

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

February 14, 2012

Council Chamber, 8th Floor

CONVENE: 1:35 p.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember G. Riki Hokama, Vice-Chair (In 1:36 p.m.)
Councilmember Gladys C. Baisa, Member (Out 4:22 p.m.)
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member (In 1:37 p.m.)
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
Michele Yoshimura, Executive Assistant to Councilmember Joseph Pontanilla
Lois Bisquera, Executive Assistant to Councilmember Mike White

ADMIN.: Sananda K. Baz, Budget Director, Office of the Mayor
Jeremiah L. Savage, Deputy Director, Department of Finance (Items BF-54 and BF-70)
Scott K. Teruya, Administrator, Real Property Tax Division, Department of Finance
(Item BF-70)
Marcy Martin, County Real Property Technical Officer, Real Property Tax
Division, Department of Finance (Item BF-70)
Grant Nakama, Real Property Appraiser Supervisor, Real Property Tax Division,
Department of Finance (Item BF-70)
Patrick T. Matsui, Deputy Director, Department of Parks and Recreation (Item BF-54)
Robert W. Parsons, Administrative Assistant, Office of the Mayor (Item BF-57)
Scott K. Hanano, Deputy Corporation Counsel, Department of the Corporation
Counsel (substituting for Adrienne N. Heely)

Seated in the gallery:

Kenneth Yamamura, Economic Development Specialist, Office of Economic
Development, Office of the Mayor (Item BF-57)
Teena M. Rasmussen, Coordinator, Office of Economic Development,
Office of the Mayor

OTHERS: Item BF-54: Kumu Kamalu Kahookele, President, Nahiku Community Association

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

Forty (40) additional unidentified attendees

Item BF-70: Alan Kaufman, Board Member, Kula Community Association
Theresa Thompson
Warren Watanabe, Executive Director, Maui County Farm Bureau
Neil Coshever, Manager, Upcountry Farmers Market
Jeffrey Alexander
Doug MacCluer
William Jacintho, President, Maui Cattlemen's Association
Hans Michel

Thirty-four (34) additional unidentified attendees

Item BF-57: Annebelle Eastling
Teya Penniman
Warren Watanabe, Executive Director, Maui County Farm Bureau

Ten (10) additional unidentified attendees

PRESS: *Akaku: Maui Community Television, Inc.*
Ilima Loomis, The Maui News
Timothy Hurley, The Maui News

CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee meeting for February 14, 2012 is now in session. The time is 1:35. At this time, the Chairman would like to introduce the Members that are present this afternoon. We do have Member Carroll; Member Baisa; Member Couch; Member Victorino; Member White; and our Chairman, Chairman Mateo.

COUNCILMEMBER VICTORINO: Afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. Excused at this time, are Members Cochran as well as Member Hokama. Members, we, we do have a pretty heavy agenda this afternoon. Chair would like to introduce the Administration personnel that are here. We do have from the Corporation Counsel, Deputy Corporation Counsel, Scott Hanano.

MR. HANANO: Good afternoon.

CHAIR PONTANILLA: Good afternoon. We do have our Budget Director, Mr. Sandy Baz.

MR. BAZ: Aloha.

CHAIR PONTANILLA: Aloha. We do have the Deputy Finance Director here with us this afternoon, Jeremiah Savage. Also, we do have Scott Teruya who is the Real Property Tax Administrator; as

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

well as Marcy Martin, Property Technical Officer. Supporting the Committee this afternoon, we do have Scott Kaneshina who is the Legislative Analyst, as well as Camille Sakamoto. At this time, the Chair would like to recognize the presence of Member Cochran as well as Member Hokama.

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR PONTANILLA: Members, on today's agenda, we have couple items that are not necessarily related to each other. So there are...if there are no objections, pursuant to Rule 17(B)(1) of the Rules of the Council, the Chair is going to take testimony on each item individually prior to consideration of each item. Any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. And also joining us this afternoon, we do have the Deputy Parks Director, Mr. Pat Matsui.

ITEM BF-54: AMENDING FY 2012 BUDGET: NAHIKU COMMUNITY CENTER
(CC 11-327)

CHAIR PONTANILLA: Okay. Members, the first item this afternoon is BF-54, Amending Fiscal Year 2012 Budget: Nahiku Community Center. At this time, the Chair will accept testimony on this item. For those of you that are providing testimony on this item, you have three minutes to provide your testimony; Chair will allow one minute for you to conclude. If you can state your name and the organization that you represent; and if you could, speak directly into the mic? Once you're done, if you could stay there for a few moments so that...Chair will ask the Members if they do have questions for you. So first testifier on this item is Kumu Kamalu Kahookele.

...BEGIN PUBLIC TESTIMONY...

MS. KAHOOKELE: Aloha kua, aloha ... *(Spoke in Hawaiian)* ... I'm testifying on the BF-54 in amending Fiscal Year 2012 Budget for the County of Maui's proposed bill for an ordinance of \$250,000, the Hana Community Plan area, Capital Improvement Project appropriations for the Nahiku Community Center. Aloha and good afternoon, Budget Chair Pontanilla and Council members. I am Kamalu Kahookele, resident, property owner, and the current President of the Nahiku Community Association. We're here today asking for your support and consideration in approving this amendment that is before you that was deferred from your January 31st, 2012 meeting. We understand the Chair's position that was imposed to the Administration on specifics that needed more clarification, and in hoping that today the questions and answers will be accepting of this legislative body by the Administration. As you know, this project has been now an eight-year process in getting it here in front of you and before you. And we are in great anticipation to see this project come to a reality for our community. This center will not just be another building but it will be a social town hall, meeting area for gatherings; for funeral gatherings and for church functions as well as for kupuna organizations and programs;

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

emergency shelter for the EMS, Fire Department, Maui Police Department, and first responders to use; children programs; and for an immediate evacuation shelter in this rural area. As you all know, the east side of Maui is so very limited geographically between Keanae all the way to Kaupo during road closures, landslides, accidents, bad weather conditions that can make passing on this road very, very difficult and very impassable at times--and it is not limited to getting from Nahiku to Hana. This would give all of us--the community, visitors, and residents--an alternative if this happens in this type of event. Due to the terms of the State of Hawaii that was mentioned in the last meeting--as I understood it--that the State's matching fund of \$250,000 will be released pending this amendment to Fiscal Budget 2012 of the County of Maui. We're hoping that today's amendment is highly considered and passed. I thank you, Budget Chair Pontanilla and all of the Council members, as well as Administration --

MR. KANESHINA: Three minutes.

MS. KAHOOKELE: --for giving me this opportunity to testify before you today, and we humbly ask you all for your support. Mahalo a nui loa ... *(Spoke in Hawaiian)* ... Kumu Kamalu Kahookele, NCA President.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier at, at this time? Seeing none, thank you again for your testimony.

MS. KAHOOKELE: Thank you.

CHAIR PONTANILLA: Members, Kumu Kahookele was the only person to sign up for testifying prior to the meeting. Is there anyone in the gallery that would like to provide testimony at this time? Seeing none, Members, if there's no objections, the Chair would like to close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

...END OF PUBLIC TESTIMONY...

CHAIR PONTANILLA: Members, for Item BF-54, the Committee is in receipt of proposed bills to, one, amend Fiscal Year 2012 Budget by increasing the bond appropriation by \$250,000 for the Nahiku Community Center; and, two, amend the Fiscal Year 2012 Bond Authorization Ordinance to include the project. The Committee has received a written response from Glenn Correa, who is the Director of Parks and Recreation, dated February 7, 2012, regarding concerns the Committee had at its last meeting. So at this time, the Chair would like to call on Director Baz. If you have any comments?

MR. BAZ: Thank you, Mr. Chair. No, we are here as a resource; and Mr. Pat Matsui, representing the Parks Department, can further clarify any questions you might have regarding the transmittal.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Thank you. Mr. Matsui, comments?

MR. MATSUI: No, I'm open to answer any questions the Council may have.

CHAIR PONTANILLA: Okay. Members, any questions for the Parks Director at this...Deputy Director at this time? Member Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. At the last meeting, it was discussed that this might not be enough money in order to finish the project because of some other concerns--being fire protection. . .and some other structural things that needed to be put in that were above and beyond what would be in an ordinary home. Could you comment on that now, Mr. Matsui?

CHAIR PONTANILLA: Mr. Matsui, before you answer that, Members, if you can take a look at your February 7, 2012 correspondence from Director Correa? It gives you a total of what is required to build this community center, it's \$815,000. Okay? Mr. Matsui, go ahead.

MR. MATSUI: Thank you, Mr. Chairman. Yes, if you're looking at the breakdown, the building itself, which is about 2,500 square feet, costs \$450,000. But if you start adding the site work, the parking lot, septic system, fire suppression system, and the architectural and engineering fees, we're short; we need 815,000. We're asking for, right now, to amend the current Budget for 250,000 to match the State's 250,000. This is required by the State before they can release their 250. So that's 500,000. So the balance of 315, we'll be asking in the 2013 CIP Budget.

CHAIR PONTANILLA: Thank you. Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you. I just wanted that to be on the record and clarify where we're at now on that. However, if we do release and if we approve this 250,000 today, we will be able to receive the State money, we'll be able to begin the project. And I think that all of us agree that our rural communities are the ones that historically—and I'm old and lot of us over here are—have never ever really received any direct benefits from the County or State or anybody else, very minimal. This is something, a community that is actually growing. We have people coming back, coming back home because of the economic situation and because there's no place to go for a lot of people. This is something that is really, really important to my community. I would hope that the Council members would approve this \$250,000, that we can get the State money. And I think we can bring this in—and I honestly feel, and I'm going on the record—that we can bring this in for considerably under what the proposal is that Mr. Matsui has because we do have volunteer labor, we do have assistance in clearing the land, we do have assistance to where even the septic system like that we can...we have people with equipment that we can also work with. So I think we can bring it in for considerably less. And I would hope that the Council members would agree with me and approve this \$250,000 at this time so we can actually begin this project. Thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Thank you, Mr. Carroll. Fast question for Mr. Baz. Would you know the terms of the State funds? Once we approve bond authorization for the \$250,000, will the State act soon so that before the fiscal year ends that the \$250,000 would be in hand?

MR. BAZ: Thank you, Mr. Chair. From my understanding, yes, the...they were ready to act initially back in...I think it was October, November when they notified us that the funding would be available. But then when they found out our funding was going to lapse, they're holding off until we reappropriate this monies. But from my understanding, yes, they are ready to act quickly. And in time...in the timeline as proposed by the Deputy Director, it should be sufficient.

CHAIR PONTANILLA: Thank you. Members, question? Member Hokama?

VICE-CHAIR HOKAMA: So the Committee is clear, you can encumber a contract with \$500,000 for, for this Nahiku improvement?

MR. BAZ: Mr. Chair, the difference in State and County funding and the process of a, of a lapse, County funds require that the...the County rules require that the, the money be *encumbered* prior to the lapse date. And for CIP it's 18 months.

VICE-CHAIR HOKAMA: Right.

MR. BAZ: But for State funding, it's a matter if it goes out to bid, that money is therefore deemed encumbered. So as long as it goes out to bid by June 30th, it would...it'd be deemed encumbered. Then we will have Fiscal Year '12 money, the 250,000 that we're asking for today, and then additional money that's been requested by the Department will be proposed in the Fiscal Year '13 Budget which will be available July 1st. So we will be able to execute a contract for the total bid amount.

VICE-CHAIR HOKAMA: And that additional 300,000-plus, you folks are very comfortable with that number. . .that you're gonna come back to Council for?

MR. BAZ: Correct. Mayor supports this project, so he'll put it into the Fiscal Year '13 proposed Budget.

VICE-CHAIR HOKAMA: Okay. So the additional 300, you're gonna ask for bond money, also, or you're gonna ask for cash?

MR. BAZ: At this point, I'm not sure which we'll ask for. Most likely it'll be bond as well.

VICE-CHAIR HOKAMA: Okay. So with this project, if approved, that 18 million that we see as part of your aggregate on the proposed bill, that is your current level of indebtedness with this current year's Budget, 18.8 million?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

MR. BAZ: From, from my recollection, that is what's been authorized so far from Council for Fiscal Year '12, and then we have some other amendments pending before the Committee.

VICE-CHAIR HOKAMA: Okay. Thank you very much, Chairman.

CHAIR PONTANILLA: Thank you. So for this fiscal year, what is the max?

MR. BAZ: The...as I mentioned, the Water Resources Committee meeting this morning, if the Council approves all our pending amendments, it would be a total of about 28½ million dollars in bond.

CHAIR PONTANILLA: Okay. Fine. Thank you.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And so, Mr. Baz, as, as, as I'm hearing you correctly, you feel that within the constraints of this 250 and matching from the State, we can at least get the project started. And Mr. Carroll has indicated that we could get a lot of in-kind work done and maybe keep it down so it may not have to...so at a...what certain...at what point would you come back and ask us for additional money? Would it be for next fiscal year?

MR. BAZ: Correct. It would be in our proposed Budget for Fiscal Year '13 which we'll be submitting next month to you.

COUNCILMEMBER VICTORINO: Next month? Okay, okay. And, you know, Mr. Chair, I'll say this that, you know, I agree with Mr. Carroll. Many times our rural communities don't always get, you know, things that they need. And this is one of those needs. We've been working on this...I remember back about three, four years ago when Mr. Medeiros brought this forward, right. And at that time, it was like, we bid the 250, you get the 250 and we got it set. Now it's been about three years or so that since we've originated this whole subject matter. So I'm, I'm hoping that, you know, I can support this whole idea; and I think finding the money next year in the CIP I think is very plausible. You know, and I hope Mr. Carroll is correct that we can bring it in under budget, in-kind; and the community will chip in to make sure that what they get, they deserve, but help as much as possible because, you know, these are austere times. There's other projects and other people, areas that need help, also. So...but thank you, Mr. Baz, for the clarification and thank you, Mr. Matsui, for indicating what needed to be done. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Members...Member Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. I, too, would like to support Mr. Carroll's recommendation. I think it's really important that we have facilities out in our rural communities. People need them more out there than really they do in town, there isn't that much to do. And it's State culture that, you know, we celebrate many, many things. And where

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

do we go? And so I think it's really, really important that we move ahead with this. One is, if we don't do it now, it'll probably cost us more, that seems to be the trend. And the other is, if we can get \$250,000 from the State, we better grab it. Thank you.

CHAIR PONTANILLA: I agree with you, 100 percent. Members, any more questions? Mr...Chairman Mateo?

COUNCILMEMBER MATEO: Mr. Chairman, thank you very much. And, Mr. Chairman, this is just for clarification purposes, and perhaps Mr. Matsui can help provide the clarification. In your...in the Director's February 7th letter, Page 2, No. 2, you're recognizing start and completion dates. The first item listed is Design, indicated ongoing with completion June 2012. On your No. 4, it indicates that the request for the amendment for 250,000 for, for this fiscal year is in order to award the design contract as soon as possible. Is it out...is the contract almost completed or I mean is the design almost completed or you need this money to start the design getting done? What is it?

MR. MATSUI: Because of the, the tight timeline that we had, we went through our consultant-selection procedure; we selected the consultant. We sat down with the consultant and told him that we're on an accelerated time frame, that he would have to do some of the work, the preliminary work, which he's done. He's met with the different departments trying to get down what the requirements on the off-site, the fire--and so he's done that. And so we wanna move ahead with awarding him a contract. We, we do have a quote from him, and that's the \$125,000. And that includes all of the sub-consultants. So he is proceeding, but, you know, if, if at this point, if the funding is not approved, you know, we'd, we'd have to abandon the project.

COUNCILMEMBER MATEO: Okay. So the consultant already did or have...is engaged in doing the design; and if we don't approve the 250,000, he doesn't get paid and his design is moot?

MR. MATSUI: Um. . .yes and no. Prior to us getting involved in the project, the community had gotten a volunteer, and, and they had worked out a really preliminary floor plan for the project. And so, you know, they had some schematics on what the building would look like, the size, you know, where the restrooms go, the kitchen and all of that. So *based on that*, we brought our consultant in. Now from *there*, he would have to take it and put it into construction-plan form so that we can formally go out to bid.

COUNCILMEMBER MATEO: Okay. So no actual, no actual contract was actually signed. There was no document signed with that particular consultant...

MR. MATSUI: That's right.

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

CHAIR PONTANILLA: Okay. Thank you. Along with funding, no funding went out, right?

NOTE: Silence.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: . . . Okay. Who's the consultant?

MR. MATSUI: Riecke Sunnland Kono.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Deputy? If not, 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 Fiscal Year 2012 Budget for the County of Maui as it pertains to Estimated Revenues; Hana Community Plan Area, Government Facilities, Nahiku Community Center; Total Capital Improvement Project Appropriation; and Total Appropriations (Operating and Capital Improvement Projects).

COUNCILMEMBER CARROLL: So moved.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

COUNCILMEMBER COUCH: Second.

CHAIR PONTANILLA: It been moved by Member Carroll, second by Member Couch. Members, any more discussion?

COUNCILMEMBER COCHRAN: No.

CHAIR PONTANILLA: Seeing none, all in favor of the motion, please say, "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposing? Seeing none, motion is carried, nine "ayes", zero "noes". Motion is carried.

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.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

MOTION CARRIED.

ACTION: Recommending FIRST READING of Budget Bill.

CHAIR PONTANILLA: Chair would like to . . .add a proviso to be inserted. I should have done that much earlier, but --

UNIDENTIFIED SPEAKER: Yeah.

COUNCILMEMBER COCHRAN: . . .*(laughter)*. . .

COUNCILMEMBER COUCH: . . .*(laughter)*. . .

CHAIR PONTANILLA: --*(laughter)*. . . that's okay. Add a...if there's no objection, the, the Chair would like to add a proviso to that provision. Any objections?

COUNCILMEMBER COCHRAN: No objections.

VICE-CHAIR HOKAMA: What is the proviso, Chairman?

COUNCILMEMBER CARROLL: So moved.

CHAIR PONTANILLA: The proviso is, provided the County funds shall not be released until the County receives State funds for the project.

COUNCILMEMBER COCHRAN: . . .*(inaudible)*. . .

COUNCILMEMBER CARROLL: No objection.

VICE-CHAIR HOKAMA: So moved.

COUNCILMEMBER COCHRAN: Is there...

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

CHAIR PONTANILLA: So Chair would like to make that motion.

COUNCILMEMBER COCHRAN: Discussion?

COUNCILMEMBER VICTORINO: Second.

MR. BAZ: Just...

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

COUNCILMEMBER COCHRAN: Wait...oh.

