

# BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

## MINUTES

January 29, 2013

Council Chamber, 8<sup>th</sup> Floor

**CONVENE:** 9:02 a.m.

**PRESENT:** Councilmember Mike White, Chair  
Councilmember G. Riki Hokama, Vice-Chair (Out 1:37 p.m.; in 2:04 p.m.)  
Councilmember Gladys C. Baisa, Member (In 9:03 a.m.; out 12:03 p.m.; in 1:38 p.m.)  
Councilmember Robert Carroll, Member (Out 12:07 p.m.)  
Councilmember Elle Cochran, Member  
Councilmember Donald G. Couch, Jr., Member  
Councilmember Stacy Crivello, Member  
Councilmember Don S. Guzman, Member  
Councilmember Michael P. Victorino, Member

**STAFF:** Scott Kaneshina, Legislative Analyst  
Camille Sakamoto, Committee Secretary  
  
Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)  
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)  
Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

**ADMIN.:** Sananda K. Baz, Budget Director, Office of the Mayor  
Jo-Ann T. Ridao, Director, Department of Housing and Human Concerns (Item BF-28)  
Wendy Taomoto, County Capital Improvement Project Coordinator, Department of Management (Item BF-28)  
Danilo F. Agsalog, Director, Department of Finance (Item BF-71)  
Scott K. Teruya, Administrator, Real Property Tax Division, Department of Finance (Item BF-71)  
Paul J. Meyer, Deputy Director, Department of Water Supply (Item BF-24)  
Pamela Pogue, Planning Program Manager, Water Resources Planning Division, Department of Water Supply (Item BF-24)  
Lawrence Hudson, Inspector, Department of Police (Item BF-21 and -23)  
David Thyne, Assistant Fire Chief, Department of Fire and Public Safety (Item BF-22)  
Jacob Verkerke, Information Systems Manager, Management Information Systems Division, Department of Management (Item BF-25)  
Jo Anne Johnson Winer, Director, Department of Transportation (Item BF-26)  
Marc I. Takamori, Deputy Director, Department of Transportation (Item BF-26)  
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

*Seated in the gallery:*

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

Wayde Oshiro, Housing Administrator, Department of Housing and Human Concerns (Item BF-28)

Clyde A. Almeida, Assistant Housing Administrator, Department of Housing and Human Concerns (Item BF-28)

Joseph Pontanilla, Office of the Mayor

**OTHERS:** Frank DeRego, Jr. (Item BF-18)  
Janine Clifford, Clifford Planning & Architecture LLC (Consultant to the Department of Housing and Human Concerns)  
Three (3) additional unidentified attendees

**PRESS:** *Akaku: Maui Community Television, Inc.*  
*Melissa Tanji, The Maui News*

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CHAIR WHITE: ...*(gavel)*... Will this meeting of the Budget and Finance Committee for January 29<sup>th</sup> please come to order. Members, before we begin, I'd like to ask everyone in the audience to please turn off your cell phones or other noise-making devices. This morning we have Riki Hokama, our Committee Vice-Chair.

VICE-CHAIR HOKAMA: Chairman.

CHAIR WHITE: Good morning. Bob Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR WHITE: Stacy Crivello.

COUNCILMEMBER CRIVELLO: Good morning.

CHAIR WHITE: Elle Cochran.

COUNCILMEMBER COCHRAN: Aloha.

CHAIR WHITE: Don Couch.

COUNCILMEMBER COUCH: Aloha, Chair.

CHAIR WHITE: Don Guzman.

COUNCILMEMBER GUZMAN: Good morning.

CHAIR WHITE: And Michael Victorino, and --

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER VICTORINO: Aloha, Chair.

CHAIR WHITE: --and Council Chair Baisa will be joining us shortly. Oh, there she is. And this morning assisting us will be Committee Secretary Camille Sakamoto and Legislative Analyst Scott Kaneshina. And from our remote sites I'd just like to make sure that we have them online, so if we could hear from the Hana District Office, Dawn Lono.

MS. LONO: Good morning, Chair. This is Dawn Lono in the Hana Office.

CHAIR WHITE: Thank you. And from Lanai we have Denise Fernandez.

MS. FERNANDEZ: Good morning, Chair. This is Denise Fernandez.

CHAIR WHITE: And from our Molokai Office, Ella Alcon.

MS. ALCON: Good morning, Chair. This is Ella Alcon from Molokai.

CHAIR WHITE: Thank you. Members, during public testimony, remember that it's important that we speak directly into our microphone so the remote sites can hear questions. So as we move forward please make sure we are providing answers that are very crisp and clear. We'll be accepting public testimony in a moment, and I think here in the Chambers at this point we just have one to sign up. And since he's been here before I'm not going to read through all the reminders that you can sign up if you'd like to out in the lobby. So without objections, I'd like to proceed with accepting today's public testimony.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you. And here in the Chambers our testifier this morning is Frank DeRego, Jr. Mr. DeRego. And he's testifying as part of the Cost of Government Commission.

***...BEGIN PUBLIC TESTIMONY...***

MR. DeREGO: Good morning, Chair and Members of the Committee. I'm here to...I'm Frank DeRego, I am Chair of the Cost of Government Commission. I'd like to thank you this morning for this opportunity to speak to you. I'm speaking on the BF-18, the establishment of the County Auditor. I noticed on the agenda...I'd like to first of all say I support the creation of an investigative subcommittee, but I'd like to kind of give a broad context for my remarks on the County Auditor. Some of the suggestions that I'm going to suggest will have to be worked out by the specifics with your staff and Council Services and ultimately the Corporation Counsel, but these suggestions are for a transition process. I would suggest crafting these provisions so they're used when an auditor's term is also not renewed after six years or the auditor is removed or quits for whatever reason. Politics and the use of political power cannot be removed from governance, that's the nature of the institution, but I think such provisions would help reduce the more damaging aspects of politics by defining an open and transparent process. I think it would

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

be helpful if this subcommittee is established that it go back to Page 12 of the revised final report of the Charter Commission which outlined this as a priority. My suggestions first of all would be to create an ordinance that establishes the Office of County Auditor as we do for every department, but also clarifies the process of hiring the County Auditor. The Council is empowered by ordinance or resolution to clarify and outline processes, procedures, and structures not otherwise provided in the Charter. That's in Section 2-2, the Exercise of Powers. The Charter outlines, the current Charter now outlines a deadline to create the office, a general description of qualifications, and the Salary Commission's role in setting the auditor's salary which has already been done. But no transitional provisions defining the process of hiring the auditor and creating the Office have been defined. I think the auditors...this ordinance should ensure the independence of the auditor which was the intent of the Commission as I have suggested. I also support the subset, an auditor committee if you which [*sic*], which could be established that would vet the applications. One important thing which I haven't mentioned here, I'm sorry it's, I'm a little scattered here. I think being an open and transparent process there should be some way of advertising this position and having people apply. I think that would be one important thing to maintain an open and transparent process. And as the Auditing Committee is also creating the process, they could also start vetting applications. This could be a parallel process that would go on at the same time, and then bring up the suggestions for the entire Budget and Finance Committee for interviews and discussions. After the interviews and discussion, the Budget and Finance Committee would then make a recommendation which would be approved at a regular meeting and then would come to the full Council. I would imagine the investigative subcommittees are allowed within the Sunshine Law and personnel matters to discuss any resumes and things in executive session, so I don't think that would be a problem. I think one thing it's important to understand in the present setup is it was in the intent of the Charter Commission as one of...the need to establish a culture of cooperation and consultation between the Office of County Auditor and the Cost of Government --

MR. KANESHINA: Three minutes.

MR. DeREGO: --Commission. One more minute?

CHAIR WHITE: Uh-huh.

MR. DeREGO: Okay. I would suggest the three applicants designated by the Budget and Finance Committee be reviewed on that basis, so...or however you set up the process. But I just want to say I've been very impressed by the Council in terms of how they have so far responded to the Charter Commission's mandates, if you want to put it that way, and the change in the Charter, especially with the fast way you guys have done the allowing the other outlying areas, neighbor islands to be a part of the process of testimony. So with that confused and sort of wandering testimony I thank you very much.

CHAIR WHITE: Thank you, Mr. DeRego. Members, any questions for the testifier? Mr. Couch.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Thank you, Mr. DeRego, for being here. Do you have that in writing or --

MR. DeREGO: I will...

COUNCILMEMBER COUCH: --a semblance of that or can you put a concise summary and let us know? Because I'd be interested to see what you're talking about on the Charter Commission report especially.

MR. DeREGO: Okay. What I intend to do in this, I forgot to mention this is I intend to send the Committee a letter from the Cost of Government Commission officially, but I thought it was important since this was on the agenda for me to come here today and at least share some remarks and some ideas, so.

COUNCILMEMBER COUCH: Okay, thank you. Thank you, Chair.

CHAIR WHITE: Thank you. Members, any other questions? Seeing none, thank you very much.

MR. DeREGO: Thank you very much.

CHAIR WHITE: And, Hana, would you please call your first testifier.

MS. LONO: Hana has no one waiting to testify, Chair.

CHAIR WHITE: Thank you. And, Lanai, please call your first testifier.

MS. FERNANDEZ: The Lanai Office has no one waiting to testify.

CHAIR WHITE: Thank you. And, Molokai Office, would you please call your first testifier.

MS. ALCON: No one here waiting to testify.

CHAIR WHITE: All right, thank you. Is there anyone else in the Chamber who would like to testify on this morning's matters? Seeing no one rushing towards the podium, without objection, Chair would like to close testimony.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you.

**...END OF PUBLIC TESTIMONY...**

CHAIR WHITE: Members, we have nine items on the agenda today, and as you know, today's a full-day meeting. Thank you. And we have the member...or the matter relating to appointing

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

the County Auditor and a bill relating to real property tax definitions, and then a number of budget amendments to review.

**ITEM BF-28: AMENDING FY 2013 BUDGET: AFFORDABLE HOUSING FUND (KULAMALU AFFORDABLE HOUSING PROJECT) (CC 13-18)**

CHAIR WHITE: And we'll start off this morning with BF-28, Amending Fiscal Year 2013 Budget: Affordable Housing Fund (Kulamalu Affordable Housing Project). And this morning we have from the Administration, the Budget Director Sandy Baz.

MR. BAZ: Aloha.

CHAIR WHITE: The Director of Housing and Human Concerns Jo-Ann Ridao.

MS. RIDAO: Good morning.

CHAIR WHITE: And as usual we have our trusty assistant from the Corp. Counsel Jeffrey Ueoka.

MR. UEOKA: Good morning, Chair.

CHAIR WHITE: Good morning. And on this item we also have Wendy Taomoto, County CIP Coordinator, and Janine Clifford of Clifford Planning & Architecture sitting at the back table.

MS. CLIFFORD: Good morning.

CHAIR WHITE: And this morning the Committee is in receipt of County Communication 13-18, from the Budget Director, transmitting a bill entitled A Bill for an Ordinance Amending Appendix A of the Fiscal Year 2013 Budget for the County of Maui as it Pertains to Part II, Special Purpose Revenues - Schedule of Revolving/Special Funds for Fiscal Year 2013, Affordable Housing Fund, Fiscal Year 2013 Affordable Housing Plan, Kulamalu Workforce Housing Project. And with that I'd like to turn it over to the Budget Director to share his thoughts.

MR. BAZ: Okay. Good morning, Mr. Chair. And good morning, Members. Very happy to bring this to you, and welcome to our first Budget and Finance Committee meeting of our new year here. This budget amendment is to increase the amount allocated for the Kula, this Kula project, Kulamalu project by \$285,000. For those of you who were on the Council when we were discussing this last year, when we were purchasing the property, there was some discussion about, you know, what the County is planning on doing with it and some ideas. So along with the funding allocated to purchase the property, there was also funding allocated to do a kind of a master plan design concept of what the County's vision is for this. That has been done and that is presented for you here today. Now we are asking for additional funding to design the facility for construction. We have as Mr. Chair mentioned I have the Director here as well as our CIP Coordinator and the consultant to provide the presentation to you and answer any detailed questions about the project.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

CHAIR WHITE: Okay. Ms. Ridao.

MS. RIDAO: Thank you, Chair. Good morning, Members. I think Sandy did a very good job as explaining to you what we are here for this morning, so without further delay I am going to read to you--it's part of your packet that was handed out--the mission and goals for this project. And then we'll call up Janine Clifford to do a short presentation on the board here to give you an idea of what we're hoping that the project will look like. Our mission is to support and enhance the social well-being of the citizens of Maui County. The goals are to support and maintain a continuum of social services to address the needs of the people of Maui County through County-sponsored programs and partnerships, and to expand affordable housing opportunities for low- and moderate-income families, and support the development of special needs housing. So with that I'm going to have Janine come up unless you have a question for me. I'll have Janine come up and give a short presentation on what we're proposing the project to look like.

CHAIR WHITE: Okay. Any questions, Members, before we proceed with the presentation? Okay, thank you.

MS. CLIFFORD: Thank you, Mr. Chairman and Committee members.

CHAIR WHITE: If you could just state your name for the record.

MS. CLIFFORD: Janine Clifford, Clifford Planning & Architecture.

CHAIR WHITE: Thank you.

MS. CLIFFORD: In your packet in front of you if you turn to Page 2, there's an orientation map of where our proposed project will be. So if you look here on the bottom corner is Page No. 2. So as the road on your right-hand side is the road to Kula, and Aapueo Parkway to left at the top of page turns down the road and there's Kulamalu Cottages that was built by D.R. Horton, and down the road is Kamehameha Schools and their 1,100 students. Our site is situated right in the middle. It's 4.19 acres. Next door is a planned future commercial area. Across the way is senior housing. Long's just opened a 30,000 square foot brand new facility, and to the south of that on this plan is another small commercial area that's being developed. And across the way is a 15-acre park that has been dedicated. So this is an ideal community, a growing community for this project to be situated in. So if you flip to Page 3, this is an aerial view looking down the mountain from Kula Highway looking out towards the Central area. And our site is situated on a plateau so we're about 12 or 14 feet above the road below, so the houses that we're proposing will have an absolutely gorgeous view. On Page 4 these are some photos of the existing community around our site, so the Kulamalu Cottages that have already been built, Long's Drugs, Kamehameha Schools down the road, the commercial center, and the Police Resource Center. So on Page 5 is our project information. So we're proposing 64 1-bedroom, 1-bath, 2-bedroom, 2-bath units that would be for workforce housing. All of the parking we're proposing onsite. We're proposing seven buildings, two 12-plexes, and five 8-plex buildings organized

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

with a lot of space in between. So we spent a lot of time working through the plan with Jo-Ann to make sure that the buildings have enough space to breathe in between. We planned a very nice, large open space. We're anticipating that these units will be for people who most likely have children, residents with children, and we also planned a small little multipurpose community facility. And the idea is that one could get to the community facility without actually driving in and disturbing the residents. And again, as you can see on the left-hand side of the page, most of the units take advantage of this view corridor looking out over the road below. So if you flip to Page 6, this is a general idea of our schematic plan for the 12-plex, and as you can see, we're taking advantage of repeating the unit type by creating a reverse unit to keep our construction costs down. And we tried to provide individual entry points or at least no more than two people sharing an entryway. We start off at 547 square feet for a 1-bedroom, 1-bath, and we go up to 714 square feet for our 2-bedroom, 2-bath on the bottom ground floor unit. We are taking advantage of the exterior sides, natural ventilation, natural light, trying to provide a very easy-to-maintain facility for the County. If you turn to Page 7, you'll see what we're proposing that these units will look like. We're trying to keep within the country feel of Kulamalu Town Center, the Kulamalu Town Center and the community that's beginning to grow in the area. We've taken some detailing and some accents from the Kulamalu Cottages that D.R. Horton has already built to make sure that our facility and our housing blends into the community and is a part of a growing community. On Page 8 is the 8-plex, it's a smaller footprint. The 1-bedroom is a little larger, it's 529, and the 2-bedroom is again just slightly larger at 840 square feet. And they're mirrored so that we...economy of scale. And on Page 9 you'll see an elevation, so the front elevation and the rear elevation. We've been through the Kulamalu Review Committee, and so they have approved through their process the way these buildings look as well. On Page 11 is our proposed budget amendment and our proposed schedule. Currently, if you go to about the middle of the page, our estimated construction cost is \$8 million, and we're proposing that 2.3 million of it comes from HUD HOME funds and that the balance comes from the Affordable Housing Funds program. Our budget amendment is in the amount of \$285,000, and as was discussed previously, what was originally funded was the master plan portion and we've done it in a much smaller amount of money. So we'd like to fund the design and construction management portion of it. And below that is our anticipated schedule. It's a little bit on the aggressive side, but we feel that we've got a really good running start on the master plan. We've been through the Design Review Committee and received their approval, and so we're looking to be done in 60 days with the master planning phase, so April 1<sup>st</sup> of this year. We're going to take, proposing to take six months for design, three months for bidding and contracting, and then an eight-month construction schedule which means that we'll be ready to rent September 1<sup>st</sup> of 2014. I do have boards here that have a little more detail on them in case anybody's interested. So with that, if there are any questions?

CHAIR WHITE: Questions, Members? Ms. Baisa.

COUNCILMEMBER BAISA: Yes, thank you very much. Of course I am the area representative for where this is going to go and very familiar with the map that you're...and the pictures that you're showing, and of course big supporter of course of affordable housing. Number one question is what do you estimate the cost of these units will be?



**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

MS. CLIFFORD: Well our total construction budget we're anticipating to be 8 million, so it would be 8 million divided by 64 for a per unit cost, 125,000.

COUNCILMEMBER BAISA: A hundred and twenty-five thousand --

MS. CLIFFORD: Right.

COUNCILMEMBER BAISA: --and so the income range...maybe, Jo-Ann, you can help.

MS. RIDAO: Yes. Thank you, Council member. I was advised to clarify that these are rental projects -  
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COUNCILMEMBER BAISA: Right.

MS. RIDAO: --and the range will be servicing the population of 60 percent of median to 140 percent of median. The reason we must accommodate the 60 percent is because we are using HOME funding. This morning we did a quick calculation, we would probably be required to provide between 12 and 15 units in the 60 percent range.

COUNCILMEMBER BAISA: And will these rentals I mean for us non-housing people, what would these rents look like?

