disabilities and their families in Maui County. Mahalo.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier? Seeing none, thank you very much. The next testifier is Tom Douma, Thomas Douma, sorry.

NOTE: Long pause while Mr. Douma approached the podium.

MR. DOUMA: Good afternoon Council, Chairman Pontanin [*sic*], members of the Staff. My name is Tom Douma, D-o-u-m-a. Until quite recently, I was a member of the Board of Directors of the Maui Family Support Services and I'm still a member of the Finance Committee. I was heavily involved in the technical and financial analysis of the needs of our building and the potential for increased expense due to MECO electrical rates. We underwent an audit of the building which I helped conduct in terms of, first of all, conserving energy at the building and then secondly, doing an analysis of the results as to the size, and type, and configuration of a solar voltaic system that would help reduce the electrical cost and then helped with a financial analysis to see how we might fund or support such a system, and what sort of savings would result as a result of putting the system in. I feel we did a very, very thorough job of doing our homework. We put out an RFP locally here in Maui and have selected an installer here in Maui that we have a high degree of regard for, and I'd like to offer my support for this particular portion of the CDBG Grant and offer either now or in the future to answer any questions regarding sort of how we went through the process and what our resulting proposal is here regarding a grant from CDBG to purchase the system and have it installed. Thank you very much.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier this afternoon? Member Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. And thank you, Tom, for being here.

MR. DOUMA: Thank you.

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COUNCILMEMBER BAISA: I had the opportunity to talk with you, and I'd like to ask you to share with the group, the information you shared with me about why you decided to go for CDBG and not do a PPA?

MR. DOUMA: Okay. The question is regarding a PPA means "Power Purchase Agreement". And there--the typical way you do this is, you find a group of investors who could use available tax credits which many, some of them will run out this year, in order to lower the initial cost of the system. They design, own, install, and maintain the system and in turn, sell electricity to the client at a reduced rate from the current market rate that MECO charges. Typically that rate starts about four to five cents per kilowatt hour under the MECO rate, and escalates at about 2, maybe 2½ percent a year, whereas, the MECO rate has historically gone up anywhere from 5 to 7 percent a year. So initially the savings is rather small in the first few years, because you only have that narrow margin separating the two rates. And so, as time goes on, theoretically at least MECO will continue to increase its rates due to increased oil prices that spread becomes larger and larger and so you're actually saving, but you never really eliminate your electrical cost. You only eliminate the increase. And secondly, the major benefits from a PPA System only start occurring after the compounding sets in, five, six, seven or eight years down the line. We recognize this and chose to apply for the CDBG Grant for two primary reasons.

The first one was that we needed the savings now. This sort of program here will probably push twenty-five, twenty-six, -seven thousand dollars a year initially to our bottom line to be used in social programs. Whereas, the initial PPA rate differential would only, contributed maybe five or six thousand dollars a year in year one. So there's a \$20,000 at least difference impact to us initially at a time when we can, as also social service agencies and nonprofits could really use the money.

The second reason is we did approach several investment groups about funding a PPA Program for us. What we found is that our particular nonprofit...well, let me back up just a minute. An investor will look at putting in four or five hundred thousand, three, four, five hundred thousand dollars at risk for 20 years, and so like any investor or a bank or any institution, they undergo a credit analysis. And this credit analysis is based not only your--as any institution--your current ability to pay, but your future ability to pay because they're gambling you will continue to pay the utility bills for 20 years or more. Our agency, unfortunately, is vulnerable to this type of analysis since most of our funding needs to be renewed on an annual basis. We're vulnerable to changes and legislative programs and philosophies, and therefore, when we went to the marketplace, we actually put this out to three different groups, we found that their rating of our risk was rather high, and we had a great deal of difficulty convincing anyone to undergo that risk and buy and purchase the system on a PPA basis. So, is that . . .

COUNCILMEMBER BAISA: Yes, and thank you very much for the explanation. I think it's really important because we're seeing a great number of applications coming in for photovoltaic systems.

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MR. DOUMA: Uh huh.

COUNCILMEMBER BAISA: And with the scarcity of CDBG dollars, it's really important that if we can, you know, get other money then we need to chase it, and if we can't then ...*(Coughing)*... that enters the decision of this group--

MR. DOUMA: I understand.

COUNCILMEMBER BAISA: --as to how we're going to split this tiny pie.

MR. DOUMA: Yeah, we actually did try to get matching funds and try for a PPA. It just didn't work for us.

COUNCILMEMBER BAISA: Thank you very much.

MR. DOUMA: Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions for the testifier? Thank you again for providing us that information regarding PPA and how it works. Rebecca Woods?

MS. WOODS: Good afternoon, Vice-Chair Pontanilla and Council Members. My name is Rebecca Woods, Becky, and I am the CEO for the homeless resource centers here on Maui. We have two facilities for those of you who are new. We have the Central shelter and we have the Westside shelter. And we serve approximately twelve to fifteen hundred individuals and families each year, and our agency provides emergency services as well as transitional housing programs to the homeless individuals and families here on Maui. We've been in existence for actually 25 years this year. And our Central facility is about 17 years old and has seen its wear and tear. It's, the inside of the units are in desperate need of repair as far as cabinets, stoves, countertops, flooring. Our kitchen is in need of equipment and upgrading. We serve approximately 65,000 meals a year ...*(cleared her throat)*... excuse me, and we have a waitlist.

The services we provide include life skills, extensive life skills, and educational programs and intensive case management. So the services we provide to the individuals and families assist them in becoming self-sufficient out into the community. And for the most part, the clients don't stay for the full duration of two years because they're ready to go most likely between a year and 18 months. I'm here because I am trying to upgrade our facility. I've looked at other funding. I have the EDI Fund which is the, the Development Initiative from Senator Inouye's Office, and I've been reroofing and putting in new windows in our facility. But the interior is in desperate need, so I applied for CDBG funds to assist us in our Phase I of our five-year plan. The plan was created between Cooper and Cooper, which was a consulting firm with the County of Maui as well as myself and a board member. So that's why I'm here.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier? Seeing none, thank you again, Becky. Joseph Molina?

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MR. MOLINA: Good afternoon, Chairman and Board Members. We here for get that money from you guys so we can get our Ka Hale A Ke Ola...oh, my name is Joe Molina and I come from Ka Hale A Ke Ola, homeless resource center, excuse me.

