

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

February 26, 2013

Council Chamber, 8th Floor

CONVENE: 9:04 a.m.

PRESENT: Councilmember Mike White, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Donald G. Couch, Jr., Member
Councilmember 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.: Alan M. Arakawa, Mayor (Item BF-39)
Sananda K. Baz, Budget Director, Office of the Mayor
Danilo F. Agsalog, Director, Department of Finance (Item BF-116, 35, 29, and 30)
Anthony T. Arakaki, Community Development Block Grant Program Manager, CDBG, Office of the Mayor (Item BF-2(1))
David C. Thyne, Assistant Fire Chief, Department of Fire and Public Safety (Item BF-2(1))
David C. Goode, Director, Department of Public Works (Item BF-37)
Brienne L. Savage, Deputy Director, Department of Parks and Recreation (Item BF-34)
Teena M. Rasmussen, Coordinator, Office of Economic Development, Office of the Mayor (Item BF-31)
Lawrence Hudson, Inspector, Department of Police (Item BF-35)
Keith A. Regan, Director, Department of Management (Item BF-29 and BF-30)
Wendy Taomoto, County Capital Improvement Project Coordinator, Department of Management (Item BF-29 and BF-30)
Edward S. Kushi Jr., First Deputy Corporation Counsel, Department of the Corporation Counsel (Item BF-34)
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

Seated in the gallery:

Joseph Pontanilla, Administrative Assistant, Office of the Mayor (Item BF-2(1))
Kyle K. Ginoza, Director, Department of Environmental Management
(Item BF-2(1))
Herman T. Andaya, Executive Assistant, Office of the Mayor (Item BF-2(1))
Jacob Verkerke, Information Systems Manager, Management Information
Systems Division, Department of Management
Guy Hironaka, Real Property Manager, Department of Finance (Item BF-29)

OTHERS: Joan Bellard, Board Member, Hale Lokelani `Ohana (Item BF-2(1))
Christina Chang, President/Executive Director, Hale Lokelani `Ohana (Item BF-2(1))
Aaron Kemp, Hale Lokelani `Ohana (Item BF-2(1))
Judith Mikami, Associate Director, Na Puuwai (Item BF-2(1))
Dianne Okumura (Item BF-2(1))
Kolo Pupunu, Landfill Operations Supervisor, Central Maui Landfill, Department
of Environmental Management (Item BF-2(1))
Tia Stuppelbeen, Solid Waste Superintendent, Central Maui Landfill, Department
of Environmental Management (Item BF-2(1))
Rory Frampton, Land Planning Consultant, Makila Land Company, LLC (Item BF-30)
Irene Bowie, Executive Director, Maui Tomorrow (Item BF-30)
Stacey Moniz, Executive Director, Women Helping Women (Item BF-2(1))
Angelica (Item BF-2(1))
Paul Janes Brown (Item BF-2(1))
Sharon Wright, Mike Wright and Associates (County's Consultant) (Item BF-35)
Jeff Bettendorf, Mike Wright and Associates (County's Consultant) (Item BF-35)
Linda Miki, President, Group 70 (County's Consultant, Principal in Charge) (Item
BF-29)
Ten (10) additional unidentified attendees

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

CHAIR WHITE: ...*(gavel)*... Good morning. Will the Budget and Finance Committee for February 26, 2013 please come to order? Welcome to all of you in the gallery. And this morning, I'd like to welcome--we got a full house this morning--starting with our Committee Vice-Chair Riki Hokama.

VICE-CHAIR HOKAMA: Chairman.

CHAIR WHITE: And going down the road, Bob Carroll, Stacy Crivello --

COUNCILMEMBER CRIVELLO: Good morning, Chair.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: --Elle Cochran --

COUNCILMEMBER COCHRAN: Aloha, Chair.

CHAIR WHITE: --Don Couch --

COUNCILMEMBER COUCH: Good morning, Chair.

CHAIR WHITE: --Gladys Baisa --

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR WHITE: --Don Guzman --

COUNCILMEMBER GUZMAN: Good morning.

CHAIR WHITE: --and Mike Victorino.

COUNCILMEMBER VICTORINO: Aloha, Chair.

CHAIR WHITE: Aloha to all of you. We have Secretary, Camille Sakamoto; and Legislative Analyst, Scott Kaneshina; and Jeffrey Ueoka, sitting up here in front; along with Sandy Baz. And Sandy will be joined by others from the Administration as we go through this morning's agenda. And before we open up for public testimony, I'd just like to check with our remote sites. So, Hana District, are you there?

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

CHAIR WHITE: Good morning, Dawn. And, from the Lanai Office, is Denise there?

MS. FERNANDEZ: Good morning, Chair, this is Denise Fernandez at the Lanai Office.

CHAIR WHITE: And from Molokai, Ella?

MS. ALCON: Good morning, Chair, this is Ella Alcon here on Molokai.

CHAIR WHITE: Do any of you have testifiers at this point?

MS. LONO: The Hana Office has no one waiting to testify.

CHAIR WHITE: Lanai?

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

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: And Molokai?

MS. ALCON: I have people here that might be able to answer some questions, in the...in case the Council has any questions from a testifier there on Maui, from Molokai.

CHAIR WHITE: Okay. Is this for the CDBG item?

MS. ALCON: Yes.

CHAIR WHITE: Okay, great. But no testifiers?

MS. ALCON: None.

CHAIR WHITE: Okay. With that, if any one of them chooses to testify as we get into the testimony here from the Chambers, I will be checking back with you all maybe every three or four testifiers to see if anyone has changed their minds, if that's okay?

MS. ALCON: That's fine.

CHAIR WHITE: Okay, Members, during public testimony, please remember that it's important to speak directly into your microphones. And should you have any questions or need clarification from any of the testifiers, especially in the remote districts, you'll be needing to speak very clearly and loud so they can hear. And, this morning, we would...we'll be accepting testimony in a few moments. And for everybody in the Chambers, please turn off your cell phones and noise-making devices; and actually I don't...check my own, I'm off. Testimony will be limited to the items on the agenda today. And pursuant to the rules of the Council, each testifier will be allowed to testify for up to three minutes per item with one minute to conclude if requested. When testifying, please state your name and the name of any organization you're representing. And, Members, without objection, we'll now begin with public testimony.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you. And our first testifier, here in the Chambers, is Joan Bellard, testifying on BF-2(1).

...BEGIN PUBLIC TESTIMONY...

CHAIR WHITE: If you could bring the microphone down to where it's...there you go.

MS. BELLARD: How's that, good? Can you hear me?

CHAIR WHITE: Yes, thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MS. BELLARD: Okay. My name is Joan Bellard and I'm from Kihei and I'm on the Board of Lokelani `Ohana and I'm also on the DD Council. And we chair the DD Division meetings every month, I chair with Aaron. And I'm retired nurse and I also volunteer at the hospital. So I'm here today to testify for this Lokelani `Ohana and the CDBG grant. And the Hale Lokelani `Ohana American Disabilities ADA compliance is grateful to be recommended as an alternate project for the CDBG grant funding during the Fiscal Year of 2013. Lokelani `Ohana runs programs in organic gardening, Saori weaving and creative arts and housing. The requested \$51,500 will be used for a wheelchair lift for a home Lokelani `Ohana is working towards purchasing and for wheelchair ramps for five entrances and exits in the Hale Noeau O Lokelani `Ohana that is being built at the Waihee farm. The Hale Noeau O Lokelani `Ohana will support a kitchen, a Saori weaving and arts studio and expanding the present therapeutic program into vocational programs creating products from produce and materials from the farm. Lokelani `Ohana is grateful to our Mayor Alan Arakawa and the CDBG office of Anthony Arakaki and staff, all the people who work with the CDBG grant, with HUD and their hopeful support and approval for funding and our Maui County Council for your vote of support in funding the ADA compliance for Lokelani Ohana's facilities serving people with developmental disability.

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

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino?

COUNCILMEMBER VICTORINO: Yes, good morning. You understand, as a--what do you call that?--alternate --

MS. BELLARD: Alternate.

COUNCILMEMBER VICTORINO: --that's...the others have to fall out before you guys get the money? Even if we approve it, it doesn't mean you'll get it --

MS. BELLARD: Right.

COUNCILMEMBER VICTORINO: --you understand that?

MS. BELLARD: Yes.

COUNCILMEMBER VICTORINO: Okay. And secondly, for your organization, just so that people understand, how many people do you serve on the property?

MS. BELLARD: Christine can...

MS. CHANG: Good morning, Honorable Chair...

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER VICTORINO: Can you speak into the mic?

CHAIR WHITE: Please identify yourself and speak into the mic.

MS. CHANG: Good morning. I'm Christina Chang, President and Acting Executive Director for Lokelani `Ohana. Angelica, you have to come back and stand over here please. Angel? Excuse me.

CHAIR WHITE: Actually, Ms. Chang is the next testifier.

COUNCILMEMBER VICTORINO: Oh, okay. Okay then, if that's the case. Alright then, I'll wait till she comes up. I can ask those questions at that point. Thank you, Chair. And thank you very much, I apologize.

MS. CHANG: That's okay.

COUNCILMEMBER VICTORINO: Yeah, thank you.

CHAIR WHITE: Any further questions, Members?

MS. CHANG: I can answer that one...

CHAIR WHITE: Okay, thank you very much, Ms. Bellard. Our next testifier is Christina Chang.

MS. CHANG: Where's _____? I need his help. Thank you. Good morning, Chair and Council members. I'm Christina Chang, the President and ED of Lokelani `Ohana. This is my daughter, Angelica. And we're here this morning understanding that it's an alternate recognition and only if something fell out and also HUD money approved that there would be funds available for the ADA compliance that we're requesting to support a wheelchair lift in a home in Kahului that we're purchasing that has the kitchen on the second floor and also the entrances and exits to our creative art weaving studio and the new kitchen which are being built at the farm which will expand the number of people we serve by...at least four to five times. For the last five years, we've been running our organic gardening program...actually six years at the Waihee farm. And, also, we've been taking our Saori weaving program to Easter Seals and Ka Lima O Maui. And our average number of people that we were serving, in all of the environments, was about 30 a week. And we also run WWOOFing program which is a worldwide organic workers, it's an international program where people do a work exchange on the farm. And there are people, like, who have come in...a woman who's come in recently from Massachusetts that was a student at the Saori weaving studio and she's been helping to support the weaving instruction and all. So making pillows from weaving--Aaron, do you wanna show?--like this...these are weavings that were made by our friends with special needs. And the cotton is grown on the farm. And so they planted the cotton, they harvest the cotton, gin the cotton, and then stuff the pillow with the cotton that's made, and then pillows are made. So this is one of the items that are made. And with the kitchen and the weaving studio, there'll be many products that can be made from

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

materials that are grown on the farm. So we partner with the agencies that I mentioned. The ARC of Maui also comes out to the farm. And we're talking with BAYADA and Horizons school in Kihei. So our goal is to expand our services through having these vocational buildings that opens the door to partner with more agencies where people can come and utilize the beautiful environment we've created to support therapeutic and vocational programs for our friends on the island with special needs. Are there any other questions?

CHAIR WHITE: Thank you, Ms. Chang.

MS. CHANG: Uh-huh.

CHAIR WHITE: Any questions, Members?

COUNCILMEMBER VICTORINO: No, that answered my question.

CHAIR WHITE: Okay.

COUNCILMEMBER VICTORINO: Thank you, Mr. Chair.

CHAIR WHITE: Any others? Seeing none, thank you very much, Ms. Chang.

MS. CHANG: Thank you so much. And, Aaron, did you wanna speak? Is he...

CHAIR WHITE: Yeah, Aaron is the next testifier, if he's . . . *(short pause)* . . . Aaron Kemp.

MR. KEMP: Good morning, Mr. Chair.

CHAIR WHITE: Good morning, Aaron.

MR. KEMP: My name is Aaron Kemp. And this is some of the weaving stuff that was done down at the garden for the weaving program.

MS. CHANG: Do you wanna speak about being on the disability council?

MR. KEMP: And I'm on the Developmental Disabilities Council --

MS. CHANG: For the State . . . *(inaudible)* . . .

MR. KEMP: --of the State of Hawaii.

MS. CHANG: And then you wanna show them this that comes from the farm? We're gifting you this today.

MR. KEMP: We've got gifts for you guys.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MS. CHANG: And then you wanna tell them what that is?

MR. KEMP: Star fruit, banana and chocolate-covered star fruit.

COUNCIL MEMBERS: Oh, wow.

MS. CHANG: A sampling of what's more to come in the future. Do you have any questions for Aaron this morning?

CHAIR WHITE: Any questions, Members? Seeing none, thank you very much, Aaron.

MR. KEMP: You're welcome.

CHAIR WHITE: Beautiful work. And...

MS. CHANG: Angel, do you wanna say, bye-bye...

ANGELICA: Bye-bye.

CHAIR WHITE: Thank you for coming, Angel. Our next testifier is Judith Mikami, testifying on BF-2, representing Na Puuwai.

MS. MIKAMI: Good morning.

CHAIR WHITE: Good morning.

MS. MIKAMI: Sorry, just caught the plane from Molokai. So, anyway, my name is Judy Mikami and I was born and raised on the island of Molokai and lived there most of my 60 plus and more years. But I've worked with Na Puuwai, the native Hawaiian healthcare system that serves Molokai and Lanai since its inception in 1991 despite some deviations to the Department of Health. We focus on outreach and, you know, health education and just working with our community to ensure access to appropriate, you know, healthcare services for especially the native Hawaiian population of which there are over 62 percent on Molokai. One of our initiatives in the past few years has been a focus on long-term care services, because the long-term care services on Molokai are fragmented, although present. So we have, through partnerships and the use of consultants and experts in this field, established...or started to establish an infrastructure for long-term care services that would benefit our residents. And so Na Puuwai has operated, since August 2010, an adult daycare program licensed for 12 *kupuna*. Let's see. And this is through different funding supports such as the Office of Hawaiian Affairs, our Federal grant, and other partners in the community and also off island. As we applied for the CDBG grant, if received, we would hope to expand the services to accommodate 20 *kupuna* at our site located in Kalamaula, Molokai, primary site of Na Puuwai's offices. So on behalf of Na Puuwai, I would like to thank the Maui County Council and our consultants who have really helped us through

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

this process through the past five to seven years and even beyond, such as, Rich Young, our architect who is on the Molokai side; Dianne Okumura, who is our Long-Term Care Consultant who has helped us establish the right regulations and policies so we could operate a facility that is safe, you know, for our *kupuna*; and our staff.