MS. RIDAO: I think we're going to have to start working on that. The 60 percent range definitely are going to be lower rents than the 140 percent, but what we're trying to accommodate are those as you may remember in the discussion are not only the 60 percent people but those people who are working and may be living doubling up with their families or friends so that we can accommodate the working force in this project also. My envision is that these units will probably be renting between I would say 600 and 800 dollars a month.

COUNCILMEMBER BAISA: Thank you. Of course that's the information that I'm digging for, because, you know, as the public they don't understand all these guidelines and 60 percents and whatever, but they do understand when you say, you know, how much I have to shell out every month is what it really means.

MS. RIDAO: Right.

COUNCILMEMBER BAISA: And of course it'll be great to have something like this in the area, 'cause there really is nothing --

MS. RIDAO: There's none, yeah.

COUNCILMEMBER BAISA: --and I think it'd be great. I have one question on looking at briefly at the plans and the layouts, and you're talking about a community facility. And of course that's

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

for the people that are in the project, I would assume; however, I have a little bit of experience with looking at things like Hale Mahaolu does. And, yes, they have a facility that is for the residents, but it tends to get used for events and, you know, celebrations and whatever, and when that happens a lot of people come, and I'm kind of concerned about the parking. You know five stalls for that facility is not going to do it. We have a big issue when we have events and there's no place for people to go, so I'm wondering if there's any possibility of maybe more?

MS. RIDAO: Okay. Janine is saying that we could add more. And before we delve further into the community facility, one of the discussions with the prior Committee was that of childcare, so this also may be considered in the process depending on how many children live there and how many are in need. As you know, four-year olds beginning August, 2014, will not be allowed into our public school system, so we're going to have a large number of older four-year olds that will need to be taken care of. In the Governor's State of the State, he did address a proposal to fund more preschools, so that is something I have in mind for this facility depending on the number of children that live there.

COUNCILMEMBER BAISA: No, I agree. I think having a childcare center is wonderful, and, you know, I have a lot of familiarity with that and it's convenient and it works. I just want to be sure that if we're going to have any kind of a facility where you're going to have several hundred people show up then we gotta make sure that there's a place for them to park. Thank you, Chair.

MS. CRIVELLO: Mr. Chair?

CHAIR WHITE: You're welcome. Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, thank you. You know the Committee is pretty well experienced with this type of request before us, so I'm kind of disappointed you're not giving us more numbers giving your proposed pro forma of how you're going to make the numbers work for us. I don't see anything regarding land acquisition costs that the County paid for already, so just be upfront. If what you guys are proposing is subsidized housing then tell us straight. Take off this workforce baloney, take off this affordable thing, because we're going to subsidize this at a quite a high number that I'm thinking it's going to be. You're adding things that to me is not needed at this time like that multipurpose center, you know. I thought we were into building housing, not amenities for housing. Okay. So for me, you know, what I need is how you expect this to work, take into account the reality of sequestration and you're going to lose your HOME funds. I no care what the Governor says, I don't see the money coming for that preschool program, so are we going to ante up all these requirements for make this project go? I need something more realistic, and tell me straight what is this project. Is this an affordable project or one subsidized project? And let's go from there.

MS. RIDAO: Thank you, Council member, for that question. It is not our intention for this project to be subsidized except for well of course we used County monies to purchase the land and we are going to use County monies for part of the construction; however, it is not the Administration's intent to subsidize the month-to-month operation of the project. Now that we know the number

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

of units, we can work backwards and figure out what the cost of operations will be, and therefore that will determine the rent; however, I...it's not, I do not believe that it will be market rent, what is being paid out there for a 1-bedroom at 1,000 and a 2-bedroom at 1,500. I don't believe that will happen.

VICE-CHAIR HOKAMA: So you think Section 8 could qualify for this project?

MS. RIDAO: If someone had a Section 8 certificate and they wanted to live there, yes they could.

VICE-CHAIR HOKAMA: They could qualify?

MS. RIDAO: Yes.

VICE-CHAIR HOKAMA: Okay, okay.

COUNCILMEMBER CRIVELLO: Mr. Chair?

CHAIR WHITE: Yes.

COUNCILMEMBER CRIVELLO: Just for clarification for my newness on the Council, it's my understanding that the property was acquired through Affordable Housing Funds, and what is the difference then with affordable housing and workforce and why are we changing? Why is it important for us to change from affordable to workforce?

MS. RIDAO: Thank you for that question, we were just discussing that this morning. I associate workforce housing with the Section 2.96, Workforce Housing Policy of the County. Affordable housing is pretty much those people that we serve that are between 80 and 120 percent of median income. The Workforce Housing Policy goes all the way up to 160 percent, so that's primarily the difference. I think there may be a little bit confusion because when we were discussing this project, we wanted to serve those people who are employed but are living with family members or doubling up in a unit, so that's why I think maybe when the wording was crafted people maybe got a little bit confused between affordable and workforce.

CHAIR WHITE: Does that take care of your questions, Ms. Crivello?

COUNCILMEMBER CRIVELLO: Well are there separate funds for affordable housing...oh, I'm sorry. Are there separate funds for affordable housing/workforce funds or are they all of the same?

MS. RIDAO: Okay. Workforce, the Workforce Housing Policy does not come with any County funding, it's generated or it's intended for the developer to provide. The Affordable Housing Fund is a fund that was appropriated up to 2015, I believe, and there's every year 2 percent of our real property revenue goes into this fund. So there is a fund for Affordable Housing Fund,

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

there's no fund for Workforce Housing Policy. Workforce housing policy is we expect the developer to provide their requirements.

COUNCILMEMBER CRIVELLO: I see. Thank you.

CHAIR WHITE: Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. So just to follow up on Councilmember Crivello's question. This project is not going to be recognized as part of the workforce policy project for developers?

MS. RIDAO: Correct.

COUNCILMEMBER GUZMAN: Okay.

MS. RIDAO: It's not a developer project, correct.

COUNCILMEMBER GUZMAN: And then I have another question. In terms of...I believe you mentioned earlier that you spent, I guess it was proposed, 195,000 for the master plan phase, and you used less than the 195,000. Is that correct?

MS. RIDAO: We've used that, yeah.

MR. BAZ: Mr. Chair? Thank you. Mr. Guzman, what happened was there was originally \$500,000 allocated for the master planning phase, but even though there was 500,000 allocated we only used 195,000.

COUNCILMEMBER GUZMAN: Okay.

MR. BAZ: So that's was the less than what was appropriated amount.

COUNCILMEMBER GUZMAN: Okay. So the 285,000 in addition that you're asking for, what is that for?

MR. BAZ: That's as outlined on Page 11 there, it includes the original appropriation of 500,000, so it's 285 additional thousand dollars for the whole design phase. So we already used 195 for the master plan phase, and we are going to be using 50,000 for the HUD Environmental Assessment, \$370,000 for actual design, and then construction management is 170,000.

COUNCILMEMBER GUZMAN: I guess following up on Councilmember Hokama's remarks and question. How come the design phase, this additional 285,000 wasn't in the initial calculations in the budget?

MR. BAZ: Mr. Chair?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

CHAIR WHITE: Go ahead.

MR. BAZ: Thank you. The original appropriation that we requested was for the acquisition of property, and then we did allocate an additional amount which we weren't sure how much it was going to be for the master plan, you know, the concept phase. 'Cause that was a request by the Council. The Budget Committee at that time had been discussing, you know, that they wanted to understand better what we were going to do with the money before we actually come and design it. One of the things that we didn't want to do was waste the money designing a project, having the architect actually create construction drawings on something that the Council wasn't going to be happy with. And so that's why we're here today to discuss this concept phase first and then come back for the actual design drawings.

COUNCILMEMBER GUZMAN: So at some point are we going to see the total budget proposal or the pro forma? I mean the, all the numbers at some point? Or is this it right here that you're showing us on Page 11?

MR. BAZ: This, Mr. Chair, includes an estimate for construction based on the concept that we have here. When...we're going to have to come back to Council Budget Committee for the construction funds which we're estimating to be \$5.7 million. That will be based on a bunch of different information. One is the final design of the project, the other is the availability of HOME funds. If there's more HOME funds available maybe we could subsidize more of the project with Federal monies versus County money, but the Federal money comes with strings attached as well. So at that point it would be...we would have the ability to actually present to you exactly what the construction costs are going to be, detailed, as well as a pro forma about operations. We can discuss with maybe some operators that could do the, maintain the project on a regular basis. You know, a couple that come to mind, they're Hale Mahaolu or EAH, those that are experienced in doing rental housing. And we'll be able to express to you exactly what the rents are going to be for that period of time when we come back for the construction money.

COUNCILMEMBER GUZMAN: So you're looking at a \$5.7 million project? Estimated.

MR. BAZ: Of County funds.

COUNCILMEMBER GUZMAN: Of County funds.

MR. BAZ: The total we're looking at \$8 million.

COUNCILMEMBER GUZMAN: Thank you. Thank you, Chair.

CHAIR WHITE: Yeah, just to clarify, that total of the 8 million is just construction and doesn't include the fees and it doesn't include the acquisition cost.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

MR. BAZ: Thank you, Mr. Chair. To recap, we did spend \$2 million on acquisition of the property, and then we plan on spending 785,000 on the entitlements and design and construction management costs. So it could potentially be about a \$10¾ million project.

CHAIR WHITE: Just to clarify, my recollection is that the acquisition of the three lots was 3.8 million.

MR. BAZ: Oh, I'm sorry, Mr. Chair, my memory was wrong. Yeah, plus the 4 million.

CHAIR WHITE: Okay. See sometimes the guys with the grey hair happen to get lucky and remember something.

MR. BAZ: I've got too much numbers in my brain. Sorry about that, Mr. Chair.

CHAIR WHITE: And just for the Committee's...I took all the numbers here and divided by the number of units and it's an average with acquisition cost and fees of 196,600 or thereabouts. So there are a lot of hands up. Ms. Baisa.

COUNCILMEMBER BAISA: Very quickly, Chair. I want to, what you call, talk a little bit more about Member Hokama's concern, and he raises an excellent situation. You know we are very concerned about what's happening on the Federal level, we have no idea. You know we could be here with a lot of money and we could be here with no money at all. So my question is, we're estimating \$2.3 million in HUD funds, HOME funds. Assuming we don't get that, is this project still doable and do we have enough money to do it? Have you guys thought about that contingency?

CHAIR WHITE: Budget Chair [*sic*].

MR. BAZ: Mr. Chair, currently the Affordable Housing Fund with its appropriation for Fiscal Year '14 would have enough monies to cover the cost of this development if it was purely County funded.

COUNCILMEMBER BAISA: And that would be our choice, whether we want to do that or not?

MR. BAZ: That's very correct, yes.

COUNCILMEMBER BAISA: Okay. I think that's a very valid thing to be thinking about, 'cause, you know, who knows what's going to go on in Congress. And of course Member Hokama has been there quite a bit recently so he's very much involved in the day-to-day goings on there. So I think he raises a good concern for us to think about that it is possible that we might have to fund the whole thing. Thank you.

CHAIR WHITE: And I apologize, Mr. Couch was next in line and I...

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER COUCH: That's all right. Thank you. Thank you, Mr. Chair. Along with Chair Baisa's question is when will we know whether or not we got those Federal funds? When would they be committed and...

MS. RIDAO: My HOME staff is telling me that would be about August of this year.

COUNCILMEMBER COUCH: So we'd have to make the go, no go --

MS. RIDAO: Yes.

COUNCILMEMBER COUCH: --at about that time? But the other question on the funding is the Affordable Housing Fund talks about affordable housing and you want to change this to workforce housing. Can we...I guess this is to Mr. Ueoka. Can we build this thing and call it a workforce housing using the Affordable Housing Funds or do we have to keep...I mean is it a matter of semantics or how is this going to work?

CHAIR WHITE: Go ahead.

MR. UEOKA: I believe we can call it affordable or workforce housing as long as we put in the restrictions required in Chapter 3.35 of the Code. It might be more of a matter of semantics. I think the more important term is that we have the deed restrictions in...I guess rental restrictions in --

COUNCILMEMBER COUCH: Right.

MR. UEOKA: --for this case. Thank you.

COUNCILMEMBER COUCH: Thank you.

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you. And interesting discussion, and I think a number of good points have been brought up. But I guess my question to Ms. Ridao is very simple. We will go ahead no matter what to get this done even if we don't get the Federal funding?

MS. RIDAO: We will have to come back to you for the funding, but definitely, I'm not going to give up on this project.

COUNCILMEMBER VICTORINO: And I think that's the important. This is an area which is neglected tremendously with affordable rentals.

MS. RIDAO: Yes.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

COUNCILMEMBER VICTORINO: And that's the first part of this whole equation, yeah. And I think we can banter about and talk about affordable, workforce. We interchange words all the time in this Council, and the guys who are here now or have been here for while, we understand that. The new guys coming in best they learn real quick that this is interchangeable. Right, Mr. Chair? And so we have to understand what this all means. The Affordable Housing Policy was to help people whether they were workforce and/or those in need to be able to afford to live in our County, and that was the whole premise. And so when you understand that, the rest is not a real challenge. Okay. I do admit sometimes, Mr. Baz, you give us numbers and again I've always said this, if you're going to give us numbers, be accurate on the numbers, and I understand mistakes. But the key is when you put in totality, you said 125, now we come up with 196, tremendous difference in the cost factors. And I think the public needs to know when we spend money in totality what's the bottom line, 'cause in our homes it's the bottom line. In our daily businesses it's the bottom line, and this is important. I get frustrated when I hear these, and then we've gotta ask all these additional questions just to get to the point of we understand it's 196 per unit. Again, I don't care if it's a rental, I don't care if it's for sale, it doesn't make difference. What does it cost to get it done? So that when the private sector is doing something and they say something we've got a good understanding how close or how far we're on these issues, yeah. So, Mr. Chair, I can support this. I have no problem with this, and it's been good questions, I'm not knocking the questions. But I think I'm only asking the Administration and the various directors when they come, put all your facts together. We know how much we spent for the land 'cause we were here last time around, so why don't you add that in, don't leave it out and say oh this is only going to cost 125. We spent almost 4 million for the land so obviously that's wrong. You know you can't do your home budget by saying oh I spent that two years ago so it's only costing us this now. I don't think many of us do it that way. In business it's the same too. Right, Mr. Chair? We have the total cost. So that's I think where the frustration for me when I hearing all these extra questions being asked is because we don't get right down to the bottom line, and that's the only thing I ask of you and other departments. If you're going to come, put all your numbers together so you're telling us the actual cost, and more importantly, the public understands the actual cost, and that's it. But, you know, again, other than that, Mr. Chair, I think this overall is in a place of need, I think it's well suited, it's walkable communities, there's a lot of shopping and other area...professional businesses within a walking distance. So this is a good total package of a community and I like that. I agree, and the last thing I'll say is...is...the question I have, is there any on-street parking? And when I say on-street parking I'm referring to the streets adjacent leading into this project or are these non...these streets have no parking allowed?

MS. RIDAO: We'll let the architect answer that.

COUNCILMEMBER VICTORINO: Thank you.

MS. CLIFFORD: Aapueo Parkway is restricted --

COUNCILMEMBER VICTORINO: Okay.



**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

MS. CLIFFORD: --because of the amount of traffic going back and forth. And the feeder road Ohia Ku Street I believe is also no parking; however, if you look across on the Page No. 2, there's a huge public parking lot that was already built that is there for the using.

COUNCILMEMBER VICTORINO: Thank you for that clarification, 'cause I wondering when somebody was going to ask. That was my next question. Thank you.

MS. CLIFFORD: Right. There's a huge parking lot, too, right across the way. Yeah.

COUNCILMEMBER VICTORINO: So that dispels some of our concerns. Thank you very much. Thank you, Chair.

CHAIR WHITE: Sure. Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, thank you. My question for the Director, there must be a reason besides not using County funds why you want HOME funds, and what's the advantage for the Department with HOME funds involved in the payment of the construction?

MS. RIDAO: Well first of all we wanted to show the Council and the public that this is not going to be 100 percent County funded even if it's a smaller portion.

VICE-CHAIR HOKAMA: Okay.

MS. RIDAO: However, for us because we're going to get this money we only have a window of I think 18 months up to 3 years, maybe, to use these funds. So this project provided an opportunity for us to use those funds within the allotted time, and it's a qualified project as long as we assist or provide housing to those at 60 percent and below of median.

VICE-CHAIR HOKAMA: That's their requirement?

MS. RIDAO: That's HUD's requirement, correct.

VICE-CHAIR HOKAMA: Right, right, right. And you have a letter certifying that if we, you achieve this mark you will get the couple of million dollars from HUD?

MS. RIDAO: We have verification that we are earmarked to receive \$3 million in 2014. About two years ago the State changed the allocation process. Before what it was, was that the State would get \$3 million and they would split it up amongst the four counties, and we would get such small amounts of monies that we couldn't really do a project. And so what we were trying to do was save that money for next, until next year and then try and do a project, then we would run into the time problem of completing a project on time. So what we decided...I mean what the State decided was they're going to allocate the full \$3 million county by county, so 2014 is our turn to receive that \$3 million.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

VICE-CHAIR HOKAMA: Who has it this year, '13? Would you know, Ms. Ridao?

MS. RIDAO: Kauai, yeah.

VICE-CHAIR HOKAMA: So if we were ready now and they weren't quite ready, is there...you could make a deal with Kauai and reverse it to get their money now and then they would take our turn next year?

MS. RIDAO: We could do that, I mean we could negotiate with Kauai, but I know that they're in the middle of a project to use their funds so. But I think there is that flexibility as long as the two counties agreed.

VICE-CHAIR HOKAMA: And then your intent after construction is to go get a third-party management entity to run the program?

MS. RIDAO: That is the plan right now is to find an experienced management firm to manage the property, yes.

VICE-CHAIR HOKAMA: Did you receive any requests to bid out the whole project and let a third party do everything for us?

MS. RIDAO: No, we didn't.

VICE-CHAIR HOKAMA: The construction and everything?

MS. RIDAO: We did not receive such a request, no.

VICE-CHAIR HOKAMA: Was that part of the Department's options that they would seek a third party to do the whole project for the County?