COUNCILMEMBER COUCH: Short recess, sir?

CHAIR PONTANILLA: Okay. Sure. Short recess. . . .(*gavel*) . . .

RECESS: 1:57 p.m.

RECONVENE: 1:59 p.m.

CHAIR PONTANILLA: . . .(*gavel*) . . . The Budget and Finance Committee meeting is now reconvened. Members, on the last motion, the Chair would like to ask that motion to be rescinded so that the Chair could add that proviso.

COUNCILMEMBER BAISA: Go ahead.

COUNCILMEMBER COUCH: So moved.

COUNCILMEMBER COCHRAN: So moved.

COUNCILMEMBER BAISA: Go ahead.

COUNCILMEMBER COCHRAN: Or is it --

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

COUNCILMEMBER COCHRAN: --what, consensus?

CHAIR PONTANILLA: Thank you. Members, it been moved by Member Couch and seconded by Member Victorino to reconsider the previous motion. Any discussion?

VICE-CHAIR HOKAMA: Chairman?

CHAIR PONTANILLA: Yes, Mr. Hokama?

VICE-CHAIR HOKAMA: If you...I...for, for me, you know, if you wish to add...recommend your proviso to the Committee, I would just hope you would just consider a motion on a proviso --

COUNCILMEMBER BAISA: Right.

VICE-CHAIR HOKAMA: --to be attached instead of a reconsideration of the decision, decision we made on the previous motion. I think that has no, no --

COUNCILMEMBER VICTORINO: Bearing.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

VICE-CHAIR HOKAMA: --will not have any impact on this condition to add a proviso to the proposed ordinance, Mr. Chairman. So I would prefer, procedurally, to just move to an...motion to add a proviso.

CHAIR PONTANILLA: Thank you. Members, any objections to that?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: That was the intent for the Chairman to begin with.

COUNCILMEMBER VICTORINO: . . .*(laughter)*. . .

CHAIR PONTANILLA: Okay.

VICE-CHAIR HOKAMA: So, Chairman?

COUNCILMEMBER COCHRAN: How come it changed?

VICE-CHAIR HOKAMA: Chairman?

COUNCILMEMBER VICTORINO: Gotta rescind . . . *(inaudible)* . . .

CHAIR PONTANILLA: Mr. Hokama?

VICE-CHAIR HOKAMA: So if you will not recognize that motion to reconsider, then I make a motion to add a proviso as you have recommended--that none of the County funds be expended until receipt of State funding.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR PONTANILLA: Thank you. I will not consider the previous motion to reconsider.

COUNCILMEMBER VICTORINO: And I second that.

CHAIR PONTANILLA: So, Mr. Hokama...and removal of the second by Mr. Victorino. So, Mr. Hokama, that motion stands.

VICE-CHAIR HOKAMA: Yes.

CHAIR PONTANILLA: Any second?

COUNCILMEMBER VICTORINO: Second.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Okay. Been moved by Member Hokama, seconded by Member Victorino.

MR. BAZ: Mr. Chair? I'm sorry.

UNIDENTIFIED SPEAKER: Okay.

MR. BAZ: Just for clarification, from the Administration's side, on the definition of "receipt of money". The...it has put us into a Catch-22 situation before...not...with that...the wording of, of "receives money". Would a notice of award or an affidavit of warrant from the State, saying that we can bill on the money, be good enough as far as an...a "receipt" in your...put that in the Committee report, would be fine?

CHAIR PONTANILLA: Mr. Hanano, comments?

MR. HANANO: ... *(inaudible)* ...

CHAIR PONTANILLA: What's that?

MR. HANANO: ... *(inaudible)* ...

CHAIR PONTANILLA: You can talk directly into the mic.

MR. HANANO: I agree with, you know, his analysis, his recommendation.

CHAIR PONTANILLA: Thank you. Members, any discussion with the Budget Director?

COUNCILMEMBER VICTORINO: No.

VICE-CHAIR HOKAMA: Chairman, as long as it's clear, the intent of what you require --

CHAIR PONTANILLA: Uh-huh.

VICE-CHAIR HOKAMA: --regarding the release of the County funds. You know, I personally have no objections to the recommendation from Budget Director Baz.

CHAIR PONTANILLA: Okay. Thank you. Member Couch?

MR. BAZ: Thank you.

COUNCILMEMBER COUCH: Thank you. I'd like to ask either the Department or Mr. Baz. If they don't get the State funds, then—I guess is...would be the Department—then are they...are you considering canning the project? 'Cause that's what it sounds like, that proviso kind of limits...

MR. MATSUI: Well...

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Before you answer that --

UNIDENTIFIED SPEAKER: Okay.

CHAIR PONTANILLA: --State funds is \$250,000. And what I read from what was presented by the Parks Department is, 125,000 for the *design*. So if—and correct me if I’m wrong—if we *don’t* receive the State money prior to the construct...after, *if* we receive the money after the design is completed, then I, I see no problem, you know, spending the County 250, \$125,000 just for the *design*. But the *construction phase*, yeah, I, I, I would surely take a look at that in regards to receiving the \$250,000 from the State.

NOTE: Silence.

CHAIR PONTANILLA: . . . Mr. Couch?

COUNCILMEMBER COUCH: Okay. So I still a little confused in that. It, it sounds like that, that if the State doesn’t give the money, that the project will get either a second look or it won’t go. Is that --

CHAIR PONTANILLA: I, I would say...

COUNCILMEMBER COUCH: --is that the Chair’s intent?

CHAIR PONTANILLA: That’s the Chair’s intent.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR PONTANILLA: I, I just wanna protect what we have, you know, provided...and the State come through with their promise of \$250,000. Okay. Members, all in favor of the amendment, please say, “aye”.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposing? Seeing none, motion is carried, nine “ayes”, zero “noes”. So we’ll add that proviso to that.

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

EXC.: None.

MOTION CARRIED.

ACTION: APPROVE amendment to Budget Bill (add proviso relating to matching State funds).

CHAIR PONTANILLA: The Chair also would like to recommend to pass on first reading A Bill for an Ordinance Amending Ordinance No. 3837, Bill No. 31 (2011), Relating to the Issuance of General Obligation Bonds of the County of Maui (Nahiku Community Center); and filing of County Communication No. 11-327. The Chair also requests that we allow Staff to make non-substantive changes to the proposed bill.

COUNCILMEMBER CARROLL: So moved.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR PONTANILLA: Okay. Moved by Member Carroll, seconded by Member Victorino. Members, any more discussion? All in favor of the motion, please say, "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Motion is carried...oh, any opposing? 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 FIRST READING of Bond Authorization Bill and FILING of communication.

CHAIR PONTANILLA: And congratulations, people from Nahiku.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

AUDIENCE: . . .(applause). . .

MR. BAZ: Thank you, Mr. Chair.

**ITEM BF-70: DISPARITY OF REAL PROPERTY ASSESSMENTS FOR
AGRICULTURAL VERSUS NON-AGRICULTURAL LANDS (CC 11-227)**

CHAIR PONTANILLA: Okay. Our next item is BF-70, Disparity of Real Property Assessments for Agricultural Versus Non-agricultural Lands. At this time, the Chair is gonna take public testimony on this item. For those that are providing testimony, you have three minutes to provide your testimony; Chair will allow one minute to conclude. Please state your name, organization that you represent, and speak directly into the mic. And once you're done, if you could stay there for a few moments so that the Members have any questions, they are able to get your attention. Members, the first testifier this afternoon is Alan Kaufman.

. . .BEGIN PUBLIC TESTIMONY. . .

MR. KAUFMAN: Aloha, my name is Alan Kaufman. I live and work Upcountry. I will be testifying, first, on behalf of the Kula Community Association, and, secondly, on behalf of myself. The Kula Community Association previously provided written testimony regarding this proposed bill. After that meeting, *The Maui News* ran an article in which it appeared that perhaps the Association supported that bill. The Board of the Kula Community Association met last week, and the Board voted *unanimously* to inform Council that we *unanimously* oppose this bill; and I hope that that is clear. If there are questions, I would refer you to the previously submitted written testimony.

CHAIR PONTANILLA: . . . Go ahead on your second.

MR. KAUFMAN: Personal testimony. Some 17 years ago, my six-year-old daughter complained to me, "Daddy, it's not fair, you treat my brother different than you treat me." I explained, "You and your brother are different individuals. I love you both equally and I treat you different because you *are* different, you *have* different needs. Treating you the same is what would be unfair." Each of you, as Council person, represent all nine districts of our multi-island county. Each of you know your own district best, but you represent all districts with their different needs. You will not equitably address disparities by treating the agricultural community the same as Maui's developed areas. This bill was created not to raise taxes, but an attempt to bring...to address disparity to the tax system. One of the poster children of this bill that appeared on the front page of *The Maui News* were two undeveloped parcels in Wailea. One was fenced with livestock and paid taxes in the hundreds or the tens of hundreds of dollars; the other was unfenced and paid taxes in the tens of thousands of dollars. If passed, this bill will not change that disparity. I have heard it said that this bill will only raise taxes for the average property by several hundred dollars. If you think this is not a lot of money, you do not know and you do not work with the people that I do. We remain in a recession. The newspaper reports that tourism in the hotel industry are improving and that construction hit rock bottom in 2011; but improvement

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

is forecast for this year. What about agriculture? Ranchers have reduced their animal inventory dramatically, up to 50 percent in some cases because of our ongoing drought; and drought does continue. Profits have evaporated. Is it a good idea to raise taxes on the segment of our economy that continues to suffer losses? Certainly not. Thank you very much.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier at this time? Thank you again. Next testifier is Neil Coshever.

UNIDENTIFIED INDIVIDUAL FROM THE AUDIENCE: He'll be right back.

CHAIR PONTANILLA: He'll be right back? Okay. Theresa Thompson? Before, Theresa, provide your testimony, Chair would just like to make a quick statement. You know, we've had community meetings throughout Maui County...well Maui actually...or Maui County, three islands. And, you know, we had Real Property Tax people with us every single time. And we had asked people in that audience if they would you know wanna know what their tax increases would be, to see the Real Property Tax people. And just to provide you with some information, you know, some of 'em had talked to the Real Property Tax people, and knowing how much their...they were...their increase was going to be if there was an increase, you know, some of 'em left the meeting because their increase, increase was so small. Hopefully you had an opportunity, you know, to ask Real Property Tax about what and how this bill will impact you as far as your real property tax. So go ahead, Ms. Thompson.

MS. THOMPSON: Good afternoon. I would like to thank you for the opportunity to having...for having us here to testify on behalf of the ranching community. I would like to request that the bill, BF-70, be deferred so that further discussion can go into the decision making. The language of the bill, BF-70, needs to be changed to be more rancher friendly. There's not enough language in it to protect the ranchers from an especially unfair assessment. We need a well-represented, qualified group to put the language for this bill together for all properties so, so it can be fair for all properties involved. The initial purpose of this bill was to target the gentlemen ranchers, not the real ranchers. Bottom line is, we're all starving farmers and ranchers. After all the repairs, loss of grazing land due to overpopulation of deer, the droughts, forest fires, and the 100-year flood, we don't make much. And we don't punch a clock, we work from sun up to sun down, 27. . .24/7. . .and we are humble, working people. I can remember my mother waking me up at midnight, one of the droughts, and making me go out with her; and she sickled, and I loaded the truck with the pitchfork because the cattle were crying, they were hungry. We work, we work hard to feed our community, our island community. Some ag lands are owned by families that are preserving our open spaces, keeping Maui Maui. Some families are the keepers of the land, they're not farmers or ranchers, they're preserving our native Hawaiian plants, trails, heiau; these people should not be penalized either because some foreigner on the next property has developed and sold their property. If we need to help balancing the budget, we should maybe go after the landowners of the delinquent real property taxes. We have over \$1 million in delinquent real property taxes here on Maui. Thank you for your time. Please defer bill BF-70. Support the ranchers and farmers.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier? Seeing none, thank you again. Next testifier is Warren Watanabe.

MR. WATANABE: Good afternoon, Chair Pontanilla, Members of the Budget and Finance Committee. I'm Warren Watanabe, Executive Director of the Maui County Farm Bureau. The Farm Bureau, we also request that this measure be deferred. We appreciate all of your time and effort. We appreciate Real Property coming out and talking to us about this issue. But I think there's still lot of concern that persists, and that is why we are requesting further discussion on this issue. We recognize that, that at, at the center of this bill is, you know, I think we, we all admit that, you know, we are looking at the gentlemen estates, and, you know, we'll...I make no bones about it. But there are possible unintended consequences for our true commercial producers. We also acknowledge that we need to take. . .look at the big picture, and take that perspective from the industry. We're all aware that laws are not perfect and they're...we cannot address every situation, and so we look at the broad picture as we address this issue. And we also want agriculture to be viable. However, are the mechanisms and resources in, in place to accomplish this? And, you know, Farm Bureau has long worked on this many issues--whether it's water, land, the infrastructure; we're looking at the harbors, you know, transportation. All of this impacts the viability of agriculture, and this is only one component. We ask again for more time to discuss this matter and, again, to let this measure be deferred. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for Mr. Watanabe? Member Couch?

COUNCILMEMBER COUCH: Thank you. Thank you, Mr. Watanabe, for coming out. Just to help me clarify, were you a member of the TIG or did you come and talk to the TIG?

MR. WATANABE: Yes, I did.

COUNCILMEMBER COUCH: And were you...did you express these concerns to them at that time?

MR. WATANABE: Well, you know, for us at Farm Bureau, again we were looking at the big picture and then, you know, as we...and we appreciate the Council, you know, setting up this committee or this working group. But, you know, we needed, I think, more time to feel out our members and the industry, our farmers and our ranchers, and the personal impacts because we took it as a general approach. And, you know, I personally am not aware of, you know, every person's situation. And when you get into that, you know, that's when the, you know, it's like you say, the devil in the details.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR PONTANILLA: Thank you. Member White?

COUNCILMEMBER WHITE: Thank you, Chair. Mr. Watanabe, I wanna thank you for the...all the time that you've put into this effort. One of the things that we've been hearing is to make the,

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

the bill more...the wording of the bill more farm friendly and ranching friendly. And I think all of us would, would, would like to have something that is friendly.

MR. WATANABE: Right.

COUNCILMEMBER WHITE: This is a pretty simple bill, though. It's just focusing on the homesite, not on the overall property. And I made...I specifically made the request to, you know, I'm open to you guys providing language that would help us address the bill in such a way that would be more farm friendly and ranch friendly. Do you guys *have* any language? 'Cause it...you haven't given it to me so far, and --

MR. WATANABE: Yeah, I...

COUNCILMEMBER WHITE: --we're happy to consider it.

MR. WATANABE: Yeah, I believe William Jacintho from the Maui Cattlemen's Association, and possibly Sumner Erdman had some language. But I, you know, and I'll be honest with you and, you know, it is partly our. . .we're to blame. We are looking at it. Part of that problem for myself, you know, and I'm not using it as an excuse, but the opening of the legislative session and, you know, for Farm Bureau, we just going scrambling to keep up on the State level. But we will look at it. I think part of the...what we need to, also, is that we need to kinda prioritize what is the critical things that need to be addressed. We brought several things about the, you know, the footprint, some of the farmers use their garages as packing areas. Those kinda things, I think, we need to develop the language and kind of look at that and how. . .I think that impacts. Another issue came up with the employee housing. And, you know, all of that. . .we need to, I think, further digest and to come up with the language that will adequately address those issues.

COUNCILMEMBER WHITE: And I...and I'm sure you're aware that some of the, some of the challenges that we're running into are simply that people don't understand that this has nothing to do with the definition of agriculture, has nothing to do with the dedication, it's *just* the homesite so that people on ag parcels are, are, are paying something similar. It's not going to be the same as people in residential areas. One example is that someone said, well, my, my impact is over \$400. Well, when I called Real Property Tax, I found out that it's actually 135. So there are those, you know, I'm, I'm concerned because we have a lot of misinformation out there. Real Property Tax has been very, very helpful in, in letting people know what the true impact is. And. . .so. . .anyway I, I wanna thank you, and be happy to have your farm friendly language. . .*(laughter)*. . . Thank you, Chair.

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

MR. WATANABE: Thank you.

CHAIR PONTANILLA: Chair is gonna call on Neil Coshever.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

MR. COSHEVER: Thank you all for hearing me today. And very quick history of who I am. I have been farming here since 1978. And I now run the Upcountry Farmers Market. It represents about 150 small farmers. They had to start somewhere, and they grew to, some of them, large commercial farmers. Everyone's accepted at that market--whether they are conventional or organic. There are no imported produce from anywhere but Maui, and it's a completely self-contained and self-supporting market. I would like to—representing some ranchers and farmers as well as the people who are consumers—defer this bill until the language and definitions can be introduced to the bill that would consider the farmers, small and large as well as these consumers. Little bit of language, Mr. White, would...I don't know if I put this language correctly, but I would like to offer some of this language. We would like the current rules of the current bill defined and assessed to see if they are being followed. We find the new tax assessment and implementation of it to be vague and arbitrary. We want clarity of what is being taxed, and clearly define what a small farmer is, and define "home" as it pertains to agricultural property. Mr. Watanabe did state that packing houses are used as our garages. My porch is filled with bee-keeping equipment and dehydration equipment, cleaning equipment, so on and so forth. We want the tax assessment to be farm-by-farm or case-by-case based assessment, if it's possible. To have this broad spectrum increased without representation by these people, it's very, very difficult to allow. We want to allow farmers to improve or increase their agricultural pursuits without tax increase with inspections to prove their improvements and increases over a three-year period if possible, again at five years. Then place a cap on the tax or increase it in very small increments, or not at all. We want meetings with the County Council, the ranchers, farmers, with a no-rush attitude to write the language and definitions to protect the future of farming on Maui for many generations. The thing that I'm most worried about are the future generations. The children of some of the farmers at 12 and 13 years old, by the time they inherit the farm from their parents, they may not be able to afford it; therefore, it would have to be sold. The tax assessment increase has been reported to me by Councilman White's office, not to be more than \$250 increase; and there has already been a breach of over \$400 that I was...that was reported to me. I don't know if that's true or not, but we want to be having clearly defined delineation of taxes assessed and definitions that correspond to those delineations. Small farmers are appointed an advocate at the County --

MR. KANESHINA: Three minutes.

MR. COSHEVER: --level. Okay. Thank you. And the Tax office as well as the assessor being a small farmer that only deals in agricultural tax as an inspector. There are five more or six more here, but in, in closing, please defer this bill, BF-70, to add the language and definitions that will maintain and sustain all to keep farming and a lifestyle that enhance the well-being of so many of our community. Thank you.