MR. KANESHINA: Three minutes.

MS. MIKAMI: William Akutagawa, our Executive Director, and Josette Mawae Mollena, our Adult Daycare Director, are on the Molokai side; and I would like to thank them as well. Thank you. Are there any questions?

CHAIR WHITE: Thank you, Ms. Mikami. Members, any questions? Seeing none, thank you very much for coming.

MS. MIKAMI: Thank you.

CHAIR WHITE: Our next testifier is Dianne Okumura.

MS. OKUMURA: Morning, Members of the Council.

COUNCILMEMBER VICTORINO: Morning.

MS. OKUMURA: It is with great honor and pleasure that I've had the opportunity to work with Na Puuwai as their Long-Term Care Consultant for the past seven or eight years. I'm sorry, I'm Dianne Okumura. In 2005, Na Puuwai had conducted a community survey. And through that survey, it was identified that the *kupuna* were very concerned about the lack of long-term care resources for them in the event that they required any kind of nursing services or any kind of care. So based on that, what we did look at was prioritization of what kinds of services could possibly be put in place. And one of the first things that they had identified was a need for a daycare center. And I applaud Na Puuwai's initiative and commitment to the community to work very hard to have that become a vision and a reality for the community. So the, as Judy had mentioned, the adult daycare center was licensed. We are currently seeking licensure through the Department of Health to provide services as an adult day health center which would be able to provide skilled nursing and therapeutic services for the *kupuna* in need of those kinds of services which we've already identified some of them require. As Judy also stated, we are looking at increasing the capacity to 20 *kupuna*, and we currently serve 12. The center provides respite services for family members and, most critically, the ability to socialize and communicate with others for the *kupuna* that currently attend. And although we are not licensed as a day health center, we're able to provide assessment and referrals to their physician should any kind of health needs arise. I wanna thank you very much for the opportunity to testify, and I would like to strongly support Na Puuwai's efforts in order to receive this funding. Thank you.

CHAIR WHITE: Thank you. Just a second, if in case anyone has questions on Na Puuwai.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Thank you for coming all this way. So the expansion site is in Kalaupapa...I mean, sorry, Kaunakakai?

MS. OKUMURA: Yes, uh-huh, at the Na Puuwai office.

COUNCILMEMBER COCHRAN: And...okay. And then my question is in regards to Kalaupapa. And you folks service people there, too, is that right?

MS. OKUMURA: Judy can answer that question better than I can.

COUNCILMEMBER COCHRAN: Oh, okay.

MS. OKUMURA: But they do go down to Kalaupapa, and they do work with the residents in that community as well.

COUNCILMEMBER COCHRAN: Okay.

MS. OKUMURA: You wanna come, Judy?

COUNCILMEMBER COCHRAN: And Lanai?

MS. OKUMURA: And Lanai --

COUNCILMEMBER COCHRAN: Yeah.

MS. OKUMURA: --yes. In Lanai, we submitted an application to establish a home health agency. The staff, currently, we're doing in-home monitoring, which our goal was to reduce need for hospitalizations and physician visits. And I can say that we were very successful in doing that.

COUNCILMEMBER COCHRAN: Very good, thank you. Thanks for what you do.

MS. OKUMURA: Thank you.

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR WHITE: Did you get your question answered or would you like Ms. Mikami to come back down?

COUNCILMEMBER COCHRAN: Well, you sure? I mean if it's okay with the rest of the Members. I just had a question, how the services are provided in Kalaupapa.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: Ms. Mikami, if you wouldn't mind coming back down and addressing the question on Kalaupapa?

MS. MIKAMI: A Kalaupapa question?

COUNCILMEMBER COCHRAN: Yeah, please.

MS. MIKAMI: At this time, we support a lomilomi LMT licensed massage therapist who goes down once monthly. And she's supported by the Department of Health as well, but we do provide her flying in monthly. We have supported screening clinics and education for not only the patients, but for the *kokua*, the help, the State and Federal workers as well. We are trying to work more closely with the care home down there to, you know, partner in this way. We also have sent people there to provide *hula*, *pulelo*, and they've made the *kahili* for the churches down there. So during St. Damien and St. Marianne Cope's, those are done.

COUNCILMEMBER COCHRAN: Thank you.

MS. MIKAMI: Okay.

COUNCILMEMBER COCHRAN: Thank you very much for what you do, too. Thank you, Chair.

CHAIR WHITE: Okay, thank you. Any other questions for the ladies? Seeing none, thank you, ladies. And our next testifier didn't write his name in a way that I can read it exactly, so it is Kolo Pupunu or Pupono.

COUNCILMEMBER CRIVELLO: Pupunu.

CHAIR WHITE: Pupunu? Okay, thank you. If you could come down please?

MR. PUPUNU: Good morning, --

CHAIR WHITE: Good morning.

MR. PUPUNU: --Chairman, Council members.

CHAIR WHITE: If you could --

MR. PUPUNU: My name is Kolo Pupunu.

CHAIR WHITE: --state your name for the...oh, I'm sorry you were just gonna do it.

MR. PUPUNU: My name is Kolo Pupunu. I'm the Landfill Operations Supervisor for Molokai, Lanai and Hana. And I'm just here for your, Councilmen, for your support for our grant for our dump

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

truck for our landfill to be used for haul material, for repair of our landfill during rainy season, illegal dumping and also repair on our closed landfill, Kalamaula.

CHAIR WHITE: Okay, thank you. Members, any questions for the testifier? Seeing none, thank you very much. Our next testifier is Tia Stupplebeen.

MS. STUPPLEBEEN: Morning, Chair; morning, Council members. Thank you for allowing us to be here today. My name is Tia Stupplebeen. I am the Landfill Superintendent, so I oversee all the active and closed landfills. I'm here today to represent Hana Landfill and our request for a water truck. In Hana, there is currently one water truck for the County which is Public Works' water truck. As available, we're able to use their water truck. On average, we get it twice a month. We need a water truck daily. It's a standard equipment for any landfill. On windy days, we need dust control. The type of cover material we get is cinder. We need to break it down and we need to condition it so that it doesn't fly away with the wind and to kind of condition it so that it becomes less porous. We also don't have, on site, water there. So we depend on Public Works' water truck to refill our storage tanks. If they don't...aren't able to get the water truck, we don't have water at the site to even wash up. Sometimes they have to use five-gallon water bottles from Menehune Water just to wash their hands. And working in a landfill, sometimes you get very dirty. It would be nice for our staff to...for us to ensure that they can clean up properly when need be. The water supply also supplies a Hale Lua, or restroom. And being that there's only one water truck in the Hana area, we would support Public Works as they have supported us with fire control should the need arise, as well as the Fire Department. I wanna say that in Hana, since I've gotten this position, I've been in Hana a lot more than I've ever been, and they are a community that the Maui County should base their style after. They are the type of people that help each other out no matter what. They prioritize not just within their own department or section, they prioritize as a community. And as the landfill, we feel the same way, and we will...whatever operations we have out there, we would not only support the landfill, we would support the community. So I really appreciate your consideration for our request for this grant, yeah.

CHAIR WHITE: Thank you, Ms. Stupplebeen. Members, any questions?

VICE-CHAIR HOKAMA: Question?

CHAIR WHITE: Mr. Hokama?

VICE-CHAIR HOKAMA: Is this replacing an existing water truck?

MS. STUPPLEBEEN: No. We've never had a water truck out there, it's expansion.

VICE-CHAIR HOKAMA: And we read that it's also to support the fire control?

MS. STUPPLEBEEN: Correct.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

VICE-CHAIR HOKAMA: So is this need...does it need to be a special type of water truck?

MS. STUPPLEBEEN: No, the fire control in here is our fire control should we get a landfill fire. We also now have a recycling center which have bins which, out here in the rest of the community, we've had fires in some of those recycling bins. We don't hope to have a situation like that, but it has occurred, so having the ability to control on-site fires. Our fire trucks...I mean our water trucks are equipped with sprayers so that, should there be a fire in the community, we can assist from a safe distance which we have in the past like in other situations. So we would be able to assist with fires in the community, but not as a Fire Department fire truck. So I know the Fire Department has a lot of special equipment, it's very costly for their trucks, this is not one of those trucks.

VICE-CHAIR HOKAMA: Okay. So right now, if you had a landfill fire, you call Fire Department?

MS. STUPPLEBEEN: Correct.

VICE-CHAIR HOKAMA: You have no equipment on site to mitigate for the short term?

MS. STUPPLEBEEN: We use our dozer, our loader. Depending on the availability of material, our first line of defense is always to smother.

VICE-CHAIR HOKAMA: Uh-huh.

MS. STUPPLEBEEN: So we've been fortunate, actually, not to have too many fires out there. Since we cleaned up the metals and things, the risk of fire has gone down tremendously. But, like I said, the water truck is for operational use as well as for fire control.

VICE-CHAIR HOKAMA: Okay. Thank you.

CHAIR WHITE: Any other questions, Members? Okay. Thank you, Ms. Stupplebeen.

MS. STUPPLEBEEN: Thank you.

CHAIR WHITE: Our next testifier is Rory Frampton., testifying on BF-30.

MR. FRAMPTON: Good morning, Chairman and Members. My name is Rory Frampton. I'm here to testify on BF-30, the West Maui land acquisition. I represent Makila Land Company. I'm their Land Use Planning Consultant. I've been a planner with Makila since 2005. And one of the primary tasks that we've been responsible...or I've been responsible with is to try to figure out a way to help implement the Pali to Puamana Plan and create a continuous...an opportunity for a continuous beach park and open space along the entire stretch of the shoreline in the vicinity of Launiupoko Beach Park. We've looked at many different alternatives both public, private and a combination. I think this opportunity that's before you now that's presented by the Mayor is a good opportunity. A good opportunity is a understatement. I think it's a wonderful opportunity

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

for the County of Maui to take control over this land that really represents important shoreline recreational characteristics as well as open space. And I think it's a good use of the Open Space Funds. That's why the voters of Maui County established that fee. And the fund that generates approximately \$2 million every year, that's gonna go towards purchase of this property. And we'll be here in case there's any questions later on about the technical aspects of the purchase. I really wanna thank the Chair for scheduling this matter. I know you guys have a lot of very seemingly overwhelming hurdles and concerns when it comes to the budget, but I do think that this is a very important piece of funding that will have benefits for Maui County for generations and generations to come, so I thank you.

CHAIR WHITE: Thank you. Members, any questions for the testifier? Seeing none, thank you, Mr. Frampton. And our...you know, before I call the next testifier, I've neglected to go back to the other locales. So, Lanai, could you please let us know whether you have any testifiers?

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

CHAIR WHITE: Hana, any testifiers?

MS. LONO: The Hana Office has no one waiting to testify.

CHAIR WHITE: Thank you. And, Molokai, has anyone there decided that they would like to provide testimony?

MS. ALCON: No one's here waiting to testify.

CHAIR WHITE: Okay. Thank you very much. Here in the Chambers, our next testifier is Irene Bowie, testifying on BF-30.

MS. BOWIE: Good Morning, Chair White and Committee Members. I'm Irene Bowie, Executive Director of Maui Tomorrow Foundation. BF-30, the acquisition of land at Launiupoko will preserve this coastline as a coastal park for our community. This is the second large step in implementing the eight-mile open space corridor known as the Pali to Puamana Parkway. The island's growing population puts great pressure on our beaches and our recreational areas. Coastal erosion and sea-level rise increasingly threaten our beaches as well. Actions such as this shoreline purchase and the County's commitment to a coastal park in West Maui ensure this precious resource for Maui's residents and our visitors for generations to come. It's a perfect example of what we like to talk about is the three-legged stool where you need a balance of economic, social and environmental; and this would really...has so much to do with not only environmental but social issues. I think to really give a gift like this to the community is a great thing. Maui Tomorrow hopes you'll support the proposed bills and adopt the proposed resolution, and I thank you for your time today. *Mahalo*.

CHAIR WHITE: Thank you. Members, any questions for the testifier? Boy, you guys are quiet today. Thank you, Ms. Bowie. And that is the final testifier in the Chambers this morning. Is there

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

anyone in the Chambers who would like to provide testimony? Seeing no one moving, let me check back with the districts. Hana, any testifiers?

MS. LONO: The Hana Office has no one waiting to testify.

CHAIR WHITE: Lanai?

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

CHAIR WHITE: And Molokai? . . . *(Short pause)* . . . Ella?

MS. ALCON: The Molokai Office has no one here waiting to testify.

CHAIR WHITE: Okay, great. Thank you very much. Members, without objection, I'd like to close public testimony.

COUNCIL MEMBERS: No objections.

. . .END OF PUBLIC TESTIMONY. . .

CHAIR WHITE: This morning, we have eight items on the agenda. And the first bill is relating to County operations and then we have the Community Development Block Grant Program proposal and then six budget amendments throughout the agenda. So with that, we will start with BF-116 which is a bill amending Chapter 3.04, Maui County Code, Relating to Information on County Operations. And I believe Mr. Aagsalog will be joining us for this.