MS. RIDAO: We could have done that; however, I felt that because of the HOME funds involved that I wanted to keep it close to having my staff, the expertise on the HOME aspect of it. Because when you use HUD funds there are other reporting that is not required and they are, can be very technical.

VICE-CHAIR HOKAMA: Yeah, that's the Federal requirements?

MS. RIDAO: Yeah.

VICE-CHAIR HOKAMA: Okay, okay. No, I just was wondering if you had somebody that might have wanted to do everything for the County.

MS. RIDAO: We did not explore that, yeah.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

VICE-CHAIR HOKAMA: Okay, okay. So at this time, once you get this architectural to the next phase, even the construction, everything, the Department's going to handle it?

MS. RIDAO: Yes, but we're working very closely with the CIP Coordinator, Wendy Taomoto.

VICE-CHAIR HOKAMA: I know she has big shoulders. Okay, okay. Thank you, Chairman. Thank you, Ms. Ridao.

CHAIR WHITE: Okay.

MS. RIDAO: You're welcome.

CHAIR WHITE: Ms. Cochran.

COUNCILMEMBER COCHRAN: I'm sorry, I was getting chilled. Thank you, Department, for being here, architect. Thank you, Chair. So just referencing back to the words that we're interchanging, affordable, from affordable into workforce, and then I was noticing in the mission goal or the goal Page Number 1, to expand affordable housing opportunities. So was it discussed to maybe change that word affordable to workforce being that we're trying to, I guess, make it more consistent across the board? I know Mr. Ueoka was asked is this semantics or is it...you know what I mean? So I'm not sure if that's something that would make sense to switch out.

MS. RIDAO: I...you know, Council member, I have no problem using either word as long as we move this project forward.

COUNCILMEMBER COCHRAN: Okay. Well for me saying that something's going to be affordable says just that. Then when you say workforce, I mean we would assume we want to make it affordable for our workforce people, but it doesn't, you know, I mean it's not being said flat out, affordable. Workforce can be for anybody whether you're high-end income maker, low, whatever, you're a working-class citizen and we're going to provide you with a roof over your head. You know, but I understand you're saying low/moderate income, et cetera. So either way, again, you know, it's just a thought that came across my mind that for me there is a difference when you state affordable or not, 'cause workforce may not connote affordable in my mind. So that was just my comment. Also, I think for architect, you mentioned that the plan was reviewed or approved by Kulamalu Review Committee. Who is in that committee? Is it the neighboring people?

MS. CLIFFORD: It's actually the owner of the Kulamalu development, the Town Center development project, so they have overarching guidelines in which we need to conform to the design guidelines that have been established for the community. And that can be a daunting, arduous process that takes time usually, but we've been through the process. So it can be, you know, if we're --

COUNCILMEMBER COCHRAN: Right.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

MS. CLIFFORD: --out of character with the community.

COUNCILMEMBER COCHRAN: And during this process were there any concerns that they had that were sort of more so than others, and if so, what were they?

MS. CLIFFORD: I think as we all know water is an important issue, sustainability aspects, so they...in your packet is a page of our proposed landscaping where we propose drought-tolerant landscaping, some very xeriscape landscaping, irrigation only where we have to irrigate for the community and not just trying to irrigate the whole property. There was concern about the colors that we were...kept within their design guidelines. There was concern about the windows. Their design guidelines do say that, call out for wood windows, and as you know wood is very difficult to maintain, so we've had discussions with them about relaxing their design guidelines so that the County can maintain the project well. And they said that they will definitely consider that in their next Phase II review which is our construction documents. So I think that was a very positive, sort of community-focused response from the committee. They also asked if we could screen the stairs, so it was agreed that actually that kind of would make a little bit of a good storage area for the homeowners just underneath the stairs, so we're going to do that as well. And basically in a nutshell those were the comments that we received from them.

COUNCILMEMBER COCHRAN: Thank you. And I think Mr. Victorino hit on parking issues and also Ms. Baisa. Was that brought up?

MS. CLIFFORD: Yes. We meet their requirement...the County requirements, and their only concern was that we didn't end up with a huge parking lot. So, you know, that it...because it doesn't make for a good community living and experience. So we discussed with them our open spaces, how our parking lot wraps around, that you don't see, you know, the larger parking lot from the main roads, and that it's, the parking is placed where the residents need it versus just what's maybe easiest to, you know, just do. But their concern was just that we met the County requirements.

COUNCILMEMBER COCHRAN: Okay, very good. And then I, you did touch on water and that was my other question that there's sufficient water. As we all know Upcountry's water meter list and what have you.

MS. CLIFFORD: So we went through a very lengthy explanation of how we ended up at our water calculations with them and they accepted what we were proposing, and a lot of it has to do with irrigation and being very judicious about low-flow toilets, even, you know, considering the dual-flush toilets, low-flow appliances, fixtures, the like.

COUNCILMEMBER COCHRAN: Okay. Okay, thank you. Thank you, Chair. Thank you, Department.

COUNCILMEMBER VICTORINO: Chair?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you. Question I have as long as we're talking about water and similar stuff, runoff. Now that the Public Works Department allows for and I'm assuming encourages low-impact design guidelines, are you going to be considering some of that in the retention of the runoff?

MS. CLIFFORD: We're not collecting water off the roofs, but there is a requirement that whatever runoff gets generated in our site that it stays and is retained on the site and percolates through the soil, so we will do that. We are required to do an NPDS permit as well, so we're doing that.

COUNCILMEMBER COUCH: I understand that, and that's the "current practice" but there's a new practice guidelines out there that actually clean the water --

MS. CLIFFORD: Right, yes.

COUNCILMEMBER COUCH: --and make for some really nice surroundings, so.

MS. CLIFFORD: We, in our next round for which we're before you to seek approval for, we will go into all that detail. And the Design Review Committee and I think the County is very open to, you know, new technologies, collecting water. We just need to be careful of the costs and make sure we meet our budget. And then the other more I think even of significant concern is can it be maintained by the County and what is its longevity and is there a track record? So all of that I think we'll be reviewing in and implementing in the design phase, and again, you know, kind of matching against those criteria.

COUNCILMEMBER COUCH: Right.

MS. CLIFFORD: And, you know, costs being one of the main concerns.

COUNCILMEMBER COUCH: And that...thank you, that leads right into my next question on cost. Is it, Ms. Ridao, is it the intent of the Department to repay the Affordable Housing Fund or are you just going to deplete those funds and move on?

MS. RIDAO: Until we do the pro forma analysis I wouldn't know that; however, you know, initially my intent is that, you know, the Affordable Housing Fund is providing affordable housing for the purpose it was intended for. So I did not have the intent of paying it back; however, if the project shows that it has residual funds or extra money then definitely the County should get some of that back.

COUNCILMEMBER COUCH: Okay. And I know you threw out numbers, the six to eight hundred a month as a wild estimate. You are going to price it so that the upkeep is paid for? Because at six to eight hundred a month for the number of units and everything you have, you're less than

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

550,000 a year which is right on the borderline of just keeping up the grounds and the buildings, that doesn't include the management company and whatnot.

MS. RIDAO: And that's why we will have to work with a experienced management company --

COUNCILMEMBER COUCH: Okay.

MS. RIDAO: --to come up with that.

COUNCILMEMBER COUCH: Okay, thank you.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you. Ms. Ridao, just so that we are clear with this, the reason that we are using affordable housing in this project is because of the anticipation of HUD funding, is that correct?

MS. RIDAO: That was...it was not at the beginning the intent.

COUNCILMEMBER VICTORINO: Yeah.

MS. RIDAO: I mean but because we have the HUD funding available and because we have a time constraint on using that HOME funds, this project worked out to be an excellent opportunity for the County to use that money.

COUNCILMEMBER VICTORINO: Yeah. And you stated very early when our, in our, your discussion this was not a developer workforce obligation to build this, is that correct?

MS. RIDAO: That's correct.

COUNCILMEMBER VICTORINO: So in essence just to make sure we're all on the same page, this particular project with the HUD funding and with the aspect, this is not a developer mandated workforce payback or obligation, that this is being done for the sake of affordable housing, and that we'd have some restrictions especially when we get the HUD funding that we couldn't put anybody and everybody in there that we wanted to. And income would be a part of this whole structure, is that correct?

MS. RIDAO: That's correct.

COUNCILMEMBER VICTORINO: Okay. So just, so that, you know, some people are saying something and, you know, I don't want the public to get confused, this will be affordable housing, not workforce development. I know they're interchanged but it's not an obligation by

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

any developer, and bottom line is because of the HUD funding, so long as there's HUD funding we have criteria that we have to deal with.

MS. RIDAO: That is correct.

COUNCILMEMBER VICTORINO: Okay. And it was...there's no getting around that fact.

MS. RIDAO: Not on the HOME part, no.

COUNCILMEMBER VICTORINO: Okay. So just affordable housing, bottom line so that we can move on. I mean, you know, we're going to stay, you know, stuck in the mud and I don't think we all want to do that today, we have other important matters. So it is affordable housing, bottom line, done, said.

MS. RIDAO: Yes.

COUNCILMEMBER VICTORINO: Thank you.

CHAIR WHITE: Ms. Baisa, followed by Mr. Guzman.

COUNCILMEMBER BAISA: Thank you, Chair. Just one last comment, and Mr. Victorino and I, I think, are going the same way here. I think it's important that we talk about something, and I may have the wrong understanding. If I do please correct me. But it's my understanding that if we use all County money then we can set the eligibility for who can reside there and without any problems. Now once we get Federal money into the project then we can...we can't say you have to have lived on Maui or Upcountry for two years or five years or you have to be a certain age or whatever. Income of course we know affordable housing we want income restrictions, but all these other things we're wide open if it's County. But if it's Federal it's set by guidelines that we have to comply with. And I've seen this in other projects that we've built that we built like for elderly and then we'll have many people moving here to take advantage of our elderly housing because we can't restrict it because of the Federal money. So I think we need to be cognizant of that. It's nice to have Federal money but it does come with strings. Is that correct?

MS. RIDAO: Excuse me. You're correct in that the specific 12 units that are funded by the Federal monies will have to comply with the Federal guidelines.

COUNCILMEMBER BAISA: So you're going to identify which units are built with Federal money --

MS. RIDAO: Yes.

COUNCILMEMBER BAISA: --so that you can escape from some of this?

MS. RIDAO: Yes.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER BAISA: Good thinking. I guess, you know, you've been around the block, you know. Thank you.

MS. RIDAO: A little bit.

CHAIR WHITE: If you could just let us know what other strings come with the Federal funding. Brief, a brief list of strings.

MS. RIDAO: Primarily the strings that come with the Federal money are going to be making sure that bottom line 60 percent or less of those 12 units go to those, that population. That's the big thing. The other...during construction the strings are going to be making sure that it's Davis-Bacon wages, making sure that we're following all of the construction Federal guidelines that come during the construction part. But during operations it will be the income-qualified population.

CHAIR WHITE: Okay, thank you. Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you. Chair, I think you used up my question, but let me do a follow-up. I do support affordable housing in our County, and I thank you for proposing such a project. My only concern and I believe the Council's concern would be assuring and securing being able to pay for this project, and one of the main factors here is using Federal funding. In dealing with the Federal government fundings I know there's a lot of criteria and requirements. I'm going to follow up with Councilmember Hokama's questions in regards to the criterias. You mentioned earlier that it would be our County's turn to receive the HUD funding in 2014, is that correct?

MS. RIDAO: HOME funds.

COUNCILMEMBER GUZMAN: HOME funds.

MS. RIDAO: HOME funds, yes.

COUNCILMEMBER GUZMAN: Right. So in that aspect I would like...and there was some dialogue in regards to interchanging with Kauai and so on, so forth. I would like to see some kind of guidelines for some straightforward language, laws that would allow that to happen just to secure that there's a viable aspect of using those funds. You know something hardcore that we can grasp and take a look at. It seems to me that the, in dealing with the Federal government there's so many requirements that a loophole could be made or a mistake could be made. I just want to make sure that we do secure these Federal fundings if it's possible. Would that be possible for you to submit something?

MS. RIDAO: I have no doubt if the Federal government has money that we will get that \$3 million in 2014. The issue about interchanging or getting the money, say getting Kauai's turn instead of our turn, that part of it, I would have to check with HHFDC which stands for Hawaii Housing Finance Development Corporation and get their directive on that.



**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER GUZMAN: Right, yeah.

MS. RIDAO: If we could skip a turn or they could...I see what you're getting at.

COUNCILMEMBER GUZMAN: I'm assuming that --

MS. RIDAO: So we...

COUNCILMEMBER GUZMAN: --there's some kind of requirement that there would be like some kind of substantial performance that needs to be made or some kind of requirement on our part in order for us to start the project or apply for the funding. I mean I'm just worried about the requirements in terms of the criterias that are set forth from the Federal government.

MS. RIDAO: Okay. So my HOME staff is here so they're listening to me. Number one is we're going to ask for verification that we are in line for that \$3 million come 2014, and number two, we're going to request of HHFDC if we can either skip our turn and take the next turn or we can...okay, we'll do that.

COUNCILMEMBER GUZMAN: Thank you. Thank you.

MS. RIDAO: Got that, Tina? Okay. Okay, we got it.

COUNCILMEMBER CRIVELLO: Chair, one last --

CHAIR WHITE: Ms. Crivello.

COUNCILMEMBER CRIVELLO: --question or for clarification on my part. First of all, thank you for putting this together, I think it's great. So when you say workforce does that include your surrounding commercial businesses in that particular area? Or who are we targeting?

MS. RIDAO: It's anyone.

COUNCILMEMBER CRIVELLO: Anyone.

MS. RIDAO: It potentially could be, you know.

COUNCILMEMBER CRIVELLO: Okay.

MS. RIDAO: Yeah.

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Ms. Cochran.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER COCHRAN: Thank you. And, Ms. Ridao or anybody, do we have an example of this type of project elsewhere in the County? County rental housing just like this somewhere to...

MS. RIDAO: The only one that comes to mind real quickly is...what is it called in Lahaina? Komohana Hale. It's right next to the park, the baseball park, the...

COUNCILMEMBER COCHRAN: Oh, okay. Down Aulike. That's...oh, that's County.

MS. RIDAO: Yes. So there's...there was ownership houses people bought --

COUNCILMEMBER COCHRAN: Right.

MS. RIDAO: --and then there's an apartment complex in there --

COUNCILMEMBER COCHRAN: Oh, okay.

MS. RIDAO: --right next door.

COUNCILMEMBER COCHRAN: And so did the numbers pan out? I mean looking back, that's been there a while, so I think you can probably figure out what was cost to build, you know, the whole buildout --

MS. RIDAO: Correct.

COUNCILMEMBER COCHRAN: --and then today income-wise and everything.

MS. RIDAO: Correct, we can use that as reference point on this project, yes.

COUNCILMEMBER COCHRAN: And so far as you know it's been a success and it's worked out for our community?

MS. RIDAO: Yes, very much so.

COUNCILMEMBER COCHRAN: Okay.

MS. RIDAO: Yes.

COUNCILMEMBER COCHRAN: Okay, good. Thank you, Chair.

CHAIR WHITE: Okay, thank you. For the Budget Director, my understanding is that if we've spent 245,000 we should have \$255,000 left of the 500 we initially provided.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

MR. BAZ: From my understanding, Mr. Chair, we only spent 195,000.

CHAIR WHITE: Oh, yeah, that's right. I was adding the 50,000 for the HUD Environmental which you haven't done yet.

MR. BAZ: Yeah. No, we haven't done that.

CHAIR WHITE: Okay. Then if we approve this amount will there be any additional fees requested when you come back for construction?

MR. BAZ: No, Mr. Chair. From my understanding the only monies we would need after the fact of after this approval would be construction.

CHAIR WHITE: Okay. So the 370 for the design includes design and then moving the...moving...or the architect's responsibility is through the construction as well?

MR. BAZ: The total request, yes. I believe there's...if you look again on Page 11, there's 370,000 for the design phase which would be developing the construction drawings, getting that through the permit process, but then the construction management phase is another \$170,000 which would be construction management firm from our side of it, not the architect side.

CHAIR WHITE: Okay. But my question is does the 370,000 cover all of Ms. Clifford's expenses through completion of the project?

MS. CLIFFORD: Our construction administration is included in the 170, but the total 785 is inclusive of all design fees that takes us...design, construction, administration that takes us through the completion of the project through construction, the architect's \_\_\_\_\_ side, the design team side of it.

CHAIR WHITE: Okay. The construction management...I'm a little confused, because if...we're being told that there's a design fee and then there's a construction management. So...and as an architect you always are responsible for taking it through the construction phase --

MS. CLIFFORD: Correct.

CHAIR WHITE: --completely. So I was under the impression that the 170 was for a third party.

MS. CLIFFORD: A portion of it is for a third party if that's the route that we, I think, we're thinking we're going to go with a third party. Or that amount could also be contracted to us, we also do construction management as a matter of course.

CHAIR WHITE: Okay. So if we were to take out the portion of the 170 that includes your portion of the construction timeframe, what would that amount do?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

MS. CLIFFORD: One second.

MS. TAOMOTO: Councilmember White, can you clarify the question about the 170?

CHAIR WHITE: Yeah, my question is that you're going to come back to us for a construction number. I'm trying to discern what is necessary for us to fund before you come back for construction. So my feeling is if you've got construction management whether it's done by Ms. Clifford's firm or by a third party, how much of that can you request when you come back to us? So if you'd like some time to work through that maybe we can take our morning break.

MS. TAOMOTO: We have the number. The fee for Ms. Clifford for construction administration during construction is...with tax is 147,800.

CHAIR WHITE: Yeah, but you earlier mentioned that the 170 was for a third party, so the third party would be left with about 30,000 or so.

MS. TAOMOTO: Yeah, we're...she would...might be the third party, so she's estimating that the difference would be for just the, maybe twice a week observations, just so provide her somebody onsite other than herself.

CHAIR WHITE: So if we approve these two numbers, the 370 and the 170, you're not going to be coming back to us for any more fees?

MS. TAOMOTO: This is assuming that the Department of Management is involved with the construction management aspects also which is myself and one staff person. So that assumes, that's assuming that we're still...not that I'm leaving but, you know, we're there. If we're, for whatever reason we're not there for...there would need to be a void filled for the construction management that is assumed to come from in-house. Either through a consultant or another department would need to fill the void. But right now we're proposing to do our construction in-house, and some of the observation coming from third party through Ms. Clifford's contract.