COUNCILMEMBER VICTORINO: ...(Chuckle)...

MR. MOLINA: We here for get some money for, so we can provide better services for our people that come over to the homeless shelter. And like how Becky said, our buildings all falling apart and we need it, very much in need of getting that funds. We tried our best to get funds from other ways and, and doesn't work. So we come to you guys, asking you guys, please, and in fact, you guys had sent us one paper saying that you guys...what is that word?

UNIDENTIFIED SPEAKER: Recommend.

MR. MOLINA: You guys recommending. In Portuguese "recommend" means you guys going give us the money.

COUNCIL MEMBERS: ...(Chuckling)...

MR. MOLINA: So, you know what try give us whatever we like, yeah? Help us out over here. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier?

COUNCILMEMBER VICTORINO: I don't dare.

CHAIR PONTANILLA: That's really straightforward by the way, Joseph.

COUNCILMEMBER VICTORINO: No hold back now, huh?

COUNCILMEMBER CARROLL: Nice ...(Inaudible)...

CHAIR PONTANILLA: Yeah. Next testifier is Jenny [*sic*] Sheppard.

NOTE: Long pause while Ms. Sheppard approached the podium.

MS. SHEPPARD: Morning Chair, good afternoon. Good afternoon, Committee Members. My name is Jani Sheppard and I'm the CEO with Maui Family Support Services. Tom Douma, as he said, is a, just, just recently not been able to be on our board, but we're very thrilled that he's on our Finance Committee and still supporting and advocating for our mission and our families. Maui Family Support Services is celebrating its 30th year this year providing family strengthening and child abuse prevention services to Maui County families. And we, like many other organizations, I'm assuming probably all, are figuring out ways to either get more money or save money. And so our, we've done several things in the last two and a half years, we've either laid

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off or cut significant hours for our staff on all three islands, for half of our staff on all three islands. We have not had any increases for any of our staff for four years. We've done energy studies to reduce our energy cost in the building, including closing our office, our administrative offices on Fridays. It's not a technical furlough because we still work, but we either work from home or we work in the field. And we were, been able save a significant amount of money on, by keeping, not keeping computers on and lights and air conditioning, et cetera. We've shut our elevator down to cut costs, unless, of course, there's ADA and someone needs to use that, but even so, we make meetings downstairs so we can cut those costs. We use scrap paper like everybody else. But lots of, of, of cost savings.

We applied for this CDBG Grant to reduce our electric costs by installing the photovoltaic system, and Tom did a much better job than I could have explaining the details of the PPA. But we were, as an executive leadership team in our board, involved in lots of research, putting out bids, et cetera to find the most effective way of installing a system that would save us significant money. And as Tom said, we could have done the PPA, and after research and analysis of those projects and the cost benefit analysis there, found that it really was going to save us about 6,000 a year. If someone handed me \$6,000 that would be great, but if I could have 27 to put back into programs, that's more than four times better. So, again, that's why we're applying for the funding.

In terms of the number of families, we're--not families, individuals--we're serving about, in this year ending June 30th, over 4,000 families a year. And over the ten-year period, we would be able to meet the goal of the County CDBG plan and the primary goals there for public facilities in serving 1,300 families with, we're assuming from that project and over the ten-year period, the 13,000. All the families are low-to-moderate income. We do do income veridability, income eligibility verification for, for our Early Head Start Program. The program also includes the Child Development Center which is again, one of the priorities in the County Plan. The Child Development Center serves individuals who are meeting the Federal Poverty Guideline Incomes, Income Levels--

MR. KANESHINA: Three minutes.

MS. SHEPPARD: --and--thank you--Poverty Guideline Income Levels, and therefore, we are serving some of the most vulnerable members in our community. In order to participate in that program you must work or attend school. So it's helping to promote self-sufficiency and strengthen the families in our community.

CHAIR PONTANILLA: Thank you. Members, questions for the testifier? Seeing none, thank you, again.

MS. SHEPPARD: Thank you.

CHAIR PONTANILLA: Next testifier is Laura Novell.

NOTE: Pause while Ms. Novell approached the podium.

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MS. NOVELL: Good afternoon. Good afternoon, Members. Thank you for having us. We're here from Lanai representing the Lanai Community Health Center. And this is my Executive Director, Diana Shaw, and we're here to plead for the CDBG Grant. As you know, Lanai Community Health Center, we are the only health center on Lanai for uninsured and underinsured. Our loss of jobs on Lanai this year is close to 25 percent. We are serving about 20 percent uninsured individuals at our Community Health Center which we are serving about a thousand patients right now. In 2010, we had 2,800 visits. We service basic healthcare needs, psychologists, cardiologists that we bring in from Queens for our community especially our seniors, regular dieticians to help with our diabetes program, nutrition to help with our diabetes program and our hypertensive, dental which we have so graciously worked with Dr. Nora Harmsen there on Lanai, which is our only dentist, the WIC Program, and family practice. So we provide basic essential services to our community, and without us, as you know, they would have to take the ferry and come over to Lanai. For a senior, that can run about \$30 a roundtrip, but for a regular individual per person with no discounts for children, it's a \$100 a person now.

CHAIR PONTANILLA: Ms. Shaw, you want to add anything since--

MS. SHAW: Yeah.

CHAIR PONTANILLA: --both are up here?

MS. SHAW: Yeah, we figured we might save a little time if we both came up together.

CHAIR PONTANILLA: Yeah, please, thank you.

MS. SHAW: As the Executive Director of the Community Health Center, I wanted to point out a couple of things. The services that we provide are currently being provided out of an old plantation house that's a little bit less than 1,000 square feet. Due to the constraints of the size, we basically have two examine rooms. We really can only have one basic health medical provider as well as one clinical psychologist there at a time. And anything more than that, we really start tripping over one and other and are basically providing health care services in somewhat unsafe conditions. We do also manage the only WIC Program on island. As you know, that program really does mean that there's usually four or five individuals who are seeing our nutritionist and our staff at the same time. So we usually have to cut back on the medical care as well as the psychology during those days. We're also the only Family Planning Program on the island. We do function. We've tried to do the best that we can to function six days a week offering health care services on Saturdays which we're the only provider other than the hospital that's available on a Saturday. And we've also tried to accommodate our hours to meet the needs of the hotel workers on the island. So three days a week, we're open till 7:30 at night. So we were very, we were very pleased to be an awardee for the CDBG Grant back in 2008. You provided us with \$500,000 so that we could actually do the design of our new building, the permitting and the subdivision process.