ITEM BF-116: AMENDING CHAPTER 3.04, MAUI COUNTY CODE, RELATING TO INFORMATION ON COUNTY OPERATIONS (CC 12-231)

CHAIR WHITE: The purpose of the bill is to require the Mayor to transmit to the Council, along with the operating budget and capital program for the ensuing fiscal year, a forecast report of anticipated appropriations for the five years next succeeding the ensuing fiscal year. So, basically, we're asking them to provide us with an operational forecast similarly as they do the CIP forecast in the CIP portion of the budget. We previously heard this item at our February 12th meeting, and held off on taking any action on this since Budget Director, Sandy Baz, was not able to attend that meeting. And he's here with us today, and so I'd like to give Mr. Baz an opportunity to share his comments with us. Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. Committee Members, good morning, *aloha*. The proposed bill for an ordinance purpose says that the purpose of this ordinance is to encourage responsible decision making by estimating the future consequences of budget decisions for the ensuing fiscal year. The intent of the required forecast report is to disclose any anticipated difficulty in balancing future budgets and to enable policy makers to consider current needs with the benefit of a long-term perspective. This idea of long-term financial planning is not a new idea, it is actually

BUDGET AND FINANCE COMMITTEE MINUTES

Council of the County of Maui

February 26, 2013

something that we've been kind of moving towards for at least the last couple years since we joined this Administration. It's a best practice from the Government Finance Officers Association. And it's something that, as we develop a budget, that is subject to the awards that we receive one of the items that actually looks...is being looked at is part of that award. That being said, I do support long-range financial planning. I do see some major difficulties with the bill as it's proposed. The idea of long-term financial planning is one that takes a lot of effort to be able to produce something that is useful. I did some research into some of the best practices in other jurisdictions. It's an idea that I think that we can move towards. But a bill like this, and just right off the bat, is gonna be something that I could relate to Bill 84 from the General Plan creation. It's a nice idea, but implementation of it is gonna be way beyond what I think that we're gonna be looking for in just the development of a financial plan. As GFOA recommendations for long-term financial planning has some major concepts to it, and one of the main things to start off with is strategic planning. It's something that we, you know, as the Administration has...we have started in the Fiscal Year 2013 Budget, we presented the five Countywide priorities that we've kind of set. You know, setting priorities, setting some of those long-term vision items. We have started the departments, in 2012, started having them do some strategic planning. You've noticed that the budget document, for those of you who've looked at it over the last few years, changed significantly. Setting up goals, performance measures, items that we're looking for the departments to do over the next year. The other thing that we've done was, we've recently contracted with the International City and County Managers Association, ICMA, which the Managing Director is a member of to do for their Center for Performance Management [*sic*]. We've did some webinars and training on that. We will be doing, later on this year, a study on, you know, what it is that we should be measuring and getting the departments to present that information. In addition to that, my office has been working with the Department of Planning on the General Plan requirement for a implementation plan. During the process of creation of the General Plan, the Department of Planning acquired a financial-planning tool called, MuniCast. It was actually partnered up with GFOA, and so it's a very good tool. My staff and I have been working on getting the historical information into that; and we have, from 2007 to 2012, actual data and the 2013 budgeted data in there. The key to any financial planning forecasting is gonna be the assumptions. This is where, you know, when I'm discussing with the Mayor, he expressed a major concern. As elected officials, the budgets, the rates, the revenue, are set each individual year. If we produce a plan for operating expenditures, the departments, you know...let me step back and say that, you know, when the departments produce their plan for the upcoming fiscal year with budgets, I can tell you that it's significantly different when it gets scaled down from the Mayor's Proposed Budget. What you guys see is millions of dollars less than what the departments are asking for based on the revenue that we're looking at just for that upcoming fiscal year. I can sit there and punch a button and say, okay, well based on CPI, you're gonna get a average. Or based on historical data, you get an average increase in Real Property Tax values of, you know, 3½ percent over the last 15 years. And so we can say, okay, well for next year it's gonna be 3½ percent and for the next five years it's gonna be 3½ percent based on that historical data. But that's not gonna...values is one factor, you know, rates is another factor. And I think that's where, you know, when you're looking at deficits or opportunities for balancing the budget, you know, that's one of the big opportunities that you look at is adjusting the rates, you know. If we don't need that much

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

revenue, then you can adjust the rates down. If we need more revenue to continue the operations of the County, then you adjust the rates up; and that's something that you do on an annual basis. The Mayor expressed a little concern in the Administration doing a significant amount of work trying to prepare a financial plan that, unless the revenue's set by Council for the next five years, we're not gonna know if that plan is gonna be implemented at all. I have...I can go into significant items, I did pass out the GFOA Forecasting Process Work Breakdown Schedule [*sic*]. It's a four-page document where that forecast...making the forecast and presenting the forecast is Items 9 and 10 at the end of a four-page document of a lot of effort. So I wanted to get more information from the Chair and from the Members as far as, you know, the usefulness of a document like this before we put a lot of effort into it. And should this move forward, I will be requesting additional staff, because my current staff and the staff in the Finance Department don't have the capabilities of producing this as is. So I'll stop there, Mr. Chair, and we can discuss this.

CHAIR WHITE: Okay, thank you.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Members, questions? Mr. Victorino followed by Mr. Hokama.

COUNCILMEMBER VICTORINO: Yeah, thank you. And I know Mr. Hokama has the more technical questions, I'll keep it fairly simple. What you're saying, basically, if you are to project operating expenses and as well as revenue for five years...and, again, it's a projection 'cause, businesses, we do this every year. We project five year, ten year and every year, and of course adaptable changes. But your concern or the Mayor's concern or the Administration's concern is that you have this ability to project, but it then comes to the Council and then the Council decides what they wanna do for that particular year, because we do it annually, right? And the concern is if you said you were going here and all of a sudden the Council went there, you're concerned that maybe the two won't match, is that what your concern...I mean in a nutshell?

MR. BAZ: Well, yes. That happens on a regular basis.

COUNCILMEMBER VICTORINO: Well, yeah.

MR. BAZ: Mayor proposes budget --

COUNCILMEMBER VICTORINO: And we change it, yeah.

MR. BAZ: --and the Council kind of rips it apart and puts it back it back together. And, you know, it's when you get down to the nexus of it, it's pretty similar, but it does change. I think one of the concerns is the language of the bill itself where it requires, you know, reports on discrepancies and things like that where, you know, I've been...those are gonna be evident based on, you know, changes that are being made between the Council or whatever. I can see if, you know, it's economic changes that happen. You know, one of the factors that we gotta look at is, you know,

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

there are...we cannot just take a department's expenditures and say, okay, well the Real Property Tax Office, you know, got this much money this year; and there so if we base it on, you know, continuing operations, it's gonna be looked at and it's gonna be, you know, 4 percent more next year --

COUNCILMEMBER VICTORINO: Uh-huh.

MR. BAZ: --you know, depending on what the inflationary rate schedule is. Just in that example, this year, they got an extra million dollars for, you know, software upgrades, right? So if I...without analysis, without the detailed information of understanding what it is that's happening in every item of every department, we're not gonna be able to produce a forecast that makes any sense. We have 17,000 lines of expenditures and revenue in this new forecasting model that we have, we have 17,000 lines. Every single one of those lines has to be reviewed to be analyzed to make sure, you know, what it is that we're making assumptions on for the future. That's kind of our concern, yeah.

COUNCILMEMBER VICTORINO: And I can appreciate that, Mr. Chair. I think when you have two bodies that make decisions, that's another issue. I mean we in the business where we have the business models and we follow that; and even when we make changes, we can. I think the other question I have for you, and I think it's been brought up a number of times, is the philosophical premise that we set the forecast with. I think that changes with the different groups that are in here, it changes with a different Administration. So I think my question to you is, with that basis, if you set something in five-year increments and there's a new Administration comes in, which will come, at certain points they'll change, no question, whether it's voted in or out or term limits, they do change. What happens to that philosophical, 'cause when the new--and I've seen this just in the time I've been here, different philosophical changes--how does that match up with the forecast? I think that's the next question I'd have for you.

MR. BAZ: Yeah, that's a very important factor to understand, you know. We have an elected Mayor and an elected Council. All of GFOA's best practice examples had a city manager, an elected council with either Mayor being the chair of the council, but all of them had a city manager.

COUNCILMEMBER VICTORINO: Uh-huh.

MR. BAZ: And that's a factor that's different than from our system of government, right? We have an elected Mayor who sets his own priorities and then brings 'em down to Council for review and things like that, too. And with that elected, you know, it can change. As we have...we know budget chairs, as budget chairs change in the Council, you know, different philosophies and directions can happen with just that or different Members of the Council. So, yeah, you're...in some way, in the language of this bill in the current state, you're almost prohibiting future Councils from changing what is being presented initially. And I'm afraid that we're gonna get into that same kind of situation that we have with the General Plan discussion in the Maui Island Plan area where you're trying to get detailed information and set for the next, you know, 20 years. You know it's gonna change. I mean we have budget amendments, you know, we

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

have seven of them today, right, based on just...and that's just on the current fiscal year. So those are some of the, yeah, thank you.

COUNCILMEMBER VICTORINO: No, thank you. And I'll let others ask questions, but I think the picture I see and, Mr. Chair, I know what you're trying to get and I agree with you wholeheartedly, but there's some dangerous...there's some red flags out there. And I see in our process versus maybe business models that we use in our businesses every day. But I thank you, Chair, and I thank Mr. Baz for his responses.

CHAIR WHITE: Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, thank you. Unfortunately, instead of answering some of my questions, I have a lot more from hearing the discussion. It is disturbing for me, Chair, that part of today's agenda is to look at long-term planning, the campus project and whatnot. And, yet, what we're hearing is...well, what I'm hearing is that we're not for planning money according to long-range planning either for projects. So, you know, I disagree completely that we are creating a tool that would take away from future Councils the ability to make changes. I think what we're helping the future Councils to do is to understand the fiscal philosophy and direction we have tried to maintain to increase the County's ability to perform, the County's ability to provide the services that we believe is required of us regarding our quality of life in all parts of this County. So for me, Chair, you know, I cannot understand how then they go about coming up with long-term planning, to ask us to buy acres land with no plan? You know, we bought 200 acres, we have no plan for that, yet. We're being asked to buy more land today. I'm not sure exactly what we're buying and what kind of numbers, but obviously for me that price is too high already. But you know for me, Chair, you know, if the Administration doesn't wanna do it, then live with our decisions during budget deliberations. And I don't have a problem that we do the forecasting, and they gotta live with our numbers and our decisions, then. I don't think what we're asking is unusual. You know, the County of Kauai itself, admins., give the Council their unexpended budget surplus reports regularly so the Council can make decisions on budget amendments. I have yet to see that type of reporting to this Council or this Committee. You know, so I cannot understand why we don't wanna be upfront with our community, with our taxpayers, on how we plan to pay for things in the future and what taxation will probably look like. And, again, what I read in your proposal is just, you know, forecasting and assumptions. We know it's gonna change, Chair --

CHAIR WHITE: Uh-huh.

VICE-CHAIR HOKAMA: --and that's why we make the decision on an annual basis. But, for me, if this is the route we gonna go, I'm gonna be more hesitant to give the kind of money when I'm not sure what it's gonna place this County in its fiscal position. Because I'm more worried about the existing obligations before I want...and then, again, it's gonna impact how I wanna look at increasing future obligations. So if we cannot get this kinda numbers, you know, I have no problem supporting Council's budget to expand and make the Budget staff do those things for us. And then we can work with our auditor, the future auditor, and come up with these kinda

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

adjustments on figures, you know. So we can do it one of two ways, Chair. If the Admin. doesn't wanna do 'em, I got no problem with us doing it through the Legislative Branch; and maybe that's the route we should be taking. Thank you.

CHAIR WHITE: Thank you, Mr. Hokama. Yeah, the Chair's interest is to get estimates. And quite honestly, this is a process that the Mayor and the Administration should be going through themselves anyway. And I know...and one of the reasons that I felt that this was a reasonable request is that Mr. Baz, during our last budget deliberations, had mentioned on several occasions that they have a model for doing exactly that. So I'm a little concerned with their hesitancy. I mean I understand that it's more work, but to me there's a way that we can work into this. I don't think we're asking for an incredible amount of statistics. We're leaving it in their hands to provide us with good faith estimates. It doesn't mean that we have to have an incredible level of detail, but I think it is responsible, especially now as we're facing sequester on Friday, we're facing the Federal government dealing us a hand that we can't see, yet. It's responsible for us to look down the road before we make decisions on CIP, before we make decisions on adding staff. We need to know what those costs are likely to turn into down the road. So I appreciate your comments. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. . . . *(Clears throat)* . . . excuse me. And while I understand what you're trying to achieve here, we gotta remember, although we like to try and run government as close as possible to...as a business, this one is kind of odd because every two years we change, potentially. All nine of us could change in two years and the philosophy can change in two years. So if that worst-case scenario happened, all of sudden all the work that both the Council and the Administration put into this forecast, goes out the window for the most part because the whole philosophy could change. And the same with every four years the, lately, the Administration has been changing. So whereas in a business, it's more of a...you have a, you know, a long-range plan and you usually have the same folks going all along and aboard. For instance, your business, you've been there for how many years now running it? It's easy to do that.

CHAIR WHITE: I'm the oddity.

COUNCILMEMBER COUCH: Yeah. So I understand what you're trying...what Member Hokama and you are trying to talk about. We do need to see some sort of...what's gonna happen if we do these things. I think that's something that in conjunction...mainly it's what this body should do, 'cause we are the ones that make the final decisions on the budget. We could use some tools from them saying, you know, when we build this fire station, it's gonna cost this much over the next 25 years because that's what it's gonna cost. But as far as a forecast every five years, even strategic planning's hard to do, because you can only strategic plan for the most, if you're in Administration, for the most, eight years. After that, the next person in could completely shift direction unless, again as I think Mr. Baz says, you have a city manager that knows what the strategic plan is and tries to keep everybody on that path. So I understand what's being attempted here, but I don't know that this is the proper way to do it. And I think if we can come up with some sort of request or even through our process, because it should be more on us as

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

Mr. Hokama says, you know, we have to understand the implications of adding that new fire station or adding that new park, what's gonna happen and what the costs are gonna be. But that is fairly easy, those are fairly fixed costs. You know, the increase in salaries or whatnot and expenses, you can put a percentage on that and go from there. If we had a list like that, I can understand. But to do, you know, we're gonna guess that taxes are gonna be this much this year and values are gonna be that much and do that; and if you look at this list that's almost a year's worth of work for one person to do; and if you get more staff, and you know how we're very low to add staff unless it brings in revenue as opposed a cost center; so I know, at this point, I don't think I can support this. But I do realize we need something. Maybe it's something, a compromise in between. I haven't quite figured out what it would be.

CHAIR WHITE: Well let me help you with some math.

COUNCILMEMBER COUCH: Thank you.

CHAIR WHITE: You mentioned the fire station. And I have a fire station that's coming up in this year's CIP budget for my district. Fire station, I don't know what the number's gonna be this year, but it was somewhere in the neighborhood of 15 million, 12 to 15 million dollars to construct. The operating expense for a relatively, I think, relatively small station such as Makawao is about between 2.2 and 2.5 million a year with staffing, fringe benefits and equipment replacements and so forth. So just that one number which we don't get in the CIP budget for operating, even though the Charter says we should be getting that number, if you take that number out for your 25 years, that one station in my district is gonna cost the County \$70 million over the next 25 years. You know, we're about to finish a police station in your district, that cost is incredibly high.