CHAIR WHITE: Okay. So, Ms. Clifford, the \$370,000 number takes your services through the bidding and acceptance of bid but not construction?

MS. CLIFFORD: Yes, that's correct.

CHAIR WHITE: Okay.

VICE-CHAIR HOKAMA: Chairman?

CHAIR WHITE: Yes, Mr. Hokama.

VICE-CHAIR HOKAMA: So this is already contractually agreed upon?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

MS. CLIFFORD: No, I just presented a proposal that was worked on for...based on the master plan that we did. It's a proposal because we're before you with a budget amendment.

VICE-CHAIR HOKAMA: That's not how I remember doing AIA contract administration for our projects in the private sector, Chairman. You know normally it's the architect's responsibility like you mentioned earlier, and while I think it's important to have people like Ms. Taomoto as part of an oversight for the, I would guess, for us who paying the bill, I would prefer they go third party. And only...in case there's something goes wrong I want to be able to take somebody to court and sue their butt off. I'm going to take the County to court on this project because the County's the contractual management arm of the project? I don't think so. You know what protects the County if our own people is the one that doing the management? You know so from an accountable standpoint I think we need to, you know, I mean the County went through Makawao Highlands once and that was good enough, the Makawao Highlands project. I don't need to go through this another time, Chairman. So I hope we've learned from our past mistakes to protect the County that when we do contractual obligations, we heard that party...we hold that party responsible for the contractual agreement. I don't want an excuse later that Department of Management said it was all right. So then we get to the Kihei pool issues again where we waive things from the County side and we couldn't take the contractor to court to recover damages. So I hope, you know, we've learned from these past experiences, Chairman, to do it a hell of a lot better, because I for one don't want to pay more of my taxes to this type of administration. Thank you.

CHAIR WHITE: Is there any further question?

MR. BAZ: Mr. Chair?

CHAIR WHITE: Yes, Mr. Baz.

MR. BAZ: Thank you. If from my understanding of the conversation you'd like to take out the construction management piece of this funding appropriation for this at this time, we can and just come back when we come back for the construction funding request.

CHAIR WHITE: Yeah, my concern is that I don't think it really belongs here necessarily, because I think Ms. Taomoto and others and the architect can provide the level of specificity that we need. And as we get closer to construction we can certainly entertain this as a part of the construction funding request.

MR. BAZ: Okay.

CHAIR WHITE: Any further questions or any comments on the item of the 170,000? Mr. Couch? Okay. If there are no further questions, the Chair would recommend that we just take one short recess. Actually let's take, let's just take our morning break, so we'll reconvene at 10:30. In recess. . . .(gavel). . .

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

**RECESS: 10:18 a.m.**

**RECONVENE: 10:37 a.m.**

CHAIR WHITE: . . .(*gavel*). . . Members, this meeting of the Budget and Finance Committee will reconvene. And, Members, I appreciate all the discussion, and thank you to the Administration for the answers we've received. My feeling is that I'd like to make some recommendations on a couple of minor changes, but before that I need to have a motion on the floor. So with that I would entertain a motion to recommend passage on first reading of the proposed bill, including any nonsubstantive revisions that may be needed, and filing of the County communication.

VICE-CHAIR HOKAMA: So moved.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: Been moved by Mr. Hokama, seconded by Mr. Victorino. Before we move ahead with the vote, the Chair would entertain a motion to amend the proposed bill so the appropriation reads as follows: Provided that 615,000 be for the Kulamalu Affordable Housing project of the County of Maui for costs associated with the master planning design and entitlements of the County-owned property in the Kulamalu Subdivision. And as you note, we're not changing it to say workforce, we're leaving it as affordable and changing the amount from 785 to 615.

VICE-CHAIR HOKAMA: So moved.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: Been moved by Mr. Hokama and seconded by Mr. Victorino. All those in favor, please signify by...

COUNCIL MEMBERS: Discussion.

CHAIR WHITE: Oh, I'm sorry. Minor little...Mr. Couch.

COUNCILMEMBER COUCH: Thank you. Just a concern on the construction management phase. Your thoughts on that again, why you wanted to remove that.

CHAIR WHITE: Because that's something that is generally done by the architect as they go through the design phase and that's something that they can come back to us with when they come back for the construction funding. It can be included in the construction.

COUNCILMEMBER COUCH: Okay, thank you, Chair.

CHAIR WHITE: Any further questions?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER COCHRAN: Sorry, Chair.

CHAIR WHITE: Yes, Ms. Cochran.

COUNCILMEMBER COCHRAN: Pardon my tardiness. Can I get the motion restated? I wasn't here to hear the whole thing. Thank you.

CHAIR WHITE: Sure. The motion for the bill was passed and then the motion that's on the floor now is, reads as follows, we're changing the bill so that the appropriation reads as follows: Provided that sixteen hundred and fifteen thousand...or I'm sorry, 615,000 be for the Kulamalu Affordable Housing project of the County of Maui for costs associated with the master planning design and entitlements of County-owned property in the Kulamalu Subdivision.

COUNCILMEMBER COCHRAN: Thank you, Chair.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Sure.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Just a correction. You said passed, we didn't pass anything, you amended it. Your motion...

CHAIR WHITE: Correct.

COUNCILMEMBER VICTORINO: Yeah.

CHAIR WHITE: You're right.

COUNCILMEMBER VICTORINO: Okay. Just so that...

CHAIR WHITE: Yeah, thank you. Thank you.

COUNCILMEMBER VICTORINO: Okay, I apologize.

CHAIR WHITE: Thank you. No, I stand corrected.

COUNCILMEMBER VICTORINO: Yeah, thank you, Chair.

CHAIR WHITE: Appreciate that clarification. Any further questions? Mr. Couch.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER COUCH: Sure. Thank you, Mr. Chair. So you're changing Section 1 of the ordinance to change the whole wording there? Because the ordinance says by increasing the amount by 285, it says nothing about 750 and 615.

MR. KANESHINA: Mr. Chair?

CHAIR WHITE: Yes.

MR. KANESHINA: I believe 615 is the new amount that you want that proviso to read, and we didn't...in the motion he didn't really call out the Ramseyering of that particular bill. So I believe Mr. White read the proviso as he's proposing that it should read.

COUNCILMEMBER COUCH: That's just the proviso, we...then we would...then we'd change the...

CHAIR WHITE: Yeah, but he's pointing out that in the, on the first page of the ordinance.

MR. KANESHINA: I believe we could handle that as a technical revision once we receive the guidance from the Committee.

CHAIR WHITE: Okay.

COUNCILMEMBER COUCH: If we're okay with that, yeah, I'm okay with that, too. Thanks.

CHAIR WHITE: Okay. Any further questions? Seeing none, all those in favor, please signify by saying "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: All those opposed? The measure passes nine "ayes" and zero "noes".

**VOTE:       AYES:     Chair White, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.**

**NOES:       None.**

**ABSTAIN:   None.**

**ABSENT:     None.**

**EXC.:       None.**

**MOTION CARRIED.**

**ACTION:     APPROVE amendment to motion.**



**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

MR. KANESHINA: Mr. Chair?

CHAIR WHITE: Thank you, Members.

MR. KANESHINA: Excuse me, Mr. Chair? We're back to the main motion.

CHAIR WHITE: Main motion, thank you. Hey, these are first-time jitters, you know.

COUNCILMEMBER COUCH: That's right, EDR didn't have any . . .*(inaudible)*. . .

CHAIR WHITE: First time....yeah, we didn't have to pass anything in EDR. Okay, we're back to the main motion. All those in favor, please say...

COUNCILMEMBER COUCH: Oh, whoa, whoa, discussion. Sir?

CHAIR WHITE: Yes?

COUNCILMEMBER COUCH: May we have a discussion, sir?

CHAIR WHITE: You certainly may. I thought you'd exhausted all your questions by now, Mr. Couch, but.

COUNCILMEMBER COUCH: I just wanted to ask or I mean commend the Department for doing something that we asked for the in the General Plan. We talked about it for several years in the General Plan that we need more affordable rentals, and I hope to ask that you guys hopefully you have more in the books. Because this is something we've needed for a while. Are you planning on that at all?

MS. RIDAO: Always.

COUNCILMEMBER COUCH: Okay.

MS. RIDAO: Yes, we are. We are looking at several not only projects that we can do but developer-generated projects.

COUNCILMEMBER COUCH: Okay, great. Thank you. And thank you, Mr. Chair, for bringing this up, 'cause this is something we actually need a lot of. Thanks.

CHAIR WHITE: And thank you for that burning question that you just asked. Any further questions? Seeing none, all those in favor, please signify by saying "aye".

COUNCIL MEMBERS: Aye.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

CHAIR WHITE: Those opposed say “no”. Motion carries nine “ayes”, zero “noes”.

**VOTE:       AYES:     Chair White, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.**

**NOES:       None.**

**ABSTAIN:   None.**

**ABSENT:     None.**

**EXC.:       None.**

**MOTION CARRIED.**

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

**ITEM BF-18:        APPOINTING THE COUNTY AUDITOR (CC 13-8)**

CHAIR WHITE: With that, Members, we’re moving on to BF-18, Appointing The County Auditor. And I would like...as we move on to that I would like to thank Ms. Ridao and the ladies on the last item. The Committee is in receipt of County Communication 13-8 from County Council Chair Gladys Baisa, transmitting a proposed resolution entitled Appointing The County Chair [*sic*]. We’re also in receipt of a correspondence dated January 23<sup>rd</sup>, from the Chair of this Committee, transmitting a proposal to establish a temporary investigative group, as permitted under Section 92-2.5, Hawaii Revised Statutes, to make findings and recommendations relating to the appointment of the County Auditor. And just to point out, there’s an updated version of that dated January 28, 2013, and this is the copy off of which we’ll be working today. Chair Baisa has also transmitted to the Committee, a notice from the Salary Commission notifying us that they have affixed the County Auditor’s salary at \$100,000. Today, Members, we’ll be taking up only the correspondence dated two thousand...or January 28, 2013, which establishes a Temporary Investigative Group, since the bill to appoint the auditor or the reso to appoint the auditor won’t be considered until we have somebody to put in that position. And if...and we also need to be cognizant of the fact that we have a deadline of July 1<sup>st</sup> by which the County Auditor must be appointed and in place. So the reason for setting up the TIG is that we are needing to move as quickly as we can through this process, and the TIG will be given a deadline of March 27<sup>th</sup> to make their recommendations back to this Committee for the Committee’s review. And most recently the City and County of Honolulu followed a similar process in the search for their county auditor. As you’ll note on the outline on what was just passed out is the transfer of audit functions to the Office of County Auditor, so that’s in addition to the information that was provided along with the memo that I transmitted. With respect to the TIG, the membership that I’m recommending is that the Committee be chaired by Riki Hokama, and

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

the reason for that is his years, many years serving as Budget and Finance Chair, dealing with many audit and budgetary functions of the County, his position as former Chair of the Council and Chief Procurement Officer for the Legislative Branch, and his serving as an Executive Officer of the National Association of Counties. And I will be...if voted on, I will be serving as the Vice-Chair in my capacity as the Budget and Finance Chair, and I'm also recommending that Member Couch be on the TIG. And that's because of his former experience as part of the Administration, both in the Deputy Planning Director's position and as a Mayoral Executive Assistant. And the auditor when selected will have to examine Executive Branch, and so I think his knowledge of what goes on upstairs and downstairs will have, put him in a good position of helping us with that decision. So with that, Members...oh, and the other thing that I wanted to mention, independently on opening day of the Legislature, Ms. Baisa and myself ran into Marion Higa, and both of us asked her exactly the same thing. Now that you're retired, would you be willing to help us with our search and establishment of the office? She said I would be delighted to come over and help Maui with whatever we need. There are also others that are available, but I think all of us can agree that Marion Higa is kind of the gold standard as far as auditors are concerned. So hopefully she will be able to come and join the TIG for their discussions and then assist us with establishing the office once the auditor's position is filled. So with that I'd like to open the floor for discussion. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And thank you for your confidence in at least nominating me. I have a question for the Department, and I know you don't have too much about this. But how can the Salary Commission assign a salary to something that they don't even know what the scope is going to be yet? We haven't determined what their scope, et cetera, is.

CHAIR WHITE: Please proceed.

MR. UEOKA: I believe they based it off of...yeah, I wasn't at the Salary Commission meeting, but I believe they based it off of the Charter requirements of the job and they looked at other jurisdictions as to what would be required there.

COUNCILMEMBER COUCH: Okay. I'm assuming that this TIG might be able to recommend adjustments when we find out what the scope is and whatnot?

MR. UEOKA: The TIG could make a recommendation to the Salary Commission, but ultimately it is the Salary Commission's discretion as to the salary of the position.

COUNCILMEMBER COUCH: Okay, thank you.

CHAIR WHITE: Any other questions, Members?

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: You guys were so...yes, Ms. Cochran.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

COUNCILMEMBER COCHRAN: Thank you. And I'm so excited to hear that you folks had gotten Marion Higa's ear and that she's, sounds very quite open to want to assist us, and that's awesome. Yeah, I was...and thank you for pointing out the reasons for picking the people that you did, 'cause I, too, have been doing some side research because this has definitely been a concern on my behalf, especially when we worked through our budgetary items and what have you. And so I was, I feel quite drawn to want to be a part of, but then so I'm not sure if you're open to having more people assist in this TIG at this point. But again, you know, Marion, I don't know what I can bring above Marion Higa. So and I wanted to see like a female perspective on things, too, just 'cause not anything against the male gender but, you know, I think in a lot of ways we can look at perhaps our, you know, nonprofits or that type of, the community social service needs in perhaps a different light. But anyway, that was just my take that it's pretty male-dominated TIG and I would be more than happy to serve if others don't mind. But at this point I am confident with the people you have picked, and I believe as long as people not on the TIG are able to put, give input and be heard then hopefully, you know, on that behalf then I'm comfortable also.

CHAIR WHITE: Okay.

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR WHITE: Ms. Baisa.

COUNCILMEMBER BAISA: Thank you very much, Chair. Yes, it was serendipitous that on opening day Ms. Higa was sitting in the row right in front of me, and of course the minute I saw her I took the opportunity and said congratulations on your retirement, how would you like to come to Maui. And she was very gracious and said that she loves Maui and would welcome the opportunity and in whatever capacity, you know, that we needed her she'd provide advice to the Committee, she'd come as a consultant, whatever help she could she would be more than happy to help. And I thought that was so neat, because right after me the Mayor came along and said by the way you're retired, maybe you ought to talk to Ms. Baisa, and she said don't worry, she already talked to me. And then of course our Chair had already maybe talked her before or after, I don't know how...but all three of us had asked her and she was very willing. And so I'm really thrilled because it was my dream that we would have the help of Ms. Higa, because like Chair said, she really is the gold standard in auditing, and I have the greatest admiration for her. You know the way she handles it, she's a fearless lady and she does her job and, you know, she doesn't get distracted by any threats or she's not afraid of political consequences or whatever, she does what she has to do and she does it very well. And so I'm excited that she'll be representing us. And when Mr. White and I had discussed the TIG, I think, Mr. White, one of the things that you might want to share for the, especially new Members who didn't go through the TIG with us last time, you remember when we had the Ag Tax TIG. Some of us were here, some of us were not here, so maybe for the benefit of those who weren't, remind us how this works. Because the recommendations from the TIG will come back to this body.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

CHAIR WHITE: Correct.

COUNCILMEMBER BAISA: And at...we will all have an opportunity to provide our input on those recommendations even though we're not part of the TIG, and it is a tremendous amount of work and time commitment that the TIG puts in because of the short time that we have. And having been on the Ag TIG I had no desire to participate in this 'cause I just don't have time as the Chair of this Committee...of this Council. I'm finding out, you know, the time requirements are really tough. So I do support your recommendation, Chair, but I think it might be helpful if you could explain a little bit about how that process works.

CHAIR WHITE: Yeah, the process as outlined is that the TIG will meet however many times it's needed to go through the resumes that we receive and narrow down the number of individuals that we will actually interview, and then as outlined here, the TIG will come back to this Committee with the recommendation of one individual. It's not a situation where we're going to have a big, you know, a big group to consider, that consideration will be done by the TIG. It is a lot of time commitment because of the short timeframe within which we need to get this done, and as with other County positions, the position will be posted for a month prior to any action being taken by the TIG. And of course it's the TIG must vote it out of the, out of that organization, and then once the findings and recommendations of the TIG are presented to the Committee then the TIG is dissolved so. Okay.

COUNCILMEMBER BAISA: Recommendation.

CHAIR WHITE: Any further questions?

COUNCILMEMBER COCHRAN: Mr. Chair? Sorry. Chair?

CHAIR WHITE: Yeah.

COUNCILMEMBER COCHRAN: So the month you said it's going to be posted to the public?

CHAIR WHITE: Correct.

COUNCILMEMBER COCHRAN: The job position?

CHAIR WHITE: Correct.

COUNCILMEMBER COCHRAN: And so that would be in the prior to March 27<sup>th</sup> then? So applicants will be brought forward to TIG to vet out at that point also or how, when is that done?

CHAIR WHITE: I think my recollection is the TIG, the first action of the TIG is to issue that.

COUNCILMEMBER COCHRAN: The posting --

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

CHAIR WHITE: The posting.

COUNCILMEMBER COCHRAN: --of the job position.

CHAIR WHITE: Correct.

COUNCILMEMBER COCHRAN: Okay. So it'll be determined by the TIG.

CHAIR WHITE: Right.

COUNCILMEMBER COCHRAN: Okay.

CHAIR WHITE: But it needs to happen right away. So --

COUNCILMEMBER COCHRAN: Right.

CHAIR WHITE: --the Chair Hokama will call the meeting of the TIG and the first action will be to put the posting out.

COUNCILMEMBER COCHRAN: Got it.

CHAIR WHITE: Okay, any further questions, Members?

COUNCILMEMBER GUZMAN: Recommendation, Chairman.

CHAIR WHITE: Okay. The Chair would entertain a motion for the Budget and Finance Committee to establish an investigative group pursuant to Section 92-2.5 HRS as set forth in my memo to the Committee dated January 28, 2013.