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

COUNCILMEMBER WHITE: Thank you, Chair. Thank you for your testimony, Mr. Coshever. One of the things I'd like to point out--that in your first point, we would like the current rules to be

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

enforced, I guess. The current rules on the books—and has been on the books for 30...over 30 years—is that all land on agricultural parcels not put to agricultural use, such as homesites, be billed at fair market value. So essentially what this bill is doing is simply codifying the provisions of the, the rule put into, put into place by Hannibal Tavares in 1981. So were you aware of that?

MR. COSHEVER: I'm aware of it. Your office, I spoke to Troy, and he stated that some of the rules are in place, but they haven't been implemented as of yet.

COUNCILMEMBER WHITE: Correct.

MR. COSHEVER: And if that's one of 'em, it's just the way it's going to be implemented and enforced would be whether it's farmer friendly and whether it will cause farming to not exist on Maui if it keeps increasing. The way that the language of the bill states that the taxes will be assessed per annum; that means that there's no cap. And by the time those children would inherit that land, they may not be able to afford it anymore. Right now, feeds as well as fertilizers and so on, have gone up so much. I hear at the market—as I represent 150 farmers at that market—every weekend I hear about farmers wanting to quit because they can't afford their feed or their fertilizers. And as a result, taxes going on top of that may be the straw that breaks the camel's back; and so this has to be considered. And that's why I said, if we can defer it just to get a little bit more language in this a little more farmer friendly, I think that the farmers will be considered and feel a little safer in what's happening.

COUNCILMEMBER WHITE: Thank you. Thank you, Chair.

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

MR. COSHEVER: Okay. Thank you.

CHAIR PONTANILLA: Next testifier is Jeffrey Alexander.

MR. ALEXANDER: Mr. Chairman, Council, I'll make it short and sweet. I do not support the language of the bill. I think it needs to be more farm friendly. I remember...this was before Mr. White got elected; and I talked to him about this issue on the corner of the Hawaiian Tel baseyard and some...the, the cross street, I don't know. I don't know if you remember me, Mr. White.

COUNCILMEMBER WHITE: Uh-huh, I do.

MR. ALEXANDER: But, you know, you had told me that, that you were gonna go after the gentlemen farmers. And you gave me a few examples, and I totally agree with you...agreed with you. The language of this bill, I feel, if that was your intent, to go after the gentleman farmer, is not very farmer friendly. I feel if you wanna go after the gentleman farmer, which I thought you

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

were...your intentions were, is you just need to follow the developers. Go to the developments where the CC&Rs state, you cannot have chickens, you cannot have pigs, you cannot have iron roof or totong, you know, stuff like that. Those are the people I think you need to be targeting because they basically getting away without paying their fair taxes. I'm not against paying taxes. And I think we all should pay our fair share, but not on the backs of the real farmers. And I appreciate you guys listening to what I had to say. And I hope. . .this BF-70 needs to have a little bit more...better language. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for Mr. Alexander? Seeing none...last testifier to sign up prior to the meeting. . .this item is Doug MacCluer. And if anyone else that wanna provide public testimony, if you could sign up with the Secretary in the lobby, then we'll receive your testimony.

MR. MacCLUER: Ladies and gentlemen of the Council, it's an honor to be here; and I'm Doug MacCluer. And I request that the Council rework this bill, it needs to be more farm friendly and more senior citizen friendly.

COUNCILMEMBER VICTORINO: . . .*(laughter)*. . .

MR. MacCLUER: . . .*(laughter)*. . . I've been farming on Maui full-time since 1964. And I'm...I've been a member of the agricultural community for all that time. And I'm on the board...State Board of Agriculture representing Maui. I'm Chairman of the Central Maui Soil and Water Conservation District for 20 years, and I'm on the Farm Bureau Board, and there's lots of things that I'm on. And I'm getting makule, I'm getting old. And I can't lift like I could before when I was 20 or 30 or 40. I'm 71 years old, and I'm still farming. And I'm part of the Maui Gold team. Maui Land & Pine cancelled my pasture lease because they wanted to sell it. David Cole cancelled my lease for my lychee and longan orchard because he bought the land. And I still incubate and hatch pheasants commercially, and I . . . do it in my garage. My incubators are in my garage, my brooders are in my garage; and you're going to tax my house? And my, my books are all in, in my wife's office. So I think that's poho to tax the house. And I give all of my avocados to Suzanne Freitas and Waste Not Want Not. I have 100 avocado trees, and they come in—because I'm too makule to pick 'em—they come in and pick 'em, and they distribute 'em to Hale Makua or someplace else. I just think that you should defer this bill and straighten it out for the farm community. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for Mr. MacCluer?

COUNCILMEMBER COCHRAN: Chair?

CHAIR PONTANILLA: Member Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Hi, Doug, nice to see you.

MR. MacCLUER: Hi.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

COUNCILMEMBER COCHRAN: Thank you. So have you been able to come up with particular language or no? And this is why, the reason for deferral that you would like to see?

MR. MacCLUER: That's the reason for deferral.

COUNCILMEMBER COCHRAN: Okay.

MR. MacCLUER: I think we should work with the Farm Bureau to...and the ranching community to come up with language that fits. I realize that there're gentlemen farmers out there that moved from the Mainland and get a piece of land on the beach in Makena, and they use a lot of water and...but we don't have sidewalks, we don't have, you know, other things that, that the, the people that live in urban areas have. So I think it needs to be deferred.

COUNCILMEMBER COCHRAN: Thank you, Doug, for being here. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Thanks for coming, Mr. MacCluer, and great pineapples by the way.

MR. MacCLUER: Thank you.

COUNCILMEMBER COUCH: The, the only concern I have, and, and I know a, a member...another testifier said, you know, fair is a different animal. But we have...I, I know of people who have a, you know, 6,000 square foot lot in an ag/rural area who's paying \$1,000. She's just got an affordable housing area, and she's paying \$1,000 a, a year in taxes right next to a huge ranch that's paying less than a thousand that has many, many acres. How do you, how do you balance that? And we're, we're kind of...you say, don't, don't balance the budget on the back of the farmers, but we're balancing the budget on the back of affordable housing people in ag areas, it sounds like.

MR. MacCLUER: I, I don't know any farmer that's really making money now. And every dollar hurts. Maui Gold is not making any money. And it's hard for farmers, and they work their buns off. I don't know whether we need to subsidize the farmers to get more local food. Because we have the, the transportation cost of the fertilizers, the insecticides, and all that stuff; and that's hard, it's hard. Or we have to ship the, the cattle or the livestock to the Mainland, and that's expensive as all get out. So I think we need to work on the language.

COUNCILMEMBER COUCH: And do you have any suggestions on that language, I guess?

MR. MacCLUER: No, I think we need to work with the Farm Bureau and the farmers and the livestock guys to come up with the language.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you, Chair. And thank you, Doug, for being here. I guess the bottom line in all of this is, we're moving...I, I don't think real rapidly, but we're trying to move along, we're trying to correct the problem, you know, and we all understand that problem. But your—and what I've heard from many of the other testifiers and those who have testified at the public hearings that I attended—the concern was that your unintended consequences will be on the true farmers, not on the real ones that we're trying to, to, to get, right?

MR. MacCLUER: Yeah.

COUNCILMEMBER VICTORINO: And that's exactly what you're saying right now.

MR. MacCLUER: Yes.

COUNCILMEMBER VICTORINO: And even a couple o' two, three hundred dollar increase here and there, along with other things like water and other utility and everything going up and up and up and up, fuel cost. So no matter which way you look at it, that could be the end of many small farmers and even some medium-sized farmers that just may chalk it up and turn around sell the land for development purposes or something else.

MR. MacCLUER: Or some big farmers.

COUNCILMEMBER VICTORINO: Yeah. So even some big farmers and ranchers are, are at that, that...what they...what, what is the word we use, that—

MR. MacCLUER: The, the critical balance.

COUNCILMEMBER VICTORINO: Well, that's, that's, that's being fancy words. I'm talking about--

AUDIENCE: ...*(laughter)*...

COUNCILMEMBER VICTORINO: --the threads, that little thread at the end of the string already, right.

MR. MacCLUER: Yeah, yeah.

COUNCILMEMBER VICTORINO: You know, got a lot of people out there, when you say that, they didn't understand what critical balance meant. You know, so what you're saying basically is stop real quickly, look at everything, let's work the language out. How long would you take to

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

get something like that? Because again if we're going to correct the problem, we can't spend another two, three, four years. I mean water, everything else, we're working on so many issues that have been around for more years than I wanna count, Doug. And you know and I know that.

MR. MacCLUER: Yeah, yeah.

COUNCILMEMBER VICTORINO: And so if we're gonna find solutions, how long are we gonna wait? Are you and, you know, the farmers and Farm Bureau and the ranchers and ranchers association, Mr. Alexander, I don't care who was here today. When are we going to sit down and work something out so we can really move ahead that...fair, I don't know if the word "fair" can ever be used, but where, that everybody can at least say I feel comfortable with this, let's go and we do accomplish what we wanna accomplish--is, the gentlemen farmers, for the lack of a better term.

MR. MacCLUER: I think you need to sit down with William Jacintho of...he represents the Cattlemen's Association, and Warren Watanabe; and they need to take it to their boards. And I wouldn't think that you...well, I know this is the County --

COUNCILMEMBER VICTORINO: Right. Thank you.

MR. MacCLUER: --so ...*(laughter)*... so it probably takes a year for the County to, to move. We could do it fast, but I don't know about the County.

COUNCILMEMBER VICTORINO: Well I, I, I, I tend to disagree 'cause we're...we've been told we're moving too fast, Mr. Chair; and now, you know, all of a sudden we're moving too slow. The, the, the coin seems to flip whenever somebody wants to flip it. But anyhow, all said and done, how long do *you* say you folks could come back to us and say, "Here, something we can agree on, can you help us put this through?". How long? Give me an idea, Doug? I'm putting you on the spot.

MR. MacCLUER: Yeah. And I don't know how...when the Cattlemen's Association meets. I know the Farm Bureau meets every month. And so I don't know, I can't...I can't speak for the Cattlemen's Association.

COUNCILMEMBER VICTORINO: And I...and I'm sorry I put you on the spot, Doug, but you, you know, you're the third or fourth one that came up and said, let's talk some more. What I'd like to do is just not only talk about it, but really find some resolution so that Mr. Pontanilla and this Committee can finally say, alright, County of Maui, here, this is the farmers, this is...they're happy with this...and ranchers, here, the gentlemen farmers, you pay your fair share, and we move on. But I thank you for your advice. And, you know, and I hope to work with you folks, you know, that's what it's...this all about.

MR. MacCLUER: That's what it's all about.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

COUNCILMEMBER VICTORINO: We're trying to help all of you, okay. Thank you, Doug.

CHAIR PONTANILLA: Thank you.

MR. MacCLUER: Thank you.

CHAIR PONTANILLA: Ms. Baisa?

COUNCILMEMBER BAISA: Thank you, Chair. Thank you, Doug, for being here this afternoon. We have worked for many years, haven't we? I think, I think it was --

MR. MacCLUER: We were both...

COUNCILMEMBER BAISA: --1969.

MR. MacCLUER: Yeah.

COUNCILMEMBER BAISA: A long time. But, you know, I'm kinda concerned hearing from you because, you know, we're all so happy that Haliimaile Pineapple Company exists. 'Cause we were all so afraid, you know, when Maui Pine was going out of business and we thought, "Oh my God." And I know you're working really hard to try to keep pineapple alive on Maui. And when I hear from you, it kinda makes me nervous because to hear that you're not making any money is not a good thing. But, you know, everybody keeps saying, let's get together and let's work some more on this. And, you know, we had our TIG. It was a Temporary Investigative Group, we had a very short timetable, we got together, looked at things and we did have Warren Watanabe and we had a couple of...we had William, and Brendan Balthazar, and a few guys come...Darren Strand came and talked with us. Of course, we didn't have a whole lot of time because we were on a short timetable. And none of us knew at that time when we were meeting, what the *general* public and how they would react, and their individual stories when we went out. And so I...what I'm hearing and what I've seen since we put the bill out is that there are concerns, there are additional things people want looked at. And so that's what you're asking for, you're saying--

MR. MacCLUER: Yes.

COUNCILMEMBER BAISA: --let's spend a little more time, now that we have the public input, the wide public input, and take a look at it again and maybe sharpen it up a little bit. Is that what I'm understanding?

MR. MacCLUER: That's what you, you...you're right on that. We had a lot of farmers that came back to us and said, "This doesn't fit my situation." And so what we're asking is, you go back and, and look at it, the bill, again.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

COUNCILMEMBER BAISA: Well, I, too, like Mr. Victorino, feel that, you know, we need to deal with this, and I'd like to see six months as a target. That by...in six months, we all come back and say, "Okay, this is what we want, we want this definition changed to this, we want this included" and we move ahead. But we cannot let it go forever and forever 'cause, you know, we do have a tendency to do that --

MR. MacCLUER: Yeah.

COUNCILMEMBER BAISA: --and that's no good. So I wanna thank you. Thank you for coming and thank you for saving pineapple.

MR. MacCLUER: Well, we're trying.

COUNCILMEMBER BAISA: We're gonna help you.

CHAIR PONTANILLA: Thank you.

MR. MacCLUER: Thank you.

CHAIR PONTANILLA: Members, any more questions for the testifier? Thank you, Mr. MacCluer. Before the Chair go any further, I, I understand from Staff that Mr. Grant Nakama from the Real Property Tax Division is here. And if you wanna...truly wanna find out what this bill will do to your real property tax, I would recommend that you go talk to Mr. Nakama who is in the lobby. The next testifier is William Jacintho.

MR. JACINTHO: Good afternoon, Council and Chair. I'm William Jacintho, I'm the President of the Maui Cattlemen's Association. When we left the TIG Committee last, it was agreed that the report was a great start, but should have been reviewed...but should be reviewed by ag community and further worked on. We are at that point and shouldn't rush this law and hurt the people we're supposed to be protecting. We've gotten lots and lots of concerns from true ranchers, families and lessees who have employee housing. Agriculture employee homesites are true functions of the operation. Much of the day-to-day activities are conducted within these resident locations--from drying onions to running the business. We do not believe that farm homesites should be taxed as residential rate equal to property owners that use their homes specifically for residence. There are good laws on the books; maybe we should examine them carefully. Currently, Ag-zoned property owners pay an Ag tax rate. If a person farms, would like to dedicate their Ag-zoned property to agriculture activity, they can do so through the dedication process and receive a bigger tax break. This gives ag land owners an incentive to dedicate land to ag production. Not all people...we represent here are in favor of the, the dedication, and we need to discuss their reasons. Homes on all lands are charged a tax based on value of the home, minus a homeowner's exemption. If all homes are charged in that way, then there is fairness in the law. If residential properties receive more County-provided services and pay more tax for that, then there is fairness in that as well. We urge this Committee to defer this bill so farmers and ranchers don't be caught with something that was not intended for them.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

There is a need for understanding that agriculture families and businesses have a very low bottom line. We wanna respect, represent our people as they need to be represented and not taxed off their ag businesses and land. We're willing to continue dialogue with the TIG Committee if it reconvenes, and further discussion would be healthy for decision making. Thank you for the opportunity to testify.

CHAIR PONTANILLA: Thank you. Members, any questions for Mr. Jacintho? Seeing none...oh, Member Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. And thank you, William, for being here, and thank you for all the work you've been doing. I know you've been working really hard on this. You kinda heard the conversation with Mr. MacCluer. That, essentially, is what you're asking for?

MR. JACINTHO: Yeah.

COUNCILMEMBER BAISA: What I'm gathering is that although you were present with the TIG and you had the opportunity to talk with us, that it was really when you took it out to the larger community --

MR. JACINTHO: Right.

COUNCILMEMBER BAISA: --that you got the impacts --

MR. JACINTHO: Uh-huh.

COUNCILMEMBER BAISA: --and so you'd like to spend a little more time talking about it more before we --

MR. JACINTHO: Right.

COUNCILMEMBER BAISA: --go ahead.

MR. JACINTHO: The, the TIG participation was, was really good, and I thank all of you in the Committee for, you know, allowing that and having us come down. But again we're at, at the point where we're ready for public input, and then discuss from there. And, and this is what, you know, we're at that point so...

COUNCILMEMBER BAISA: Thank you.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Thank you. Member Victorino?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

COUNCILMEMBER VICTORINO: Yeah, and I...William, you know, Ms. Baisa mentioned earlier about six months. Would that be reasonable? 'Cause again procrastination, you know, just putting this off forever and ever is just not what I wanna see. I'd like to find some resolution so that all of us feel like we're doing the right thing. You know, forget the fairness part, doing the right thing.

MR. JACINTHO: Yeah.

COUNCILMEMBER VICTORINO: You think six months, you guys could...we could work this out and get it done?

MR. JACINTHO: I think we've been continuously working on it.

COUNCILMEMBER VICTORINO: Yeah.

MR. JACINTHO: And, you know, we may get it done before six months.

COUNCILMEMBER VICTORINO: Yeah.

MR. JACINTHO: We may get it done in a couple months. 'Cause, 'cause, you know, we're, we're in motion.

COUNCILMEMBER VICTORINO: Okay.

MR. JACINTHO: And as long as we get back together in a committee or whatever and discuss stuff, I think we can hammer it out.

COUNCILMEMBER VICTORINO: Okay. I, I think that's...that...I'm, I'm clear, you know, I'm glad to hear that because that's exactly what I need to know --

MR. JACINTHO: Yeah.

COUNCILMEMBER VICTORINO: --so that I can make some kinda decision.

MR. JACINTHO: 'Cause I, I think everybody's willing and, and ready, you know.

COUNCILMEMBER VICTORINO: Well, I think if there's nothing else, it's brought this to the forefront.

MR. JACINTHO: Uh-huh.

COUNCILMEMBER VICTORINO: I think everybody, now, is aware of it.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

MR. JACINTHO: And I mean you talk about fairness, it was, was great to see, you know, people in the gallery it's just been filling up more and more every time we, you know, we get one of these. But thank you again for...

COUNCILMEMBER VICTORINO: Thank --

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: --thank you, William. Thank you, Chair.

CHAIR PONTANILLA: Okay. Members, any more questions for Mr. Jacintho? Seeing none, thank you. Last testifier is Hans Michel.

COUNCILMEMBER VICTORINO: Hey, Hans Michel.

COUNCILMEMBER COCHRAN: But of course.