COUNCILMEMBER COUCH: Uh-huh.

CHAIR WHITE: So my question...the question that we need to be looking at is, how do we...or do we just simply not project those costs? Do we simply not try to run out the numbers on the major cost items that we have like our unfunded liabilities, our staffing costs and so on. Our cost to operate an acre of park is something in the neighborhood of \$20,000 a year. So do we take that into consideration when we look at buying 148 acres? I think we need to. So all I'm saying is we need to be doing something to put our arms around these estimates. Because, like Mr. Hokama, I'm not comfortable committing dollars, today, without knowing what the dollars on all sides of us are gonna grow to in five years, ten years and twenty years. And I know you feel the same way. This is just simply something that I feel is really responsible for us to ask of the Administration. And at the same time, I'm happy to help them with it. I'm happy to work with them on it, because it serves both of us. But to be walking down this road with blinders on, I don't think is safe for you or me or anyone else. So that's --

COUNCILMEMBER CRIVELLO: Chair?

CHAIR WHITE: --where I'm coming from. Ms. Crivello?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER CRIVELLO: I have a question for Director Baz. You mentioned about possibility of expanding staff if you should implement this. My question is, would it be possible to have your department heads or within your departments to come up with their projection and have your Department go through it with each of the assigned departments as far as...especially for the projection of expenditures? And if I look at when what was mentioning earlier about philosophy changing with the turnover of our policy makers or Administration, I'm one of the new ones on board, and there are philosophies that are carried over from 2011 and issues that I am trying to play catch up with, but that's part of my responsibility. So it's one thing to say about the philosophy. I kinda like...I actually appreciate the opportunity for us to see some sort of projection. As far as revenues, at least, you're going to have that. And what it will cost, you have your long-range planning. For instance, your Kalana O Maui campus, as a new Council member, that's brand new for me. But I think if it came in with the five-year projection, I would have the opportunity to study it more intensely. So that's...so my question is, can department heads or your various departments participate as far as expenditures and revenues?

CHAIR WHITE: Go ahead.

MR. BAZ: Thank you, Councilmember Crivello. Currently, the departments do produce their proposal based on criteria that we provide to them. They have...some have accounting staff, some have business managers that do it, some of the directors do it themselves. It's pulling teeth, sometimes, to get stuff from them just on an annual basis. The idea behind additional staff, and it probably would be, you know, a couple - maybe one for revenue and one to work with the departments on their expenditures, but somebody who's dedicated to looking at this on, you know, the long-term basis. A lot of training would have to happen for the Council and for the Administration, departments, staff, on, what it is, you know, forecasting requirements, you know. 'Cause we all have a different vision of what it is we're looking for in a five-year plan. And some departments may understand that and some department staff may not. And, like I mentioned from the beginning, I think forecasting is a good thing. Financial planning is something that's very important. You know, we do that for CIP. And that's why, you know, you have a six-year CIP plan, because that's something that we can project a little bit better idea of what we're planning on for facilities, you know, at least larger things. Operating stuff comes up, you know, just something came up with the Hana Landfill that's gonna cost us \$650,000 next, you know, this upcoming budget request. I don't wanna get into upcoming budget requests, but just that, I mean, that's something that just out of the blue came up, because, you know, it was needed. And there's no way that we can forecast that, that has a big impact to our operating costs. And so I mean and, you know, if Council wants to do it, you know, if Council Services' staff can do it, then I'll be happy about that. If I have the staff to be able to do it, I'd be happy about that as well. I do think financial planning is a good thing. And we definitely don't wanna move forward with blinders on. We need to make sure we have a good vision of where we're going.

COUNCILMEMBER CRIVELLO: Thank you. Thank you, Chair.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. This is a really important discussion we're having here. And I certainly understand the need for looking ahead. The difficulty with looking ahead in our business is like in every other business, God knows about the unexpected. You know, stuff happens and it happens very quickly and, you know, changes the landscape. But I agree that it wouldn't hurt for us to, you know, maybe start looking ahead a little bit more than we do. This is an interesting discussion in light of the fact that we can't get anybody to support a biennium budget. You know, that's a two-year forecast, and we can't seem to get our arms around that. So if we can't get our arms around two years, trying to do five years. And I don't understand what the arguments are against a biennium budget. Maybe, Mr. Baz, you could tell us, if you don't mind, Chair?

CHAIR WHITE: That's fine.

MR. BAZ: Thank you. For a biennium budget, from a operating expenditure projections, it's not that difficult to do. From a revenue side, that's very difficult. That basically means that...well, either that or it could be very simple. Because Real Property Tax assessments would only be done every two years --

COUNCILMEMBER BAISA: Uh-huh.

MR. BAZ: --instead of every year. And then it would just stay flat for that upcoming year and we would be, you know, so that's a one simple way to do it. But maybe the Finance Director has a little bit better perspective. Yeah, the Charter Commission didn't even wanna put that to a vote for the community. So I'm not sure. I know the State level, basically, they produce a biennium budget the first year. The second year, they go and reproduce another annual budget that's very different from the first year's budget. So it's still, basically, doing an annual budget. And that's, you know, we have unforeseen items, otherwise, we wouldn't have budget amendments, right?

COUNCILMEMBER BAISA: Right. I think we all understand the difficulty of doing what is being proposed. It's time consuming, it may turn out to be kind of very well-skewed because of unexpected things, have things change and, you know, like you mentioned about the Hana Landfill, stuff happens. But we do, I think, agree that we'd like to look forward a little bit more, and maybe this is a way of doing that. But if this seems arduous, is this gonna need extra personnel or whatever that we're talking about, have you any ideas for an alternative so that we would have better, you know, decision-making information?

MR. BAZ: You know, I have considered that, because, you know, I mean I don't wanna just come and say, here, this bill is no good or, you know, we can't implement it.

COUNCILMEMBER BAISA: Yes.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. BAZ: We have, like I said, we have been working on this MuniCast model. I've been working on it for over a year, now, working with the developer in getting the data in there, you know. Extracting the information that we need out of IFAS is difficult, getting it communicated and exported into the system is a little bit clunky, but it's okay. I mean, you know, he has to do it...some things by hand. We still have a significant amount of unexplained items in the...you know, 17,000 lines worth of revenue and expenditures every year means that, you know, there's gonna be some stuff that we're gonna have to fill the holes in. And we're trying. I mean, you know, it's part of the mandate of the General Plan, and we understand that. And so we're working on that. I guess my request at this point would be that if we could not put the requirement in Code at this point, but, you know, understand that we are working towards that. And I guess my request to my boss is gonna be, can, you know, if we gotta do this, can I have some additional staff to get it done? And that's something that, you know, as an Administration, we gotta work towards.

COUNCILMEMBER BAISA: You know, there was quite, Chair, there was quite a bit of talk about the CIP that you do, because you're required to do that and you will be working on that in finishing out the implementation plan in the General Plan. So I'm wondering, is there a way to enhance that CIP report? Because what I'm hearing is, you come to us with a CIP request or a request to purchase or whatever and you tell us what it cost. Well what doesn't come with it would be any kind of projections about future costs, like, for maybe the next five years. You know, okay, we're gonna build this building, and when we're done building it, for the next five years, it's gonna have cost and it's gonna add to the budget X number of dollars and this is what it's gonna be for. I'm wondering if that in itself might be a first step or a help in some way of, you know, allaying our concerns about approving requests.

MR. BAZ: And, Mr. Chair, thank you. I appreciate you bringing up that example, 'cause actually if you look at my budget instructions that I send out to the departments, that is a requirement that we have the departments put in, you know, what is the future operating expenditures, you know, what is the impact of this requirement. Unfortunate thing is that Wendy Taomoto and I don't have the time to go through every single project and make sure that the departments have submitted anything, for one thing, or that it's anything accurate. It's something that, you know, if we just blanketed it, rejected it because we didn't have that data, then we probably would have a very small CIP program. But we try very hard to get the departments to produce that specific information, 'cause we've heard it. I've been the Budget Director here for two years, now, going through and I've sat here and every time something comes up, you ask the same questions. And so believe me, I'm asking the departments the same questions as well. And it is part of the Code that's required as part of our CIP plan. And that's something that, you know, still is a difficulty in developing. So I think we're working towards it. I just want to maybe give me a little bit more time to get towards that goal of having the correct information and data.

COUNCILMEMBER BAISA: So what I'm hearing from you is if we were to put some...or effective date on this, it might help? You know, not now, right away, but you need time to gear up and check it up? That's one thing I'm hearing. The other is, again, the idea of when you come to us with a CIP project or a request to purchase, maybe more information at least about what is this

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

gonna cost so that we know. You know, like today, we're gonna be talking about buying the land in West Maui. Do we have any clue what it'll cost us to turn that into the dream?

MR. BAZ: I'm not sure.

COUNCILMEMBER BAISA: I think that's the question that, you know, we're feeling uncomfortable here in not being able to look forward. And, obviously, those would be assumptions and guesses, but it's better than operating without anything. So I think that's the discomfort that you feel. Thank you, Chair.

CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. You mentioned something in your response to my comments that it's required by Charter already for them to provide something similar to this?

CHAIR WHITE: No. What I was referring to is in the CIP budget, they're required, along with the construction cost, to provide the operating costs that come along with it. So if it's a sewer pipe replacement, there's not gonna be any operating cost --

COUNCILMEMBER COUCH: Right.

COUNCILMEMBER BAISA: Right.

CHAIR WHITE: --attached to it. But if there's a fire station --

COUNCILMEMBER BAISA: Yeah.

CHAIR WHITE: --there's an ongoing operating cost which is simply, in the past, I don't believe has been well-addressed. And it's not...and I'm not pointing at the Fire Department.

COUNCILMEMBER COUCH: Right, right.

CHAIR WHITE: It's all departments, for the most part.

COUNCILMEMBER COUCH: So that's the first thing that I think we would wanna work on is to get that requirement fulfilled in a better way. And I understand that you have only so many people to deal with that situation. But I guess my point is, as Chair Baisa mentioned, that I mean we can't even do a two-year budget because things change so much. Well, that's the whole idea. But I do like the idea of some sort of list maybe just prior to budget, just prior to the...or in conjunction with the budget, have a day session going, okay, these are all the CIPs, here's what the operating expenses are for this new building, for this new park. It's really hard to deal with certainly revenue projections, because who knows what the housing market's gonna do? Certainly in 2003, the revenue, the five-year projections...the housing prices are going like this and then they drop like a rock. So that changes everything around. So I agree with you, Chair,

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

we do need something. This level, I'm not quite sure, yet. But if we can get them to come up with something that in conjunction with your, you know, you and your staff to come up with a list, a somewhat of a forecast so we know what we're getting into when we approve these projects, at least is a start. But to codify it right now, I'm not sure. I would say, let's give 'em a chance first. Since this is, I mean, this is kind of a, hey you guys, look what's coming up; if you don't do this, this is what the result is going to be. So and I think Mr. Baz has been very good for the last two years, anyway, at coming up with stuff that we've asked for. So I don't know, this is a dilemma. Thanks.

CHAIR WHITE: Well, let me just share a little context for you, because the CIP...the operating expenses that come along with CIP projects is one thing. Unfunded liabilities is another. You know, staffing growth and staffing cost is another. There's nothing in this bill that requires a very detailed projection. There's nothing that says, we can't be provided a high-level, 30,000-foot look at the major cost drivers in this County. And just to put it in another perspective, if you go back and look at the growth in Maui County over a ten-year period from 2000 to 2010 or 2001 to 2010, so a ten-year period, the growth in jobs in Maui County in the private sector is 3 percent. The growth in jobs in the County of Maui operations is 26 percent. So it exceeds the private sector by approximately eight times. The growth in our salaries and wages in the private sector in Maui is 36 percent during that same period. The growth in the County salaries and wages is 93 percent. So we far exceed not just the private sector here, but Maui County growth has also far exceeded what's happened in other...in the other three counties. So this is...it's simply, I think, a mandate to us to say, we need more information. When we're going through the budget process, before we're going to agree to CIPs and additional staffing. You know, we've had the Attrition Policy in place for two years; what's the result? I went through attrition at my hotel by freezing hiring and it worked, and we're operating with less now than we did before and operating with the same occupancies. So it's possible to make changes, but my feeling is that we, the people of this County, deserve for us to take a responsible look at where we're headed so that we can make the right decisions today. I know philosophies change. Everything changes. All we're asking for is a high-level view of where we're headed so that they can make the right decisions and we can make the right decisions. So, anyway, Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, I think you said what...you said it very well, what I was trying to communicate earlier, but you did a better job than I did. I would say though, historically, the strength of this County has been the steadfastness of Council holding firm its fiscal policies, you know. I mean, I can remember in the '90s when we, you know, strayed and we got into the problem of borrowing and cash flow that we took care of. You know, was painful, but we took care of it. But took us, you know, double the amount of years it took to create that problem. You know, and for me, Chair, what you shared in the growth of this County itself, the County government itself, is disturbing. Because we're gonna hit that wall where we cannot pay the rate of growth that we're experiencing for the County's payroll, the HR requirements of this County. You know, I mean, if the County is trying to be the major employer of our islands, then we should say that and prepare the tax base to pay for that leadership role in being the major employer. I don't think that's what we want. I think we want a strong private sector that builds

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

a strong middle class that can pay the taxes that makes this County special for us. You know, but one thing though, Chair, I would say that if the Council, in the past--and I gonna bring that up--did not hold our fiscal position, then no way in hell could this County have survived 2001, 9-11, okay. We were criticized for being conservative in our budgeting; we were criticized for tax rates, protecting homeowners; we were criticized that we...people like me were too tight and not willing to spend. Well, what County came through after 9-11 to put cash into programs that impacted the residents? Maui County. And I don't see why we need to stray from that fiscal discipline and philosophy, Chair. I think what worked then still works today, especially when we need to deal with two government levels that more than likely is gonna dump on us what they cannot afford anymore. So, you know, I believe what Chair Baisa said earlier, by Friday, we're gonna learn what happens on Thursday night's crossover deadline on what bills died, what bills make it; and, of course, they're very concerned about revenues at the Capital. On Friday, we're gonna find out whether sequestration is gonna implemented or not. And if it is, then I would say a lot of these budget amendments cannot go forward. We need to start preparing and saving the cash, because borrowing is gonna be difficult. Especially also, Chair, as I share with you, if Congress takes away the County's ability to have tax-exempt bonds, our new number that NACo worked hard to figure out what is the financial impact on counties, the counties are gonna have to, nationwide, come up with over \$500 billion of new revenue to pay for that taxes, \$500 billion is our number at national.