COUNCILMEMBER CRIVELLO: I so move.

COUNCILMEMBER VICTORINO: Second.

CHAIR WHITE: It's been moved by Stacy Crivello and seconded by Mike Victorino. All those in favor, please signify by saying "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Any noes? The measure passes, nine-zero.

**VOTE:       AYES:     Chair White, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.**

**NOES:     None.**

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

**ABSTAIN:** None.

**ABSENT:** None.

**EXC.:** None.

**MOTION CARRIED.**

**ACTION:** **APPROVE establishment of temporary investigative group, pursuant to Section 92-2.5, Hawaii Revised Statutes.**

CHAIR WHITE: Thank you, Members.

**ITEM BF-71: AMENDING CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO REAL PROPERTY TAX DEFINITIONS (CC 12-260)**

CHAIR WHITE: We will move on to the next item on the agenda which is BF-71, Amending Chapter 3.48, Maui County Code, Relating To Real Property Tax Definitions. And for that we will have Mr. Danny Agsalog joining us, Director of the Department of Finance, and Scott Teruya, Real Property Tax Administrator. The purpose of the proposed bill is to amend the definition of “property” and “real property” to also specifically include any and all wind energy conversion property that is used to convert wind energy into a form of usable energy. So with that, Mr. Agsalog or Mr. Teruya, comments?

MR. AGSALOG: Good morning, Mr. Chair and Members of the Committee. Good morning. Well this ordinance amendment, it has been worked in coordination with the Corporation Counsel to make our definition a little bit more specific to include the windmills or wind conversion into energy. And our division in the Real Property Tax Division has been very active in looking at a way that any challenges for the way we implement our tax rules, property tax rules is clear. And I think the Corporation Counsel has the opportunity to review that ordinance and agreed with us to make it tighter, so the reason for this is just to try to make the definition a little bit clearer so that we will be able to tax this particular improvements on the properties. I have our Administrator of the Real Property Tax here, Mr. Chair, to answer specific question as far as the taxation is concerned. I will defer to the Corporation Counsel of any legal questions since this is a cooperation in we have arrived to this particular amendment. So, Mr. Chair, if you have specific questions, Corporation Counsel and our Department here is represented. Thank you.

CHAIR WHITE: Okay, thank you. And, Mr. Teruya, anything to add to that?

MR. TERUYA: Chairman, just really briefly I think one of the reasons why this measure was brought forward is for some time now for the past six years we are in Tax Appeal Court with one of the parcels regarding windmills. I think by passing this bill however, whichever way you guys go, I think it would just add clarity as to what we’re going to do moving forward. By not moving on

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

this we really are leaving six years of appeals in the court's hands and it just leads to a big litigated fund amount. So I think the passage of this bill is important either way that you go as I mentioned, and as you all know, in certification one of the process is to put 50 percent of the appeals away. And by losing a case such as this you lose 100 percent, so I think that's just for the Committee members to know. Thank you, Chair.

CHAIR WHITE: Okay, thank you. Members, any questions? Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, no questions. I am in support of this proposal. I thank the Finance Department, Corporation Counsel Department for putting this proposal before us. I believe that this Committee is following a court suggestion, if I could put it that way. It wasn't an opinion, it wasn't an order, but it was a suggestion that if we clarify our Code appropriately then it's easier for the court to make a decision because of the clarity of the intent of what we would like to consider for taxable considerations. And under the real property component if you look particularly bullet point number two whereby the removal cannot be accomplished without substantial damage is a good point, and how the court has ruled otherwise or how...well let me just say this. Since our sister county, City and County had to do a Legislative act to exempt that utility from property taxes then the logic is they were taxable in the first place for them to ask for an exemption. And so for me it already states our case of having the County of Maui having the authority to tax appropriately and accordingly to all of our existing policies and guidelines. But this would just add better clarity for the court as it regards to alternative energy types of proponents. So I am in full support, and I again thank the departments for their proposal to us this morning. Thank you.

CHAIR WHITE: Thank you. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. In essence what we're saying is that this going...the windmills can be classified as real property and therefore we can then tax them at a different rate. Is that right Mr. either Ueoka or Teruya?

MR. UEOKA: I believe the rate will be whatever they determine, but it's just so we can --

COUNCILMEMBER COUCH: So we can actually --

MR. UEOKA: --tax them on the real property tax.

COUNCILMEMBER COUCH: --attach a rate to that? Okay. I'm...Mr. Chair, I just want to voice my little dismay that the industry is not here whether they...were they notified, do you know if anybody notified them? I mean when you see a Budget and Finance notice it's not quite... 'cause I would like to hear from them to see what the story is. Because we're asking people to do, to go green and then in this case we're considering taxing them which I understand but I would like to hear from them. Were they contacted in this case?

CHAIR WHITE: I don't know. Staff?



**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

MR. KANESHINA: The question was were any of the wind farms consulted in this piece of legislation. You know it came directly from Corporation Counsel, so I can't speak to if any of them were consulted in the drafting of this legislation.

COUNCILMEMBER COUCH: Or at least let them know that we're discussing it so we can chat with them.

CHAIR WHITE: I would assume that they all employ people that watch over various issues so.

COUNCILMEMBER COUCH: Okay. It's just I have that concern that we haven't heard from them, and I'm afraid that if, when we do this and pass this we're going to have a big long discussion at Council when it rears its head and then they finally see that we're doing something so.

CHAIR WHITE: Well I think it's important for us to also consider as Mr. Hokama alluded to, what we're dealing with today is a definition, and if at some later date somebody wants to come in and put in a bill to exempt them then that's fine. The other question is how these wind farms are taxed elsewhere.

COUNCILMEMBER COUCH: Right.

CHAIR WHITE: And maybe Mr. Teruya can share with us what his research has shown.

MR. TERUYA: Thank you, Chair. You know this has been a topic that's been a hot topic for the past six years, not only for Maui County but I think throughout the mainland US. And when I discuss with other counterparts in most jurisdictions, it's usually not an issue for them because they tax both personal and real property, and I don't think the wind farms have argued whether they're real or personal because the tax rates on both sides are normally the same. One jurisdiction and I believe it was Dallas that had told me that the favorable way of putting them under personal property is because under their personal property they just basically use a straight line depreciation, and that's why therefore they have always considered them as personal property in their jurisdiction.

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

CHAIR WHITE: Sure. Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. Mr. Teruya, you mentioned that on the mainland that they're either using real property tax or the personal tax on this. Is that...the differences between the two in the Maui, in Maui County, is there a significant percentage difference between taxing the two?

MR. TERUYA: Well for Maui County the Code is very clear, it's either real or it's personal, so the definition is not perfect but it's basically saying anything other than real property is considered

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

personal property. And for Maui County and in the State of Hawaii we only are taxing real property, we have never tax personal property.

COUNCILMEMBER GUZMAN: You've...we've never taxed personal property?

MR. TERUYA: We have never, State of Hawaii.

COUNCILMEMBER GUZMAN: Is there a requirement in terms of a nexus or connection of having the structure connected to the property? Like for instance, solar panels, structures that need to be full on connected to the real property in order for you to tax it as real property versus personal property.

MR. TERUYA: Thank you. Chair, in the County Code and I don't have it with me, I apologize for that, but I believe it's 3.48.520 talks about alternate energy, and it talks about alternate energy for consumption of the owner is usually non-taxable provided that you not sell more than 25 percent of the energy. The Code is very specific as to solar heaters and other such devices shall not be considered taxable.

COUNCILMEMBER GUZMAN: Okay. So that goes into my question as to are we targeting a certain class of...like if we're going to tax this type of energy, are we now targeting them as opposed to solar people? And is that constitutional? 'Cause we're going to be dealing with solar farms, we're going to be dealing with wind farms, and now you're taxing wind farms but you're exempting solar farms. Is that my understanding?

MR. TERUYA: I think at this point the solar issue, that's one of the questions that we had to Corporation Counsel, because the panel itself can be removed so it could be considered personal property.

COUNCILMEMBER GUZMAN: Right. So...

MR. TERUYA: So basically it would be the structure underneath, beneath it, and that is one of those things that we need clarity on as well because we're not really so certain what is the foundation beneath a solar panel.

COUNCILMEMBER GUZMAN: Right. So then there needs to be a connection or nexus to the land itself in order for you to tax it as property tax or real estate, real property. Is that my understanding? I'm just...I'm confused because of the fact that if we're dealing with targeting a certain energy, a certain energy source like wind farms and we're taxing them, what is the difference between them and solar farms? And you've basically said that it's almost the connection, a structure connection to the land, because you're saying solar panels can be removed. But it's not stated in the Code or it's not stating anywhere in your proposed bill the differences between the two. I'm just trying to raise an issue that could come up later on.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

MR. UEOKA: Mr. Chair, thank you. What we're doing here is we're addressing or when Corporation Counsel drafted this bill we started off just addressing the latest Tax Appeal Court decision which was directly regarding these wind energy conversion properties. And what we did was we changed the, we just amended the definition of "property" and "real property" in the Maui County Code. If we're going to get specific as to solar and all of that, I'm not 100 percent sure, but would it fall into includes all lands and appurtenances thereof and the buildings, structures, fences, and improvements erected on or affixed to the same? I would say yes for us if we're going in certain areas, and there might be arguments for no, it would really depend on the specific circumstances. As to whether or not you would like this specific definition to be expanded, that's up to the Council, that's the Council's decision. For us it was we were addressing a need that we saw right now --

COUNCILMEMBER GUZMAN: Yeah.

MR. UEOKA: --not . . . *(inaudible)* . . .

COUNCILMEMBER GUZMAN: No, no, I clearly understand the process. I mean you're trying to fix one problem but you could open the flood gates for other issues that would arise, and I'm just trying to expand the analysis. You know it, by fixing this certain issue are we now going to open the flood gates for other issues that are going to come up? And that's what our job is as the Council to look ahead and see if there are going to be issues that could arise by this quick fix amendment or ordinance or proposed ordinance.

COUNCILMEMBER CRIVELLO: Mr. Chair?

MR. UEOKA: Chair? If I may. Sorry. I guess, yes, I hate to use the term quick fix 'cause a lot of thought was put into this by --

COUNCILMEMBER GUZMAN: Oh, no, no.

MR. UEOKA: --people in the Department of Corporation Counsel.

COUNCILMEMBER GUZMAN: It's just a phrase, I'm just, you know.

MR. UEOKA: Yeah. Oh no, I just wanted to make that clear.

COUNCILMEMBER GUZMAN: I know you guys worked hard on it.

MR. UEOKA: And as, I'm not sure what other problems are being alluded to, I know you mentioned constitutionality. It is our understanding that this ordinance is constitutional. It will, we feel it will survive a challenge as to constitutionality.

COUNCILMEMBER GUZMAN: It's not targeting a certain group?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

MR. UEOKA: Rather than get into the whole debate of a legal matter on this on the floor, I'll just stick with we feel it is constitutional the way it's written. Thank you.

COUNCILMEMBER CRIVELLO: Mr. Chair?

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Yes, Ms. Crivello, followed by Mr. Victorino.

COUNCILMEMBER CRIVELLO: I guess in what Councilman Guzman is saying, would you identify your turbine somewhat like your utility infrastructure where they are charged some sort of Public Service Tax or utility tax? Would that kind of be somewhat the same? Because it, actually it...or I'm not saying it transmit, I don't understand the technical, you know, performance of the turbines, but you plant it, you plant it in the ground and it's part of the utility or energy. So to me it makes sense for us to charge them some sort of tax, whether it's property or public service taxes, we do it with utility companies, would be likewise in my opinion.

CHAIR WHITE: If I could, just a point of clarity. I think what you bring up is an important point that the Public Service Tax I believe applies to those that not just generate but transmit over lines, because they're taking up so much real estate as they distribute power or communication lines. So for example, the windmills are not included in the Public Service Tax, but additionally, I don't believe HC&S who generates electricity from their site is not included in the Public Service Tax either. Would that be correct?

MR. UEOKA: Yeah, I guess we're not 100 percent sure on the Public Service Tax, but our understanding is that they are not PUC regulated, the wind farms are not --

COUNCILMEMBER CRIVELLO: Okay.

MR. UEOKA: --PUC regulated. But as far as a Public Service Tax, I'm...no idea. Sorry.

COUNCILMEMBER CRIVELLO: Okay. So, Mr. Chair?

CHAIR WHITE: Yeah.

COUNCILMEMBER CRIVELLO: Not saying that it should be under the Public Service Taxing, but using that as a means of identifying why we should apply some real property tax to the turbine or the infrastructures that are planted in the ground. Because they really are, they take up a whole space, land space, you know, that's real. So I guess I'm saying I can see us supporting the fact of having them charged some tax, some form of tax.

CHAIR WHITE: Okay. Mr. Victorino.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

COUNCILMEMBER VICTORINO: Thank you, Chair. And I think the conversation really hinders on what Mr. Guzman, colleague Guzman is bringing up is if we're making legislation to encompass all. The challenge we have is what is all? Because there are other things that are going to come up in the future that we don't even think about today as garbage-to-energy, and there's a lot of things that's on the horizon that we really can't plan for everything. So I want my colleagues to understand, sometimes even though we may believe something's coming, whether it comes or not may depend on a lot of factors. This takes care of one of the ones we know exists that is presently reducing energy and is taking up real property. In other words, it's there on our landscape, and if you look up at the West Maui Mountain you see 'em and if you drive around the mountain now you see 'em on the backside. So I think I can support this. I think if we're concerned about solar and all the other things that are coming down the pipe as the futuristic, then at that point in time we make the appropriate legislation to do that. But to start putting up all of these different things right now and they don't exist or they're only conceptual, we'd just spend a lot of time, and again I use the term spinning our wheels in the mud. You know we want to move on, and I agree in what this has been brought forth. And the thing I'm comforted with and again, Mr. Ueoka, the question to you is, is this constitutionally...I mean is this constitutional? And you guys feel if challenged in court you guys can up, hold up on this?

MR. UEOKA: Thank you. Yes, we feel this is a defensible, this language is defensible.

COUNCILMEMBER VICTORINO: And so long as it's defensible, I'm all for that, because if and when we're sued, if it happens you're already said it and I'm confident. So I think I'd like to see this moved on, so I'll wait for the Chair's recommendation. Thank you, Mr. Chair.

CHAIR WHITE: Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. I just had one more comment. I guess what I wanted to have more clarification in the Tax Code itself. If you're going to tax structures that's connected to the land then so state it. And if you're not going to tax it if it's not connected to the land then tax it as personal property so that there's some kind of line drawn in the sand so that we don't have solar energy farm farmers coming in stating hey, you know, or I mean the wind farmers coming in saying hey, we're being taxed but look at the wind [*sic*] farmers, their structures are somewhat connected to the ground, too. So, you know, I would like to see something, you know, some proposal out there to define things more clearly.

CHAIR WHITE: Mr. Teruya.

MR. TERUYA: Thank you, Chair. And I want to just maybe try to back up and point out that currently the Code says any structures, et cetera, and is considered real property. I believe the challenge that we had in the turbines was it didn't determine what part of the windmill was considered real property, so this bill basically is just a definition of what is considered real property. It does not say that this turbine will be taxable, 'cause exemptions come in another part of the Code. This is just identifying that the turbine, what is going to be considered real property, yeah, is not only the structure but shall be the turbine, shall be this and that, and the pad, et cetera. Because right

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

now in court they're saying yeah it's real property but it's just maybe the concrete foundation, so this is just identifying what is considered real property. And then the taxation component comes in a separate section where there's exemptions, so you may consider it real property but this body may also say the exemption will be in another part of the Code and that we may exempt it in another part. So this is just clarifying that it is considered real property for our purposes. Thank you, Chair.

COUNCILMEMBER GUZMAN: Thank you. I had one more follow-up question and maybe you can clarify it. If so happen that these energy wind farms go out of business, do we have a responsibility as a County to take down these structures? And when we do tax these wind farms, do, are any portion of that money being earmarked or set aside for the future of maybe taking these wind, these structures down or? I mean...

MR. TERUYA: To my limited knowledge, I understand there is a bond that upon the termination of this windmill that there is funds to put it back to its original state, and original state to everybody may be a little different because there is quite a bit of improvements that have been done to the mountainside. So I'm not sure if that bond is going to be relative in ten years as far as cost to remove, so I think that is something that should be discovered or at least identified. Because the cost today and the cost ten years from now may be very different, so I mean the last thing that we want is a rusted structure on the corner of the mountain. So that's something to consider.

COUNCILMEMBER GUZMAN: And if we were to try to increase our energy industry here in the County, could we possibly give exemptions to some of these wind farms or promote economic development by giving exemptions to them like in Oahu?

MR. TERUYA: In my opinion it's this body to decide what exemptions they want to give to. So like I said, I said we're just administering what the Code is. Right now the Code was very vague and that's the reason why we came before the board, I mean before the Council is to get clarity so we don't just hold everything up in litigation.

COUNCILMEMBER GUZMAN: So currently there is nothing in the Code...I haven't read it, I apologize, but there's nothing in the Code that would allow us to specifically give these wind farms a tax credit or an exemption?

MR. TERUYA: Currently there is no exemption for wind farms, it doesn't mean that this body couldn't just simply adopt one. So, but currently, no, there is none, but --

COUNCILMEMBER GUZMAN: Okay.

MR. TERUYA: --that's what...

COUNCILMEMBER GUZMAN: Thank you.

CHAIR WHITE: Mr. Couch.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Teruya, with this definition and the changes, would...and I know you mentioned solar in passing. The question I have is there are several solar farms that have their panels on the ground on pads on multiple acres. Should there be one that is made that is a commercial entity, would that be considered real property with this definition as you have it now or do we need to fix that as well?

MR. TERUYA: You know in our opinion we would take this approach similar to how we took the wind farm approach. We consider it real property, and then we go to the court and we will tax the solar farm as appropriate as we consider the cost of a photovoltaic system. Like I wouldn't want to point anybody out but, you know, like MCC. I mean that is visual at Keopuolani Park. So our understanding that if it is for a commercial purpose and not for the sole purpose of the owner --

COUNCILMEMBER COUCH: Right.