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

MR. MICHEL: Hello, Council. . .hello Council member and Chair. When you guys came to Lahaina, I didn't know what was going on. That's why I came out, and I wanted to know what's happening, you remember? I was...only two guys who supposed to testify, but nobody knew at that time because nobody put nothing in the newspaper. To...now we know so I came over here to see you today because I like to testify in behalf for me and my family. You know, I'm a goat farmer for 45 year, and I'm on Maui for 49 year. I have seen how Maui came about and how everything got little bit...apparently screwed up here and there. And now everybody is hurriedly trying to fix everything. We each, us farmers, are in a bind. I also have Water Department in my land. And I have a contract with them since 1994, and they incomplete, as you guys might know that. You see, it's always, well. bumbye, bumbye. We each to ourselves. We have a good director and the deputy director is very helpful, but we have to move things along. But who wants to move things along quick? It's the Real Property guys. How would you like to pick up the Real Property guys at Lahainaluna Road and bring 'em to my farm because you don't know how to get there?

COUNCILMEMBER VICTORINO: . . .*(laughter)*. . .

COUNCILMEMBER BAISA: . . .*(laughter)*. . .

MR. MICHEL: Now what kind of people can just say, we go put up your tax and your value? And my problem with Mr. Pontanilla, for four year he supposed to fix up my kuleana tax which he never did got around because he always said...what did you say, Mr. Pontanilla?

CHAIR PONTANILLA: Check with OHA.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

MR. MICHEL: Yeah, yeah, check with OHA. And that was the worst because OHA only took care the guys who actually had kuleana land from the Mahele days, and that was 1850. The kuleana lands we have got sold and the, and the signature from Kamehameha never did follow. So we are not qualified even if my wife is Hawaiian, it wouldn't work. So you can see, the OHA and the County made another blunder over there. Because Hawaiians, when is kuleana land and the kuleana map and all what you have is kuleana, I couldn't get for them approve and sign 'em.

CHAIR PONTANILLA: Mr. Hans?

MR. MICHEL: But the County said we no can do that, bumbye we have too many guys gonna collect.

CHAIR PONTANILLA: Mr. Hans? If you can talk about the item? Thank you.

MR. MICHEL: Okay. No, no, it's, it's . . . *(inaudible)*. . . too. Okay. I, I know. It all has to, it all has to do with me, sir, because you guys plucking my dollar. The Filipinos does not give me more for the money because you want more for property tax. They like to cut you down whenever they can, but the idea is this, I need your help.

MR. KANESHINA: Three minutes.

MR. MICHEL: I cannot pay more than the doggone place is worth, correct? And I have Water Department inside my property every day checking their pumps, checking their work and interrupting my peace and quiet. How would you like somebody goes through your backyard every day? You might would like to get paid. I don't wanna get paid, but I don't like to pay a heap a lot more taxes, and I've been paying more taxes for, have books at home. Remember I brought them over here when we had the Water meeting? I can show 'em to you, what, I no cheat nobody. But the part it is if you want to go and get the gentlemen farmers, it's okay with me; but don't try catch all the Kula guys and...well, Lahaina, we don't have any farmers except me, maybe the rest are all gentlemen farmers, you know.

ALL: . . . *(laughter)*. . .

MR. MICHEL: Well, then go house-to-house and go look what they do and get their money and then you'll be happy, but leave us poor suckers alone. And that's all I have to say. Thank you very much. Okay.

AUDIENCE: . . . *(applause)*. . .

MR. MICHEL: Mr. Pontanilla, because you told me go see OHA, today I come see you. And I like what you do. You want the money, get 'em from the guys who got the money. I don't have it.

ALL: . . . *(laughter)*. . .

CHAIR PONTANILLA: Thank you, Mr. Michel.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

MR. MICHEL: Welcome.

CHAIR PONTANILLA: Members, any questions for Mr. Michel?

COUNCILMEMBER VICTORINO: Scared.

CHAIR PONTANILLA: Seeing none, thank you again.

COUNCILMEMBER VICTORINO: Scared ask him one question.

COUNCILMEMBER BAISA: . . .*(laughter)*. . .

CHAIR PONTANILLA: Okay. Mr. Michel was the last person to sign up for public testimony. Is there anyone in the gallery that wanna provide public testimony at this time? Please come forward. Seeing none, without any objections, the Chair would like to close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

. . .END OF PUBLIC TESTIMONY. . .

CHAIR PONTANILLA: That was an enlightening moment.

COUNCIL MEMBERS: . . .*(laughter)*. . .

CHAIR PONTANILLA: We have...Members, the Committee will receive a PowerPoint presentation from Councilmember White regarding the impacts of the proposed bill. But before the Chair calls that recess, you know, again the Chair would like to notify everyone in this gallery that does have property that are farming, you know, here in Maui, that we, we do have Real Property Tax people out in the lobby that can provide you with some information in regards to how this proposed bill will impact you. Like I said earlier, we had gone to several areas including Molokai, Lanai and Hana; and the number of people that had gone to see the Real Property Tax people was very few. And the ones that had gone, you know, came away satisfied because of the increase being so small. And again, you know, the County offers that opportunity for you to, you know, check with our Real Property Tax people out in the lobby to make sure that, you know, you're comfortable or, or how this bill will affect you. So at this time, the Chair will call for a short recess to get the room prepared for this presentation. Recess. . .*(gavel)*. . .

RECESS: 2:54 p.m.

RECONVENE: 2:58 p.m.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: ...(*gavel*)... The Budget and Finance meeting is now reconvened. At this time, the Chair would like to call on Councilmember White for his presentation. Member White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair, and thank you for this opportunity to hopefully clear up some of the misconceptions that we have with this bill. First thing is that this bill does not impact in any way the homeowner's exemption or the application of the homeowner's tax rate on agricultural parcels. As you know, the Homeowner's tax rate is \$2.50 per 1,000 and the Ag rate is 5.80. So as long as you're a homeowner on agricultural lands, you will continue to be able to take advantage of the \$2.50 rate rather than the Ag rate of 5.80. It also does not impact how the structures or the houses are valued that are on the land. It doesn't deal with or depend on the definition of "agriculture", we're just simply looking at defining the homesite, and it also does not deal with agricultural dedications. We're simply focusing on bringing some equity to the valuation of, of the homesites. Just for purposes of review, these are some of the examples that I used when we first began the TIG, and this is an example of land in Haiku. The, the, the near parcel has no ag activity and no, no housing built on it; valued at 506 and the taxes are just under 3,000. The parcel next door has about seven-eighths of an acre fenced for livestock within that blue line. And that...the presence of that livestock reduces the taxable land value to 54,000, and the land tax paid on that parcel is \$135. Going up into other areas, these are three ag parcels that are just a...just over two acres each. The one in the upper left, valued at 160,000 for tax purposes. The one on the upper right is valued at 80,000 because they've got an ag use in the back. And the one on the bottom is valued at 150,000. So again the purpose of this bill is simply to correct some of these discrepancies because this is a home in Lahaina on 6,100 square feet, and they're paying taxes on a value of 258,000. Again these are a little bit larger parcels. These are, I think, around eight acres, possibly nine. First one valued at 165, second one 225, and then the one on the, the bottom has two houses; and I, I don't see a lot of ag activity, but for tax purposes they're valued at 78,000. . .compared to an 8,400 square foot parcel—I believe this is in Kahului—valued at 266,000. And this is one of the, one of the examples of a, a big break. This person is paying...this is not a homeowner, this is a person paying on the Ag rate; but he's got a deduction in value of 1.9 million which provides him a tax savings or a loss to the County of about \$11,000. Oops, I'm sorry. This chart shows that over the past ten years, the, the change in the tax values and taxes generated: in Residential, have gone up by 12 percent, Apartment have gone up by 224 percent, Commercial 92.50, 9.9 and so on. So the total of all lands other than ag lands have gone up by 89.4 percent while the valuation and the taxation on ag lands...and these are ag *assessed* lands not, not the *total* ag lands. The ag assessed lands taxation generates 208,000, and that's the same as it was in 2001. This shows that we have lost a little bit of, of ag land, 16,000 acres. So we've dropped from 292 down to 275,000 acres; the market value has gone up by just about...a little over double. But again the use value or the assessed value has increased by just \$6,600. In the bottom, again the taxes paid in 2001 were virtually the same as they are now. Concerns that we've heard at the hearings, most testifiers voiced concerns over the impact it would have on them personally, but we're not aware of the actual effect. One individual stated that the impact would be a \$6,000 tax increase, and another estimated the impact at 30,000. The Real Property Tax Division has estimated that the increases to those specific homeowners' properties would be \$219 and \$234, respectively. So it's a...obviously we

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

had a significant misunderstanding of how this would...how this bill would proceed. We scheduled six hearings Countywide to provide an opportunity for residents to further voice their concerns and find out what the tax impact would be. Representatives from Real Property Tax were present at each hearing to estimate the tax impact on homeowners, because we wanted people to be able to find out exactly how this bill would affect them. Twenty-four individuals provided testimony during the six meetings, and fewer than 15 requested assistance from RPT, Real Property Tax. Several of them, as Joe mentioned, left after meeting with RPT and realizing a lower than anticipated impact. Couple of the alternatives that were, were mentioned: one of the recommendations was that we develop a uniform taxable homesite for all ag lands or to base the homesite on the size of the home or a multiple of the size of the home. The challenge with both of these. . .that in some respects they defeat the purpose of the bill because the purpose is to go after the large land owners and tax them for the *size* of the property. So by coming up with a uniform one. . .or based on the size of a home, we felt that these proposals would continue to put a greater burden on the small homesites and continue to give a...an unequal benefit to the large homesites.

. . . Another was to remove the driveway from the valuation. But in talking to Real Property Tax, they don't place a value on driveways. Similarly, as we mentioned in the definition of the bill, we don't, we don't include unusable or unsuitable lands for agriculture. Basically they just give it a very small value. And so we can ask the Director of Real Property Tax how they will treat the driveways when we get back into that discussion. But our understand is that they're not, not placing a value on the driveway. You can't plant much on a driveway. Value of the homesite is based on the value of the structure. The concern we had with that is that there's no connection to justify the valuation, and without that connection, it...that, that move could lead to litigation. The other was to exclude, from the homesite, elements such as garages if used for ag use--and a couple of the testifiers mentioned that in their testimony. One of the challenges that we felt is that it's difficult for the Department to determine the amount of personal agricultural use on the property. And at the same time, as we all know, there are homeowners all over the County that are doing a variety of kinds of businesses out of their garage and out of their homes and receiving no additional discount for that ability to do so. So why are we bringing this bill? Its main focus is to bring some fairness to the valuation and taxation of homesites. Maui County residents living in residential areas pay on the full market value of their parcel. And some farmers and ranchers are already paying residential values because they don't live where their farm is or where their, their cattle or goats or other livestock reside.

. . . Some of the things that people on ag lands can do that people in residential areas can't do is, they have the ability to build additional structures if their property is large enough. They can build a structure and a cottage and possibly additional structures for each five acres. They can subdivide if it's larger than four acres, grow and raise livestock or food for their families, they're able to grow or raise additional livestock or produce for extra income for the family, and they get to live in rural environment with limited neighbors. . .and of course they have an asset to sell or to pass on to their families. Obviously, somebody has the ability to pass on or sell their, their house if they're living in a residential area, but this is really referring to larger assets. And just for focus, when you...when we're talking about the, the agriculturally assessed lands, the

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

average lot size that we're talking about is roughly 100 acres, and the average value placed on those, those lots is in the neighborhood of 177,000. So we're talking about large parcels of land, and we're talking about fairly low valuations when you consider that each of these has a homesite on it. And 177 is probably lower than, than every residential parcel in the County. At the current time, the valuation of homesites on agricultural lands assessed...agricultural assessed lands decreases as the size of the property owned increases. For instance, if you have a half-acre homesite in Makawao, your taxable value would be 300,000, but if you have that same half-acre parcel...half-acre homesite on a two-acre parcel, your total tax value that you would be paying on drops to 140 even though you have a much larger parcel. If you have that same half-acre parcel on a four...half-acre homesite on a four-acre parcel, your value is \$95,000. That half-acre parcel on eight acres would provide a \$75,000 valuation for your entire parcel. And when you get to 16, for a half-acre parcel on 16 acres...half-acre homesite on 16 acres, you're paying one-fifth of what somebody in Makawao is paying. And these are all based on values up in my neighborhood. Is it fair that the more land you own, the less taxes you pay? And that's really the, the question that we're trying to address with this bill. Under the proposed legislation, only the homesite on an ag assessed parcel will be taxed at market value. Owners in Hana or Upcountry will likely pay a lower value per share, I'm sorry, per square foot than homeowners in Wailuku or Kahului because land values in rural areas are typically lower than in urban zones. So this bill simply asks for the homeowners to pay on a value appropriate to their neighborhood. Under this legislation, a homesite will be defined as those portions of the parcel excluding the portion in agricultural use and the portion that is...that consist of unusable or unsuitable land for agricultural use. Valuing homesites independently will simply ask the ag property owners pay their fair share based upon the size of their homesite. Typical increases, one of the testifiers mentioned that we had put out something that said that the increases would be no *more* than 250, but that's not correct. We had said that the increases would *average* 250. And in looking at all the...again this is, this is all...we're dealing with roughly 2,650 parcels; 1,474 of which are homeowner parcels. So on the homeowner parcels, there will be 16 percent of these owners that will see no tax increase at all. Forty-nine percent of the ag assessed parcels will see an annual tax increase less than 250, and 99 percent of ag assessed parcels will see an annual tax increase of less than 500. Flip that around, and in the homeowner category that's impacted, only 1 percent of the people impacted will be paying an increase greater than 500.

. . . And as, as we listen to people discuss the concerns about not being able afford the, the tax increase, it's important for us all to remember and remind people that we have the Circuit Breaker Tax Credit program available upon proper application and proof. A homeowner, and only homeowners, are entitled to a credit in the amount that the real property tax assessed on the homeowner property exceeds 2 percent of their household income. So basically we were approached to be concerned about, you know, retiring farmers and retirees. And rather than trying to deal with that in the bill, we wanna remind everybody that this is really the way to go--you should be applying for the Circuit Breaker.

. . . And again just a reminder that the County strongly supports agriculture, and I think everybody in this Chamber intends to continue to do so. We provide \$350,000 annually to the Maui County Farm Bureau; 125,000 for Agricultural Promotion through the Office of Economic

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

Development; \$100,000 to Maui Nui Botanical Gardens; 75,000 to UH CTAHR for ag projects; 27,000 to the Molokai Livestock Cooperative; 10,000 to Maui Aloha Aina; and the subsidy provided along with the ag water rates is \$3 million, and that subsidy covers about 750 users. So the average subsidy per user...or per average user is about \$4,000 per year. And using a larger, a larger size...we, we took the average size in the Kula Ag Park because they, they have a wide variety of types of farming and the subsidy for the Kula Ag Park amounts to use...water usage where the subsidy saves them roughly \$220 per acre per month which totals about 26...a \$26,000 subsidy per year. So to say that we are...and one of the things we've all heard is that we're targeting farmers, we're targeting the ranchers. We are asking for fairness in taxation of the homesite, and we wanna be clear that our County in many, many ways has and will continue to support ag in many ways. And the thing that I think is really important to recall or remember is that all the programs on the, the list shown on the previous page are programs that allow us to focus County-provided benefits to the true farmers and ranchers. To do that through tax policy is not that easy and not, not necessarily gonna come up with the same kinds of, same kinds of fairness or, or benefits. So with that, I will close, Mr. Chair. Thank you.

CHAIR PONTANILLA: Thank you, Mr. White. Members, the Chair is gonna call for our mid-afternoon recess. So we'll reconvene this meeting at 3:30. This meeting is in recess. ...*(gavel)*...

RECESS: 3:13 p.m.

RECONVENE: 3:34 p.m.

CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee meeting is now reconvened. Thank you, Mr. White, for...or Member White for that presentation in regards to the issue at hand. At this time, the Chair...

... Before I call on the Administration, Members, we have before us a proposed bill entitled, A Bill for an Ordinance Amending Chapter 3.48, Maui County Code, Relating to the Tax Assessment of Homesites on Parcels Receiving Agricultural Use Assessments. At this time, the Chair would like to call on the Deputy Finance Director, Jeremiah Savage, for comments, if you have?

MR. SAVAGE: Thank you, Chair. I just wanted to make a comment to the public and those watching this right now that Chair Pontanilla, awhile back ago, put together—and I know that this was commented on before—put together called a TIG or a Temporary Investigation [*sic*] Group, and this hadn't typically been, been done in the past. And what it had done is they took a handful of Members of the Council and they got 'em together and they—and I, I was there for a couple of meetings—and they had put countless amount of hours on trying to understand the complicated and very technical aspects about the assessment and valuation of real property tax. And I really wanna commend them for doing that because, you know, to me it felt that they were really doing their due diligence. Not only that, I know that they had met members of the public, as it was mentioned before, Mr. Watanabe, and so...and we also had gone and done public Council

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

meetings out for the public and whatnot. So I do wanna commend them for doing all of their due diligence. As well as I wanna speak on behalf of the Director of Finance, Danny Agsalog, and I are very supportive of this...of all of you, Council members. And if there's any information whatsoever, we will make sure that our Staff are in full support of giving you the information you need. I think the things that you're trying to propose right now is, is...it's very difficult to find a...some sort of legislative rule that would, you know, one size fits all, one shoe to fit every foot out there in the County, and every situation is different. But it takes a lot of courage to move forward; and step-by-step, maybe we can move forward. And thank you very much.

CHAIR PONTANILLA: Thank you. Members, any questions for either the Administration...Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Not a question, I just wanna thank the Finance Department--both the Director and the Deputy have been very supportive of this process. And the amount of hours that Scott and Marcy and others from the Real Property Tax Department or Division have put into this effort, have been really significant. And I just wanna thank you all for all the, all the, all the help 'cause you were, you were there with very quick responses, and it's, in many cases, helped to get people to understand that this is not a huge increase. And, and most of the people that I've been able to speak to personally have been satisfied that what we're doing is fair, and what we're doing is the right thing to do even though they're farmers or ranchers. So, so I wanna thank you all for your help and support.

MR. TERUYA: ... Thanks.

CHAIR PONTANILLA: Thank you. Members, questions? Member Couch?

COUNCILMEMBER COUCH: Thank you. And I...are you accepting questions for all of the Staff or just --

CHAIR PONTANILLA: Yes.

COUNCILMEMBER COUCH: --Mr. Savage right now?

CHAIR PONTANILLA: Staff.

COUNCILMEMBER COUCH: Okay. I'd like to ask Mr. Teruya, on Mr. White's slide, they show a, a...