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Phase II of our project is what we requested money for this past application process. We're looking to purchase the property that we're going to put our brand-new 7,700 square foot building on. We felt that it was critically important to purchase the property even though our lease also allows us to lease the property, primarily because those of you...I'm sure everybody's familiar that the island of Lanai is a very difficult island to do business on with only one owner. And it took us a year to actually negotiate the contract with Mr. Murdock, and that was actually only done successfully because we did get the Senator involved in it. In the contract, in spite of the yearlong process, there is a clause, there are several clauses in there that worry me from a fiduciary responsibility. One is that they can at any point in time decide to move us and just basically relocate us. So if we're putting in \$5.5 million of Federal and probably some State funds to build a brand new LEED-certified building for our patients, the thought that somewhere along the line, we might be moved or told to move is really not really providing the right type of oversight for funds that are given to us. So we were asking to actually be awarded funds so that we could purchase the property at fair market value, and then very shortly thereafter, we're positioning ourselves to actually start building the building itself. Any questions?

CHAIR PONTANILLA: Thank you. Members, questions for the testifier this afternoon?
Member Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. Mr. Murdock is willing to negotiate the price with you?

MS. SHAW: Yes, in the lease that we have, we actually did get the...it's written right in there, we have an option to buy. Its option is at fair market value. As we are subdividing the, the block that we're in, we actually have the document that tells us the fair market value for the component that we'd be purchasing. It's \$750,000. And then we figured that there would be closing costs, so we had asked for 775, I believe, to cover those costs.

COUNCILMEMBER CARROLL: Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions for the testifier?
Member Hokama?

VICE-CHAIR HOKAMA: Chairman, thank you. I think one thing that is important and I would ask Ms. Shaw to maybe give the Committee some understanding, because Lanai is designated, what is called, "MUP", Mr. Chairman, which is a Medically Underserved Population. And so maybe if Diana, you would care to explain the designation and what it means for Lanai, please?

MS. SHAW: Yes. Thank you. Basically, the Medically Underserved Population actually is a designation that's provided to a community when you don't have sufficient access to medical care. In our particular case, Straub does exist on the island, but that organization does not service the uninsured and actually doesn't always have the capacity to serve the underinsured. So as Laura had mentioned, this time when I looked at our numbers for last year, 20 percent of

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our population at this point is uninsured. And the numbers are growing because we continue to have unemployment. So it becomes extremely important that we're able to be there and successfully survive in that community. In addition to the fact that we provide our services on a sliding fee scale--again, we're the only organization that does that in the community--we also have access, because we're a Federally qualified health center, to a low-cost drug program as well as a number of other programs that we can tap into to basically make supplies available and equipment available to our patients at no cost or a very low cost.

MS. NOVELL: And as an additional, although we mentioned the word, "hospital", we really don't have a hospital. It's just a critical care center, acute care center where we can stabilize an individual because you are medevaced out for everything.

MS. SHAW: And actually just double, you know, backing on that one, one of the difficulties we currently have within our community right now is in the current facility that we have, we don't have sufficient room to basically provide blood draws and to service our patients as far as their tests are concerned. So what we're doing is sending our patients to the hospital. The hospital then does the blood draw, but then charges our patients at this point in time, hospital rates. A \$50 test can be a \$150. And we've been trying to work with the hospital to negotiate, but their hands are a little tied because they're a State facility. So our plans are basically to teach our staff how to do phlebotomy, do our own blood draws, but we're trying to reconfigure our space again to be able to do that safely.

CHAIR PONTANILLA: Thank you. Mr. Hokama?

VICE-CHAIR HOKAMA: Thank you, thank you, Mr. Chairman. I just appreciated your patience to allow Ms. Shaw to explain, you know, this critical designation for our island. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions for the testifiers? Seeing none, thank you again for being here.

MS. SHAW: Thank you.

Ms. NOVELL: Thank you, Mr. Chair. Thank you, Mr. Hokama.

CHAIR PONTANILLA: Okay, both Ms. Shaw, and Ms. Novell were the last persons to sign up for public testimony prior to the meeting. Is there anyone out in the audience that would like to provide public testimony at this time? Seeing none, Members, without any objections, the Chair would like to close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

...END OF PUBLIC TESTIMONY...

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ITEM NO. 2: COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM (C.C. No. 11-64)

CHAIR PONTANILLA: Members, we do have two items this afternoon, and the first item is up is agenda'd Item BF-2, which is the COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM. The purpose of the proposed resolution is to authorize the Mayor to execute and file an application with the United States Department of Housing and Urban Development for a grant of \$1,927,876 under the CDBG Program for the--for 2011 Year/Fiscal Year 2012. Here with us is the CDBG Coordinator, Mr. Araki, not Araki, Arakaki, Tony Arakaki, with us this afternoon. At this time, the Chair would like to call on Mr. Arakaki for some comments.

MR. ARAKAKI: Okay, thank you, Chairman Pontanilla. Good afternoon, Chairman Pontanilla and Members of the Budget and Finance Committee. Thank you very much for your time and the opportunity to discuss with you the CDBG program and the proposed resolution today. I would like to begin today by providing the Committee with a background, with background information on the competitive application process utilized by CDBG to select projects for funding. This process was established seven years ago in 2003, as a result of a program audit by a certified public accountant and a recommendation of the Maui County Council. The process is considered a best practice by HUD and is consistent with the County of Maui's 2010 to 2014 Consolidated Plan.

Included in the transmittals before the Committee today are, the Annual Action Plan Submission Schedule which outlines the timeline for the application process and our submission of the Annual Action Plan to HUD; the Annual Community Assessment Program for Program Year 2009 from HUD; and thirdly, the executive summaries and budgets for the funded, partially funded, and alternate projects. Note this is not including the ARC of Maui County for the construction of the Hale Maunaloa on Molokai which will be included in today's additional information handout for your review.