MR. TERUYA: --then it becomes taxable and we would take it, we're going to value it and we're going to go assess it. The part will be is if the court said again that no, that is not considered real property then that's when we cross that bridge, but at currently, we still consider it a structure affixed to land and we will tax it. Well, we will assess it, I'm not saying that we're going to win --

COUNCILMEMBER COUCH: Correct.

MR. TERUYA: --but we're going to go down that road, and that's where we're at with the wind farm is we felt it was real property, we went forward, and then it stalled so that's why it's coming before you.

COUNCILMEMBER COUCH: How about let's build that bridge now so we don't have to. If we can throw the language in there now then we don't have to deal with that as it comes across. Just a thought, Mr. Chair, because, you know, instead of waiting for the court to possibly throw it out, we're already discussing it. I don't know, it might be something that...is there a timeline, I mean do you need this done before a certain date in order to . . .(inaudible) . . .

MR. TERUYA: Well whenever you can pass anything out we'll take it. So, you know, to get a perfect bill is very difficult because now we're talking not only about solar panels but we're going to start talking about, you know, ocean tides, all these other things. Remind you that there's a second phase to Kaheawa that's come onboard for 2013, you also have one in Ulupalakua or Kanaio, wherever you want to say it. And then you also have the proposed Lanai, so there is some urgency but, you know, as I pointed out before, we have years of backlog in Tax Appeal Court. This opinion or your amendment would do great favor to the Real Property Tax Division to either say exempt or either side of the fence, but right now we are at a standstill.

COUNCILMEMBER GUZMAN: Chair? I just wanted to make one more comment. If the issue here is now the tax appeal cases, is it not reasonable for us to try to legislate something that would

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

prevent a buildup of more tax appeals? And I foresee that if we go in and we specifically narrow the language now, we are going to have more tax appeals later on. That's just my comment. Thank you.

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: What do you mean by narrow?

COUNCILMEMBER GUZMAN: We're specific, this language is specifically for wind farms, it doesn't include solar structures, it doesn't include any other energy structure. So we're specifically gearing it towards one targeted group. Later on we might...like they say, oh we can always legislate it later but it's going to be a buildup of different other cases that are going to come up and it's going to cause more tax appeal problems.

CHAIR WHITE: Yeah.

COUNCILMEMBER GUZMAN: I feel. . .

CHAIR WHITE: The Chair's concern with broadening it at this point is that this particular measure has been very thoroughly vetted and it's gone through a court challenge...not the measure but this is as a result of a court challenge and time in court. So to me, the issues of comparing solar to wind to other, yeah, you know, ocean energy things, there's going to be so many different elements to each of those. While there are some common elements, I think it's, it's the Chair's feeling that we need to focus on this one to get it passed. We can certainly at any point bring up additional measures to broaden the application, but I think it's important for us to remember that these operations are ongoing, they are occupying in one case Conservation land, in another Ag lands. And I might just, I'll just throw out that there was no building permit necessary for the construction on Conservation lands. We never had a shot at this, if I'm not mistaken. And so these structures that require 13 truckloads of concrete in the base are put up on the hillside with very little review by the County, much less this body. Also, it's my understanding that, and that's why I wished the folks had been here this morning, it's my understanding that the initial contract for Kaheawa was an avoided-cost contract which means that if the oil component of generating electricity was 19 cents per kilowatt, then for generating the power they were provided a payment of 19 cents. So if we avoided 19 cents cost on oil that's what they were, that's how their payment was generated. So in talking to a wind power person from the mainland that was here sniffing around to see what might be possible, I asked him so what do you get paid per kilowatt hour on the mainland? Two cents. A little different between 2 and 19, so my concern is that, yeah, we all want green energy, but to me, we need to be realistic that, you know, we are supporting solar, we're supporting wind, we support tourism, we support all kinds of things. So we support tourism, we tax it significantly. You know the visitor plant generates roughly \$92 million in taxes every year, so we support them because it brings other benefits, it brings jobs, it brings taxes. So we support wind, it brings jobs, it brings energy, but at this point it doesn't bring cheap energy because their contract is requiring them to get paid what we would



**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

have spent anyway. So we're not burning the oil but we're not, the savings isn't dropping into our pocketbooks so.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you. And thank you for that clarification. And again as we stated earlier, we can take this to all kinds of areas, but I agree with you, Chair, and I will support whatever your recommendation you make. But I like the idea that we're specifically got it set where it's defensible. If we add other areas, we've got to know what the defensible issues would be, and we don't know at this time.

CHAIR WHITE: Right.

COUNCILMEMBER VICTORINO: My question to you, Mr. Agsalog, is how many known commercial solar farms do we have in the County of Maui?

MR. AGSALOG: We don't have that data at the moment.

COUNCILMEMBER VICTORINO: Do you know of any or you're saying that we don't have the data of it?

MR. AGSALOG: We don't have the data in our real property tax.

COUNCILMEMBER VICTORINO: But we do have some solar farms within the County of Maui --

MR. AGSALOG: Oh, yes.

COUNCILMEMBER VICTORINO: --like in Lanai and the MACC. There's others that I know of that, you know, exist as solar farms, but I don't know what the component is as far as that is concerned.

MR. AGSALOG: And we can get those data through our permitting process, because some of those installation if they are not a accessory for the particular business and it has to go through a lengthy process to install those type of farms. I know that. But for just a panel on top of your house I think the permitting is very, is a short process, but the ones that's dedicated for commercial, we can have that from the Planning Department if we need it.

COUNCILMEMBER VICTORINO: Yeah. I think, Mr. Chair, we need that information, but I think I go back to what you were saying, sir. I think we've got it to this point and I can support what has been done because the research, every indication is it's defensible and it's needed right now. So we all wait to see what your recommendation is, Mr. Chair. Thank you.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

CHAIR WHITE: Okay. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And Mr. Victorino brings up an interesting point. Mr. Teruya, do we tax as real property the Lanai Solar Farm?

MR. TERUYA: Chair, sorry, I am not prepared, I really don't know. So off the top of my head I'm not certain, I can go check our records.

COUNCILMEMBER COUCH: 'Cause, Mr. Chair, that has direct bearing on this. If we do tax 'em, we aren't getting appeals through the Appeals Court, then maybe we're okay with the way the language is. But if we aren't taxing them then I think this could be a situation where we do need to incorporate them in this. So, Mr. Chair, I have some questions of the Corporation Counsel of what possibly can be done, but maybe at our lunch recess we can do that or if we pass this out as is then we can come back and have them thoroughly research it if the language isn't...

CHAIR WHITE: Yeah, the...

COUNCILMEMBER COUCH: I mean I only have a couple of strikes and one addition that I think would be okay, but that's why I want to talk with him at a break.

CHAIR WHITE: Okay. Ms. Cochran, followed by Mr. Hokama.

COUNCILMEMBER COCHRAN: Thank you. And following along the lines of Mr. Couch and not...and I understand the situation with the wind farms at this point. But, you know, if we wanted to broaden it...and I know, Mr. Ueoka, you folks vetted this out, worked it through what you folks needed to do, and you said this current form is very defensible as in your words. But if the word "wind" was simply taken out to just say energy conversion property...oh, I guess that's what Mr. Couch is going to talk about. And then, you know, something to that effect, Mr. Ueoka, usable, renewable energy so it broadens the scope that it's not just wind energy per se, but now it will automatically incorporate any type of renewable, whether it's...so I know, Mr. Ueoka, you're giving the look like oh my God, we didn't look at it that way. But I'm...just to toss it out there, Chair, and I think Mr. Couch is sort of, we're on the same wave length here. But anyway, again, I will...I know the situation we're in, I'd like to address it, Mr. Teruya and Mr. Aagsalog and Chair, at this point, and perhaps a later date is when we really gotta delve in. So I understand why we're here today, and I will support the recommendation that you have in order to address the current, you know, situation we're in. So those are my comments. Thank you, Chair.

CHAIR WHITE: Thank you. Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, I would just support you in your position to move this specific proposal out today. I hear what my colleagues are saying, but I think it may be more important in maybe the Infrastructure or another standing Committee to go and get the specifics of how each alternative energy program is done in the County. Because the Legislature made

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

adjustments for solar energy production on Agriculture lands from other land use categories. So I think instead of us trying to figure it out without all of the specific information of how each land use category is impacted by a specific type of energy production unit, I'm ready to go with this 'cause we know how we arrived at this point today on this specific issue of the wind generation, was through a court process. I'm ready to move on this. Okay, if you want us to work on solar panels and whatnot, I don't have a problem, but I think it would be good to get all the information regarding the Federal, State guidelines that impact us and how they're being viewed by those entities before we want to maybe use this vehicle. 'Cause I don't want to wait, Lanai doesn't want to wait, so I appreciate the opportunity, Chair.

CHAIR WHITE: Thank you, Mr. Hokama. The Chair has similar concerns about broadening this without really...we can...we do a lot of things on the fly, but this is something that I'm uncomfortable doing on the fly. The Chair would be comfortable with possibly referring this issue to Mr. Guzman's Committee for further review and a recommendation from that Committee, but I'm very uncomfortable just on the fly changing a few words and thinking that that's going to take care of this when we know precisely that this is going to take care of the problem we're discussing today. So I appreciate your comments. Any further questions?

COUNCILMEMBER VICTORINO: Recommendations, Chair.

CHAIR WHITE: Thank you. The Chair's recommendation is to pass on first reading the proposed bill, A Bill for an Ordinance Amending Section 3.48.005, Maui County Code, Relating To Definitions, as amended, including any nonsubstantive revisions that may be needed, and the filing of the County communication.

VICE-CHAIR HOKAMA: So moved.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: It's been moved by Mr. Hokama and seconded by Mr. Victorino. And before we move on that bill I would like to amend, recommend an amendment to the bill by striking in...I'm sorry, amend Section 3 of the bill by striking the word "tax" and replacing "July 1, 2013" with "January 1, 2014".

COUNCILMEMBER VICTORINO: So moved, Mr. Chair.

VICE-CHAIR HOKAMA: Where we looking? Oh, Section 3.

CHAIR WHITE: Section 3 at the very end of the bill.

VICE-CHAIR HOKAMA: Yeah. Second.

CHAIR WHITE: Okay. It's been moved by Mr. Victorino, seconded by Mr. Hokama to amend the bill. All those in favor, please signify by saying "aye".

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER VICTORINO: Aye.

COUNCILMEMBER COUCH: Discussion?

UNIDENTIFIED SPEAKER: No.

CHAIR WHITE: Go for it, Mr. Couch.

COUNCILMEMBER COUCH: What is the concern with this? You're going to take out to just say any...

CHAIR WHITE: It's the, we're dealing with the assessment, not the tax, so we're taking out tax. And the other thing is the assessment year starts in January, not the first of the fiscal year.

COUNCILMEMBER COUCH: Okay, thank you.

CHAIR WHITE: And so this year's assessment is all pau, so there's nothing we can do to affect this year.

COUNCILMEMBER COUCH: Okay, thank you.

CHAIR WHITE: Okay. All those in favor, please signify by saying "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say "no".

COUNCILMEMBER GUZMAN: No.

CHAIR WHITE: Okay. The measure passes eight "ayes", one "no", Mr. Guzman.

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

**NOES:     Councilmember Guzman.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:       None.**

**MOTION CARRIED.**

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

**ACTION: APPROVE amendment to main motion.**

CHAIR WHITE: With that we're back to the main motion.

COUNCILMEMBER BAISA: Mr. Chair?

CHAIR WHITE: Yes.

COUNCILMEMBER BAISA: I just wanted to get on the record, and I will support this; however, I would really like to see us seriously refer this matter somewhere so that we can include other, looking at other situations here. I think it's really important. And so I will support what we have before us, but I really would like to see us, you know, put forward a study, a bill, something so that we deal with the other energies that are also being considered. I think there's a lot of discussion that went on here today that bears merit.

CHAIR WHITE: Well that brings up the question, I think it's important to refer something as I mentioned to Mr. Guzman's Committee. Does that need to be done by this Committee or...

COUNCILMEMBER VICTORINO: Anybody.

CHAIR WHITE: I mean it can be done by anybody. If it's the wish of this Committee to...

COUNCILMEMBER BAISA: I'd like to see it come out of this Committee --

CHAIR WHITE: Okay.

COUNCILMEMBER BAISA: --along with approving the bill, a recommendation to refer.

CHAIR WHITE: Okay. Okay, so do...let's take a quick recess. . . .(*gavel*). . .

**RECESS: 11:41 a.m.**

**RECONVENE: 11:43 a.m.**

CHAIR WHITE: . . .(*gavel*). . . The Budget and Finance Committee meeting shall reconvene. Thank you for that quick recess. The Chair would like to add to his motion a referral that the, that we will be referring the matter relating to alternative energy production to the Economic Development, Energy, Agriculture, and Recreation Committee.

COUNCILMEMBER VICTORINO: So moved, Chair.

COUNCILMEMBER GUZMAN: Second.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER BAISA: Great.

CHAIR WHITE: It's been moved by Mr. Victorino...

VICE-CHAIR HOKAMA: No objection, Chair.

COUNCILMEMBER COUCH: No objections, yeah.

VICE-CHAIR HOKAMA: I got no objections to that being included.

CHAIR WHITE: Okay. Without objection, we'll include that amendment.

COUNCILMEMBER VICTORINO: No objection.

COUNCILMEMBER BAISA: No objections.

COUNCILMEMBER COCHRAN: No objection.

CHAIR WHITE: Thank you. Okay, so we are back to the main motion as amended.

COUNCILMEMBER COUCH: Mr. White? Mr. Chair?

CHAIR WHITE: Yes?

COUNCILMEMBER COUCH: Thank you. Just a point of order. We aren't going to file this communication or is this communication going to go to the EAR Committee?

MR. KANESHINA: The motion still stands, is to file this communication.

COUNCILMEMBER COUCH: So what is gonna go to...

VICE-CHAIR HOKAMA: The subject matter.

COUNCILMEMBER COUCH: Just the subject matter?

MR. KANESHINA: The subject matter.

COUNCILMEMBER COUCH: Okay.

COUNCILMEMBER VICTORINO: And that's what you want.

VICE-CHAIR HOKAMA: And then we're done with this bill.

COUNCILMEMBER BAISA: Yeah.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER VICTORINO: That's what you want, you want the subject matter.

CHAIR WHITE: And then that leaves...leaves it wide open for him to do whatever he --

COUNCILMEMBER VICTORINO: Yeah.

COUNCILMEMBER BAISA: Yes.

COUNCILMEMBER VICTORINO: Exactly.

CHAIR WHITE: --he feels is appropriate.

COUNCILMEMBER COUCH: Okay.

CHAIR WHITE: So, okay, with that. . .this is the main motion, correct?

MR. KANESHINA: Yes.

CHAIR WHITE: Okay. All those in favor, please signify by saying "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say "no". The measure passes, nine zero.

**VOTE:       AYES:     Chair White, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.**

**NOES:       None.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:       None.**

**MOTION CARRIED.**

**ACTION:     Recommending FIRST READING of revised bill; REFERRAL of matter relating to alternative energy production to the Economic Development, Energy, Agriculture, and Recreation Committee; and FILING of communication.**

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

CHAIR WHITE: Thank you, Members. We have 15 minutes prior to our noon target deadline. If the Members would like, we are prepared to move on to Item No. 24 if you don't mind working 'til noon. Item number...without objection, I would like to move Item BF-24 to this part of the calendar. It's now currently listed at the end of the calendar.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you. Members, we will be taking up BF-24, Amending Fiscal Year 2013 Budget: Department of Water Supply, Department of Health Grants.

**ITEM BF-24: AMENDING FY 2013 BUDGET: DEPARTMENT OF WATER SUPPLY (DEPARTMENT OF HEALTH GRANTS) (CC 13-14)**

CHAIR WHITE: ...As soon as I can turn all my pages to that. And the purpose of this proposed bill is to amend the Fiscal Year 2013 Budget by adding a \$750,000 appropriation for grants from the State Department of Health. So with that I'd like to open it up to Mr. Baz.

MR. BAZ: Thank you, Mr. Chair. The Department was notified by the Department of Health of an award of \$750,000 for use for watershed protection, so therefore it's not part of the current Fiscal Year '13 Budget as far as grant revenue, and so we are requesting that the grant revenue is...part one of Appendix A is amended to increase by \$750,000 for this grant. The Department is here to answer any specific questions as they relate to the activities and functions of this.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Okay, thank you. Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you, thank you. And again, this grant is coming from the Department of Health under the auspices of the wellhead protection, EPA, is that correct? Because it has here that funded by the State Environmental Protection agency for the wellhead protection, including such protection. Okay, I'm reading right here. I understand the grant is used for fencing, invasive species eradication...I read the rest, but under the wellhead protection program. Now this is what I'm trying to get clarification, that's where it's coming from but it's for that purpose, is that correct?

MR. BAZ: Yes, Mr. Victorino, the, in the letter it requires it to be used for source protection.

COUNCILMEMBER VICTORINO: Yeah. And that would be our wellheads. Is that...that was one of our source protection, one of our issues, is that not correct, Mr. Meyers [*sic*]?

MR. MEYER: Yes, protecting the wells involves protecting the watershed from invasive species, feral animals, that sort of thing. Yes, sir.



**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

COUNCILMEMBER VICTORINO: Again, it's all incorporated, Mr. Chair. I just wanted to make sure that we're clear that this is...the grant is coming from that source for that purpose and it can be incorporated for other issues such as invasive species and our protection of our watershed area. So that's all I wanted clarification on, and I'm very happy to see this. And I'm always excited when we can get more money. The other question I had for either Mr. Meyers [*sic*] or Mr. Baz or other expert in this area, is this to be divided equally amongst all the watershed programs or how is this going to work? Because we have what, four or five distinctive areas of watershed protection in this County, and does this also include Molokai and Lanai? Because even though they may be a private system, watershed protection is paramount in these areas also.

CHAIR WHITE: Mr. Meyer.

MR. MEYER: Thank you, Member, that's a very good question as well. I'd like to pass the microphone to Pam Pogue, the head of our Resource and Planning Division who actually administers these grants because she can talk about the individual watershed partnerships. But as you pointed out, it's nice to be here not asking for money and not asking for additional rates but to bring money to the effort. So, Pam, could you answer.

MS. POGUE: Good morning. Morning, Chair. Good morning, Mr. Victorino.