CHAIR WHITE: So have you figured out what our share of that is?

VICE-CHAIR HOKAMA: Well, you know, it's gonna hinder the better of this country to move forward, definitely. And it's gonna hinder this County and this State's ability to provide what we feel is important to our residents. And so more than ever, fiscal planning should be the top priority, Chair. And I agree with you, there can never be enough good financial planning, you know. And I wanna look at this nice, new initiatives the Mayor has. I think it's exciting. I wanna make sure we can afford it, we can pay for it. But the key word that you shared is the upkeep. Building a building is easy, you know. Buying a house I mean is, some people say it might be easy, but it's that maintenance of your lifetime over that property, that asset, is what actually takes a lot of your money: your insurances, your maintenance, your repairs, your taxes. So I'm with you, Chair, that, you know, I believe Mr. Baz is just as concerned about the fiscal status of this County, I think Mr. Aagsalog is, and even the Mayor. We may view it slightly differently, but I think we all want the same end result --

CHAIR WHITE: Uh-huh.

VICE-CHAIR HOKAMA: --the best for our people. I just take a very conservative approach. 'Cause for me, at this point in time where this County sits, we cannot afford to make major mistakes. And that's my fear right now, Chair, you know. I know we gonna have these minor, you know, adjustments here and there, but we cannot make the big mistake at this point in time. Because the end result is, it's gonna be more than nine of us here that's gonna feel the pain of that bad choice. So I would hope that we keep this alive, Chair. I don't have a problem with us working with Mr. Baz and see if we can modify it and maybe adjust it so that we can make it more

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

workable for the short term and then look for the long term. But I think forecasts, especially debt, cash flow, impact on liabilities and the payroll, the HR component, for me, that we should try and at least progress. And just say, we basing it on these assumptions, you know. Because one thing I'm concerned about, and I'm sure these two gentlemen, you know, facing me is concerned, Chair, is the assumption, again, that the retirement system is going on. Eight percent interest growth a year, okay. Now for me, if you guys threw that us, I would say, I can come up to maybe 4, so how you gonna make up the other 4 percentage points? And their plan might say, raise the property tax to cover the 4 percentage points that more than likely we will not get through investments, you know. But there again, Chair, the State is banking on assumptions on how to address liabilities. So even Mr. Aagsalag, he's nodding 'cause I know he's thinking like, yeah, I know, 8 percent, that's a big target for get back on our investments, Chair. But they're doing it to balance their budget and find out where to make it pay. And why we may disagree on that number, Chair, the exercise itself is important, because it came up, you know, whether we disagree or not, they did develop a plan that we can at least give comment on. And I think that's what our taxpayers wanna know, do we have a plan on how we wanna approach taxation and pay for what they want? You know, a lot of times we say what we want, but we know who pay the bills. We all pay the bills. So I say if this is what they want, then we need to help them understand how we gonna pay for it. And I have no objections working with, you know, these fine gentlemen and their staffs. But you got good staff, too, Chair. I think the previous budget chairs have worked hard to, you know, maintain it. But what I find unsaid that I think that you're trying to do is, instead of just a few of us having this thorough knowledge of the monies, I think what you're trying to do is make all nine of us have a very solid financial understanding, for all the nine of us to make the best decisions possible when it comes to taxation, monies and obligations. So I appreciate this effort very much, thank you.

CHAIR WHITE: You bring up a good point, and I...there's no doubt in my mind that we can work towards some sort of accommodation. Because I think Mr. Baz's view is taking the, you know, the, I've got to have every little piece into this puzzle. That's not where I'm at. I just need warning signs that come from looking at the big numbers. So I think we can get there. The other point you made is that you want the information to be more readily available to the nine of us. But it really goes, for me, it goes way beyond that. Because as we sit here and address the long-term liabilities that we've got, the various plans that the Mayor has for expanding parks, expanding County buildings, many of which I think are exciting ideas, as you mentioned. But we need to be in a position where we're educating our tax base as to what the costs are coming up. And we don't have a current number, at least I haven't gotten a current number on our unfunded liabilities, but it's a significant number. And people need to know that what the costs to them are gonna be as we take care of that responsibility. We can't get away from that. That's a promise we made, it's a promise we've gotta keep. But, at the same time, my employees as they retire and live on their ILWU pension, are gonna be asked to reach into their pockets and make payments, you know, higher payments and taxes to cover the benefits that we're paying to County and State employees. And I'm okay with that, but they have to understand what's coming. We have to understand what's coming and we have to hold the reigns if we have to hold the reigns. So I appreciate your comments, but, you know, and I think that we'll get to where we need to be, because I think it's in their interest and it's in our interest to know where

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

we're headed and what traps we might see. And, you know, you brought up the ERS. As you heard down at the Capital the same time I did and some of the other Members did that the State isn't taking care of their Health Fund responsibilities the way that Maui County is. That's hurting their Bond rating, it's helping ours, so we have a much better Bond rating than any other county because of the fiscal responsibility that the past Budget Chairs and the past Finance Directors and Budget Directors and Mayors have shown. But just that one number, last May, we were told that the State would have to put aside \$400 million a year to take care of their unfunded liability, just the State employees. That number, in eight months, with the new actuarial study, has now moved from 400 to \$520 million. So, you know, that's why there is, in my mind, a sense of need, a sense of urgency to this. And I'm sure we'll work through it. Ms. Cochran, you have a question?

COUNCILMEMBER COCHRAN: Thank you, Chair. Yes, this is excellent discussion, and I thank you for the opportunity. As Mr. Hokama put it so eloquently, to educate all of us. And then you're expanding it, of course, to the public and everyone here. But and I see...I think this is very important. And the forecasting is extremely, you know, needed. But, for Mr. Baz, I believe...I would think that this on some type of level is already being done in order for your Department to bring down the budget that we see, you know, every year to a certain extent. So I know you mentioned...you didn't say, "pilot program", but you didn't wanna codify it, you wanna sort of just see how you folks can work on this. So I'm good with that, and I'm just curious. I guess the first question, I think you probably go...are there certain items here that you don't look at? I mean I would hope that everything on this list is addressed as you work through the whole annual budget.

MR. BAZ: Mr. Chair?

CHAIR WHITE: Go ahead.

MR. BAZ: Yes. We do, on an annual basis, review all of these. And I have all the historical information, you know, as was brought up by the Chair. And I have a telephone conference with the developer of the MuniCast forecasting model on Tuesday, next week. So, you know, I am working towards, you know, getting some kind of accomplishment of a forecast. And so, yeah, let me...as I asked, you know, if I could have the opportunity to try and produce something. It may be sufficient to what the Chair's discussion of larger items or not. You know, yes, we do know what our annual required contribution to pay down our unfunded liability is. We do know what our unfunded liability is. We do know what the debt service payments for the next 20 years are as of, you know, the last debt issuance, you know, and every debt issuance that changes. You know, we can forecast some of the stuff about operating expenditures related to CIPs and we're working on that as well. So, Mr. Chair, I guess, yeah, that's, you know, what we're looking for, you know. And we appreciate...and, you know, everybody brings up Friday as sequestration happens and, you know, there's not...six months ago, we couldn't have foreseen, you know, anything like that in our budgeting practices. And we still don't know if it even gets applied, how much it'll directly affect the County and when it will be effective at the County level. So those are, you know, a lot of unknowns that take time and effort to get through and,

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

you know. I share the same concern, fiscal conservativeness, as you've heard from your Chair and from Member Hokama and Member Pontanilla in the past, you know. That is something that, you know, Mr. Agsalog and I are very concerned about our finances at the County level, making sure we're doing things prudently. And we'll always produce a balanced budget, you know, so...

COUNCILMEMBER COCHRAN: Right. Thank you. And I know your heart's in the right place. And just a follow-up, Chair?

CHAIR WHITE: Uh-huh.

COUNCILMEMBER COCHRAN: I think...I mean a start could be, and you have the example on No. 5, you know, the request for a new facility to anticipate and share also what the cost for personnel and furnishings and maintenance and just the ongoing expenses we mentioned. As Mr. Hokama said, it's easy to put up a building, but what is the ongoing in perpetuity cost of this. And so I think maybe we can start with the big-ticket items such as the new building next door, the land acquisition we're gonna be discussing today. What is the, you know, in perpetuity, how is that all gonna play out and how's this plan and vision gonna be accomplished and where's the dollar amount attached to it? And I know you mentioned you're talking to Planning Department, 'cause, yes, we're going through the General Plans and all the different community plans, there's a cost to that. So, as Infrastructure Chair, this is definitely at the forefront of my mind. I don't wanna wait till we got Consent Decrees coming down, you know, on our heads. So these are the kinda things, Chair, I think that are very, very important to forecast out. And so we can plan today for the future. So and I know this is pretty common-sense stuff, but, again, I would definitely like to see it out on a matrix or whatever it's all gonna be, you know, laid out in clear black and white for us to look at. And, of course, it's not gonna be in blood and we're gonna hold you to it, but it's just a...it's something for us to wrap our heads around. Because I wanna thank Mr. Pontanilla who's in the audience, you know, our Budget Chair. I mean I never heard of unfunded liability as Ms. Crivello said, new to the Council, these are things...new terms and new words that what does that mean? And now that I got the brunt of what it means--thank you, Mr. Kalbert Young--it's, whoa, it's eye opening, you know. And I know there's four states in the union that actually are paid up. So I'd like to look at these states: Washington State, I believe; Florida; New York; and Ohio, I think, are the four that have it together. So, perhaps, we should look at them and see how they've been doing it. But, anyways, thank you, Chair, for bringing this up. I think it's a wonderful lively discussion and a needed thing. And so, but definitely willing to work with, you know, Department to see how we can get better numbers and forecasts so we can better do our jobs. So thank you for that.

CHAIR WHITE: Okay, thank you. Before Mr. Couch, Mr. Agsalog, did you...I think you were making a motion that you wanted to say something.

MR. AGSALOG: Good morning, Mr. Chair and Members of the Committee. Yeah, before we go any further on this one, I think I would like to be able to give you my two cents in the revenue part of it. If the proposed ordinance is adopted, on Page 2, on Item B, those are listed as minimum

BUDGET AND FINANCE COMMITTEE MINUTES

Council of the County of Maui

February 26, 2013

requirements. I think we need to discuss it any further, because some of those have some ramification, if you will. I don't think we are, at the moment, structured to forecast them without putting any "if" assumptions which is probably will not be...not that good, okay. But let me say this, I think we all want the best. Mr. Hokama and I discussed this, a lot of issues, a lot. I think it's just the approach that we trying to do, codifying I think the forecasting will be a lot of work; and also, again, we are not structured to do at the moment, okay. I say that, Mr. Chair, because as you know, our revenue, the biggest revenue we have - the Real Property Tax, which is number one on the revenue projection, I'm just looking at the revenue side. I think the expenditure side. It's more doable to do the revenue side, okay. And in the past when I was the Budget Director, when I go zero budget, meaning what is the current expenditures and it would build up from there for the expansion. I know you guys understand that zero budget thing part approach. But in the revenue side, Mr. Chair, right now if you asking me to have a good projection, you have to allow me, also, to maybe have longer wait to certify the assessment. The reason I say that, Mr. Chair, is according to the Code as it's written, we have to certify that on April 19, because the assessment is also depending upon how many appeals we will have. We don't know what's the appeals until we send them the assessment. I'm sure Mr. Hokama will agree with me that the State Legislature also affects our revenue. And he worked very hard, I know, last week, pounding the Legislature, trying not to take away our Franchise Tax. So can we forecast that that they not touching any of those? Again, if they cap our TAT tax, where will I get those money to add into that? So should we raise, now, the property tax for that? So I think if there is an approach that we should take, maybe we start on the expenditures sides instead of specifying that I have to forecast the Fuel Tax and the Vehicle Weight Tax. And that's the work that you do every year as a Council to look at the revenue side. And I think, as it was already discussed earlier, I think our County is structured in a way that we are very strong; Mayor, very strong; policy makers, political-wise. Every two years you guys get elected. In some areas that have good forecasting, they do not have term limit. And those managers over there, they stay, okay. I'm talking about in the political side, now. And I don't know if you wanna put this in your answer or thinking on this. The way I see this, and this is not the position of the Administration, if we have this forecasting and it's codified, anyone that's running re-election and they cannot do anything, I think that electorates will hold them accountable for it; that's just my thinking. So re-election would be harder if you disagree with the electorate, and it's maybe it's good if the electorate agree with your forecasted trajectory. That's just my two cents, Mr. Chair. Thank you.

CHAIR WHITE: Thank you. Yeah, you know, I think that we have to remember is that within five minutes of making a forecast, it's wrong. So, you know, we're not asking for rocket science here. And I agree with you that the main...my main focus is on expenditures, because what we do every year is we find out what our expenditures are and then we back into that with our tax increases and whether it's Fuel Tax or Real Property Tax. So I totally understand your points about...we have a much more difficult time forecasting revenues, but we also can accept the fact that our revenues are the things that are flexible because we can...because valuations are gonna change, rates can change, and so forth. But it's the expenditures side that I'm most concerned about, because that's where the growth is that we have to match to the revenues. So, Mr. Couch?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COUCH: Thank you. Thank you, Mr. Chair, and I love the discussion. It's really good. I like the idea that Mr. Hokama was talking about and you working with the Department to come up with something that everybody's comfortable with.

CHAIR WHITE: Uh-huh.

COUNCILMEMBER COUCH: And I appreciate prior Councils have been doing so well, as Mr. Hokama said, for, you know, during the 2001 issue. This Council has been very conservative all along without this process; and, now, working together. And I agree with you, it's the expense sides that we're really concerned about. So I would certainly support, and I don't know if it goes to the level of another TIG, but a good discussion group to come up, hammer out something that everybody can live with and everybody can support and something that's easy for everybody to read as well. Can you throw that in there, too? And but I was, of course...