This year's competitive application process began last fall with public hearings held in September, in Hana, Lanai, Molokai, and Wailuku in conjunction with the Mayor's budget hearings, with five grant workshops for the public were held in September and October, one in each of the low-to-moderate-income communities of Hana, Lanai, Molokai, and two in Wailuku. Individual, individual project technical assistance appointments were held with the organizations and agencies when requested. The open application period was announced through a Request For Proposals published in the *Lanai Today*, the *Molokai Dispatch*, and twice in *The Maui News*. The open application period was a 30-day period from October 25th to November 23rd, 2010.

Twenty proposals totaling approximately \$5 million were initially received by the, by the CDBG for consideration. The proposals were screened for eligibility and threshold factors by the CDBG staff. Eight of the 20 proposals did not pass this initial screening. Three applications were for ineligible activities. CDBG funds cannot be used for the purchase of replacement equipment, and CDBG funds cannot be used for a project with no clear purpose. One application was postmarked by the United States Postal Service after the deadline. One application does not

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meet the national objective. CDBG applications must meet a national objective of providing benefit to low-and-moderate-income persons. The law requires that 70 percent or more of the County's total grant must meet this national objective. The definition of low-and-moderate-income households is defined by HUD based on income limits by family size. One application did not meet a need in the 2010 to 2014 County of Maui Consolidated Plan. Two applications were incomplete. They were missing documentation or they did not have the specified number of copies where six copies were required. Twelve eligible proposals were forwarded to the evaluation and selection panel for review. Notable changes with two of the funded proposals include the following: number one, Tri Isle Resource Conservation and Development Council with the Molokai, Molokai Youth Environmental Services better known as the Molokai YES Project was partially funded in the amount of \$138,180 of the 261,800 requested due to the HUD public service cap of 15 percent. Molokai YES was present, was presented, Molokai YES has presented a revised budget which is enclosed with the transmittal. If it had been fully funded in the amount of 261,800, it would have benefited 25 youth workers and 5 college student crew leaders. With the revised budget of a \$138,180, the benefit would be to 13 youth workers and 5 college student crew leaders instead. All of the youth workers and the college student crew leaders will be verified to be from low-to-moderate-income families. The 15 percent HUD Public Service cap was calculated to be \$289,181. This is 15 percent of the total estimated HUD award of \$1,927,876 for Program Year 2011.

The highest ranked public service project was the Maui Police Department vehicle at 55,000. While the next ranked, while the next ranked public service project was the County of Maui, Department of Water Supply emergency generator at 96,000, leaving a balance of a 138,000--\$138,180 to the Molokai YES Program. That's how we arrived at that figure of \$138,180. Number two is the Mental Health Kokua, with a Mental Health Kokua Office Project was designated to be partially funded at 99,316 of the 112,000 that was requested. Being that the last ranked partially funded, partially, partially funded project leaving 12,684 as the first ranked, first alternate funded project. Mental Health Kokua has presented a revised budget which, which has also, which is also enclosed in the transmittal. The revised budget takes into account that Mental Health Kokua has set aside \$12,684 of their own funds shifting up the first alternate position to Easter Seals Hawaii and so on. Also, also notable was that the Kihei Kauhale Nani Community Association passed the threshold screening process, and was forwarded to the evaluation and selection panel for rating and ranking. The proposed application did not receive the minimum composite score of 325 points, and therefore, was not eligible for funding.

The panel, the panel was comprised of five members and one alternate that included various professional disciplines and experiences. Based on the recommendation of the Mayor, the panel members were as follows, Roland Prieto, currently of the Office of Economic Development and a former CDBG Program Specialist; Agnes Hayashi currently with the Department of Management and a former CDBG Program Manager and Deputy Director of Finance; Kyle Ginoza, Director of Environmental Management and a former CDBG panel member; Michael Miyamoto, Deputy Director of Environmental Management and also a former CDBG panel member; and myself, making the fifth member of the panamal, panel with Kenneth Yamamura of the Office of Economic Development serving as the alternate.

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The panel used the following pre-determined rating criteria: the consolidated plan priority with a 25 percent weight, project readiness with a 25 percent weight, project impact and delivery with a 20 percent weight; financial considerations with a 15 percent weight, and applicant attributes with a 15 percent weight. The final criteria were outlined in the application packet. Excuse me, the rating criteria was outlined in the application packet. The panel met two times in January to deliberate and review the proposals. The panel's funding, the panel's funding recommendation was approved in its entirety by Mayor Alan Arakawa on February 1st of 2011. At this time, I'd like to thank the evaluation selection panel and the CDBG staff for their contributions with year's, this year's application process.

The resolution before you today reflects an estimated HUD allocation amount of \$1,927,876 which reflects a flat amount from the current allocation as of today. The final HUD allocation for Fiscal Year 2012 is expected to be released by March 22nd of this year. As all of you are well aware of the most recent news by the President of the United States concerning the cutback of CDBG funds and the possible elimination of the CDBG Program, HUD has notified us of a proposed 10 percent CDBG cutting, CDBG fund cutting and which may extend up to 60 percent and at worst case, elimination of the CDBG program altogether. Mayor Alan Arakawa has expressed deep concern to our Congressional delegates, Representative Mazie Hirono, Representative Colleen Hanabusa, Senator Daniel Inouye, and Senator Daniel Akaka in support of CDBG by opposing any cuts or elimination of the program which would have severe and adverse effect on the County of Maui's ability to continue to serve low-and-moderate-income individuals and families and add to the burden of finding and competing for limited and scarce alternative sources of funding. Councilmember Joseph Pontanilla, on behalf of the Maui County Council has or will be expressing his support of CDBG to our Congressional delegates. I wish to thank Councilmember Joseph Pontanilla and the Maui County Council in advance for your support of CDBG.