COUNCILMEMBER VICTORINO: You didn't think I was going to bring you here just not to ask you a question, right?

MS. POGUE: I brought you money.

COUNCILMEMBER VICTORINO: All right, good.

MS. POGUE: Yeah, a little clarification. These are Federal funds from EPA and the actual pot of money is source protection, so it's a very narrow focus. And I basically received a phone call from Joanna Seto who is the Chief of the Safe Drinking Water Branch, and I'll, and I do want to say this one thing, they had an EPA audit last December and they discovered this big chunk of change that if it was not spent and obligated they'd lose it. And if you know anything about grants you know that you never give money back 'cause it comes around and bites you the following year. And I'll tell you the reason why Dan Chang called me and Joanna Seto is they were very happy with the fact that we completely revamped and established a formal grants program, so we have accountability in this County. They're very, very happy with the work that's being done, so I literally got the phone call for that reason. In terms of where can the money go, what we did was given the opportunity and knowing it had to be expended by February or we lose the money, we met with watershed organizations, there's seven; however, because this focus is so narrow one of the things that we did do is we have a digital overlay of all of the wells and wellhead protection areas that EPA has designated. They came up with that mapping, and basically what it is is there's two-year zones, meaning if something contaminates a well, how long will it take or if something hits the ground before it hits that well. So they're called two-year and ten-year zones. We overlaid that on top of all of the wells and that's in

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

essence the wellhead protection program, so you're doing things to protect our source drinking water. So therefore, yes, it is going towards when we selected and worked with specific watershed organizations we worked with those where we had the greatest percentage of wells, drinking water supply wells that are County drinking water supply wells like Iao Valley, Waihee, Waiehu, and so forth. So we chose--and I'm sure it's in your information--those three particular organizations.

COUNCILMEMBER VICTORINO: Okay. So I just wanted the public to hear that, because again, not to leave Lanai and Molokai out, I mean we have watershed issues there also. And it may be private system but it still serves our public, so I never like leaving them out.

MS. POGUE: Oh yeah, absolutely. And, you know, and actually that's a really good point because I mean I would ask that question, too. Also to keep in mind is that EPA has another program that they fund the watersheds directly, and that is these watershed organizations had to complete a Watershed Management Plan and have it approved by EPA. So the three organizations that you're looking at have approved EPA Watershed Management Plans, and that's part of the process for selection as well.

COUNCILMEMBER VICTORINO: Very good. I mean this is all good news all around. So thank you, Ms. Pogue, for all the...I knew you was going answer the questions but I just put Mr. Meyer on the spot. But thank you for very much, really appreciate it.

MS. POGUE: You're welcome.

CHAIR WHITE: Pam, if you wouldn't mind clarifying, is there a deadline by which this needs to be accepted?

MS. POGUE: Oh yeah.

CHAIR WHITE: And what is that?

MS. POGUE: There is. They have to have the funds obligated, meaning EPA has to...or rather Department of Health Safe Drinking Water Branch has to demonstrate to EPA that the funds have been obligated before the end of February.

CHAIR WHITE: Okay. So does that mean that we need to pass our bill out by the end of February?

MS. POGUE: Yes.

CHAIR WHITE: Okay.

MS. POGUE: And we do have the information. In terms of the watershed organizations I have to say were fantastic. Yeah, they pulled all-nighters and pulled together very detailed scopes of work and, you know, time and products that would be delivered, and we also worked with Corp.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

Counsel to make sure things are clean, tight, and legit. So I can answer questions about that as well.

CHAIR WHITE: Okay. Short recess. . . .(gavel). . .

**RECESS: 11:53 a.m.**

**RECONVENE: 12:01 p.m.**

CHAIR WHITE: . . .(gavel). . . Okay, this meeting of the Budget and Finance Committee shall reconvene. Thank you for that short recess. We determined that we are able to work on the bill, pass it, and have it all take place in time for the deadline that was mentioned. With that, are there any further discussion or are there any further questions?

VICE-CHAIR HOKAMA: Chairman, just one quick --

CHAIR WHITE: Sure.

VICE-CHAIR HOKAMA: --question, and this is for Pam, please. When you...wellhead protection, would that also include security as part of wellhead protection? Let's say, you know, we have problems at a certain well with vandalism so cameras or other type of security measures, that would be considered also wellhead protection?

MS. POGUE: That's a great question but no. That's a huge issue and that's whole nother source of money between Homeland Security and EPA. So that's more of a Homeland Security one, and they have funds specifically geared towards public drinking water sources. It's a great question. But no, this is, wellhead protection is primarily whatever enters the ground, it might potentially contaminant, and that's really the key phrase, contaminant the water source. But, yeah, there are definitely funds available and that's through Homeland Security.

VICE-CHAIR HOKAMA: Okay, thank you very much.

MS. POGUE: Sure.

CHAIR WHITE: And, Ms. Pogue, if you could give us a little additional information. My recollection is that this money was, the money given to Maui County was significantly more than the other counties, and it's because of our history in protecting watersheds and putting money where our mouths are.

MS. POGUE: Yeah. Yes. Maui County is the only county in Hawaii that has so far put together a wellhead protection program, and sort of as a little update on that, we were given two years ago \$750,000 by EPA and the Safe Drinking Water Branch to do a very detailed inventory of potentially contaminated areas for all of Maui County. And we have that in a digital format on a data layer, and then with that we have drafted an ordinance which will be coming your way, I

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

hope soon. But that's part of this program and why we were given the 750,000, and we were given another 750,000 to implement what's in that ordinance. Now this 750,000 is going not towards the specific wellhead ordinance implementation of it and so forth but going towards our efforts through our watersheds to protect water source in terms of recharge, getting rid of feral ungulates, invasive species, and so forth.

CHAIR WHITE: Thank you.

MS. POGUE: But, yeah, no other county has done this so far.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Yeah, so kudos to you and kudos to --

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: --former Councils that have passed the required funding.

MS. POGUE: Thank you.

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you, Chair. 'Cause we've worked hard over the last six years to get this done, and this is just bearing fruit now. And I have been part of the number of these studies that have been coming forward. I have sat down at your guys little building down here by the old Dairy Queen. No air conditioning, you just sit there and you sweat it out. But the community has been very involved in this, so we gotta say thank you to the community. Because they have come out to make sure a lot of this was understood, and the protection of our wellheads was very much a big issue in their minds. And again, you know, Mr. Hokama brought up about the wellhead protection as far as security. If you remember about five years ago, we had a big, big breakdown on how we did all of these various entities by size of community, size of meters, size of water service and all of that, and again, the Department has done a great job in putting that together and putting up a lot of protection within Maui County. And this is why we, whenever there is funds available Maui County normally stands very tall. So I gotta commend the Department for all their work, and I agree, the public as well as the past Councils have always been right there to support and to do whatever needed to make sure these funds came forward. So again, Mr. Chair, you're right, it is a combined effort of community, government, and as our Department, and we've come out with some major, major funding, what do you call that, funding resolve as far as helping us get this done, Chair. So I want to thank Ms. Pogue and all the Department for that.

MS. POGUE: Thank you.

CHAIR WHITE: Mr. Couch.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And this is a significant amount of money. I would, you know, instead of just having a short conference, I would like to request a special Council meeting, if necessary, to get this thing passed before the deadline because we have the deadline issue. So I, if you don't mind, if we can really research this after we pass this out and get that meeting scheduled ASAP, I would appreciate it.

COUNCILMEMBER CARROLL: Chair?

CHAIR WHITE: No problem. Mr. Carroll.

COUNCILMEMBER CARROLL: The Council Chair has indicated that she would not have a problem with that.

CHAIR WHITE: Correct. Thank you, Chair. I mean Co-Chair.

COUNCILMEMBER COUCH: Vice-Chair.

COUNCILMEMBER VICTORINO: Vice-Chair.

CHAIR WHITE: Vice-Chair.

COUNCILMEMBER VICTORINO: Whatever chair you want to be.

CHAIR WHITE: At least I got the chair part right.

COUNCILMEMBER VICTORINO: Recommendation, Chair.

CHAIR WHITE: Okay. Any further questions? Seeing none, the Chair would recommend that we pass on first reading the proposed bill entitled, A Bill for an Ordinance Amending the Fiscal Year 2013 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grant Revenue - Schedule of Grants by Departments and Programs, Department of Water Supply, including any technical and nonsubstantive revisions that may be needed, and the filing of the County communication.

VICE-CHAIR HOKAMA: So moved.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: It's been moved by Mr. Hokama and seconded by Mr. Victorino. All those in...I need...I should say, any discussion, Mr. Couch?

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

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

COUNCILMEMBER COUCH: No, I'm good.

CHAIR WHITE: Okay. Thank you for reminding me. All those in favor, please signify by saying "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: All those opposed, say "no". Measure passes, eight "ayes", no "noes".

**VOTE: AYES: Chair White, Vice-Chair Hokama, and Councilmembers Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.**

**NOES: None.**

**ABSTAIN: None.**

**ABSENT: None.**

**EXC.: Councilmember Baisa.**

**MOTION CARRIED.**

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

CHAIR WHITE: Members, with that we've concluded our business for the morning. We stand in recess until 1:30 this afternoon. . . .(*gavel*). . .

**RECESS: 12:07 p.m.**

**RECONVENE: 1:37 p.m.**

CHAIR WHITE: . . .(*gavel*). . . The Budget and Finance Committee is back in session. We have a quorum. Thank you, Members, for being on time. And I want to welcome Assistant Chief Larry Hudson, who's joining us for the first two items.

**ITEM BF-21: AMENDING FY 2013 BUDGET: DEPARTMENT OF POLICE (STATE OF HAWAII JUVENILE JUSTICE INFORMATION SYSTEM) (CC 13-11)**

CHAIR WHITE: So with that we'll proceed with BF-21, Amending FY 2013, Department of Police, State of Hawaii Juvenile Justice Information System. And the purpose of this measure is to provide \$24,596, an appropriation from the State of Hawaii for the Juvenile Justice Information System. And so with that, I'd like to turn it over to the Assistant Chief for his comments.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

MR. HUDSON: Good afternoon, Chair and Members. The, this measure is the grant money to allow us to have an interface with the Juvenile Justice Information Center and the Maui Police Department. This is a grant funding that we applied for and we're awaiting approval.

CHAIR WHITE: Okay, thank you. Any further comments, mister...

MR. BAZ: Mr. Chair, just this is unanticipated funds that we received that do have a short time period, and we look forward to the amendment to our budget to add this to Appendix A so that they can move forward.

CHAIR WHITE: Okay.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Members, any questions? Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah, thank you, Chair. And again thank you, Captain Hudson, for being here, and always adding money is nice, you know. Can you real quickly let the public know what this money specifically does? 'Cause I know there are people that are not aware of what this money does as far as the interface with the Juvenile Justice System. So quick synopsis so that the public understands.

MR. HUDSON: It's a computer interface that allows the Police Department to share data with the Juvenile Justice System. It's the Statewide system and it allows us pretty much to share data both ways. So the interface has to work out through the State and Intergraph which is our vendor for our RMS, Records Management System.

COUNCILMEMBER VICTORINO: Okay. So again, this grant helps us to continue this program, and, you know, as the taxpayers this is what, is this Federal money coming through the State?

MR. HUDSON: I believe it's State money, JAGs. Yeah, it's ARRA but it's administered through the State.

COUNCILMEMBER VICTORINO: Yeah, Federal money coming through the State and then comes to us. Okay, very good. Well thank you, Captain Hudson, for all your guys hard work, we appreciate it. Thank you. Thank you, Chair.

MR. HUDSON: Thank you.

CHAIR WHITE: Any further questions, Members? I didn't...

COUNCILMEMBER VICTORINO: No, no, no other questions.

CHAIR WHITE: I thought that was a hand signal --

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

COUNCILMEMBER VICTORINO: Whenever you're ready for recommendation.

CHAIR WHITE: --that you had another question.

COUNCILMEMBER VICTORINO: No, no.

CHAIR WHITE: Members, this is an item that needs very timely handling by us, so we won't be taking action on this item because we'll be discharging it from this Committee at our next Council meeting so that it can move forward and meet the timing deadline. So if there are no further questions...Mr. Couch?

COUNCILMEMBER COUCH: Just a comment to set the record straight. Chief Hudson did not get demoted, he's Assistant Chief Hudson.

COUNCILMEMBER VICTORINO: Oh, sorry, Chief. I say, you know, I've known you as Captain for so long --

MR. HUDSON: Yeah.

COUNCILMEMBER VICTORINO: --I still think of you as Captain. I know you was Chief, I'm sorry. I apologize, Chair. Oh, my God.

CHAIR WHITE: And thank Mr. Couch for pointing that out.

COUNCILMEMBER VICTORINO: I'll remember that next time.

CHAIR WHITE: Okay. Without objection, we'll defer this item.

COUNCIL MEMBERS: No objections.

**COUNCIL MEMBERS VOICED NO OBJECTIONS.** (excused: RC and GRH)

**ACTION: DEFER pending further discussion.**

CHAIR WHITE: Okay, the item is deferred.

**ITEM BF-23: AMENDING FY 2013 BUDGET: DEPARTMENT OF POLICE (STATE E911 WIRELESS COMMISSION) (CC 13-13)**

CHAIR WHITE: And the next item is also with the Police, it's BF-23, Amending FY 2013 Budget: Department of Police (State E911 Wireless Commission), and this is a grant from the Wireless Commission at the State level and it will be adding \$1 million to our available funds for that project. So with that, I'll turn it over to Assistant Chief Hudson.



**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

MR. HUDSON: Thank you, Chair. This...I have a little bit of knowledge of this because I actually applied for this. This funding is for two separate things. The first thing is a VM, a virtual machine in which we allow our servers to share information. This allows the servers to have, well more efficiency but also in case a server were to go down, the other servers would be able to pick it up. It also has geographical disaster recovery capabilities. The servers are stored in one place and another set of servers are stored in another place, so in case something happens to one group of servers, the other group of servers are able to pick up the slack. This would be done for our CADS, our Computer Aided Dispatch and some records management. The second item on this is the CADS upgrade or Computer Aided Dispatch System upgrade. As mentioned before, Intergraph is our vendor for the computers. CADS is the tool, the software used by the dispatchers to make emergency assignments to fire, police, medics, lifeguards. Whenever they make an assignment CADS keeps track of it so that there's a record of all the assignments. It also gives them unit recommendations and some other things necessary for dispatching.

CHAIR WHITE: Okay, thank you. Members, any questions?

UNIDENTIFIED SPEAKER: No.

CHAIR WHITE: Okay. Well without any questions, I'll...without objection, I'll offer my recommendation.

COUNCILMEMBER VICTORINO: Recommendation, Chair.

CHAIR WHITE: The Chair recommends passage on first reading of the proposed bill entitled A Bill for an Ordinance Amending the Fiscal Year 2013 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grant Revenue - Schedule Of Grants By Departments And Programs, Department Of Police, and we'll include any technical and nonsubstantive revisions that may be necessary, and filing of the County communication.

COUNCILMEMBER VICTORINO: So moved --

COUNCILMEMBER COUCH: So moved.

COUNCILMEMBER VICTORINO: --Mr. Chair.

CHAIR WHITE: Would like, would one of you like to second?

COUNCILMEMBER COUCH: Second.

COUNCILMEMBER VICTORINO: Oh, sorry, yeah.

CHAIR WHITE: Okay. Moved by Mr. Victorino and seconded by Mr. Couch. All those in favor of the motion, say "aye".

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

COUNCIL MEMBERS: Aye.

CHAIR WHITE: All those opposed, say “no”. Seven “ayes”; zero “noes”; with Members Hokama and Carroll excused.

**VOTE:       AYES:   Chair White and Councilmembers Baisa, Cochran, Couch, Crivello, Guzman, and Victorino.**

**NOES:   None.**

**ABSTAIN:  None.**

**ABSENT:  None.**

**EXC.:   Vice-Chair Hokama and Councilmember Carroll.**

**MOTION CARRIED.**

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

CHAIR WHITE: Moving on to the next item, we’ll change players down here. And we’ll be joined by Assistant Chief David Thyne to consider BF-22, which is Amending the Fiscal Year 2013 Budget, Department of Fire and Public Safety (National Highway Transportation Safety Administration Highway Safety Grant).

**ITEM BF-22:        AMENDING FY 2013 BUDGET: DEPARTMENT OF FIRE AND PUBLIC SAFETY (NATIONAL HIGHWAY TRANSPORTATION SAFETY ADMINISTRATION HIGHWAY SAFETY GRANT) (CC 13-12)**

CHAIR WHITE: The purpose of this bill is to amend the Fiscal Year 2013 Budget by adding a \$27,213 grant from the National Highway Transportation Safety Administration. So with that, if Assistant Chief Thyne can provide us with a description of what the funds will be used for?

MR. THYNE: Thank you, Chair White. And good afternoon, Members, Chair Baisa as well and fellow Members. Just to introduce this grant, this is through the Department of Transportation and associated with the Highway Safety and Transportation Act. It’s funding for seven sets of pneumatic airbags, and those are used for typically lifting heavy equipment or apparatus off of victims that are entrapped in vehicle accidents. Having used these personally I can tell you that they’re a useful tool. Some of our statistics that we compiled in our application have shown us that there was a 28 percent increase in traffic accidents from the year 2009 and 2011 when we started putting this application together. There was also an 18 percent in accidents associated...excuse me, injuries associated with these accidents, so any tools that we can acquire especially through grant monies are definitely a benefit to the County and the communities we

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

serve. These particular airbags are sets of three bags each. They are actually only a thickness of about three-quarters of an inch, so the storage is very easy in our apparatus and the compartments that we have. They...when you think about them being capable of lifting 70 tons you think that it's probably a huge piece of apparatus when actually it's a flat, three-quarter inch thick bag that's filled up with air, compressed air. So it's a tremendous tool and there is no matching funds from the County so that's even better, and so we'd appreciate your support. And I'll answer any questions that you may have or I can explain further if you would like as well.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah, and thank you. And thank you very much again. Anytime our community can get equipment that makes it safer and makes your job safer, I think that's a win-win. You said these are just three-quarter inch thick, right? And so...and this can lift 70 tons?

MR. THYNE: Yeah, there's three bags --

COUNCILMEMBER VICTORINO: Okay.