CHAIR WHITE: Well, yeah, I appreciate your comment. I don't think a TIG is necessary because I think, you know, we have a relationship that we can put our heads together and get something done. So...

COUNCILMEMBER GUZMAN: Chair?

CHAIR WHITE: Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you. I do appreciate the analysis and the work that's gone...has been put into this bill. I do support it; however, I do also understand where the Admin. is coming from. In terms of Mr. Baz's, his I guess, his GFOA guidelines here that he's given us, I think that you're right in the sense that we can probably work out something that could be comparable for the Admin. I think that everybody's in here, too, for the welfare of the County. I have some concerns in terms of the implementation of it. If we're able to put in a million dollars for a construction site on design and construction, I would say that it would be best used in terms of paying for more people to work on our fiscal responsibility. Just getting into office, I walked out of here last week really late at night figuring out, just worried, how are we gonna pay for some of these items that were up on the floor. And it's very stressing because as a person coming from the general public, you worry about your mortgage, you worry about your car payments. And then you get into office and you have all these bills, but you don't know how it's gonna be paid. And you're correct in the sense of how are we, as Council members, to make good decisions for the benefit of our constituents, for the benefit of our County if we don't have a road map? And I think we're all concerned about that, the Admin., the Council. And I think this is the beginning of looking at it. And I think just by putting it out here, it becomes something that we're gonna be focused on. And I think this is in the right direction. I think that I would like to have this bill kept alive and work in cooperation with the Admin. Thank you.

COUNCILMEMBER VICTORINO: Chair?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

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

COUNCILMEMBER VICTORINO: Thank you. And I apologize, I stepped away for about half an hour so I missed some of what was going on. But I was on a conference call with the western states of NACo. And it's ironic what we're talking about here. Many of these same subject matters were brought up by all the western states, more specific for their state, but the same issues. I wanna say that first of all, Chair, again as I said earlier, what you've brought forward is something that was needed and I agree with. How we get to the end, I think is not the issue right now, it's the issue is we gotta put something together for us, for the Administration, more importantly for the public. If there's something that has always frustrated me to no extent is when people come up to and say, why don't you fix my road, why don't I get better water, why I don't have this, why I don't have that? And my response has always been, generally, I just gotta find more money. And they're...theirs is like, well, don't you guys have enough? And it's really comes down to one simple philosophy - tell Danny pay for it, but Mike doesn't wanna pay for it. Am I hitting the nail on the head? 'Cause that's really what it comes down to. Help me, but make somebody else pay. I paying too much already. Well, you know, there are some truths to that statement. However, the fact still remains, the 5 percent water which is not part of the discussion, but I use that because I've been hit by that a lot in the last couple of weeks.

CHAIR WHITE: Uh-huh.

COUNCILMEMBER VICTORINO: Really, a real challenge. And, you know, so I won't belabor the point. All I'm saying is projections and something that we all can look at so the public understands and what the departments understand and what future mayors and Councils and everybody will understand, it's important. I agree with Mr. Couch, simplicity is important, so we can all read it, it's important. Mostly, I will say this, I think we've beaten this horse to death and more, the three times dead already. So I've said too much, I'm gonna let others say whatever. But I think we're coming to a break, some people are going like this, that, you know, and giving you all kinds of signals. I think it's needed. But I thank you, Chair. I think this discussion, for the general public, is well-received. 'Cause you're right, we all worry about, like Mr. Guzman said. And welcome, when you come out ten years from now you have these gray hairs just like I do, you know, you'll have the gray hairs I guarantee.

CHAIR WHITE: I'm way ahead of both of you.

COUNCILMEMBER VICTORINO: Yeah. Well, I mean you were...you had an advance starting, sir, I didn't want to go there. Oh, I did go there. Anyhow, but we do, we come here every day, we worry about what we need to do here, and then we go home and worry about our home issues, too. We all have it. I think the bottom line is if we take what we do at home and bring it here and use it in that manner, that we can only pay for what we have money to pay for. Ms. Baisa said that, if you got no cash, you don't buy anything, that's it. Thank you. Okay, thank you.

CHAIR WHITE: Okay, with that, we're gonna take a recess. Please be back here at 11:05.
...*(gavel)*...

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

RECESS: 10:53 a.m.

RECONVENE: 11:07 a.m.

CHAIR WHITE: . . .(*gavel*). . . Okay, Members, thank you for that recess. With no objections, I would like to defer this matter and take it up with the Administration to work out some details as to how to come up with a method and a level of detail for a forecast that it is suitable to them and it's gonna give us the information that we need to make the decisions that we need to make and they're asking us to make, so...

COUNCIL MEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

CHAIR WHITE: Thank you, Members. And without objection, I would like to move forward the-- wrong page--I would like to move forward BF-2(1), Community Development Block Grant Program since we've had all those lovely folks waiting for us on that.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you.

COUNCILMEMBER CRIVELLO: Chair?

CHAIR WHITE: Yes?

COUNCILMEMBER CRIVELLO: May I disclose...may I do a disclosure?

CHAIR WHITE: Yes, you may, Ms. Crivello.

COUNCILMEMBER CRIVELLO: There's a application for a CDBG funding with the agenda BF-2. I just want Council as well as yourself, most of all, to recognize that I've served on the Na Puuwai Hawaiian Health System board for many years. And upon my election, resigned effective January 1st. So I'm not sure there's gonna be any kind of conflict on my participation.

CHAIR WHITE: Thank you for making that known. And, no, there is no conflict because this is part of...well, first of all, you resigned so there's no conflict there; and, also, in this kind of a situation where we're voting on a bill that includes a variety of measures, my understanding is that you're clear to vote.

COUNCILMEMBER CRIVELLO: Thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: It's just when somebody is actively on a board and we have an item come before us that is requiring a vote on that specific organization's behalf that the person would have to decline participation. So you're fine to take part, and thank you for announcing that.

COUNCILMEMBER CRIVELLO: Okay, thank you, Chair.

CHAIR WHITE: Okay, Members, we have Anthony Arakaki, the CDBG Program Manager, joining us. Thank you, Anthony. And in the interest of time, I'm just gonna turn it over to Anthony to give us a briefing on the projects. Anthony?

**ITEM BF-2(1): COMMUNITY DEVELOPMENT BLOCK GRANT ("CDBG") PROGRAM
(PROGRAM YEAR 2013/FISCAL YEAR 2014: JULY 1, 2013 TO JUNE 30, 2014)
(CC 13-72)**

MR. ARAKAKI: Thank you, Chairman, Mike White; and good morning, Chairman, Mike White, and Members of the Budget and Finance Committee. Thank you very much for your time and opportunity to discuss with you the CDBG Program and proposed resolution today. I would like to begin, today, by providing the Committee with a background information on the competitive application process utilized by CDBG to select projects for funding. This process was established ten years ago in 2003 as a result of a program audit by a certified public accountant and the recommendation of the Maui County Council. The process is considered a best practice by HUD and it's consistent with the County of Maui's 2010 to 2014 consolidated plan. Included in the transmittals before the Committee today are documents of significant interest which includes a letter and questionnaire items that address 24 of the Code of Federal Regulations 570.611 pertaining to conflicts of interest. Also included are the executive summaries and budget for the funded, partially funded and alternate projects. This year's competitive application process began last fall. With public hearings held in September, October, November in Hana, Lanai, Molokai and Wailuku in conjunction with the Mayor's budget hearings. Also included were five grant workshops for the public which were held in September and October. One in each of the low to moderate-income communities of Hana, Lanai, Molokai and also in Wailuku. Individual project technical assistant appointments were held with organizations and agencies as requested. The open application period was announced through a request for proposals published in the Maui News on October 24th and November 4th of 2012. The open application period, as required by HUD, is 30 days and was from November 8th to December 7th of 2012. Eleven proposals, totaling approximately 3-plus million dollars were initially received by CDBG for consideration. The proposals were screened for eligibility and threshold factors by the CDBG Program staff. Five of the eleven proposals did not pass this initial screening. One applicant did not have site control by either ownership or a long-term lease meeting CDBG's restricted use criteria. One applicant is only allowed to apply for CDBG funds that addresses their pending American with Disabilities Act compliance issues with the U.S. Department of Housing and Urban Development. Their application did not address the ADA compliance issues and, therefore, was disqualified. One applicant entered into a binding contract for the acquisition of real property prior to the awarding of CDBG funds. One applicant did not demonstrate a quantifiable increase in the level of public service. And another applicant did not submit their application financial statements for the period ending 6/2012. Seven eligible

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

proposals were forwarded to this evaluation and selection panel for their review. The panel was comprised of five members and one alternate that included...it had included various professional disciplines and experiences. Based on the recommendation of the Mayor, the panel members were as follows: Tina Crow, Housing Specialist with the County of Maui, Department of Housing and Human Concerns; Kenneth Yamamura, Agricultural Specialist with the Office of Economic Development; Jan Shishido, Deputy Director of Housing and Human Concerns and a former CDBG panel member; Rowena Andaya, Deputy Director of the Department of Public Works; and myself, making the fifth panel member; and also included as an alternate, was Sandi A. Amaral, Owner and Operator of GSIA Properties. The panel used the following predetermined rating criteria: consolidated planned priority with a 25 percent weight, project readiness with a 25 percent weight, project impact and delivery with a 20 percent weight, financial considerations with a 15 percent weight; applicant attributes with another 15 percent weight. The rating criteria were outlined in the application packet. The panel met two times to deliberate and review the proposals on December 20, 2012 and January 9, 2013. The panel's funding recommendation was approved in its entirety by Mayor Alan Arakawa on January 15th of 2013. I would like this time to thank the selection and evaluation panel and the CDBG staff for their contributions to this year's application process. The resolution before you today reflects a tentative, again a tentative, HUD allocation amount of \$1,440,070. As all of you are well aware that CDBG will possibly experience further cuts by Congress in the near future or possible elimination of the CDBG Program altogether. I wish to thank Councilmember Mike White and the Members of the Maui County Council in advance for your continued support of CDBG. Members of the Maui County Council, the resolution respectfully presented to you today, which is a result of thorough review as well as careful and thoughtful deliberations, recommends a provision for its CDBG Program administration as well as six projects. If any of these six projects prove not feasible for funding, is not in the position for funding as represented in CDBG application or if any funds from the prior years become available for reprogramming, alternate projects are also included in the resolution. These projects proposed for funding, partial funding and alternates are in the rank order of, number one, the County of Maui Department of Fire and Public Safety's procurement and acquisition of a brush truck to support the main fire apparatus on Lanai and may be utilized as a stand-alone apparatus. The brush truck will allow access to areas where the main fire apparatus will not be able to effectively reach. Number two, the County of Maui Department of Environmental Management, Solid Waste Division's procurement and acquisition of a dump truck for the Molokai Landfill to haul material and trash to different locations within the landfill. Number three, the County of Maui Department of Environmental Management, Solid Waste Division's procurement and acquisition of a water truck for the Hana Landfill to minimize dusty conditions, provide litter control, provide soil moisture conditioning, compaction, fire control and cleanup. Number four, Women Helping Women, the Rehabilitation of Domestic Violence Emergency Shelter to include septic system replacement and interior and exterior upgrades. Number five, Na Puuwai, expansion of the Adult Day Care Center facility to accommodate an increase in the number of program participants from 12 *kupuna* to 20 *kupuna*. Number six, the Lanai Community Health Center infrastructure development of a healthcare facility to benefit low to moderate-income persons on the island of Lanai. And number seven, Hale Lokelani Ohana, with the Americans with Disabilities Acts Compliance of a facility to facilitate those who are severely disabled. These

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

projects each address a medium to high-priority need as identified in our consolidated plan: are geographically dispersed throughout the County of Maui and directly support low to moderate-income concentration communities of Hana, Lanai and Molokai; provide a number of services including public safety, regulatory compliance, energy efficiency, affordable rental housing, and health and wellness; extend services to residents who represent a wide-cross area of underserved beneficiaries including elderly, individuals with special needs, as well as low to moderate-income citizens of our County. Therefore, I respectfully ask the Members of the Budget and Finance Committee for your favorable consideration for our recommendation in its entirety with your approval of the CDBG resolution for authorizing the filing of an application with the U.S. Department of Housing and Urban Development, United States of America, for a grant under the Community Development Block Grant Program. Thank you for your consideration. I and other representatives of various projects will be happy to answer questions.

CHAIR WHITE: Thank you, Mr. Arakaki. Members, any questions? Mr. Hokama?

VICE-CHAIR HOKAMA: Thank you for what you presented, Mr. Arakaki. So, of those that you recommending to the Committee this morning, maybe you could give us some insight of what you hear is...is this projects able to...are they gonna need additional future CDBG support?

MR. ARAKAKI: We can't actually...for CDBG support for the future, we can't discriminate if they're gonna apply or not apply in the future. If they're eligible and they meet all the criteria, then they're eligible to apply.

VICE-CHAIR HOKAMA: No, I was wondering if you had insight on whether or not they'll be CDBG actually next year.

MR. ARAKAKI: We don't know that, and that's...and I...that's why there could be a proposed cut or could be a total elimination of the program.

VICE-CHAIR HOKAMA: Okay. Chair, when you ready to go through a certain specific proposals...

CHAIR WHITE: Well, my understanding, Mr. Arakaki, is that this is...this proposal is one that we cannot amend, is that correct?

MR. ARAKAKI: That is correct.

CHAIR WHITE: Yeah, so it's either all or nothing, yeah, so...

VICE-CHAIR HOKAMA: Oh, I just have a question about...

CHAIR WHITE: Yeah, please feel free to go ahead.

VICE-CHAIR HOKAMA: We got Fire, so we can bring the Chief down, Chair?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: Sure.

VICE-CHAIR HOKAMA: Chief, thanks and I appreciate you folks working hard, especially to get the Lanai request rated number one, so great job. My thing on this brush truck though is, where are we gonna house this equipment once we get it?

MR. THYNE: Well, we're gonna house it at the current Lanai Fire Station...oh, excuse me --

CHAIR WHITE: Excuse me --

MR. THYNE: --good morning.

CHAIR WHITE: --could you introduce yourselves? Yeah, thank you.