Members, the resolution respectfully presented to you today which is the, which is the result of thorough review and well, as well as careful and thoughtful deliberations recommends a provision for the CDBG Program Administration as well as seven projects. If any of these seven projects prove not feasible for funding or is not in the position for funding as represented in the CDBG application or if any funds from the prior years become available for reprogramming, five alternate projects are included in the resolution. The projects proposed for, the projects proposed for funding, partial funding, and alternates are: one, the ARC of Maui, County's construction of the Hale Maunaloa on Molokai. This project is a, is the new construction of a five-bedroom residential facility for adults with developmental disabilities as well as for environmental review requirements. Two, the County of Maui, Police Department's acquisition of an incident response vehicle for the Hana Community. This is, this involves the procurement of a mid-size, four-wheel drive, pick-up style vehicle to increase the level of public services, public safety services provided benefiting the Hana Community. Maui Economic--Number 3, Maui Economic Concerns of the Community Rehabilitation of the Ka Hale A Ke Ola Homeless Shelter. The rehabilitation will include the replacement of damaged stair, lanai, and railing components, exterior door replacement, installation of energy-efficient, tankless water heaters and cabinet,

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counter, and appliance replacements. Number four, Maui Family Support Services, installation of photovoltaic system at their Wailuku Weinberg Early Childhood Center benefiting low-and-moderate-income, at-risk families. Five, County of Maui, Department of Water Supply procurement of an emergency backup generator for the Wakiu Well serving the Hana Community. Six, Tri-Isle Conservation and Development Council's Molokai YES Project which is the funding--which is, which is funding of a short, which is the funding of a work-learn employment training program benefiting youth workers ages 16 to 19 led by college age crew leaders from Molokai who have been verified to be from low-to-moderate-income families. These youth workers will engage in conservation projects throughout Molokai while learning life skills such as retaining a job, development of a strong work ethic, and the importance of assuming responsibility. Number seven, Mental Health Kokua's Architectural Feasibility Study for the rehabilitation of their offices which serves low-and-moderate-income individuals who are homeless with substance abuse, mental health and social services. Number eight, Easter Seals Hawaii, Maui Campus rehabilitation for their Medicaid Waiver Home and Community--Based Services program which exclusively benefits those who are of low and moderate income. Nine, Lanai Community Health Center's land acquisition for the construction of a healthcare facility to benefit predominantly low-and-moderate-income persons on the island of Lanai. Ten, County of Maui, Department of Fire and Public Safety procurement and--procurement and installation of a photovoltaic system for the Lanai Fire Station. County of Maui, Department of Fire--number eleven, County of Maui, Department of Fire and Public Safety's procurement and installation of a photovoltaic system for the Hoolehua Fire Station on Molokai. And lastly, twelve, County of Maui, Department of Fire and Public Safety's procurement and installation of a photovoltaic system for the Hana Fire Station.

These projects each address a high priority need as identified in the Consolidated Plan, are geographically dispersed throughout the County of Maui and directly support low-and-moderate-income concentration, concentration communities of Hana, Lanai and Molokai. They also provide a number of services including public safety, regulatory compliance, energy efficiency, affordable rental housing and health. They also extend services to over 21,000 residents, who represent a wide cross, a wide cross-section of underserved beneficiaries including elderly, individuals with special needs as well as low-to-moderate-income citizens of our County. Therefore, I respectfully ask for the Members of the Budget and Finance Committee for your favorable consideration of our funding recommendation it's in--in its entirety for your, for your approval of the CDBG resolution, Authorizing the Filing of an Application with the Department of Housing and Human--Department of Housing and Urban Development, United States of America, for a Grant under the Community Development Block Grant Program. Thank you for your consideration. I, as well as, representatives of the various projects will be happy to answer any questions, and--about the resolution and proposed projects. Thank you.

CHAIR PONTANILLA: Thank you, Tony, for that in-depth explanation regarding the award--awarding of CDBG funds. Members, we received some information from Mr. Arakaki this afternoon regarding the ARC of Maui County project. If you need a few minutes to review, the Chair would provide you with extra minutes, or the Chair will call a short recess so you could

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review whatever was presented this afternoon. So at this time, we will take a five-minute break, and we'll reconvene at 2:25. . . .(gavel). . .

RECESS: 2:20 p.m.

RECONVENE: 2:26 p.m.

CHAIR PONTANILLA: . . .(gavel). . . The Budget and Finance Committee meeting is now reconvened. Members, at this time, I would like to open up the floor for questioning and I'll go from my right and go right down the line. So Member Mateo, if you have any questions for the CDBG Coordinator at this time, Mr. Arakaki?

COUNCILMEMBER MATEO: Mr. Chairman, my question is really brief. On the worksheet that we were provided that the resolution is attached to, my only concern is the worksheet and the resolution do not, do not balance out. And I know we're approving the resolution, but it's the worksheet that we actually look at and the worksheet does not show the 350 for the ARC project nor does the worksheet include any administrative amount for CDBG. So I just wanted to make that known because both do not balance--do not match, and I just thought it was an important item to recognize.

CHAIR PONTANILLA: Mr. Arakaki, any explanation to that? I, I know there's a note, 20 percent of, of the total amount was towards the administration of the CDBG funding. But if you can answer Mr. Mateo's question?

MR. ARAKAKI: The only thing that I can say is that we just didn't include it on the worksheet itself.

COUNCILMEMBER MATEO: But the resolution is really what we're dealing with at this point--

MR. ARAKAKI: Right--

CHAIR PONTANILLA: Exactly.

MR. ARAKAKI: --that's correct.

COUNCILMEMBER MATEO: --Mr. Chairman. So, yeah, I just wanted to point it out because there, there is--I couldn't actually recognize all of the total of 1.9.

MR. ARAKAKI: Right.

COUNCILMEMBER MATEO: Thank you. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Mr. White?

COUNCILMEMBER WHITE: No questions.

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CHAIR PONTANILLA: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: Mr. Arakaki, I remember you, when we met, you mentioned something about, and I--my memory is trying to jog and I'm sorry, something about that we were going to be subtracted some monies because of an overpayment or receiving too much. Can you...somehow, I remember you saying we going get 2 million something but we're going get this or whatever. Can you . . .

MR. ARAKAKI: Right, that--I believe that that was . . .

COUNCILMEMBER VICTORINO: And I'm sorry, I forgot exactly how you phrased it.

MR. ARAKAKI: Right, right. That was a misallocation by HUD.

COUNCILMEMBER VICTORINO: Yeah.

MR. ARAKAKI: Yeah. And that--and basically the County of Maui had to pay, pay that back so essentially our--that's the reason why that \$2 million goes down to about 1.9 or so. And, I don't have the exact figures in front of me, but I can get that to you.