MR. THYNE: --Member Victorino, and it's a combination with lifts. They're typically...I have it broken it down but the smaller bag will lift 15 tons and then the little bit bigger bag will lift 27 tons, and then of course the biggest one would lift 30 tons.

COUNCILMEMBER VICTORINO: So all three are deployed per apparatus?

MR. THYNE: They can be. They can be.

COUNCILMEMBER VICTORINO: I see, I see.

MR. THYNE: I was at an incident and unfortunately it was a fatality but we actually were able to lift the cab of a pineapple truck off of a driver that was pinned underneath there.

COUNCILMEMBER VICTORINO: And the distribution of this, what stations would these be put at?

MR. THYNE: What we did was we allocate, we're going to allocate these to the stations that currently don't have or the apparatus...some stations have but as you know some of our stations have multiple apparatus. So our goal is to have standardization across our County with the equipment that we have on all of the vehicles. Of course some are specialized with rescue and Hazmat and also our truck companies or ladder companies, but primarily we want to have a set of these bags on every apparatus so whoever responds to the incident. And we're also going to work with purchasing to have it a consistent type of bag as well, so we don't have fittings that don't fit and match and so on and so forth. So it's going to be the same vendor for the ones we currently

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

have. So to answer your question directly is basically all of our first-line apparatus will have a set of airbags on them.

COUNCILMEMBER VICTORINO: Fantastic. Thank you, mister...thank you, Chair.

CHAIR WHITE: If you could explain to us what fills the bag. Are there compressors onboard or are this...

MR. THYNE: All of our apparatus have air compressors onboard, but they can also be filled with actually the SCBA tanks we call them, the self-contained breathing apparatus. So at that particular incident I mentioned it was actually out on the West Side, and we were able to go basically down into a gulch area and use the self-contained breathing apparatus to lift those bags. So they fill up with air for lack of a better description.

CHAIR WHITE: Members, any other questions? Okay, seeing none, without objection, I'll offer my recommendation.

COUNCIL MEMBERS: Recommendation?

CHAIR WHITE: The Chair would entertain a motion to recommend passage on first reading of the proposed bill, including any technical and nonsubstantive revisions that may be needed, and filing of the County communication.

COUNCILMEMBER COUCH: So moved.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: Been moved by Member Couch and seconded by Member Victorino. All those in favor, say "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: All those opposed, say "no". Okay. Thank you. The measure passes with seven "ayes" and no "noes", and two excused Mr. Carroll and Mr. Hokama.

**VOTE:       AYES:     Chair White and Councilmembers Baisa, Cochran, Couch, Crivello, Guzman, and Victorino.**

**NOES:       None.**

**ABSTAIN:   None.**

**ABSENT:     None.**

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

**EXC.: Vice-Chair Hokama and Councilmember Carroll.**

**MOTION CARRIED.**

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

CHAIR WHITE: And the next bill is...let's see, do we have anyone...okay, Members, we're going to take a quick recess until the person that...the Prosecutor's Office gets here.

MR. BAZ: Mr. Chair, I can speak on behalf of this grant if you'd like to move forward.

CHAIR WHITE: But the question is whether we can depend on your word as a prosecutor.

MR. BAZ: I can describe the purpose for this grant. I definitely cannot represent the Prosecutor's Office.

CHAIR WHITE: Okay, okay, we'll keep going.

MR. BAZ: And, Mr. Chair, we also have the chief technology officer here. He can answer any questions related to this as well.

CHAIR WHITE: Okay.

MR. BAZ: Thank you, Mr. Chair and Members. The...

CHAIR WHITE: I need to announce what --

MR. BAZ: Oh, thank you.

CHAIR WHITE: --we're discussing.

**ITEM BF-25: AMENDING FY 2013 BUDGET: DEPARTMENT OF THE PROSECUTING ATTORNEY (CRIMINAL JUSTICE INFORMATION SYSTEM PROGRAM) (CC 13-15)**

CHAIR WHITE: The next measure is BF-25, Amending FY 2013 Budget: Department of the Prosecuting Attorney (Criminal Justice Information System Program). And the purpose of this bill is to amend 2013 Budget by adding \$126,984 for the Criminal Justice Information System. And I guess we'll be adding a proviso that the disbursement of salaries and premium pay shall be limited to one LTA equivalent personnel for the program. So with that, Mr. Budget Director.

MR. BAZ: Thank you, Mr. Chair. The State of Hawaii, Department of Attorney General has been working on a, increasing the availability of information system and information sharing for a

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

number of years. Prosecutor Office and as well as the Police which you just heard have been working on that. They have been working out some bugs, and I think they went live recently. This funding is to improve the Records Management System for this Justice Information Sharing program, and it also provides staffing, County staffing to be able to assist the Prosecutor's Office with this implementation of the justice sharing. The grant is being received by the Department of the Prosecuting Attorney; however, the staff person will be an IT-related person and will be managed by the IT Services under Department of Management, that's why the Chief Technology Officer is here as related to that if you have any questions.

CHAIR WHITE: Okay. Members, any questions? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Maybe for Jacob or if, unless you can answer it, Mr. Baz. The LTA is the IT person?

MR. BAZ: Yes. Mr. Chair and Member Couch, that is an IT person that will be housed in the Department of Prosecuting Attorney's Office but managed by, with the rest of the IT staff so that they get the same ability to understand, you know, what the systems are about and be able to communicate properly.

COUNCILMEMBER COUCH: And for that we wouldn't use a consultant? Just that...I mean the LTA is almost the same, but wouldn't we use a consultant for something like that if it's just a one year...

MR. BAZ: Yeah. Maybe, Mr. Chair, we could bring up Jacob Verkerke . . . *(inaudible)* . . .

CHAIR WHITE: That's fine. Mr. Verkerke, if you could join us in front. Thank you.

MR. VERKERKE: Good afternoon. Could you repeat the question, please?

COUNCILMEMBER COUCH: We have...this is going to be for an LTA position, would it be more cost effective to do a consultant contract if it's only a year-long position, one year limited?

MR. VERKERKE: The funding is being made available through the Byrne Criminal Justice grants. I believe there's reasonable expectation that the grant will be renewed annually. And that's important because in the criminal justice community in the State of Hawaii we're really just getting started on what will be a substantial undertaking of integrating a lot of information systems and sharing information. So as Mr. Baz mentioned, initiatives for that information sharing have started up in the last few years, but they're gaining enough momentum that a full-time staff is appropriate. Over the long term I think consulting costs will be much more than a permanent staff would be. Or not permanent, it's a Limited Term Appointment 'cause it's grant funded, but this effort will go on for a while.

COUNCILMEMBER COUCH: Okay, thank you.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

CHAIR WHITE: Okay. Ms. Baisa.

COUNCILMEMBER BAISA: Yes. This Edward Byrne Memorial Justice Assistance, what kind of money is this, private? It comes from a foundation or what is it?

MR. BAZ: Mr. Chair, Member Baisa, it is Federal money. It is part of the...Hawaii gets a certain allocation of this Edward Byrne Memorial Justice Assistance Grant program which is a Federal program.

COUNCILMEMBER BAISA: So it's kind of a formula that we just get regularly?

MR. BAZ: Yes. Yeah, and it goes for different purposes. If you look in our Grant Revenue section there are different items that are related to this Byrne grant. You hear it called Byrne grant all the time.

COUNCILMEMBER BAISA: Well the reason I asked the question was I heard Mr. Verkerke say that we're likely to get it again, and, you know, with competitive grants you never really know but this sounds like something that's more like a formula.

MR. BAZ: Yeah, from my understanding this is a formula grant that we've received for many, many years.

COUNCILMEMBER BAISA: Okay, thank you.

CHAIR WHITE: Members, any further questions?

COUNCILMEMBER VICTORINO: No. Recommendation?

CHAIR WHITE: Seeing none...

COUNCILMEMBER BAISA: Recommendation?

CHAIR WHITE: Thank you. The Chair will recommend passage on first reading of the proposed bill entitled A Bill for an Ordinance Amending the Fiscal Year 2013 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grant Revenue - Schedule of Grants by Departments and Programs, Department of Prosecuting Attorney, and including any technical and nonsubstantive revisions that may be needed, and filing of the County communication.

COUNCILMEMBER COUCH: So moved.

COUNCILMEMBER VICTORINO: Second.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

CHAIR WHITE: It's been moved by Mr. Couch and seconded by Mr. Victorino that we pass the bill, and amended. Members, any further discussion? Seeing none, all those in favor, please signify by saying "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say "no"? Measure passes seven zero, and Members Carroll and Hokama are excused.

**VOTE: AYES: Chair White and Councilmembers Baisa, Cochran, Couch, Crivello, Guzman, and Victorino.**

**NOES: None.**

**ABSTAIN: None.**

**ABSENT: None.**

**EXC.: Vice-Chair Hokama and Councilmember Carroll.**

**MOTION CARRIED.**

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

**ITEM BF-26: AMENDING FY 2013 BUDGET: DEPARTMENT OF TRANSPORTATION (FEDERAL TRANSIT ADMINISTRATION (FTA) SECTION 5311 NON-URBANIZED AREA FORMULA PROGRAM) (CC 13-16)**

CHAIR WHITE: And we will move on to our last item of the day, BF-26, which is amending the Fiscal Year 2013 Budget: Department of Transportation (Federal Transit Administration (FTA) Section 5311 Non-Urbanized Area Formula Program). And joining us for this discussion is Jo Anne Johnson Winer the Director of Department of Transportation. Good morning...or good afternoon, I should say.

MS. JOHNSON WINER: Aloha.

CHAIR WHITE: And the Committee is in receipt of Communication 13-16, from the Budget Director, transmitting a proposed bill entitled A Bill for an Ordinance Amending the Fiscal Year 2013 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grant Revenue - Schedule of Grants by Departments and Programs, Department Of Transportation. And the purpose of this bill is to amend the Budget by increasing the appropriation for the Federal Transit Administration (FTA) Section 5311 Formula Program by \$800,000. So with that, Ms. Johnson Winer or the Budget Director, provide us a background.



**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

MS. JOHNSON WINER: Yes, thank you very much. I'm also joined by my Deputy Director Marc Takamori. The item before you is our \$800,000 which we received from the State Department of Transportation but it's Federal grant money. One of the caveats was that we were the only county that could actually expend the money rapidly, and the only way that we could do this was to put it into the 5311 Fund which is our contract currently with Roberts. So what we had hoped and, you know, I think only half of it is addressed today, but the contract right now would have \$800,000 placed in the contract, and what we had hoped to have happen is that we would take out \$800,000 and put it into our budget, you know, our bus procurement fund. So we may have to deal with that in a separate issue which we, you know, can have our Budget Director address.

MR. BAZ: Thank you, Mr. Chair. Yeah so the \$800,000...so the, just a brief explanation. The Roberts, the contract with the public bus provider will not be increasing by \$800,000. What's going to happen is that the contract will be...well it will be increasing by \$800,000 of this Federal money but it'll be decreasing by \$800,000 of the County money. The County money then which is in the Public Transit Program will be used to purchase buses for the Public Transit Program. There's...it doesn't need to go into a special fund to do that, it can be expended out of that fund, so we don't need a budget amendment to make that happen.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah. And thank you. I mean it's always good when we get more Federal money and we can reallocate our County money for other areas like more buses. But I was reading where it kind of says it goes under the 5311 non-urbanized area formula grant. So these non-urbanized area are like our rural areas such as Upcountry and is that how this works or? Because I know we don't have that much urban, if you really want to use the word urban in Maui.

MS. JOHNSON WINER: Yes. Even...and to answer your question --

COUNCILMEMBER VICTORINO: Yeah.

MS. JOHNSON WINER: --right now all we do have because we haven't moved forward with the metropolitan planning organization --

COUNCILMEMBER VICTORINO: Oh, okay.

MS. JOHNSON WINER: --or any of the urban-zoned area requirements, we have not yet undertaken that. So basically, because the 5311 money is in our Paratransit Program which is island-wide we can then utilize that money for that program, and that is the formula money that they're speaking about in this particular reference.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER VICTORINO: Very good. And at least now the public thoroughly understands why, you know, this is being done the way it is.

MS. JOHNSON WINER: Right.

COUNCILMEMBER VICTORINO: You know and we haven't and we...do you anticipate us ever getting around to the metropolitan urban? I know we've talked about it but I guess nothing has been done yet or?

MS. JOHNSON WINER: Well with reference to the non-urbanized --

COUNCILMEMBER VICTORINO: Yeah.

MS. JOHNSON WINER: --money that we get, we'll still, in my understanding, still continue to get the rural funding.

COUNCILMEMBER VICTORINO: Okay.

MS. JOHNSON WINER: So our 5311 money and any grants that are available underneath that classification, we'd still be able to go after. If there is any specific funding that's allocated at the State level and it's programmed money, we would also get that. My biggest problem and challenge right now is that the information we have been receiving from the Federal government with regard to the requirements in order to access the urban-zone area money is so limited that it's really not allowing me to make a reasoned judgment about whether we should even pursue it. My understanding is that there is an option to form a metropolitan planning organization. There is an option also to receive monies out of that program to add additional staff, because then on the urban-zoned area we would be dealing straight with the Federal government as opposed to having to go through the State Department of Transportation. Where right now no one can tell me is the cost to do that worth the effort for whatever monies we could secure under urban-zone area classification, because if it's only five or six hundred thousand dollars a year which would be similar to the monies we receive under 5311, to take on additional staffing which would only be compensated to the County for a few years and then we'd have to pick up the tab. Not to mention managing a metropolitan planning organization. I really have concerns about whether that is advisable, because this doesn't just involve our Department, because it also involves Public Works and Planning. It's a really serious decision that we have to make in that regard. So the money that we get in now we know how to manage it, we know how to work with the State and access it, meet all the criteria, but there's an entire level of I call it bureaucracy that we would now be exposed to. So I'm concerned about that, but basically with regard to this funding, that's still under the rural program. We actually filed with National Transportation Administration. In our NTD Database we actually filed as rural for another year because that's basically what our system is. So, you know, it's a tough decision that we're going to have to make, but that will be probably given to you at another time in another forum. So at least that's just a summary of what I know, and mostly it's what I don't know at this point.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

---

COUNCILMEMBER VICTORINO: And thank you for the clarification. I think it's important 'cause that conversation has been coming up lately, and, you know, the public at large and some, you know, transportation people have been asking the question. And thank you for the explanation, so the next time they hit me with the question, Chair, I will have an answer for them. And if it ain't worth it then maybe thank you very much. Thank you, Chair.

CHAIR WHITE: Sure. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Ms. Winer, I know...is, are the funds available from the FTA? 'Cause I'm looking at the December 19<sup>th</sup> letter from the State DOT and it's the only letter we have, and it says when and if the funds become available.

MS. JOHNSON WINER: Well that basically is what their caveat is that they were given notification that if we can secure the budget amendment they will make the funds available to us, so we have been assured that the funds are available.

COUNCILMEMBER COUCH: Oh, okay. Kind of a chicken . . . *(inaudible)* . . .

MS. JOHNSON WINER: They just have a timeline, and that was the caveat that if we didn't get this budget amendment in right away, the funds may not be available.

COUNCILMEMBER COUCH: What is the deadline on that?

MS. JOHNSON WINER: Well they didn't give a hard deadline but I know that it's basically, at least for the State it was I believe the end of the first quarter.

COUNCILMEMBER COUCH: Okay, so we're not that...

MS. JOHNSON WINER: No, we're not.

COUNCILMEMBER COUCH: Okay.

MS. JOHNSON WINER: We haven't expired.

COUNCILMEMBER COUCH: Okay, thank you.

MS. JOHNSON WINER: The timeline hasn't expired.

CHAIR WHITE: Members, any further questions?

COUNCILMEMBER VICTORINO: No. Recommendation?

CHAIR WHITE: Well I just have one question. You mentioned, I think the Budget Director mentioned that we would be purchasing buses. Is that what the intended use of the --

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

MR. BAZ: Mr. Chair?

CHAIR WHITE: --money to be freed up?

MR. BAZ: Thank you. The Department has notified us that since there will be \$800,000 available of appropriated funds under the Public Transit Program, they wanted to purchase vehicles for that. So should this budget amendment pass, the first thing it would do is secure the funds from the State, then they would amend the agreement with the --

CHAIR WHITE: Roberts.

MR. BAZ: --with the provider, then the money would become unencumbered or disencumbered in the Public Transit Program. Then they would send to my office a request for unbudgeted equipment for those vehicles, and they'd start the procurement process that way.

CHAIR WHITE: Okay. So what would we get for \$800,000 in new equipment?

MS. JOHNSON WINER: It's probably one large bus which is what we really need at this point.

CHAIR WHITE: Okay. Members, any further questions? If not, the Chair will make his recommendations.

COUNCIL MEMBERS: Recommendation?

CHAIR WHITE: The Chair recommends passage on first reading of the proposed bill, including any technical and nonsubstantive revisions that may be needed, and filing of the County Communication.

VICE-CHAIR HOKAMA: So moved, Chairman.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: It's been moved by Member Hokama and seconded by Mr. Victorino to pass the bill. Any discussion? Seeing none, all those in favor, please signify by saying "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say "no"? Measure carries with eight "ayes", zero "noes", and Member Carroll excused.

**VOTE:       AYES:     Chair White, Vice-Chair Hokama, and Councilmembers Baisa, Cochran, Couch, Crivello, Guzman, and Victorino.**

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

January 29, 2013

---

**NOES:** None.

**ABSTAIN:** None.

**ABSENT:** None.

**EXC.:** Councilmember Carroll.

**MOTION CARRIED.**

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

CHAIR WHITE: And with that, Members, it brings us to the end of our calendar, end of our assignment for today. Thank you all very much. And we are now --

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: --adjourned. . . .(gavel). . .

**ADJOURN:** 2:09 p.m.

APPROVED:



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MIKE WHITE, Chair  
Budget and Finance Committee

bf:min:130129:ds

Transcribed by: Daniel Schoenbeck

**BUDGET AND FINANCE COMMITTEE MINUTES**  
Council of the County of Maui

**January 29, 2013**

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CERTIFICATE

I, Daniel Schoenbeck, 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 12<sup>th</sup> day of February, 2013, in Kula, Hawaii

  
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Daniel Schoenbeck