CHAIR PONTANILLA: Page?

COUNCILMEMBER COUCH: That...they're not numbered, so I'm sorry. One, two, three, four, five, six, seven...Page 7. It shows a, a 2.38 acre ag parcel, market value \$3.7 million, taxable value \$1.7 million, a big...obviously home lot and, on South Makena Road, actually. Why was...why is something like that assessed as Ag? Whereas you have places like Launiupoko

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

and, and even Wailuku Country Estates all that are actually assessed properly. You have them...the gentlemen estates assessed as homes as opposed to ag value.

CHAIR PONTANILLA: Mr. Teruya?

MR. TERUYA: Chair. Member Couch, looking at this aerial photo, off the top of my head, I don't know what parcel this is. But you gotta remember, this is one of the reasons why we're here. We'd mentioned to you last year that many of this agricultural uses has been adopted by the County, inherited from...really from the State of Hawaii. And most of these properties that are receiving agriculture assessments are—I would say it's like a...it's an inherited child for, for us—because this is the reason why we came to you folks, is because we don't know...we don't have anything on our books which identifies what is the dedication for, for the *use* on a parcel like this. I think recently we have been talking about...this website is relatively new, it incorporates Bing. Lot of this stuff is things that we are proposing in the future--to use aerial photography to review our agriculture use program. So off the top of my head, I can't answer to your question as to what is being used for this activity. This property could be recently built, and at the time was vacant and was receiving agriculture use subsidies. So at this time, it's hard for me to answer your question directly.

COUNCILMEMBER COUCH: Okay. I mean that...that's kind of the question that I think a lot of members of the public and Members of this body have--is that there are, kinda looks like discrepancies or disparities in that, in that light and I...I'm wondering if, if, if we pass this bill, and then are you going to go look at the pictures or are you going to each individual parcel? I don't know how...because something like that, you would look at this and say, well wait a minute, none of this is ag so the whole place gets valued as land. Would...I'm, I'm assuming that's what would happen in something like this.

CHAIR PONTANILLA: Yeah.

MR. TERUYA: Yeah.

CHAIR PONTANILLA: Mr. Teruya?

MR. TERUYA: Thank you. You know, last year in the budget time, we had talked to you folks about the number of parcels that were receiving agriculture use. And we had talked to you about, you know, potentially 2,700 parcels and the subsidy around 25 to 30 million dollars at the time. You know, values are falling so the subsidy is coming down. But we had...from the Division's standpoint, last year we told you that we were gonna send out mailers to all the properties that had agriculture use. Marcy had reported to me that of the mail-outs, 68 percent of the mail-outs proved that they were not using agriculture use. So we can report in the next Budget that at least 619 parcels have no longer...are gonna receive the agriculture use assessment in 2012.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

COUNCILMEMBER COUCH: That's wonderful. So you're saying right now at least prior to that...those 600 and some parcels, that there's a...essentially we're subsidizing ag by 25 to 30 million on top of the...

MR. TERUYA: No, that, that was the total amount.

COUNCILMEMBER COUCH: But on top of the, the stuff that we're giving, right?

MR. TERUYA: The total subsidy was about 25 to 30 million dollars, correct.

COUNCILMEMBER COUCH: Right, right. On top of the stuff that we're giving out, the three-point-something million that he had in the slideshow?

MR. TERUYA: Well, the total subsidy was about \$25 million.

COUNCILMEMBER COUCH: Okay.

MR. TERUYA: Yeah.

COUNCILMEMBER COUCH: And then last but not least, what would the revenue increase be, if we...if this were to pass today, based on today's values? Do you have a...an idea what the revenue increase would be?

MR. TERUYA: Right. You know, we have about 2,700 parcels receiving agriculture, not all of 'em have homesites. For this homesite bill in particular, we are looking at estimating—given that the tax rates are staying the same, based on certification coming in, based on what we have initially—we're looking at about \$950,000 difference.

COUNCILMEMBER COUCH: So all, all of this for \$950,000? Okay. Thank you.

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

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And, Mr. Teruya, and Mr...while Mr. Couch was speaking, he mentioned, right up here, Wailuku Country Estates. So I quickly went... 'cause I know enough people that I can go find different...I saw two different properties there, one taking the agricultural exemption or agricultural assessment, along with the homeowners, and I saw another one that just did homeowners. To my surprise, the two almost identical, almost identical, Mr. Chair, in the total bill they pay. I just looked at the numbers, the assessment and the number and they paid...just because the two came out...with the homeowner exemption, the two came out almost identical, 2.1-acres, lots. So I know this area would not be affected much

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

with this changes, one way or the other not going be affected much. What I'm concerned with is those farmers that are true farmers Upcountry. Those farmers that are really true farmers, you know, because I, I've seen, Mr. Chair, I seen there's not enough. And we kind of pushed this along. And I was with the TIG so I know exactly what we did, how we did it. And I thank Mr. White and all the people, everybody, Marcy, you guys showed us different things which was always amazing when they show us stuff, boom. But the bottom line in this, Mr. Chair, is the number you just gave, 600 and what, that fell off? Six hundred...

MR. TERUYA: Six hundred nineteen.

COUNCILMEMBER VICTORINO: *That's* what this all was about--to make sure that people dedicated to farm; and if they didn't, they'd get off. I think we accomplished mission number one. Because that alone...what would that amount to, just roughly? Quickly.

MR. TERUYA: It would, it would be hard to say. I mean you're looking at 2,700 parcels receiving the --

COUNCILMEMBER VICTORINO: Yeah.

MR. TERUYA: --subsidy of 25 million. So I don't want to estimate the math because some of these parcels that may have fallen out may have been very, very limited value to begin with, so it's, it's...it would be hard to estimate.

COUNCILMEMBER VICTORINO: Okay.

MR. TERUYA: Potentially \$5 million.

COUNCILMEMBER VICTORINO: Okay. Five million dollars, Mr. Chair, that's a chunk of change we just found without doing anything but saying, we're gonna work on it. I'm still in the modem, Mr. Chair—and, and no offense to you or anybody else in this Chamber—but I still want to help these farmers, the true farmers. 'Cause they're coming, and that's the real ones. They've called, they've e-mailed me, and they come. And so I, I'd still like little bit more work done in this area. No offense to Mr. White, to you, Mr. Chair, or anybody in this Chamber. I believe a little more work, better definition, a better overall package so that these true farmers...maybe we'll help them a lot more than hurt them, and I think that's what I wanna see. And if those others continue to fall off, we will get the 5, 6, 7, maybe 8 million dollars that we...of the 20-something million that we're looking for, which also helps homeowners, helps everybody else, we don't have to raise Hotel and Industrial and other people's real property tax. That's my whole...anyhow whatever we decide today, if we decide to defer or we decide to change it, it doesn't have any tax effect till the following tax year, two thousand, what, thirteen, fourteen, right?

CHAIR PONTANILLA: Fourteen.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

COUNCILMEMBER VICTORINO: Fourteen, right, so 2014. So it's no rush, like this not going...when we originally started, we wanted to rush it because we was hoping to catch it for this '13 year, right? But we're not now, sir. So, anyhow, that's, that's my take. I'll wait to see what other Members have to say. Again, I thank everybody, and I thank you, Mr. Teruya and Marcy, 'cause you guys did work hard on this, and along with Jeremiah and the rest of the Staff. Thank you.

CHAIR PONTANILLA: Thank you. Should we move along on this particular bill, Members, you still have the opportunity, before this bill take effect, if you wanna make any adjustments. And, you know, that's when you can meet with those...the farmers, the ranchers, that you have problems with or issues with trying to help. And, you know, we still can move forward on this bill, but again it does take effect in regards to this particular revenues for the County, 2014.

COUNCILMEMBER COUCH: 2014?

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER COUCH: Did you say 2014?

CHAIR PONTANILLA: 2014. It does take effect July 1, 2013 next year.

COUNCILMEMBER COUCH: Right.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. You, you, you just said something that kinda threw me off, and that was that if this bill were to move forward today that we would still have time to meet with these groups. This wouldn't move on for first reading?

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER BAISA: It wouldn't or it would, I'm sorry.

CHAIR PONTANILLA: It would, it would.

COUNCILMEMBER BAISA: It would.

CHAIR PONTANILLA: But it takes effect 2013, July 1st, 2013.

COUNCILMEMBER BAISA: Correct. So then we'd have to do something to it again before it took effect.

CHAIR PONTANILLA: Uh-huh.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

COUNCILMEMBER BAISA: So would it be not a smarter idea to wait awhile and clear up the misunderstandings? And I know there are misunderstandings. A lot of what you saw today was a result of a error. Someone asked the Tax Department, "How much my taxes are going to increase?" and there was an error that was quoted. And when it was checked again, it was much less; however, that had gone out everywhere. And it's stuff like that that causes problems like this. I think that, you know, one of the questions that was raised at one of the meetings we had was people had concerns about the definition of "homesite". And what we heard today was, well, we're not gonna include the driveway; and if you're using your garage to pack your stuff or whatever, well, so what, other people use their garage. But, you know, we're talking about farmers, we're not talking about people who store their surfing stuff in their garage. We're talking about people whose...this is their living. And I, for one, do not think that a little more time...you know, when I said six months, I didn't say it would *take* six months, that was an outside figure. But I think time to have maybe another informal meeting or formal meeting—I prefer the informal setting 'cause then people feel free to speak up—work with ranchers and maybe another one with the farmers and then coming back here with some language. This, we could wrap this up. This doesn't *have to* take six months to complete. But I think it would leave a community that's more satisfied. And because I represent that community, and my BlackBerry and phone have rung off the wall, I would plead for my colleagues to please give us a little more time. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more discussion on this item? Member Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Teruya or, or Marcy whatever...who could ever answer this, you, you said 68 percent of the, the forms came back. What are we doing with the other 32 percent?

MS. MARTIN: Thirty-two percent reapplied for their agricultural and were granted the agricultural use assessment. The 68 percent included people who replied that they were no longer doing ag, and it also included people who didn't respond.

COUNCILMEMBER COUCH: Oh, the 68 percent part...is part of people who didn't...so what are doing with those that didn't respond?

MS. MARTIN: If they didn't respond, their agricultural use was removed. We had sent them a, a disallowance letter explaining that their use would be removed if they didn't notify our office that they were in active production.

COUNCILMEMBER COUCH: And, and that's including...included in the 618 parcels or, or...

MS. MARTIN: Correct.

COUNCILMEMBER COUCH: Okay. So in essence, out of all those, the, the 32 percent that said, we're, we're re-asking for ag evaluation; and then those that said, we're not gonna do ag; and

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

then the respondents, how many more are we planning or do you think we'll catch in this. . .this bill?

MS. MARTIN: Well, at this point, almost everyone who's getting an agricultural use assessment now has applied with our office, has some paperwork filed with our office.

COUNCILMEMBER COUCH: . . . Okay. Thank you.

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

COUNCILMEMBER COCHRAN: Chair?

CHAIR PONTANILLA: Member Cochran?

COUNCILMEMBER COCHRAN: Thank you. Yeah, I applaud everybody who spent their extra time and energy and efforts in this whole process. And it was pretty disappointing, though, with our public outreach meetings, how low of a turnout there was. Also, I felt that prior education of exactly what this is, such as the PowerPoint maybe we had, would have helped get more involvement and participation from the communities. So I'm not saying it was a, a waste of time, but for me I thought it could be better utilized. And saying that, I agree with Ms. Baisa, a little bit more time, no harm. I hate to be the sole guy again trying to make amendments on second and final reading, I know how it upsets everybody. So it needs to be here, and I think we need to, we need to pinpoint the groups: Haliimaile Pine, Cattlemen's, Maui Farm Bureau, and go directly to these associations and groups and dialogue and get 'em to cough up some language. They came here all day long telling us, you know, this and that, but they *never* presented us any concrete language. So perhaps we give 'em a timeframe to say, get out there guys then and come back, give us what language you will be happy with, and we'll look at that and kinda go through it and, and, you know, figure it out. But that's just kinda my comments and where we are today and how I'd like to see move forward. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Any more comments, Members? Member Couch?

COUNCILMEMBER COUCH: Sorry, last time. I, I do note that at least two of the TIG members have said that they wanna defer. That, that, that's fairly powerful to me only because 50 percent...it's such a...an issue that hasn't been defined enough, apparently, that two of the TIG members are asking for a deferral. So I don't know. If...I'd like to hear from the other TIG members if I could, what their thoughts are on this because...well, we know Mr. White's, but I forgot who the other TIG member was, it...Mr. Hokama, I believe. I just...out of curiosity because it's hard for us to, to kinda, you know, figure out how it's gonna go, thanks.

CHAIR PONTANILLA: Thank you. If you could, Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman. . .I thank Mr. Couch for volunteering me.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

ALL: . . .*(laughter)*. . .

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

VICE-CHAIR HOKAMA: Let me just say it in this manner, Mr. Chairman. . .I can appreciate and understand the comments from Ms. Baisa and Mr. White. Their districts are greatly impacted by this proposal. You know, I come from Lanai. And when you came to Lanai, for those that joined us on that Lanai meeting, I thought we had a pretty decent turnout for a community in a district that really doesn't have an issue with this per se because our agricultural lands is just that, agricultural. We do not have homesites on our agricultural lands, not with the island of Lanai per se. So it's not really our issue that impacts our, our people the way it impacts people Upcountry or maybe in Lahaina or other areas of this island. But I will say that while I'm open to a slight deferral, a very slight deferral, Chair--'cause eventually we need to make decisions, and, and that's what we get put in these seats for, to make decisions. I'm willing to make a slight deferral, but please remember some of the comments from Lanai, those that help pay the subsidy. And what they felt was the fairness issue, in their testimony to the. . .Committee. You know, I, I think we need to listen to the farmers and that component, but I think we also need to listen and pay attention to the component that pays the subsidy--and that was part of the comments from Lanai. And I think if we take all of this together, we share this with the farmers Upcountry--that these are some of the comments from other districts that may not have the understanding as well as they do regarding their unique situations--then maybe we can come up with some better legislation. But, you know, for me, Chairman, we need to make a decision this term regarding this matter. And I think the first step was the mail out on, on dedication of use. That was a big step for, for the TIG committee, it was a big step for the Department, it's a very positive step for this County. But again the TIG report mentioned that the time we had, we were only able to give short...short-term, quick responses to a bigger issue. I think part of this issue of this time that it will give us, will help us figure out what we wanna do with TIG 2 or another component to make finalization of a decision that I prefer to, as I said, Chairman, have it done this term. Thank you.

CHAIR PONTANILLA: Thank you. I, I take your comments really seriously, Mr. Hokama, and I take the comments of the testifiers on Lanai in regards to, you know, "What about us you know, we pay part of the bill and, and, you know, what is fair for us?" I, I, I do represent an area that is predominantly Residential. In fact I have a clerk that lives on a 6,000 square-foot lot, affordable housing; and she doesn't have the opportunity, should everything goes bad, to parcel out part of a property so that she can meet some of her obligations. She gotta foreclose, she gotta sell. So is that fair for her? I don't know. You, you tell me. But I'm willing to defer and have this thing come back again, and not within six months, soon after budget because, you know, most of you face re-election except for Chairman Mateo and myself.

COUNCIL MEMBERS: . . .*(laughter)*. . .

CHAIR PONTANILLA: And you all know, when come election time, those hard decisions gotta be made. Are you willing to make that decisions? You guys all nod your guys' head, but we'll see,

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

we'll see. So, you know, for me, again I, I listen to all of you and the wishes of you is pointing to a certain direction, but I'd like to give Mr. White this opportunity to comment.

COUNCILMEMBER WHITE: Thank you, Mr. Chair. You know, I'm...my whole focus in this measure, yes, was to...at first, my, my main concern was the differential between the gentlemen farmers and others. But as we further looked into the issue, we realized that even those who are on 2-acre parcels, 3-acre parcels, 4-, 5-, 6-acre parcels, the smaller farmers or the smaller ranchers, they're still paying significantly less than the folks who are in Makawao and in Kihei and Lahaina and in other places. So for me the, the issue is one of measuring the fairness. And, yes, they, you know, the...in our meetings with the Farm Bureau and the Cattlemen's Association, they brought up some of the items that I, I mentioned in my presentation. And we have, we have *asked* for language to make it farm and ranch friendly, and we have not received anything. And we've been involved in this process for now, what--

CHAIR PONTANILLA: I know.

COUNCILMEMBER WHITE: --three-and-a-half months. So I'm, I'm comfortable moving forward because I think this is a, a bill that provides fairness amongst *all* the homeowners on, on Maui. And let's remember that what we're dealing with here are people who get to work where they live. Most of the people in your district have to drive to Kaanapali or, you know, go from Kahului to Wailuku or someplace. And they don't have all the options that the people that have ag lands do. They don't have the option to pass it on their family, they don't have the option to generate food...additional food for their families. So when I look at the fact that the homesite values are going to be *less* than the homesite values on equal-sized parcels *elsewhere*, I'm comfortable that what we're doing here *is* fair. And I'm comfortable that there is no other way to go after the, the true gross inequity which is that of the, of the gentlemen estates. But when you're dealing with that, you're dealing with a class of homeowner--they all have homes, they're all on ag land, and they're all doing...or not doing some sort of ag. For us to identify the homesites is an important step forward because it will allow for fair taxation, and the guys that have large homesites are gonna pay a lot more than the guys with small homesites. And the majority of the folks that are true farmers have very small homesites. The same thing with ranchers, their fences are up close to their houses, and we see that in all areas. So when, when I, when I listen to the promises of, of, of language, I'm very *hopeful*; but it's been, you know, we've been working on this for three-and-a-half months, I don't see language that makes it farm friendly. And this is a very *simple* bill, we're simply saying, we're gonna identify the homesite and tax you on that, on that portion of your land in ways similar to what we are taxing or valuing the, the rest of the folks in, in Residential lands. And, as Mr. Victorino said, Ms. Baisa and myself have the vast majority of the ag-assessed parcels in our districts. I happen to have I think 52 or 53 percent, and she's got 32 percent, and the remaining Members share the other 15. So, obviously, we are the ones that are most involved in this issue. And one of the things that I feel comforted with is that this is a *fair* measure. And when I look at the various property owners in my district, while I have 52 percent of the, of the people impacted, that 52 percent makes up only 30 percent of my district. So is it fair for the other 70 percent to be paying on market value. . .as opposed to, you know, what's happening on, on ag lands? We're gonna continue to, to assess ag

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

lands as ag lands. We're gonna continue to support the Farm Bureau, the Cattlemen's Association, all those things that we're already doing. We're gonna continue to do the, the subsidy of water, we're gonna continue all those programs. All we're asking is that the farmers and ranchers say, you know what, we're willing to pay our fair share just on our homesite. They still have the acreage around them. So none of the...none of these parcels are less than two acres, but most of the parcels in Residential areas are *significantly* less than two acres. And yet, the guys that are on two acres are paying less than the guys that are on small Residential parcels. So for me it's, it's a fairness issue, it's one that I want to make sure everyone understands. I support ag up one side and down the other. I'm willing to support them through all the programs, but I feel it's important for us to ask *them* to pay their fair share of *just* the land where they live. So I'm comfortable with whichever way the Chair would like to move on this, and I thank you for the opportunity.