MR. THYNE: Good morning, Chair and Member Hokama and the rest of the Committee. Dave Thyne, Assistant Fire Chief with the Maui Department of Fire and Public Safety. I representing Chief Murray and his staff. We are gonna house it at the current Lanai Fire Station. And as you know, we're looking at, you know, getting some additional housing for our apparatus there to include even temporary garages, et cetera. Due to the fact that a lot of our...well several of our vehicles have been outside --

VICE-CHAIR HOKAMA: Uh-huh.

MR. THYNE: --due to the limited space that we have at the current station.

VICE-CHAIR HOKAMA: Okay. So we do have a plan for housing it once we get it on the island, then?

MR. THYNE: Yeah, currently we have some covers, car covers if you will, large apparatus covers for some of our relief apparatus. Our intention is to hopefully get some permanent housing for those apparatus. But in the meantime, we'll prioritize the newer apparatus with the limited capabilities to garage them.

VICE-CHAIR HOKAMA: Is there a need for us to consider expanding the crews, because now we gonna have another piece of equipment that needs another driver?

MR. THYNE: No, this is a accessory apparatus, if you will. It will be used by the same amount of people. The only time we would use it as a frontline, as Mr. Arakaki mentioned, is when we would fly in crews on a large incident and staff that particular apparatus with additional members from Maui, on a large incident. It typically would be used in lieu of the larger apparatus to reach areas that cannot be reached by the large apparatus. So it wouldn't typically--oh, excuse me--we wouldn't typically expand the crew to put a designated driver on this apparatus.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

VICE-CHAIR HOKAMA: Okay. Well that's good for us to know. Thank you, Chief. Is this something similar to what we supported for the Hana district, that mini-pumper, if this is totally different?

MR. THYNE: Yeah, it's a little bit different. That's a little bit of a smaller apparatus, more of a kinda quasi-utility/brush truck; that's why we call it a brush truck. A mini-pumper is typically larger in size. It is also used for off road. It's kind of the way we've--I don't wanna say, "transform"--but grown to adapt to the responses that we have. Wailuku, for instance, has a mini-pumper primarily for Kahakuloa Village in responses out to that area. Lanai, now, we have had in the past, CDBG has supported us --

VICE-CHAIR HOKAMA: Right.

MR. THYNE: --graciously with a utility apparatus. A vehicle which typically gets us to an incident, bringing medical supplies and whatnot. This brush truck would be the next step, I guess, in our, again, in our adapting to our responses and our needs in the sense that it would bring equipment, personnel as well as the fire-fighting capability as well. So it's similar to what we have in Paia, in Kula --

VICE-CHAIR HOKAMA: Uh-huh.

MR. THYNE: --Napili --

VICE-CHAIR HOKAMA: Okay.

MR. THYNE: --for instance.

VICE-CHAIR HOKAMA: Okay, that's great. And one last quick question, Chief, if you do know the answer. If you were asking me today for one water tanker for your department, how much money would you ask me for?

MR. THYNE: Gosh, I'm not sure what our...

VICE-CHAIR HOKAMA: Round numbers.

MR. THYNE: I wouldn't be...

VICE-CHAIR HOKAMA: I won't hold you to it.

MR. THYNE: The other chief, Chief Arruda is in charge of that committee for us internally so I wouldn't know that off the top of my head. As far as in the past, I think some of our six-wheel drive tankers were on the pricier end, and that's only --

VICE-CHAIR HOKAMA: I just was curious.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. THYNE: --and that's only because I went up there on a couple of visits and I believe they're around \$700,000 for the ones I believe we have in Lanai as well as in Lahaina.

VICE-CHAIR HOKAMA: Uh-huh.

MR. THYNE: But I wouldn't know the updated figures. And I think we have to understand I guess that it's a lot pricier, 'cause I know Chair White did some inquiring in the past. And with the NFPA standards and things we're bound to, it's not like a typical construction type of tanker, so it is a little bit more expensive. So that \$700,000 figure I think seems quite inflated, but it has to be understood that it's due to the requirements of having emergency response apparatus. So --

VICE-CHAIR HOKAMA: Okay.

MR. THYNE: --and so I know I didn't answer your question, because I don't know that price for it, and I'd hate to give you a wrong quote.

VICE-CHAIR HOKAMA: Right. No, you gave us a good sense of some of the things the department needs to consider in selecting appropriate equipment, so I appreciate the response. Thank you.

CHAIR WHITE: Members, any other questions? Mr. Couch followed by Ms. Cochran.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. I guess this question is for Mr. Arakaki. While I understand the need for some of this County of Maui equipment and could support it, how did that kind of stuff get put ahead of something like the Lanai Community Health Center which is a really...project that we've been looking at for a number years now and hoping to get it going? And it appears that it's receiving partial funding at the expense, just looking at this, at the expense of...it's being expending because of our...we're getting these pieces of equipment.

MR. ARAKAKI: Part of the overall, broad HUD mandates is that we look at our spend-down. And when you look at the County projects, specifically the acquisition of equipment, it provides for a very, very quick spend-down, and that's what, again, project readiness is one of our criteria that we look for when selecting projects.

COUNCILMEMBER COUCH: So you're saying that the Lanai Community Health Center wouldn't spend down their 634,000 or 700 whatever thousand that they're looking for as fast as or within that year or...

MR. ARAKAKI: Well generally, and anything to do with infrastructure spending. When you're dealing with whether it'd be land acquisition or putting up the vertical, which is the building, it generally is a lot more slower than, let's say, acquiring a fire apparatus device or a vehicle, I should say.

COUNCILMEMBER COUCH: So that was pretty much their criteria, is the ability to spend it down?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. ARAKAKI: That's part of the criteria, correct, it's mandated by HUD.

COUNCILMEMBER COUCH: Yeah. Mr. Chair, my concern is that it looks like that we're getting County equipment at the expense of community services and whatnot. So I have a little bit of concern or that...and I'd...yeah, because we can spend it down that quick, that still doesn't sit that well with me. So, you know...

CHAIR WHITE: The Chair would observe that if you're...I think we all have the same concern, but at the same time, using the CDBG funds frees up monies that we might otherwise have to spend on this equipment.

COUNCILMEMBER COUCH: Correct.

CHAIR WHITE: Well, so it frees up General Fund money if you look at it from that perspective.

COUNCILMEMBER COUCH: Right. And, again, at the expense of possible much needed a community health center in Lanai that somebody's gonna have to pay for regardless. So, alright, thank you.

CHAIR WHITE: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And I guess I got a...two question in regards to Fire and with Mr. Arakaki. First of all, I was trying to figure out, are you given a lump sum by CDBG like to work with, to begin with?

MR. ARAKAKI: Our funding comes from the U.S. Department of Housing and Urban Development and it's basically a formula grant. So we're granted an X amount of dollars. And, right now, again, it's a projected amount at 1.4, so we don't really know the exact figure, yet.

COUNCILMEMBER COCHRAN: And the 1.4 is just based off of last year's figures?

MR. ARAKAKI: Correct, yeah.

COUNCILMEMBER COCHRAN: Okay. And so you're just trying to incorporate items that'll spend down, as you said, that amount?

MR. ARAKAKI: Correct.

COUNCILMEMBER COCHRAN: Okay. And for I guess, Mr. Thyne, in regards to Lanai, and I know the housing of apparatus issue over there. Could monies have been...CDBG funds go to that type of use? Or I guess Mr. Arakaki could know that.

MR. ARAKAKI: Actually, CDBG funds wouldn't go for operations.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COCHRAN: Okay.

MR. ARAKAKI: It wouldn't be an eligible activity --

COUNCILMEMBER COCHRAN: Okay.

MR. ARAKAKI: --under HUD regulations.

COUNCILMEMBER COCHRAN: Thank you. And one last one, Mr. Chair?

CHAIR WHITE: Uh-huh.

COUNCILMEMBER COCHRAN: Thank you. So I'm looking at the project proposed that did not make it and reasons. One that really caught my attention because it affects my area of the island in Waivee, in particular, Ka Hale A Ke Ola in regards to the ADA non-compliance issue there. And that was...they did not apply for that particular issue to be addressed and therefore lost almost \$400,000. I get that doesn't sit well with me, I guess, is what I'm saying. And just wondering, I mean do people get, I don't know, reprimanded? I don't wanna say, "reprimanded", but how is that looked at, you know, in the future for future applications? Or, you know, it seems like that was sort of a given; and for me, now, my area is lacking this, you know, upgrade I guess, to the facility.

MR. ARAKAKI: When it comes to applications going for...we, again, we look at a very objective point of view. Which is we look at eligible activity, does it meet the low to moderate definition and they're...Ka Hale A Ke Ola is certainly more than welcome to apply again once they get their ADA issues resolved.

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

CHAIR WHITE: You're welcome.

COUNCILMEMBER COCHRAN: Thank you, Mr. Arakaki and Chief.

CHAIR WHITE: Any further questions, Members?

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Couch? Oh, go ahead, Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah, thank you, I appreciate that. Mr. Arakaki, when I look this over--again, I understand your criteria--I guess the question begs to be asked, when you decide between a County and County piece of equipment and these various, necessary nonprofits for our community and what they're doing, is there a weight in that, also, a weighting of that, that this

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

equipment, say the Fire apparatus for Lanai, is so urgently needed that we would leave something else out that may, you know again, they're having a difficult time finding funding for this necessary service like the Lanai...or in anywhere? I mean you helping Lanai, right? You helping the Fire side, but you're hurting their health care. Okay, so poor Lanai, they got...well they can't complain, they getting it, but they not getting it maybe where they think they need it. Is any weight from the community put in that and where the community would prefer as an important element for them?

MR. ARAKAKI: We look at actually the application itself.

COUNCILMEMBER VICTORINO: Uh-huh.

MR. ARAKAKI: And from there, the applications go, obviously after they pass threshold screening, they go to the selection and evaluation committee. So based on the various disciplines and expertise of the committee members, a weighting and ranking is done, and then that's how we come up with our composite scores.

COUNCILMEMBER VICTORINO: So no public input. I mean you don't ask the public in any way, that committee doesn't ask the public, you're just like, you make the decision...your committee makes the decision...and I'm not knocking the committee, please. You know, and again, I understand the process, but there's no input from the community itself? Other than the application, nothing else is done?

MR. ARAKAKI: In the beginning, we have public hearings in conjunction with the Mayor's budget hearings, so that's...yeah.

COUNCILMEMBER VICTORINO: And these items are brought up?

MR. ARAKAKI: Not these specific items are brought...they're not brought up, no.

COUNCILMEMBER VICTORINO: Okay. No, I just was curious. Because, again, I think the public needs...these are important aspects. And if I look very carefully, much of these are on our sister islands, again, or the outlying districts which are in dire need in many cases. So I mean, you know, Lanai can be thankful they getting one suppressing, little Lanai brushfire truck; but they not getting any more help for their health clinic. Which, again, it's really a hard thing to swallow when I think they need both, but not...and we only have so much money. So I can appreciate...

MR. ARAKAKI: We only have so much money...

COUNCILMEMBER VICTORINO: I understand that, you know, it's like everything else. If we had unlimited funding, we could do anything. But, Chair, thank you. And I thank Mr. Arakaki and his committee for the hard work they've put together to bring this out to us.

CHAIR WHITE: Okay. Mr. Couch?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Arakaki, you said this was a time-sensitive issue?

MR. ARAKAKI: All of HUD spending, in particular with CDBG, is always time sensitive. And during the selection process of projects, time consideration or what they call, "project readiness", is a large factor.

COUNCILMEMBER COUCH: No. I'm talking about us getting this passed out, this resolution. Is that a time...

MR. ARAKAKI: Yes, it is.

COUNCILMEMBER COUCH: When do you find out when we get the HUD money?

MR. ARAKAKI: I don't have any projected dates right now, but I can go ahead and inquire with HUD.

COUNCILMEMBER COUCH: Just general vicinity. Like for instance, last year, at what time of the year did you get that?

MR. ARAKAKI: It was around March or so. I believe it was March, yeah.

COUNCILMEMBER COUCH: Okay. My concern, Mr. Chair, is that as we all know, Friday is going to be a very interesting day or the following week. I'm just wondering if we could put this off for one more meeting cycle just to see what...I mean if they're gonna lose all their, at worst case, all of their money, then the point is moot. Or not give, for instance, the people in position 4, 5, and 6 hope and find out that we're cut, you know, our money's cut in half. If we can kinda wait, if we have the time to wait, until the next Committee meeting, might be something that we have more information that we can give out at that time.

CHAIR WHITE: Yeah. I don't know...the Chair doesn't know whether us putting it off would have any effect on our place in line so to speak, but maybe Mr. Arakaki can share that with us.

MR. ARAKAKI: As the CDBG Program Manager, I don't feel that that would be appropriate, because even if we turn in the HUD application, which is through the Annual Action Plan, whether it's funded or not, that's in the future. So but to have the Annual Action Plan in place should funding go through, then it will be in place.

CHAIR WHITE: Yeah, Staff just mentioned we also have the opportunity of killing it at first reading if, you know, if there's some reason why we should. My sense is that we should pass it out and see where the chips fall. So, Member Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. I understand that we don't have time, and I understand this is iffy money, but it still is very important money.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: Uh-huh.

COUNCILMEMBER BAISA: And I understand also that there is a tendency to try to fund projects in communities that appear to be more in need. And so I understand why a lot of this is going to the outlying districts. But I did want an explanation, a brief explanation, you don't have to tell me everything, on the proposals that did not meet the minimum threshold factors. Some of this is in legalese or governmentese that I cannot understand. When you say, Imua doesn't have site control of the facility, what does that mean?

MR. ARAKAKI: Okay. In order for CDBG funds to be expended on a particular project, basically what it is is we won't give CDBG funds, and this is mandated by HUD, to a project where there is...site control meaning that either they own the property outright and they can stay there, of course, until they sell it or they have at least a minimum lease of seven years. And that's for...the reason why...the purpose for that is that you don't wanna expend CDBG funds on an X project and then one year later that they decide that the nonprofit or County agency decides to sell the land and sell the building and basically would be...it might be for an ineligible use, right.

COUNCILMEMBER BAISA: Okay, I get it. Next one. The Resource Center was about the ADA compliance. What's the issue?