COUNCILMEMBER VICTORINO: Yeah, I think that's important too, Mr. Chair. You know, because, I mean, we're trying to approve something here and then if we get--and I know we're going to get less, and I think you guys kind of formulated it out, right?

MR. ARAKAKI: Right, but the numbers that you see here on the resolution already reflect that number.

COUNCILMEMBER VICTORINO: It already reflects that number?

MR. ARAKAKI: By the subtraction, right.

COUNCILMEMBER VICTORINO: Okay. I just wanted to make sure that that was incorporated in this, in this numbers here.

MR. ARAKAKI: Very good question, thank you.

COUNCILMEMBER VICTORINO: Okay, thank you. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, thank you. So I can understand it better, Mr. Arakaki, if you're an approved project and you cannot move forward, you can ask to be placed on the following year's project and you will be listed as the number one project?

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MR. ARAKAKI: No. That wouldn't be.

VICE-CHAIR HOKAMA: So how does ARC come the number one project?

MR. ARAKAKI: Okay, that's why I'm gonna...if you read that additional information packet and I can go over that.

CHAIR PONTANILLA: If, if you could clearly explain--

MR. ARAKAKI: Sure. Let me get into that.

CHAIR PONTANILLA: --why it was--

VICE-CHAIR HOKAMA: And Mr. Arakaki--

CHAIR PONTANILLA: --the number one project.

VICE-CHAIR HOKAMA: -- maybe in your response you also had because my understanding is if you're an alternative project, and you don't get funding, then the following years, you can apply but you must resubmit an updated application. Does that also apply to approved projects that get--ask for deferral to the next, next funding year?

MR. ARAKAKI: Right. It's to my...let, let me, let me go, go over the background first. Okay, the previous CDBG Program Manager under the Tavares Administration, Carol Gentz met with the ARC of Maui on July 28th of 2010. Being that they're not ready to spend the CDBG funds for the construction of the Hale Maunaloa project and they were trying to secure additional funding from HUD under Section 8-11, that they would agree to cancel their executed...now bear in mind this is an executed Subrecipient Agreement with the, with CDBG, which would release the 350,000 and it would be reprogrammed to the Kaunakakai Pumper Apparatus which is a Program Year 2010 Project. Also in agreement with the cancelation of the ARC of, of the ARC of Maui, we now anticipate utilizing pre-award of 350,000 for the Program Year 2010 CDBG allocation. Again, I presented all the exhibits of how this had transpired, and I hope that's a sufficient explanation.

VICE-CHAIR HOKAMA: Not really. That's why I'm asking you this question, Mr. Arakaki. I am trying to understand because, you know, if...this is something that we, on Lanai, can look for our project then I want to view at this as an option for us to consider how to get future funding by being able to be number one the following year.

UNIDENTIFIED SPEAKER: ...*(Inaudible)*...

MR. ARAKAKI: Yeah, this is the pre-award.

CHAIR PONTANILLA: Mr. Ueoka?

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VICE-CHAIR HOKAMA: So pre-award...you know, you gotta help us understand this pre-award thing, 'cause, you pre-awarding something that you have no idea what the total amount is going to be till some later point in time, right?

CHAIR PONTANILLA: Corporation Counsel?

MR. UEOKA: Yes, correct. I, my understanding of it is, the County has the authority to pre-award anticipated future CDBG funds up to 25 percent of its anticipated CDBG allocation. So I guess, at some point in the year the CDBG Office gets their anticipated allocation and they're allowed to pre-award 25 percent of that.

VICE-CHAIR HOKAMA: Okay, so my question back then, okay, as part of your resolution, you state that, alternate projects will be required to submit an updated application to be considered for future funding. Does an approved project that that gets considered for potential pre-award consideration also, submit a updated application the following year?

MR. UEOKA: In this case, for ARC of Maui, no, they did not submit an...well, I'm...they didn't, right?

MR. ARAKAKI: No, they did not.

MR. UEOKA: Yeah, they did not submit an updated application, based on the understanding reached with the former Program Manager of CDBG that if they agree to give up the allocated funds from the 2009 Annual Program that they would be pre-awarded that money back in 2011. This agreement was made in 2010. It was all a timing matter. They were able to utilize the money, I guess, more expeditiously for the Kaunakakai Pumper Apparatus at that time in October 2010.

MR. ARAKAKI: Well, ARC of Maui was not ready, too.

MR. UEOKA: Yeah, well, ARC of Maui was not ready to move forward with their housing project.

VICE-CHAIR HOKAMA: Okay. But they made assurances by signing and documented, they executed they were ready to go forward though, right, for the 350? Because you're telling us there was an executed agreement.

MR. UEOKA: There was a sub-recipient agreement signed in 2009. Typically those sub-recipient agreements are amended to allow for more time.

MR. ARAKAKI: And it has been amended.

MR. UEOKA: And it was amended. ARC of Maui had followed through as a responsible sub-recipient.

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VICE-CHAIR HOKAMA: You know, I don't have a...you know, the project is not my issue. I'm trying to understand this process so that I can find out whether or not down the road, this is one of our options for our Lanai project, and that's what I'm trying to understand and trying to get a grip on this afternoon, member, staff.

MR. UEOKA: I, I think the distinction here is that the ARC of Maui project was already given the CDBG money on a sub-recipient agreement was already signed in the past. So, I think that would be the distinction between that project in 2009 versus a later year alternate project.

VICE-CHAIR HOKAMA: Now, I'm just trying to understand it, you know, Mr. Ueoka, because in a sense then you can bypass Council with a project by changing which process you want to go through. Because ARC of Maui, you know, in a sense gets funding without...you know, we give a tacit approval, yeah, but it's already approved, you know what I'm saying?

MR. UEOKA: Yeah, they were approved in 2009.

VICE-CHAIR HOKAMA: And they chose to defer.

MR. UEOKA: Yes, in agreement. Yes, they chose to defer until 2011, which was--they could have stayed on as a sub-recipient and not cancel their current sub-recipient agreement and done all that. They could have just stood pat and, you know, renewed or asked for an extension of their time, and the loser basically would have been the Kaunakakai Pumper Apparatus which would not have been funded as expeditiously.