CHAIR PONTANILLA: Thank you, Mr. White. And again, you know, I, I share the same concerns as you are because, you know, I do represent a district that is predominantly residential. And, yeah, you know, you know, I've heard comments about, yeah, you have all the sidewalks, you have all the roads . . . *(laughter)*. . . But the subdivision that I live in, we don't have sidewalks, the roads need repair and the like. So. . .what is *fair*? What is fair for everybody? I don't know.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: And, Mr. White, you, you know, in regards to your comments, I, I take it, you know, at heart because it does represent the people that I represent; and probably all of us represent a segment of residential subdivisions. You know, we've subsidized the farmers, we've been really, really fair. We've been really, really good over the nine years I've been here. In fact, we continue to increase their funding. And when I see numbers as far as what is being taxed, where's the equity? Where's the equity? You know, this is one of those difficult decisions that we going *have to* make. And again, you know, deferring this thing or, you know, getting more time, again all of you. . .seven of you, face re-election. You know, and I gotta take that into consideration, too.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: So...

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Chair would like to recognize Mr. Teruya, first, and then Mr. Victorino.

MR. TERUYA: Chair, just a point to the Council members, that if we do take this up after Budget, then, then it would probably be...probably forecasted to be deferred to 2015 impact. Because as of June, we already starting to value properties. So if this bill is after June, then we would probably defer it another year.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Thank you. Scott, fast question. What is the revenue projection for 2013-2014?

MR. TERUYA: . . . I don't know if I should be able defer this to the Budget Director at this time?

CHAIR PONTANILLA: Okay. I'll try get that information. Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you, Chair.

CHAIR PONTANILLA: Oh, I'm sorry. Oh, yeah, Mr. Baz, if you could?

NOTE: Pause while Mr. Baz approached the floor.

COUNCILMEMBER COCHRAN: . . . He's like, "What?"

MR. BAZ: . . . Thank you, Mr. Chair. What was your question?

CHAIR PONTANILLA: What is the revenue projection for this County, 2013-2014?

MR. BAZ: Mr. Chair, the Budget Office is in, in receipt of the estimated real property tax valuation based on, on the current projections and in discussion with Mayor on what rates will be proposed in that Fiscal Year '13 Budget. And so it'd be. . . preliminary for me to, to tell you exactly how much revenue we would receive. And then of course, you know, certification happens not until April...middle of April. So that changes the valuation as well based on the, you know, actuals and the appeals and things like that.

CHAIR PONTANILLA: Let me ask you this question the other way. Compared to 2012, what is the projection, up, down? By how many percent?

MR. BAZ: We can...I, I will share with you the, the valuations that we've received, preliminary evaluations are near a 10 percent reduction in valuation.

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

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Member Victorino?

COUNCILMEMBER VICTORINO: Thank you, Chair. And, you know, I can appreciate your comments, Chair. I sit there, when I'm up in my chair in my Committee, and I have the similar challenges 'cause you want things to move on. And you have been in this side saying, we need to look at things a little bit more. So I can appreciate that 'cause when you sitting on one side or the other, it changes where you're at, I appreciate that. I appreciate what Mr. White has done, I...I've been a part of the TIG, I had no qualms meeting on Sundays, weeknights, whatever we needed to do, but it was all preliminary, okay. I understand what Mr. Teruya said, if we don't

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

get it done by June, it probably 2015. Well, I'm telling them, right now, putting them on notice that we need the language 'cause in May, when we come back from...into budget, we should be able to get it done, Mr. Chair. I'll make it a personal commitment to work with them to get it to you, Chair. So I wanna get it done. 'Cause I'm all for getting it right, getting it fair. I represent a district almost as many homes as you, Mr. Chair, almost as many *residential* homes as you, but I also have a lot of ag land, especially if you go out Kahakuloa and that way, right, Waihee, so and then you go Waikapu side. So I have a, I have a neighborhood that kinda goes both ways. But I also never forget that I represent everybody 'cause I have family and friends who live up on that mountain and they telling me, this is not right, yet. Okay. I wanna listen to that. That's the only reason for the deferral, Chair. I, like you, would like to see this move on. But also, I like others, do not wanna be doing committee work during Council meetings. So let's try to get it right, that's all I'm asking. I think a few more meetings with these guys, we could get the, the right language, the right proposal together, finalize it. I think Ms. Baisa would be more than willing to, to, to work hard on it, I know Mr. White has, all of us, we want what is fair for everybody because we don't want...and I'm not worried about re-election because re-election will come no matter what I do. But if in my heart of heart I've done what is right, then the people can decide. So, you know, I hate when people start putting me on notice or put anybody on notice. And I appreciate it, Mr. Chair, it doesn't bother me, re-election is re-election, it comes every two years. You've been there a lot of times. I'm looking at what is right now, and what we can do to finish this up. We're close, we're close. So I believe right now's the opportunity to get it right. That's all I'm asking, Mr. Chair. So whatever you so choose to do, I will vote accordingly, you know, I will work in that direction. But I just want you to know that it's...in my mind, we are so close that I'd really like to just get that few more opportunities to get it right, and then push it forward so that we do not impact the true farmers. Grant you, farmers can produce food, but, Mr. Chair, I used to, as a kid raise pigs, animals, and grow crops. And every year, you never knew what you were gonna get--weather, pricing, all kinds of, all kinds of outside forces affect you. And today they told you, right, transportation, on and on and on and on. So they are in a tenuous business. Many of us, yeah, we don't work in our house, we don't work out of our home, working at the jobs, we get salaries, we get commissions, we get other stuff. So we have other businesses that help bring income to us. I've worked in the hotel industry, worked out in the insurance business, so I understand that. They work in a very tenuous business--farming, ranching. And, yet, we talk about this all the time, we want self-sufficiency. Well, let's try to help them. That's all I'm saying, Mr. Chair, please, just a little more time, let's get it right. And hopefully we'll all be happy in a few months, we'll all get it done, and we'll get what is fair to us. And all those who are out there who are not...who are gentlemen farmers, as you see, numbers are falling off, they realize the train's coming. So you better tell us the truth or we're gonna be going after you in the very near future. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. And, Mr. Victorino, when I mentioned "re-election", that all...seven of you have, you know, I, I look at how much *work* it is to get re-elected, how much work it is. It's not saying that, you know, your decision will affect your getting re-elected, nothing like that. But the *work* that we do here need to be also, you know, looked at and, you know, re-elected by the people of this County. And we, we gotta make some of those tough

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

decisions, and today is *one* of ‘em. You know, right, right now the Chair would like to move forward on this thing. And, you know, if you vote the other way, fine. Then, you know, the Chair will defer this item. And by deferring this item, you know, hopefully the farmers and the ranchers can get together and come up with language that they feel comfortable with. And, you know, like Mr. White had said, you know, we’ve provided opportunities and we haven’t gotten any response. So they gotta be fair to the County, too. They gotta be fair to this Committee. Member Baisa?

COUNCILMEMBER BAISA: Yes, Chair. There’s not a whole lot more for me to say. I think Mr. Victorino did a wonderful job, and I second the motion; however, I do wanna make a comment. You know, I think one of the things that kinda got us off the track was when we left the TIG, we were having really good heartfelt conversations with the people in the TIG because it was a small group and we could interact. We’d ask each other questions and they would tell us a joke and we’d laugh and we go back and forth, and it was an informal setting where a lot of information was changed. But then when we went to the public hearing situation, I think that’s where it kinda went awry because lot of the people came to the public hearings—and I was with the audience so I heard what they had to say—and they didn’t understand how that works. They don’t realize that they were gonna come there and only have the opportunity to say what they wanted to say. They came thinking there would be a presentation like today, and then they could listen and ask questions; and many of ‘em tried. You remember? And you had to say, “Oh, no, you cannot ask questions, it’s a public hearing.” So if we’re gonna move to deferral and meeting, I really hope that we’ll make those meetings informal, maybe the Chair with somebody else and the, and the group you’re meeting with, because that way we can really talk story with them. But if we do it in a formal setting, it’s gonna be very hard to get the information we want because it’s limiting. So that’s all I wanted to say. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more discussion before the Chair....Member Mateo?

COUNCILMEMBER MATEO: Mr. Chairman, thank you. I think for the last couple of minutes, the request for consideration of deferral, we’ve heard a request for a six-month deferral; and listening to your discussion, we’re looking more at a three-month deferral. Can somebody tell us what it’s gonna be? Because we’ve gotta put somebody’s back to the wall.

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

COUNCILMEMBER MATEO: And we’ve got, we’ve got a...we gotta address the situation that was started three-and-a-half months ago. And I think six months may be too long.

UNIDENTIFIED SPEAKER: Yes.

COUNCILMEMBER MATEO: The shorter term may give a sense of urgency to those concerned, so that we can in fact come up with what is considered friendly language, so that we can complete this bill and move it out this term. And I, I think the three months will give ample time if it’s just

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

specific language. So the, the...what was on the floor, as being requested was six months and three months. So I'm looking forward to the Chair's recommendation.

CHAIR PONTANILLA: Thank you. And thank you for that insight, Mr. Mateo. And like Mr. Teruya has said, six months will take this thing to 2015. And, you know . . . *(laughter)*. . . you, you...six months, why don't you take one year? Still going accomplish 2015.

COUNCILMEMBER COCHRAN: Five months?

CHAIR PONTANILLA: And what Mr. Hokama had said, you know, we should do it, do it right away so it, it *does* take effect in 2013. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, I offer you a . . . consideration that if you wish, as your Vice-Chair, I'm happy to take an assignment from you within a specified time of three months or less to shepherd this remaining component for a final decision by Committee. . . and that we can work with Chairman Mateo on seeing how to schedule an appropriate meeting for a decision on this matter during, if we still are within the budget deliberation process--that you can still focus on the budget and I will...would be willing to accept an assignment from you to make sure that we can deliberate this and make a decision so that we can decide whether or not it will impact Fiscal Year '14 or not. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Thank you, Mr. Hokama, for volunteering--

COUNCILMEMBER VICTORINO: . . . *(laughter)*. . .

CHAIR PONTANILLA: --makes my job easy during budget session. Scott, three months is when?

MR. KANESHINA: . . . Three months would kinda put us to the, you know, first, first couple weeks of May. That's the, the last...it's projected right now that our Budget session will start wrapping up in Committee the first week of May. And so, you know, we, we could meet then, but as, as. . . Budget Committee Vice-Chair Hokama stated that, you know, you know, historically if there's been items that are, you know, deemed "hot", we've, we've taken stuff up during Budget. So it's just up to the Committee as to when, when...what specific dates. But three months would take us *just* outside of the budget session, but that'd still be within first and second reading of the, of the Council, of the Budget.

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

VICE-CHAIR HOKAMA: Two months.

CHAIR PONTANILLA: Two months?

COUNCILMEMBER CARROLL: Two months.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Two months?

COUNCILMEMBER BAISA: Two months.

CHAIR PONTANILLA: Yeah?

COUNCILMEMBER VICTORINO: I'm fine with that.

COUNCILMEMBER COCHRAN: Sure.

COUNCILMEMBER VICTORINO: I'm fine with that.

COUNCILMEMBER BAISA: . . . *(Inaudible)* . . .

CHAIR PONTANILLA: Two months?

COUNCILMEMBER COCHRAN: Two months.

COUNCILMEMBER VICTORINO: Yeah.

COUNCILMEMBER BAISA: Okay.

CHAIR PONTANILLA: Two months, farmers, ranchers getting together?

COUNCILMEMBER COCHRAN: Yeah.

CHAIR PONTANILLA: Okay.

COUNCILMEMBER COCHRAN: I like give them two weeks.

COUNCILMEMBER BAISA: . . . *(Inaudible)* . . .

CHAIR PONTANILLA: Chair's recommendation is to defer this item, BF-70, two months. And Chair is gonna assign Vice-Chairman Hokama to lead this group in coming out with some language, working with the farming community, ranching community in regards to this disparity of real property tax issue. And it is my hope that when we finally come to a decision, that it, it is fair. Fair not only for the farmers and ranchers, but fair to the general public, the general public that have been supporting the ranchers and the farmers from the time I can remember. So with that, without any objection, the Chair is gonna defer this thing. I, I, I wanna put a specific date. If you can give me a specific date, Scott?

MR. KANESHINA: Two months would put us right around the second week of April. So, you know, that's, that's winding up our...

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

VICE-CHAIR HOKAMA: Chairman, how 'bout April 15th, just like tax deadline?

ALL: . . .*(laughter)*. . .

CHAIR PONTANILLA: Okay. April 15th it is.

MR. KANESHINA: Okay--

CHAIR PONTANILLA: And we'll work around, if we do have a Budget session that one particular day, you know, like Mr. Kaneshina had said, we've scheduled Land Use issues during Budget time. And the Chair will take that opportunity to give *you* an opportunity to bring forth that new language that you guys gonna be working with, with the farmers and ranchers.

MR. KANESHINA: Excuse me, Mr. Chair? April 15th is a Sunday.

COUNCIL MEMBERS: . . .*(laughter)*. . .

MR. KANESHINA: Perhaps --

COUNCILMEMBER VICTORINO: Here we go.

MR. KANESHINA: --perhaps Monday, April 16th?

CHAIR PONTANILLA: April 16 it is.

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

CHAIR PONTANILLA: So without any objections, Members, the next Budget and Finance Committee meeting on BF-70 will be on April 16.

COUNCILMEMBER COCHRAN: No objection.

CHAIR PONTANILLA: Any objections?

COUNCIL MEMBERS: No objections.

COUNCILMEMBER VICTORINO: No objection, Chair.

CHAIR PONTANILLA: Thank you.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion; next meeting scheduled for April 16, 2012.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Thank you, farmers and ranchers, for being here. I, I guess you're gonna stay for the next one, right?

VICE-CHAIR HOKAMA: . . .*(inaudible)*. . .

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

VICE-CHAIR HOKAMA: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Okay. Members, the last item on the agenda is BF-57.

. . . Thank you, Scott; thank you, Marcy.

ITEM BF-57: AMENDING FY 2012 BUDGET: OFFICE OF THE MAYOR, ECONOMIC DEVELOPMENT PROGRAM (MAUI DEER CULLING PROGRAM) (CC 11-329)

CHAIR PONTANILLA: . . . Item BF-57 is Amending Fiscal Year 2012 Budget: Office of the Mayor, Economic Development Program (Maui Deer Culling Program). At this time, the Chair does have some people signed up for public testimony on this particular item. And for those that are providing public testimony on this item, you have three minutes to provide your testimony. Chair will give you one minute to conclude. When you come up to the lectern, provide us your name, organization that you represent, Chair would like...appreciate that. So the first person to testify on this particular item is Annebelle Eastling.

. . .BEGIN PUBLIC TESTIMONY. . .

MS. EASTLING: Aloha, Chairman, Committee Members, Council members. Thank you for having me down today. This has been a very educational experience, it's my first public meeting and definitely my first time speaking so it's nice to see how much care is put into all the decisions that go into our community. I've lived up in Kula since I was nine years old. I'm a small business owner; and my family owns two local Maui farms, the Maui Sprout Farm and Papa Leroy's Sweet Kula Farms. I believe that the Maui Deer Culling program as set up and coordinated by Lokahi Sylva would be a huge asset to our island. The devastating damage to agricultural lands and private properties by axis deers [*sic*] is unquestionable. Personally I've witnessed the destruction of thousands of dollars' worth of damage to prospective harvest on my family's farms. Throughout the years, more damage peaking during times of drought. Devastating damage to the crops was accomplished in just a few short hours, sometimes within 15 minutes of them coming into trample out a \$7,000 plot of harvest that takes three months to grow. The investment of water, labor, seeds, the fertilizers and the already thin funds gone in a matter of minutes. This program would help to protect the hard-working farmers of Maui who strive every day to bring high-quality, sustainable foods to our tables. This program would also, through its meat inspection and packaging plan, help to bring some of the highest quality meat possible to Maui's tables and open up the possibility of endless types of artisanal products. It

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

would help create jobs and opportunities through a new industry that is just waiting here at our fingertips. This is a program where everyone wins: farmers are protected, a new affordable food source is created, new revenues can be collected, new jobs will be available, and Maui will be one step closer to the sustainable way of living that we all hope for. The Maui Deer Culling program is meticulously thought out by...I hope some of you had an opportunity to take a look at Lokahi Sylva's website explaining it. But there's no waste, from the initial killing and culling of the deer to the very end product, it's, it's very impressive.

MR. KANESHINA: Three minutes.

MS. EASTLING: In a time when we, as a community, need to come together and support the programs that will make the largest, positive impacts on our lives and that of our children, our neighbors, the people who wanna live on Maui and be here 50, 100 years from now, I truly hope that you will support this program. Thank you for your time.

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

MS. PENNIMAN: Good afternoon, Chair Pontanilla, Council members. I am Teya Penniman. I wanted to let you know, as you may know already, a group of concerned local residents have been meeting informally over the last year trying to address the growing problem of feral axis deer. I've been serving in, in an official capacity as facilitator for that group. Participants have included farmers, ranchers, hunters, conservationists, tourism officials, private citizens, representatives of State agencies as well as representatives from the Mayor's Office as well as County Council. Members of that ad hoc group met with Councilmember White and Mayor Arakawa last September. It was recognized that there is a need for funding to support control efforts of axis deer on Maui. It was also recognized that this problem has been many years in the making and it's complex and it will take many years to resolve it. The working group recognized and concluded that what's needed is a comprehensive management strategy that will, in the short-term, help to bring axis deer numbers down to help give relief to our farmers and ranchers as quickly as possible, as well as developing a long-term strategy to keep the deer numbers at an acceptable level while also providing...continuing to provide hunting opportunities, because that is recognized as a traditional cultural value here on Maui. I want to acknowledge the support that the County has already provided for addressing this issue in term...to begin with passing a unanimous Resolution calling for some kind of solution and also calling on the State to help support the efforts. We've also had strong participation in the working group by Councilmember White's office, as well as representatives from the Mayor's Office including the Office of Economic Development. And the Office of Economic Development has moved forward with the Mayor in trying to put forward at least one proposal for the Budget amendment that is before you today. Regardless of whatever the Commission...Committee's decision is today, the working group requests that there be support to address the deer population on Maui. And if not today, or perhaps in addition to whatever you decide today, to consider including funding for efforts in Fiscal Year '13. Thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Thank you. Members, questions? Mr. Hokama?

VICE-CHAIR HOKAMA: Thank you for, for all you do in your fight for invasive species control and other impacts on our conservation areas. Can you tell the Committee today why we in this predicament and why the State hasn't done their job and why you asking me for *County* money? Because I have a problem with that.

MS. PENNIMAN: Well, I'm not sure. I can tell you what, what the State has or hasn't...what...why it's acted or not acted. It...

VICE-CHAIR HOKAMA: They, you know, they're responsible, DLNR. They do annual population census control, they do it for Lanai, they do it on Molokai, they help set the, the harvesting rates of how many deer to harvest per season because they do their annual infrared census. So they knew what was coming, you know, they knew what was coming. And I'm trying to find out *why* people aren't taking responsibility for their, for their areas that they were given to manage and avoid these situations. Because I don't appreciate being asked for County dollars when the State, in my estimation, has not done their job and their responsibilities. And they should be footing this bill, not the County of Maui.

MS. PENNIMAN: I think it's a, it's a fair question. And the Resolution that came from, from this body to the State, requested the State to step up and to help support efforts. It has been raised before the Hawaii Invasive Species Council. And in that regard, the Council has expressed an interest in coming...having its next meeting on Maui in May, and I think that would provide a great opportunity for the County to ask that question directly to the State--whether or not, whether or not is...it plans to step forward to help address the problem. The State has worked to provide funding to address the recent introduction of axis deer to Big Island to the tune of almost 100,000, and I know there're, there're plans to continue supporting that effort. So I think it's a very fair question to ask the State.

VICE-CHAIR HOKAMA: They haven't shared any of that type of information with you and your group...your working group, Ms. Penniman?

MS. PENNIMAN: In terms of what they intend to do?

VICE-CHAIR HOKAMA: Of how we arrived here and why it's gotten to this point.

MS. PENNIMAN: I don't know that the question has been posed directly to them in that way.

VICE-CHAIR HOKAMA: Well, we'll be happy to do that today.

COUNCIL MEMBERS: ...*(laughter)*...

VICE-CHAIR HOKAMA: Thank you. Thank you very much.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Thank you.

MS. PENNIMAN: . . .(laughter). . . You're welcome.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Members, any more questions for Ms. Penniman? Mr. Victorino?

COUNCILMEMBER VICTORINO: Yeah, thank you, and thank you, Ms. Penniman for being here. I met recently with the First Deputy from DLNR. And he showed me where, in this supplemental budget, Mr. Chair, the State has put \$5 million additional for invasive species, mostly for watershed protection, right? Are you aware of that?

MS. PENNIMAN: I am aware of that. There are several bills pending before the Legislature related to that, much of which would go to...and thank you for bringing that up actually. I'm glad you did bring that up because it directly relates to Councilmember Hokama's question.

COUNCILMEMBER VICTORINO: Thank you.

MS. PENNIMAN: Their, their focus in that regard would be to support additional fencing which is really focused on watershed protection as well as once the fences are in then you need to bring the ungulate populations down which would include deer.

COUNCILMEMBER VICTORINO: Yes. And so I just wanted to bring that up because also in this session, Mr. Chair, it's my understanding that DLNR looking for another \$11 million specifically for this issue. And axis deers [*sic*], ungulates, all that was discussed when I talked with the First Deputy, Guy...I can't think of Guy's last name.

MS. PENNIMAN: Kaulukukui.

COUNCILMEMBER VICTORINO: Yeah, that, that gentleman. And he assured me that, you know, they're working very diligently to get money for it. Yes, the State has been negligible [*sic*] all these years, and they've negligible [*sic*] in many other areas because of fiscal restraints, right. I mean whether you talking harbors, whether you talking anything. But I think they're trying hard. And part of the discussion that I was told is these monies. So to answer Mr. Hokama in that respect, the State is making an effort. Now, maybe late, maybe, you know, behind the eight ball, but unless, you know, we give them some credit, they are trying. And I think Guy has made it...made assurances that monies will be used in this respect. Fencing and then as...eventually for the ungulates, the deer...axis deer, and other invasive animals that are affecting us.

MS. PENNIMAN: If I may? The focus for that effort will be on watershed protection which, of course, is extremely important and would help to bring down overall numbers of the deer. I, I don't think it's clear at this point how directly that will help our farmers and ranchers.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

COUNCILMEMBER VICTORINO: Well, I...I'm not sure either and I'm not going to get into that, but I, you know, I just gonna say that the State is making efforts in that respect for watershed, which will have a contributing effect to the other areas and hopefully help our ranchers and farmers, also. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. We look forward for the State. . .should they fund anything for the environmental protection. Thank you.

MS. PENNIMAN: Thank you.

CHAIR PONTANILLA: Next testifier, and last testifier on this particular item is Warren Watanabe. And if there is anyone that wanna provide testimony, if you could sign up with the Secretary out back, out in the lobby?

MR. WATANABE: Thank you, Chair Pontanilla, Members of the Committee. I'll just keep this short. I think we're all aware of the issue with the axis deer and the problems it is creating on this island. For the ag...farmers and ranchers, it is a serious situation. And that is why when we got involved actually, you know, and I agree with what Teya did present. And I did approach Teya, saying that because I had calls from some farmers that, you know, you guys gotta do something, we need to do something or we're all out of business. And so I approached Teya saying that, "Could we form this informal group?" And so we started this group. And again the principal interest or the principal goal of this group was to bring the population down, and that is still, I believe, what we need to do. If our farmers and ranchers, again, cannot, you know, mitigate...we cannot mitigate this--and I, I wanna emphasize it is a management plan. I mean I think people have thought about it, you know, that we wanna get rid of all the deer. That's not what we're looking at. We need to manage it. And I agree, the State has been negligent, they did bring it in, but I know what we've done even with your help, your Resolution has brought the awareness to the legislature. There are several bills addressing this issue. And so, you know, hopefully we all can, you know, come up with a solution that'll work, that'll be. . .I think make the best use of our limited resources. And thank you...that's all I have to say. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for Mr. Watanabe at this time? Member Hokama?

VICE-CHAIR HOKAMA: Chairman, thank you. Mr. Watanabe, has your members come up with any type of recommendations on how they would like to see this program or, or steps implemented that would ease their issues regarding their impact on their agricultural operations?

MR. WATANABE: Well, I mean we, we...as a group, we did approach DLNR, Chair Aila, and it also involves Russell Kokubun, Chair of the Department of Agriculture. We, we were told and that we need to develop a State management plan, and that is what we group...this group is focused on.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

VICE-CHAIR HOKAMA: Okay. So we understand that right, the State Department asked you, the farmers, to come up with this management plan for the animals they're responsible for?

COUNCILMEMBER COCHRAN: . . .*(laughter)*. . .

VICE-CHAIR HOKAMA: Is that what we understand to be correct?

MR. WATANABE: I mean. . .yes, it is, but I, you know, and I think it gets to the point where I think, you know, we all...we're aware that there may be a big problem with this...with, with the axis deer, but then I think nobody really focused on it, and now we do have that focus. And again, you know, I'm not the type to, you know, pinpoint and blame anyone, one entity, or whatever. I think we need to work on this together. And again it is to, in my perspective, the survival of the industry.

VICE-CHAIR HOKAMA: Uh-huh.

MR. WATANABE: Our farmer...our commercial farmers and ranchers. And if we not...if we don't get there, I say we will lose all of 'em. I think that is where we are right now.

VICE-CHAIR HOKAMA: Chair, one, one follow-up question?

CHAIR PONTANILLA: Go ahead.

VICE-CHAIR HOKAMA: Did they ever share with you and your, your group or other representatives what was the Department's current management plan for axis deer?

MR. WATANABE: To --

VICE-CHAIR HOKAMA: Or did they say, "We have no plan at all"?

MR. WATANABE: To answer you honestly, you know, this is the first time I've really interacted with DLNR. And so I don't know...I mean Teya may be better versed to answer that question. Or you might just wanna talk to Shane De Mattos directly, you know. . .what have they had? Again, my concern is that the deer is impacting everybody. Whether it's the farmers in, you know, up...the vegetable farmers, it's HC&S, it's Haliimaile Pineapple, it's the ranchers, it's the hotels, it's all of us, and that's the big concern. And that's why we all need to be united and come up with a management plan, basically.

VICE-CHAIR HOKAMA: I think you answered my question in your roundabout way, Mr. Watanabe.

ALL: . . .*(laughter)*. . .

VICE-CHAIR HOKAMA: So thank, thank you very much . . .*(laughter)*. . . for your comments today, thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Thank you. Members, any more questions for Mr. Watanabe? Thank you for being so candid.

MR. WATANABE: Okay. Thank you.

CHAIR PONTANILLA: Mr. Watanabe was the last person to sign up for public testimony on this item. Is there anyone out in the audience that would like to provide public testimony at this time? Seeing none, without any objections, the Chair would like to close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

...END OF PUBLIC TESTIMONY...

CHAIR PONTANILLA: The purpose of this proposed bill is to amend the Fiscal Year 2012 Budget by increasing Carryover/Savings in the General Fund by \$150,000; and appropriating the funds for a Maui Deer Culling program in the Office of the Mayor, Economic Development Program. A Certification of Additional Revenues was signed on December 9, 2011. Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. Before you and this Committee, is a Budget amendment requesting \$150,000 for this program, the Maui Deer Culling program. In consideration of this, we have the Environmental Coordinator for the Mayor's Office, Mr. Robert Parsons, here as well as Kenneth Yamamura from the Office of Economic Development, as resources. Just a comment, if I might, before you get into discussion of this, my...the budget proposed is to increase the Economic Development Program, line item...or grant section by \$150,000 and to put a proviso in there that "provided that the 150,000 shall be for the Maui Deer Culling program". My reasoning for putting it in specifically in the Economic Development Program is because I see this program as kind of the, the lemonade from the lemons. We have a problem; the County Council passed this Resolution back in September identifying the problem; there, as Mr. Parsons will, will express, there's...this has been going on for many, many years. And while it, it may be other people's responsibility, it is something that we're forced to deal with. And so if we have the opportunity here--and from what I've heard of, of the program, and its, its future and it...its possibilities, I see this as an economic development. It's something that, where we can take...we have the opportunity to take an invasive species and deal with it not just in the, you know, some kind of...the way they deal with it on...in other areas where it's just shooting from a helicopter and, and, and killing them and leaving the carcasses and, and different issues with that; but actually taking it and, and making a product out of it that we can then develop. And, and my hope is that these...this organization becomes self-sufficient in that economic development. And they're not something...somebody here just coming every year to...for more funding so that they can deal with the problem, but to actually to have the problem fix itself. And so that's my comments, Mr. Chair. Thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CHAIR PONTANILLA: Thank you. Mr. Parsons, comments?

MR. PARSONS: Thank you, Chair; and thank you especially for placing this agenda item on your meeting agenda today, particularly given the, the number of important issues that your Committee is faced with. We have been working closely with the Office of Economic Development. Teena Rasmussen is also here, available as a resource; as well as Kenneth Yamamura, our Ag Coordinator. I have a, a copy here of a report from the Maui Axis Deer Group, Initial Findings and Recommendations for Maui Deer Management Plan. This was issued in August of 2002, nearly ten years ago. So I share the frustration of Member Hokama, that DLNR really hasn't come up with a management plan. This has a number of very, very good recommendations in it on how to move forward in establishing a management plan. But what I believe is lacking was two things: one is, the impetus, or the County really, you know, putting their thumb on DLNR saying, we're not, you know, we're not gonna rest until we see something from you that represents a, a robust management plan; and second, funding, which is why we're here today is because we believe the, the State will come forward with support and with funding. . .although it's not immediately available. But Ms. Penniman and I have on, on two occasions in the last two months, addressed first, a subcommittee of the Hawaii Invasive Species Council and then the full HISC itself last month. On January 19th, we went and discussed this matter and said, "We urge you to support us." At that time, they agreed to hold a meeting on Maui to discuss this issue in May, and I invite each of you to come there and say, you know, essentially we've, we've been asked to foot the bill because the State hasn't done so to this point. And once again, urge their support and financial support. So going back to the recommendations from 2002, I'll paraphrase. There was three separate working groups, and they each presented some findings and recommendations and they're pretty much along the lines of one another. And they said, we recommend that an effective management plan be formulated and implemented. We recommend that the State provide funds to DLNR to gather information, deliver effective count methods to...and to inform the public. We recommend that the State provide funds to DLNR to implement on Maui. We recommend that these programs be researched of what's worked in other areas. And we recommend that we improve inspection methods and facilities to defray costs working with USDA and to support processing plants to support putting venison on the market. So these are elements that I see in the proposal that's coming to us from Maui Deer Culling, LLC, and this has had initial discussions with the Maui Axis Deer Working Group which has yet to take a formal position on it--because I think we all see this as one component of what ultimately will formulate, an overall management plan. And I think it's a viable one and worthy of your consideration. And as you get into the, the details of what that might look like and what is...could be comprised, and \$150,000 budget and grant to be administered by OED, I'll be available to answer any further questions, as will OED members themselves. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Maybe Mr. Parsons or Mr. Baz, you know, I, I have this informational sheet that \$150,000 basically would be just a formulation of this particular program and not specifically going out and hunt for deer, am I right? So this is just the beginning, that \$150,000?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

MR. BAZ: Mr. Chair, from my understanding, the—and I don't have the budget in front of me, I apologize—there are some costs directly associated with hunting as a part of that. The hunters themselves I, I think were gonna be volunteer hunters. And so there are some costs associated with it, but the goal is to have the, the product then that becomes available, pay for any additional costs to that.

CHAIR PONTANILLA: Yeah, and, you know, it goes by three different phases, and this is just trying to get the program off the ground. Phase 1, 52.5 thousand dollars, next is 40 thousand, then 57.5 thousand dollars. And I don't know how much \$150,000 will, you know, other than what I see here, Phase 1, 2, and 3, just to start it up. But now the actual going out and, and do the hunt, who's gonna pick up that cost?

MR. PARSONS: . . . Uh, Chair, I think what was provided to you here was, was a *outline* of the budget rather than the whole comprehensive budget, which I think has been provided to Office of Economic Development. But we felt for the purposes of this meeting, it might be more useful to, to give an overview of that. And we're certainly willing to dive into...to that budget in, in depth. I would imagine that, like any grant that is requested of the County, that there will be a bit of refining the, the measurables and that, that certain benchmarks must be achieved before funds are dispersed. So I, I know that the proponents of this plan have put in probably a few hundred hours of work talking with landowners and USDA and DeCoite slaughterhouse and County officials and many, many others. And if you'd, if you'd like more elaboration, we, we can do that. I believe that, that someone in the gallery may have the full draft budget for the grant.

CHAIR PONTANILLA: Okay. Thank you. And, you know, Mr. Hokama brings up, you know, good points regarding DLNR, you know, State program; but this will, you know, support the farmers and ranchers, I understand some private landowners. Is, is there a stake in the game for those private landowners?

MR. PARSONS: To, to hunt deer, it's necessary to obtain a DLNR permit through Division of Forestry and Wildlife for a animal control permit and to demonstrate that there is damage on a particular, you know, to a farm or ranch. So that...that's a process that needs to be filed as part of any culling or hunting efforts. One of the things that this program attempts to address is capturing much more data for an overall management plan than currently exists. When...we're often asked, "How many axis deer are we talking about?" No one really knows. And, and Member Hokama referenced the DLNR's annual surveys with infrared. Those, at least on Maui, we know it's just for a limited area and it's just an estimation. But by all accounts, we are hearing more and more deer on all areas of the island, including West Maui, including out to Hana. So one of, one of the comments that came in on a survey conducted by Mr. Yamamura said that the landowner recognized that this has been a problem for at least 20 years, but he believes that now the problems that we're facing are the most severe that they've ever been. And if we don't get a little more rain this winter and are facing drought conditions, I, I expect that things will even worsen because the behavior, we're told by ranch owners--I think Jimmy Gomes from Ulupalakua Ranch was here earlier in the day, he described in 2009 when they were under drought conditions, that the size of the herd grows to as many as 500 or 1,000 individual deer in

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

a herd. And that, that has the ability to, to absolutely wipe out a pasture or a farm planting overnight.

CHAIR PONTANILLA: Thank you. Members, questions? Member Hokama, followed by Member Couch.

VICE-CHAIR HOKAMA: Chairman, you know, in reading that February 13th handout we had, you know, when, when, when the, the State and the...Lanai agreed to eradicate feral goat, we didn't need \$150,000. We set up a program, we allowed the resident hunters within the parameters set with DLNR and they harvested, and we basically eradicated a whole species on the island. You know, it's interesting that this proposal is asking us to give a grant, in a way, to a newly formed entity, Chairman. So why wouldn't we do one RFP?

CHAIR PONTANILLA: RFP, right.

VICE-CHAIR HOKAMA: You know, it's kinda interesting how this is being proposed to us. And, for me, if you want immediate impact, then have DLNR give the County a permit where we can allow our on-island, certified, resident, licensed hunters to go out and do what they wanna do--which is hunt a game animal. They don't need a license or a slaughterhouse to retain that meat that they use for sport as a sportsman hunter. They can collect what they need, verify with the Department of the sex and whatnot, and they can take home their meat. So why do we need all this money for something to set up? When I think what we...I'm hearing from the farmers is they want faster impact on the issue and the problem. You know, plus, I would like to know and find a way to force the State to help pay this bill, Mr. Chairman. You know, I mean we...the problem is a problem, I agree. But the County is not to wipe everybody's okole.

UNIDENTIFIED SPEAKER: . . .*(laughter)*. . .

VICE-CHAIR HOKAMA: I'm tired of paying...wiping the State's. You know, we already take care six departments of the State. You know, so for me, Chairman, you know, I hope, you know, the Mayor's Office would look at, you know, up the ante on the license fees, get the money ways that make sense to me. You know, you receive the same letters I got of hunters on this island that wanna hunt and want opportunities to hunt. Well, let's give 'em these opportunities in a controlled manner, and we can send 'em out in the field. And we don't need \$150,000, Chairman. Thank you.

CHAIR PONTANILLA: Thank you. Member Couch, followed by Member Cochran.