VICE-CHAIR HOKAMA: But we'll still go to another approved alternative project, though?

MR. UEOKA: Um--

VICE-CHAIR HOKAMA: That 350, right? We'll reprogram it to another alternative approved project.

MR. UEOKA: Yes, it went, the 350 went to the Kaunakakai Pumper Apparatus which was a approved project.

VICE-CHAIR HOKAMA: Okay and I appreciate you, you know, taking the time to explain it to, to the Committee and to myself. I just have a hard time with this pre-, prefunded thing, that's all. Thank you, Mr. Chairman.

CHAIR PONTANILLA: Thank you, Mr. Hokama. You and I both had that same problem. I've met with them almost two hours this morning going over what you just trying to get. Mr. Couch?

COUNCILMEMBER COUCH: Thank you. I'm noticing in the, in this I guess e-mail to you from Carol Gentz, that, that you provided us, that not only were, were they given pre-, preauthorization, but also that they were allowed to, to spend that money? Is that what, is that

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what that third line says here, they were given authorization to incur pre-award costs, and they did incur?

CHAIR PONTANILLA: Either Corporation Counsel or CDBG?

NOTE: Silence.

MR. UEOKA: No, Councilmember Couch. My understanding is they did *not* incur any pre-award costs.

COUNCILMEMBER COUCH: They were just given authorization to try?

MR. UEOKA: I think the, I'm not 100 percent sure, but I think pre-award costs is almost a term of art and it has a specific meaning for these CDBG projects.

COUNCILMEMBER COUCH: I guess the question I have is, have they already spent the 350 that we're hoping to give them?

MR. UEOKA: No, they have not spent the 350,000.

COUNCILMEMBER COUCH: Okay, thank you.

CHAIR PONTANILLA: Thank you. Member Cochran?

COUNCILMEMBER COCHRAN: No, pass, Chair. Thank you.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Thank you, Chair, and thank you, Mr. Arakaki, for a very comprehensive report. I really appreciate it. You took away a lot of the questions that I was going to ask like about who the members of the panel were, and I appreciated that extensive report. I just have a recommendation for a future, and if you pay attention, good, if you don't, well, I'm going to ask again. I'm noticing that this is the second year that we're funding a photovoltaic system, and I think it would be very helpful for you to have on your committee somebody like Mr. McLeod, who is very familiar with energy and PPAs and all of the things that are available, because my concern is, yes, I have no...I will be supporting the recommendations with reservations. And my reservation is that we need to look at other ways to fund these things, because we have so many needs and I'm so afraid that this pot is dwindling, and you know, when I hear things like the Lanai Health Center, where you know it's the health of a community that is just, you know, in dire straits. And then, we've got a homeless shelter that's falling apart, and you know, mental health, and I mean there's just so many competing interests. We really, really have to look at innovative ways, and I don't know enough about the whole thing, but I know we have people in our, and you have in your Administration, who are experts, who can maybe help us bring in private, public partnerships that maybe we can find other ways to take care of things.

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But I understand that this is a package, and my understanding is we approve the package as it is or we cannot? Is that correct, Chair?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER BAISA: Yeah. So I will be pushing this forward, 'cause I think it's very important we move in a timely manner. We had problems in the past with not spending our CDBG money on time and in the, in the state we're in right with Federal funding, I don't want us to lose one dollar of Federal funding. We've gotta use every resource we can get our hands on. But I just suggest that maybe we want to be a little more creative at how we spend our money because we're gonna have to. Thank you very much.

CHAIR PONTANILLA: Thank you. Member Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. Only the comment that along with the line of Ms. Baisa that I think we need to be very careful how we structure the CDBG money and focus a lot on health programs like on Lanai. Because a lot of programs like that do not have other sources. They do not have fallbacks. And I think programs like that need to be looked at first. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Administration?

VICE-CHAIR HOKAMA: Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: Chairman, just for clarification, if I can direct Mr. Arakaki to Exhibit 3, please, which is a part of the additional information that was provided to the Committee this afternoon. Just so we, we get it clear because the last, on page, what is, Page 8 of Exhibit--that says under Exhibit 3, Mr. Arakaki, the County--the last sentence--the County anticipates utilizing pre-award now for Program Year 2011 allocation in the amount of 398,000 plus change to fund the balance of the request for the Kaunakakai Pumper Apparatus. So we all understand it, what does that really mean? That there's another \$48,000 that's already committed to be pre-awarded the following year for the balance of this amount since only 350 was given from the ARC of Maui project? Can you give us some thoughts, please?

MR. ARAKAKI: Yeah, there was some--for other projects, if there was,--

COUNCILMEMBER COCHRAN: Microphone.

MR. ARAKAKI: Let's say a project was awarded. Let's say a project was awarded 350,000 and the project came in under budget, then from there the little amounts from each, what was leftover could be--was reprogrammed in this situation. So just to let you know.

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VICE-CHAIR HOKAMA: So layman's term, what is the bottom line? Is there another 48,000 that's gonna be committed from CDBG to pay this balance of the 350 for the Kaunakakai Pumper or this means another 398,000 is going to be committed to another pre-award?

MR. ARAKAKI: It was bid off in 2010, the Kaunakakai Pumper Apparatus.

VICE-CHAIR HOKAMA: So the balance...see, the way I'm reading it is that the County in the future is gonna make up the difference, but you're telling us that there is no difference and that whatever amount was due is already cleared?

MR. ARAKAKI: It's cleared, yes, that is correct.

VICE-CHAIR HOKAMA: Okay. Okay, and these, that, that 48,000 plus change was again,--

MR. ARAKAKI: ...*(Inaudible)*...

VICE-CHAIR HOKAMA: --made up from differences of balances from the other already approved projects--

MR. ARAKAKI: Yes.

VICE-CHAIR HOKAMA: --that were completed that came below the anticipated ceilings?

MR. ARAKAKI: That is correct.

VICE-CHAIR HOKAMA: Okay, thank you, Mr. Arakaki. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Member Couch?

COUNCILMEMBER COUCH: I guess, I need some clarification on how they rank some of these projects, because it, it looks like you've got something...I mean, it's a worthy project and whatnot, but it's number of annual beneficiaries is five people for say the ARC of Maui? Where something like, the, the Lanai Community Health Center can potentially serve hundreds of people annually. Where, where's the weight there?