COUNCILMEMBER COUCH: Thank you. And I wanted to just check with Mr. Parsons, I think. Is this a, a situation where these folks wanna come in and actually hunt the deer and then sell the meat on a, on an open market?

MR. PARSONS: There is an effort working with USDA and working with a local slaughterhouse, DeCoite slaughterhouse, to establish...to investigate the viability of the market for USDA

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

certified venison. That has never happened before on Maui Island. The, the USDA criteria has been insurmountable and the costs have been insurmountable; however, we have a regional director, Joseph Realdine—who I think sent a letter of support that's probably in your file—who has met with us on a few occasions and says that he will do everything in his power to see that, that his Federal agency is assisting of this effort. Because he, he sees the value, he believes it's viable, and it's addressing utilizing a resource that, that we have available here to feed our people here. And there's a lot of talk about food self-sufficiency. You know, what do we do if the boats ever stop coming? We all know that this is not just a viable resource, it's a valuable resource. And so part of what's anticipated in this grant amount would be \$5,000 to Maui Cattle Company which has demonstrated interest in putting together a marketing plan once venison is available. And in meeting with Alex Franco, one of the things he said in our meeting with Office of Economic Development is he says, "I think the potential here is enormous." He's interested in dependability. So unless this is a calculated and well-choreographed effort with licensed, certified hunters, then there won't be a dependable supply. You can't do a marketing...a plan if you don't have a steady, dependable supply. So that's one of the things that this is attempting to address.

COUNCILMEMBER COUCH: Thank you. And is there...from my discussions with some folks, there...is it true that there are markets that actually sell deer meat now here on Maui and restaurants that actually sell axis deer meat, all of which comes from somewhere else?

MR. PARSONS: Not that I'm aware of. I, I...

COUNCILMEMBER COUCH: Not that you're aware of.

MR. PARSONS: No. I know Mana Foods sells deer that I believe comes from New Zealand. Whole Foods, last time I went there and asked at their meat department, they said that they didn't have any venison. I believe they have stated that they're interested should there be USDA certified venison. And some of our chefs have also demonstrated their interest.

COUNCILMEMBER COUCH: So then in that case, is this \$150,000 for a, a company that may eventually wanna turn a profit or a for-profit venture?

MR. PARSONS: I think what's being anticipated down the road is a cooperative measure. And there has been some communication with a, a couple of agencies on the Big Island to put together a cooperative marketing structure. Kohala institute has been involved. I think a, a \$5,000 grant has already been obtained by another agency to help formulate the, you know, it, it, it will take time and this, you know, we're gonna learn as we go. That I, I think this is a well-developed plan, but it still has some unknowns. And we need to capture that information to put together overall management plan.

COUNCILMEMBER COUCH: So, Mr. Chair, then it might be...this...we might be able to kinda think outside the box on this. If this turns out to be something that there's going to be a cooperative then it may make profit, is there a chance—I, I guess Mr. Baz would be the one that can answer

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

this—is there a chance that we can make this a, a loan instead of a grant? Or maybe a long-term loan to see if they, you know, if it's, if it's gonna be a for profit, I--and I'm all for helping small businesses start up or cooperatives like this that do two things: one, that they'll help provide food for locally-grown food, if you will, for, for the County and also get rid of a, or at least manage, a, a...an invasive species problem so it's kind of a double-bang for your buck. But if it works—and no pun intended on “buck” . . .(laughter) . . .

ALL: . . .(laughter) . . .

COUNCILMEMBER COUCH: You know, if we can do this in conjunction with, with Mr. Hokama's, you know, just hunters to go out and get the meat for themselves, that...that's, that's a bit more powerful. And if we're gonna do this, maybe we can do it...kind of a loan, and then if it...if, if it's a situation that doesn't work, then we can turn it into a grant maybe or I don't know how it would work. But I, I would like to...if this is gonna be a for profit or, or something that we're gonna start selling the meat, we might as well see if we can make it as a loan.

MR. BAZ: Mr. Chair, the current...currently, we do not have a program in existence that does loans for businesses like this, as the County. There are a, a, a couple entities that we work with that do provide loans: Maui Economic Opportunity's Business Development Corporation and Lokahi Pacific, but they don't...wouldn't have the capacity to give out a loan of this size. The consideration for a grant loan is possible, Maui County Code, 3.36, does have a, a section in there for what's called a grant loan which, if provided by the County, would be subject to, you know, of some kind of repayment unless the County Council by resolution forgives the loan. There is currently just some other loan issues that, you know, are, are under consideration that have, in its infancy, been shown to, you know, think that it could be provided a...some kind of repayment, but that hadn't come to fruition. So I'd...just caution on, on that.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And that's something that I was gonna kinda point at is that...but that's in a, a...in the neighborhood of I think \$8 million, and we're looking at 150,000. Something that may or may not work; and if it works, then we get the money back. So I...just a thought possibly that we can go along those lines as well.

CHAIR PONTANILLA: Okay. Ms. Cochran, followed by Member Carroll.

COUNCILMEMBER COCHRAN: Thank you. Lot of the things that I was gonna talk about has been addressed during this past dialogue. And looking at Phases 1, 2 and 3, I see where the \$150 is...\$150,000 are divvied up. And as I understand through the visits with Teya and Lokahi, there will be an opportunity for our just everyday kinda hunters. But for the USDA rated meats, it has to be headshots and it has to be done in a certain, proper way. So it cannot be just, you know, buckshot everywhere in the meat and they're gonna cut it up and sell it. So I know it's very, you know, it's, it's very regulated, yeah, and monitored. I see at the Phase 3, Federal match, VAPG, whatever that's called. Was Mr. Realdine—what's his name, Joseph, who's part of USDA—is he kinda...what is that “Federal match”, a possible federal match that could be looked into on that Phase 3, to address costs? Does anybody know what that is?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

MR. PARSONS: Value-added Product Grant I'm told.

COUNCILMEMBER COCHRAN: Oh, okay.

MR. PARSONS: Yeah. I don't know if he mentioned that in his written testimony to you. He couldn't be here today.

COUNCILMEMBER COCHRAN: Okay. And, yeah, I mean I kinda like the idea, I...all for start-up businesses and getting...this is like a, you know, best bang for our buck. And because it's doing two, two things—I said it first—and but again to just continually fund, fund, fund; but I really have high hopes and, and all confidence in this program actually working out. And so I'm, I'm very supportive of putting up the funding to get it going. And it's definitely desperately needed right now and has been for many years. But I, but I hear the concerns of where's the State been all these years, too . . . *(laughter)*. . . So at this point, we need to address the situation, and I think this is a, a nice answer to it. And I'm all for giving it a go and see how it goes. Thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Before I call on Mr. Carroll, just one fast question for Mr. Parsons. I, I, I guess the hunting going be in private land, big ranchers, Haleakala Ranch probably, Ulupalakua Ranch probably. Now to, to enter those private lands, how will they get permits to, to do the hunting in those lands?

MR. PARSONS: Thank you, Chair. Well there has to be agreement with the landowners. I know that, that discussions have taken place. I believe that you have a letter of support from --

COUNCILMEMBER COCHRAN: Sumner.

MR. PARSONS: --Sumner Erdman of Ulupalakua Ranch. As I mentioned, there, there has to be the ag control permits, and those are land specific. So if an Omaopio farmer wanted to control deer on his place, he would have to file with the DLNR and then enlist, you know, if, if he did not wanna do the control work himself, he could contact Maui Deer Culling, have...set up the arrangements with them, it would take time to get a, a permit approved. But, yes, there have been discussions with the large landowners, and there has been discussion of liability and indemnity, and I think a draft insurance policy has already been presented to our Corp. Counsel for review.

CHAIR PONTANILLA: Thank you. Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. That was one of the questions I was going to ask; appreciate you helping me out over there. That...back in 2002 when our Mayor was still on the County Council, we had meetings right in the back over here with the hunters, and we also had meetings with the farmers. And that was one of the problems--that access was not being granted and there was no consideration and the hunters had tried to work with the, the bigger landowners and it was all "no" all the way around, which made it very difficult. The other problem was

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

which I—and you seemed to have addressed that—was that when talking to the hunters, the ones we have over here, I asked them how many does they shoot. “No, we don’t shoot does.” And unless there’s a program over here, and part of this program is mandating a removal of female deer, it is all for naught; we are wasting our money, we are wasting our time. Unless there’s something inside there to *require* removal of female deer by the hunters that go outside and get permits, this is not going to work. We knew it back in 2002 and nothing has changed. And I would hope...that my question is to the Administration: if they have addressed this problem; if they have any proposals for our hunting community, and not only the hunting community, but also the people that would be doing eradication. And the other part of it is that we determine at that time that the farming area in, in Kula, it needs to be an *eradication* program in that area, not a program of hunting. Eradication--that’s what our farmers want, that’s what they need. We don’t wanna go over there and set up something perpetual, selling deer meat and everything, at the expense of the farmers, and keeping big herds. We need a total eradication program in the farming area. And I would hope that if we approve this, that these concerns will be met. Thank you, Chair.

CHAIR PONTANILLA: Thank you, very good point. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, just couple of questions. Is my understanding correct that part of the proposal is to give this funding to Maui Deer Culling, LLC? That...that’s your understanding, Chairman?

CHAIR PONTANILLA: That’s my understanding.

VICE-CHAIR HOKAMA: Okay. But if you look at each phases, they give Tri-isle 10 percent. So what would that 10 percent be for Tri-isle if Maui Deer Culling, LLC, is the one receiving the funds?

CHAIR PONTANILLA: Mr. Baz?

MR. BAZ: Mr. Chair, the Maui Deer Culling, LLC, is not a eligible entity for a grant. So Tri-isle RC&D would be the grantee in managing the, the actual grant and processing of the fiscal information. So that’s what their cost would be.

VICE-CHAIR HOKAMA: So what is Maui Deer Culling, LLC, then, Mr. Baz?

MR. BAZ: From my understanding, it’s a group of people that were involved in the Maui Axis Deer Working Group as well as, as others. And maybe Mr. Parsons might have more information about who the...exact details of who they are.

CHAIR PONTANILLA: Mr. Parsons?

VICE-CHAIR HOKAMA: Is this an established LLC?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

MR. PARSONS: Yes, it is. The, the principals are Lokahi Sylva, born and raised Upcountry and shareholder with Haleakala Ranch; and Phyllis Robinson who you may know from her activity on the Board of Water Supply which she chairs. And those are the two individuals that I referred to earlier who have put in what I would calculate as probably a few hundred hours of doing the groundwork and, and putting together this proposal.

VICE-CHAIR HOKAMA: Okay. Thank, thank you for that explanation. So the...what we gonna actually consider is giving Tri-isle a considered appropriation then, Chairman?

CHAIR PONTANILLA: It seems like they're the pass-through. I get the same concerns as you do.

VICE-CHAIR HOKAMA: Uh-huh. I don't know what your intent for this afternoon, Chairman, but I hope you would defer it 'cause I would really like you to request State DLNR to show up and give us some direct responses to questions and concerns of the Committee and our community at large. Because I still wanna know what they plan to do under their responsibilities, and are they gonna punt everything to this entity or to this County regarding game management of all, all life on this...in this County? You know, 'cause they run a big operation on Lanai, you know, we've got marine conservation districts, we got hunting conservation, you know, hunting management zones. On Molokai, they have some responsibilities, also. So, you know, I wanna know what the State is planning to do with, with their department and their personnel and if they're going to perform or not because it will impact on how I look at other State so-called requests in the upcoming County budget, Mr. Chairman. And so... 'cause I don't...and I, I think we need...we should really be told how this plan is going 'cause I would like Maui County residents, if anything, to have the benefit of the hunting opportunities and the ability to make use of that venison, first. Thank you, Chairman.

CHAIR PONTANILLA: Thank you, Mr. Hokama. You know what, I, I guess every one of us, you know, received an E-mail from the prospective hunter, how he was denied access to all of the lands that he wanted to hunt on. And, you know, I...I've heard, you know, only Ulupalakua Ranch have provided access so far. And, you know, . . .you know, I, I support the controlling of deer population here on...in Maui...on Maui but, yet, I, I, you know, still have some apprehension in regards to the State's ability to support Maui in trying to control axis deer. You know, we've heard a, a Member saying that, you know, they've put in a lot of monies in this fiscal year or this biennium budget for the State of Hawaii; but, yet, you know, when do we see the money? If we ever see the money. So I, I take your recommendation highly, Mr. Hokama. Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Like Mr. Hokama, I would, I would like to see DLNR provide their perspective on this. I don't recall what the number was in the Deer Working Group, but I, I recall that the, the amount of money that is being set aside to control the 16 or 20 deer on the Big Island is a *significant* amount of money. It's, my recollection it was in the...was close to a million if not over a million. And I may be completely off base on that, but I, too, would like to see that we're not just...we're not the only ones that are supporting this effort, that the State take some responsibility and provides a level of involvement commensurate

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

with that responsibility. So I, I agree with Mr. Hokama, and I'd like to see this measure deferred until we can get DLNR here. I fully support providing County funds because it is our home, but I'd like to see the State ante up as well. So if we could get a sense of where the measures are likely to go in the State Legislature; what the commitment is from DLNR, not to just only the meeting in May, but what are they going to provide us in the way of support. So thank you, Chair.

CHAIR PONTANILLA: Thank you. Members, any more comments? Chairman Mateo?

COUNCILMEMBER MATEO: Mr. Chairman, thank you. And I agree with, with Members Hokama and White. I, I think it's always been the well-intended efforts that got us stuck into many of the State's responsibilities. And I think this is what we actually do not want. We don't want any more commitments just because we have well intentions of addressing a problem. You know, I, I share the concern that these are our farmers and we need to help; but, likewise, DLNR definitely needs to be here so we can have a better understanding of their commitments and their responsibilities in helping to address the, the problem. In addition, the \$150,000, I really would like to see an actual breakdown as, you know, how it's going to be expended. And take a look at the priorities. I don't know if the priority is really eradication, dealing with the overpopulation, or is it part, half of it is dealing with the eradication and the other half is to deal with a new business. And if so, then there's, there's a lot of expansions we can look at, you know. And there, there, there is opportunity, but I think...you gotta tell us what the first and foremost priority is. And then we can deal with it as we go along, because there's not enough money to do everything that we would like to do. So my ten cents' worth.

CHAIR PONTANILLA: Well, thank, thank you, Mr...Chair Mateo. And I...I'd like to echo Member Carroll's concern earlier in regards to this particular program. What, what, what is the priority? Eradication or, or is it creating a hunting atmosphere or, or, you know, a venison industry here on Maui? So with that, Members, any more discussion? If not, the Chair's recommendation is to defer this item, and we'll schedule another meeting. I, I need to look at our schedule, or my schedule, and try to get DLNR over here to answer some of those questions in regards to the program as well as the funding that they are seeking with the State Legislature. So without any objection...

COUNCILMEMBER COCHRAN: Chair? Sorry.

CHAIR PONTANILLA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, and so DLNR, that would include DOFAW, yeah --

CHAIR PONTANILLA: Yeah.

COUNCILMEMBER COCHRAN: --DOFAW, who will be submitting permits? And, and I heard, I heard you correctly that at this point, only Ulupalakua Ranch has given "okay" for outside

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

hunters to go onto their private lands, but not Haleakala or anyone else at this point? I don't know if anybody has an answer.

CHAIR PONTANILLA: Mr. Parsons?

MR. PARSONS: Yeah, Mr. Chair, actually I think there are a number of landowners that have granted privileges to specific hunters. And it's a, it's a tricky situation when, you know, I read the same letter that was addressed to each of you--where there was a hunter who, you know, got his hunter...went through a hunter training class, got his license and, yet, was denied the opportunity to go and hunt in, in certain places. That is one of the issues that has kept things from moving forward for a long, long time here. And I'm, I'm glad to see that there are efforts to talk to a number of individual landowners and to deal with liability issues. I know there's control measures happening on some of the South Maui golf courses. Retired fireman, Conrad Ventura, works at Elleair and controls deer there a few nights a week and has been doing so for a long time, that's just one of the efforts. I, I think in many cases, the landowner has a concern of wanting to only—a legitimate concern—of wanting to limit access to their property to those that they know and are comfortable with. And that's why I think it's important that this is looking at a program that would include NRA training and certification so that you would have not just anybody who's...who went down to the store and bought a gun and says, "I wanna get me some deer."

UNIDENTIFIED SPEAKER: ...*(laughter)*...

MR. PARSONS: Yeah, and, and there's...I think that the, the budget actually even addresses liability insurance as a component of that. So there has been an effort to address many of the concerns that I've heard today. In, in this overall plan. And if it's the will of this body to defer and to get some more specific answers from DLNR, DOFAW, you know, I want this to, to move forward when everybody is comfortable. And so thank you for your comments.

COUNCILMEMBER COCHRAN: Thank you, Mr. Parsons.

CHAIR PONTANILLA: Thank you. Member White?

COUNCILMEMBER WHITE: Thank you, Chair. Yeah, I would just like to reinforce the idea that when we're...when we have hunters going on private lands, we have to respect the concerns of the landowners because they've got, you know, unlike Lanai where there's wide-open spaces, most of our ranches have either sheep or cattle out on their pastures, they've got horses, they've got water troughs, they've got vehicles. They've got people that are in these areas, and we've got to be sure that we get them comfortable with the people that we're hoping can go on their property to help us with this problem. So it's, it's really critical that the people have the training, have the experience and then are given the opportunity to get familiar with the, the lay of the land on each ranch before they're expected to be given permission to go there. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more discussion? Seeing none...you have? No?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

COUNCILMEMBER VICTORINO: No, sir.

CHAIR PONTANILLA: Seeing no more discussion, the Chair's recommendation is to defer this item. And the Chair is gonna have Staff contact DOFAW as well as DLNR for...to be here for our next meeting regarding this particular item. Thank you.

COUNCIL MEMBERS VOICED NO OBJECTIONS. (excused: GCB)

ACTION: DEFER pending further discussion.

CHAIR PONTANILLA: So, Members, that completes our agenda for today. Thank you very much for staying late. The Budget and Finance Committee meeting for January...February 14 is now adjourned. . . .(gavel). . .

ADJOURN: 5:20 p.m.

APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

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Transcribed by: Raynette Yap

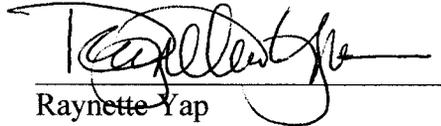
BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 14, 2012

CERTIFICATE

I, Raynette Yap, 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 8th day of March, 2012, in Kihei, Hawaii


Raynette Yap