MR. ARAKAKI: Well, for the case of the ARC of Maui, you're servicing people with severe disabilities so there's a lot more needs in that area. And that's how you have to look at it from that perspective.

CHAIR PONTANILLA: Thank you. Members, any more questions for the CDBG Coordinator as well as Mr.--Deputy Corporation Counsel Ueoka at this time?

COUNCIL MEMBERS: No questions.

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CHAIR PONTANILLA: Okay, seeing none, the Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation?

CHAIR PONTANILLA: Thank you. The Chair's recommendation is to adopt the proposed resolution entitled, "AUTHORIZING THE FILING OF AN APPLICATION WITH THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, UNITED STATES OF AMERICA, FOR A GRANT UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM," and filing of County Communication No. 11-64.

VICE-CHAIR HOKAMA: I make the motion to you.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR PONTANILLA: Moved by Member Hokama, second by Member Victorino. Members, any discussion? Seeing none, Chair would like to ask the Members to allow Staff to make some non-substantive corrections to fix a date typo on top of Page 4, if there's no objection to that?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. All in favor of the motion, please say "aye"?

COUNCIL MEMBERS: "Aye".

CHAIR PONTANILLA: Any opposed? Seeing none, motion is carried. Nine "ayes", zero "noes".

VOTE: AYES: Chair Pontanilla, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, Couch, Mateo, Victorino, and White.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

ACTION: Recommending ADOPTION of resolution and FILING of communication.

CHAIR PONTANILLA: Members, the Chair is gonna take a ten-minute recess and we'll reconvene, make it eight, reconvene at 2:55. Meeting is in recess . . .(gavel). . .

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RECESS: 2:47 p.m.

RECONVENE: 2:57 p.m.

CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee Meeting is now reconvened.

ITEM NO. 28: AMENDING CHAPTER 3.35, MAUI COUNTY CODE, AFFORDABLE HOUSING FUND (C.C. No. 11-64)

CHAIR PONTANILLA: Members, the last item on today's agenda is BF-28, AMENDING CHAPTER 3.35, MAUI COUNTY CODE, AFFORDABLE HOUSING FUND. The purpose of the proposed bill is to amend Chapter 3.35, Maui County Code, to conform with the Charter Amendment relating to the Affordable Housing Fund which became effective November 23rd, 2010. And maybe at this time, Chair would like to call on maybe Mr. Baz or, or Corporation Counsel for any comments in regards to this? I know it's just a matter of housekeeping.

MS. HEELY: Mahalo, Chair, and good afternoon, Council Members and Chair Pontanilla. That's correct, it's just mainly housekeeping. The purpose of the bill is to conform to the Charter Amendments of the Affordable Housing Fund, Section 9-20, but the amendments in that were basically three-fold: one to expand the affordable housing term from 2011 through 2015; two, to expand the income level from low-to-gap to low-to-moderate; and three, to clarify that any unencumbered balance and revenues shall not lapse but shall remain in the fund accumulating year to year.

CHAIR PONTANILLA: Thank you. Members, any questions for Corporation Counsel?

COUNCIL MEMBERS: Recommendation?

COUNCILMEMBER COUCH: Boy, you guys are a tough crowd.

CHAIR PONTANILLA: I know, really tough ...*(Inaudible)*... take that recess. The Chair's recommendation is to adopt the proposed resolution entitled, A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.35, MAUI COUNTY CODE, REFLECTING AMENDMENTS TO REVISED CHARTER OF THE COUNTY OF MAUI (1984)*[sic]*, AS AMENDED, PERTAINING TO THE AFFORDABLE HOUSING FUND, and filing of County Communication No. 11-62.

VICE-CHAIR HOKAMA: So move.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

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CHAIR PONTANILLA: Moved by Member Hokama, second by Member Victorino. Any discussion, Members? Seeing none, all in favor of the motion, please say "aye".

COUNCIL MEMBERS: "Aye".

CHAIR PONTANILLA: Motion is carried. Nine "ayes", zero "noes".

VOTE: AYES: Chair Pontanilla, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, Couch, Mateo, Victorino, and White.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

ACTION: Recommending FIRST READING of bill and FILING of communication.

CHAIR PONTANILLA: Thank you, Members. Chair would like to thank the Administration for being here, Mr. Baz, Ms. Heely, Staff - Camille and Scott. Thank you very much, Members. The meeting--

VICE-CHAIR HOKAMA: Chairman, point of personal privilege?

CHAIR PONTANILLA: Go ahead, Mr. Hokama.

VICE-CHAIR HOKAMA: Thank you. And again, I, I, I'm sorry, I wish I brought this up on the earlier agenda item that you had placed for today's calendar. I just wanted to mention that, you know, one of the benefits that this County gains by being a member of the National Association of Counties is, of course, is the National NACo Drug Card Program, which this County is also a participant, active participant with the sister counties of the State. And on Lanai, I can tell you that whatever cards we had at the offices that we've handed out, it's to assist those that are underinsured, that have no insurance, and with a participating pharmacist like CVS and whatnot that our, at least our residents of this County get a additional option regarding reducing the costs of medical prescriptions as well as the NACo program provides also a partial discount on veterinary care for pets that people consider a primary participant of the family, if I could say it that way, Mr. Chairman. But it also covers certain veterinary costs of pets and animals that the families consider to be a very special component of their family needs. So I just wanted to use this point of privilege to share that information and that, again, I appreciate the County of Maui's active participation in this NACo drug discount program. Thank you, Mr. Chairman.

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CHAIR PONTANILLA: Thank you, Member Hokama. Just to add a note, presently NACo is looking at a dental program, and presently it's being piloted some place, I think it was Tennessee, Tennessee or North Carolina in regards to that dental program that's being considered by NACo as an added benefit for the different counties throughout the United States, once we approved it. So, Members, any more comments? If not, the meeting of the Budget and Finance Committee for March 1st is now adjourned. . . . *(gavel)*. . .

ADJOURN: 3:02 p.m.

APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:110301

Transcribed by: Carolyn Takayama-Corden

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CERTIFICATE

I, Carolyn Takayama-Corden, 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 15th day of March, 2011, in Makawao, Hawaii



Carolyn Takayama-Corden