MR. ARAKAKI: Okay. The ADA compliance issue is where we had run it through HUD, and in order for them to be eligible for CDBG funding, they needed to basically apply for CDBG funding directly addressing the ADA compliance issue.

COUNCILMEMBER BAISA: And they didn't do that?

MR. ARAKAKI: They did not do that.

COUNCILMEMBER BAISA: Were they advised?

MR. ARAKAKI: Yes, they were advised.

COUNCILMEMBER BAISA: Okay. And the next one, applicant entered into a binding contract for acquisition of real property prior to the awarding of the funds.

MR. ARAKAKI: CDBG funds cannot be encumbered prior onto the actual awarding of funds. So they entered into a contract, this particular organization, entered into basically a contract to purchase land. But they basically encumbered funds when they didn't have any, and that's a no-no.

COUNCILMEMBER BAISA: I see. They were very optimistic.

MR. ARAKAKI: Correct.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER BAISA: And then the last one, the applicant didn't demonstrate a quantifiable increase in the level of a public service. What is that?

MR. ARAKAKI: This particular organization, they were asking for basically almost like a replacement vehicle. So if you ask for a, let's say, X vehicle, let's say an 18-passenger van, you have to demonstrate a quantifiable increase under HUD regulations. Let's say you're gonna go up to--I don't know anything about buses--let's say a 50-passenger bus, then that would be a quantifiable increase.

COUNCILMEMBER BAISA: So what specifically is this that they wanted \$95,000 for and they couldn't? They wanted a bigger one or they wanted to upgrade or stay the same? Is that why they...have an increase...

MR. ARAKAKI: Yeah, it was...right, exactly. It was, basically, it was no increase in service. So you have to...for HUD, you have to demonstrate any increase in service.

COUNCILMEMBER BAISA: So they could go from a 25-passenger to a 44-passenger and that would be qualified?

MR. ARAKAKI: That would...it has to be a quantifiable increase, yes.

COUNCILMEMBER BAISA: Okay. Thank you.

CHAIR WHITE: Okay, Members, any other questions? If not, the Chair is...

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Oh...Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you. In regards to Lanai being 95 percent privately owned, just how does that factor in? I'm not sure if...has Fire spoken to new owner or does HUD...I mean it seems like pretty nice setup for a private owner to reap the rewards of County services that assist. I know we have our County, you know, people there that pay taxes and what have you, but it just seems a very different, odd situation on that particular island. So I...is there any comment, Mr. Arakaki?

MR. ARAKAKI: I realize that Lanai is 90-plus percent owned by one individual person. And but you have to really look at what HUD is looking at is the residents of Lanai. And you look at the population of Lanai, a lot of those people qualify within the low to moderate area, so that's how we look at the population, not so much as the land ownership, and that's through HUD.

COUNCILMEMBER COCHRAN: Okay. Thank you, Mr. Arakaki. Thank you, Chair.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: You're welcome. Seeing no further questions, the Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation?

CHAIR WHITE: That is that the...and the Committee is working off of the revised resolution dated February 25th, so that's the item that we're dealing with. And the Chair would recommend adoption of the proposed resolution entitled, Authorizing the Filing of an Application with the Department of Housing and Urban Development, United States of America, for a Grant Under the Community Development Block Grant Program.

VICE-CHAIR HOKAMA: So moved, Chairman.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

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

COUNCIL MEMBERS: Aye.

CHAIR WHITE: We've had enough discussion, Mr. Couch. All those opposed, say, "no". The measure passes, nine "ayes", no "noes". I was saying that jokingly, Mr. Couch. You're absolutely right, I should have asked. Okay, Members, thank you very much for that; and thank you all for being so patient with us this morning. And we'll move on to Item BF...

MR. KANESHINA: Mr. Chair?

CHAIR WHITE: Oh, yes?

MR. KANESHINA: Does that motion also include the filing of the communication?

COUNCILMEMBER VICTORINO: Thank you.

CHAIR WHITE: Yes.

MR. KANESHINA: Thank you.

CHAIR WHITE: Does anybody...with no objection, we'll include that with the motion.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

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 ADOPTION of resolution and FILING of communication.

CHAIR WHITE: Okay, Members, BF-37 is the next item on the agenda. It's Amending the Fiscal Year 2013 Budget: Department of Public Works (State Department of Transportation Grant, Old Haleakala Highway Sidewalk). And for that, we have Mr. Goode joining us. Welcome, Mr. Goode. Thank you, Mr. Arakaki.

ITEM BF-37: AMENDING FY 2013 BUDGET: DEPARTMENT OF PUBLIC WORKS (STATE DEPARTMENT OF TRANSPORTATION GRANT, OLD HALEAKALA HIGHWAY SIDEWALK) (CC 13-75)

CHAIR WHITE: And the purpose of the proposed bill is to amend the 2013 Budget by adding a \$998,000 appropriation to the Department of Public Works for the State Department of Transportation work on the Old Haleakala Highway Sidewalk. And with that, I'll turn it over to Mr. Goode for discussion.

MR. GOODE: Okay. Thank you, Mr. Chair. Good morning, Members of the Budget Committee. David Goode here with Public Works. The item before you, BF-37, has to do with us recognizing a State transfer, I guess, for lack of a better term. This is regarding the much discussed and desired sidewalk from King Kekaulike High School down to at least by the Superette. This Council, previous term, appropriated some funds for the design of that facility. Simultaneously, Representative Yamashita who represents that district, at the Legislature, got appropriation in the Fiscal Year '12 Budget, I think it was, at the State for construction funds of the sidewalk. Which we greatly appreciated given that it does go to the high school and, of course, this road is actually former State Highway. Recently, we have progressed on design. We have some construction estimates. And the State appropriation had a proviso that it'll provide it that the County pay a share. It didn't say what share of the project. And so we wrote to the Governor's Office as these were not in the Highway Fund, but in the General Fund. And we outlined the monies that we spent on design, that we will be spending on construction management, and our share of any cost above and beyond what the State has appropriated. Based on that letter, we got a response back from Mr. Young, who we all know. And he asked

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

that for their continued consideration of our request that we appropriate, or have an item in the budget, to accept these funds. And so that's what we're here for today.

CHAIR WHITE: Thank you. Members, any questions? I'll let Ms. Baisa go first and since your...your sidewalk.

COUNCILMEMBER BAISA: Essentially, I can tell you that it's been a priority for the district I represent ever since I've been on the Council and probably before. And I'm extremely grateful for the support that I've received from Mr. Goode as well as from Representative Yamashita in helping to move this forward. I think that every budget session that we've been up to to listen to the Upcountry people, this is mentioned every single time as the number one priority. And, you know, we were very grateful when we got the \$100,000 appropriation to do the study. And it looks like it cost a little bit more when you look at the letter to the Governor from the Mayor. It looks like, you know, there's been quite a bit of money spent already. I can say that, you know, I'm in strong support of this. I think we need to push it forward. I sure hope that we can get this money released and get this done before something happens. You know, I travel up and down that road. And if you happen to be there in the hours particularly after school, it is frightening, because you got children walking on the road because there is no other place for them to walk. And they will, you know, kids will be kids, they are gonna walk from the school to the shopping center and to McDonald's and wherever else they wanna go. As well as elderly people walk; and you see a lot of runners, too, in the morning. And it's dark and it's really, really dangerous. So, as the area representative, I really ask my colleagues to help move this forward. Thank you.

CHAIR WHITE: Thank you. Mr. Hokama?

VICE-CHAIR HOKAMA: I am in support of this consideration this morning, Chair. But let me ask either Mr. Baz or Mr. Goode, this is just for Phase 1 --

COUNCILMEMBER BAISA: Correct.

VICE-CHAIR HOKAMA: --of a two-phase project, that's correct, right?

MR. GOODE: Correct.

VICE-CHAIR HOKAMA: So I mean just so we understand, 'cause I was gonna go, if this is for the whole project, this is a great number. But it's only for less than half of the distance we need to cover, right, Director?

MR. GOODE: Right, yeah. And our, Mr. Chair and Mr. Hokama, our initial work was to look at the whole project. We wanna get all the way down to the --

VICE-CHAIR HOKAMA: Right.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. GOODE: --Foodland area, right? And below Makawao Avenue, it gets more complicated. We have a lot of driveways --

VICE-CHAIR HOKAMA: Uh-huh.

MR. GOODE: --we have drainage facilities, we have utility poles in the way, we also have grade differences, mind you, retaining walls. And actually, some of the initial cost estimates were quite high. I believe the appropriation at the State level was only for this segment, however, so I don't think the appropriation from the State went all the way down. So we focused our initial effort on the mauka side and also 'cause we definitely want to try to secure these State funds.

VICE-CHAIR HOKAMA: Okay. So just for Phase 1, so we're clear, the County's gonna pay at least more than half of this project, right, and the State's gonna kick in just slightly under half for this project, Phase 1?

MR. GOODE: Yeah, based on the initial cost estimates.

VICE-CHAIR HOKAMA: Right.

MR. GOODE: Right.

VICE-CHAIR HOKAMA: Yeah.

MR. GOODE: Well if they pick up everything and they pay the first million of construction, we would pay anything over that, you know. Knock on wood, it's --

VICE-CHAIR HOKAMA: Right.

MR. GOODE: --not over a million.

VICE-CHAIR HOKAMA: Okay. This would...we cannot get any Federal Highway monies, yeah, for this type of thing? I'm just wondering, Mr. Director.

MR. GOODE: We might, but it's currently not programmed in the STIP.

VICE-CHAIR HOKAMA: Okay.

MR. GOODE: I believe it is a...it's Federally eligible, the road is.

VICE-CHAIR HOKAMA: Uh-huh. And one last question, 'cause, you know, it's been brought up. Is there any need for you to do, you know, a shelter or something for our bus routes? I don't know, Ms. Baisa knows this better than I. But I'm thinking, if we're gonna fix the road, put in the sidewalk and all that, does it make sense for the departments to talk to each other and say, is this where we want a bus stop or shelter to serve Pukalani or portions of Kula?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. GOODE: I do know that we work with our DOT as we develop plans. So I assumed they've commented on it. Currently, a lot of that area is somewhat vacant.

VICE-CHAIR HOKAMA: Uh-huh.

MR. GOODE: Although, in the future, there is slated to be a single-family subdivision on that one side, the Kula side of the road. In which case if there's the demand there, it'd be a opportune time to get a bus stop put in.

VICE-CHAIR HOKAMA: So if we pass this by, let's say, April 1st, you know, let's just take a date, April 1st, you can go out to bid or construction notice supersede or out for construction bids after Council's finally takes care the appropriative requirements?

MR. GOODE: You know, I don't know if we're that far along with design, but we're real close. I believe for Fiscal Year '14, we're looking at having the County match. So, I believe, assuming that it gets in the Mayors' budget, we'll be back here to discuss it. Then we'd have all the funding July 1st. So I could encumber a contract by July 1st.

VICE-CHAIR HOKAMA: You don't have in your current...your budget to do --

MR. GOODE: I don't have, no.

VICE-CHAIR HOKAMA: --this component from the County's funds?

MR. GOODE: No, I just had the design from maybe FY '12.

VICE-CHAIR HOKAMA: Okay. So you're gonna need us to put in the construction component?

MR. GOODE: Correct.

VICE-CHAIR HOKAMA: Got it, thank you.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: If you could just clarify, the County's responsibility would be the 592 for construction, and my understanding is you've already covered the preliminary study and the design of Phase 1, is that correct?

MR. GOODE: Correct.

CHAIR WHITE: So in our upcoming budget, you'll need the construction money as well as construction management, Phase 1 listed on the second page of the letter?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. GOODE: Possibly. We may do the construction management in house.

CHAIR WHITE: Okay. Yeah, is 15 percent the normal construction management cost?

MR. GOODE: Yes, generally, yeah.

CHAIR WHITE: Okay. Members, any other questions?

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Ms. Baisa followed by Mr. Victorino.

COUNCILMEMBER BAISA: Just briefly to follow up on Member Hokama's question. Representative Yamashita is committed to this project.

CHAIR WHITE: Uh-huh.

COUNCILMEMBER BAISA: And he's working very hard, and I know that this is Phase 1 and that he's also planning on Phase 2. He is very committed. This is where his territory is, and he understands its need. We're all very, very concerned about the safety of our children. Thank you.

CHAIR WHITE: Yeah, he has been working very hard, and we all appreciate that. Mr. Victorino?

COUNCILMEMBER VICTORINO: Well thank you, Chair. And Ms. Baisa actually covered the subject matter I was gonna cover about the Phase 2, 'cause I know Mr. Yamashita had mentioned that. He's, you know, looking hard at that one, but he wants to get this one done first to make sure that we can make the Phase 2 come into fruition. And the only other thing I would ask Mr. Goode to look at is, I have a major problem in my area called, Waiale. And we have lots of kids walking home, and there is no sidewalk from Iao School out to Kaimana and Kehalani. And the kids are not gonna go up side, they always gonna...and even up on High Street there's no...

COUNCILMEMBER BAISA: Yes.

COUNCILMEMBER VICTORINO: So something I'd like you to look into. 'Cause, you know, that's our road, it is not a State road, especially Waiale, that's ours. Thank you, Mr. Chair.

CHAIR WHITE: Thank you. Members, any other questions? Okay, seeing no questions, the Chair would entertain a motion to recommend passage on first reading of the proposed bill relating to the State Department of Transportation Grant for the Old Haleakala Highway Sidewalk and the filing of the County Communication.

COUNCILMEMBER BAISA: So moved, Mr. Chair.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

VICE-CHAIR HOKAMA: Second.

CHAIR WHITE: Been moved by Ms. Baisa and seconded by Member Hokama. Any further discussion, Mr. Couch?

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

CHAIR WHITE: I'm gonna always think of you as Mr. Discussion.

COUNCILMEMBER BAISA: Oh, boy.

CHAIR WHITE: Thank you for . . . *(inaudible)* . . . All those in favor, please signify by saying, "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say, "no". The measure passes, nine to 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 bill and FILING of communication.

CHAIR WHITE: Thank you very much, Members. I think it's time for us to take a break, and we will reconvene at 1:30.

COUNCILMEMBER BAISA: Hallelujah, one down.

COUNCILMEMBER COCHRAN: I know.

CHAIR WHITE: Just a little more. Thank you, Members. . . . *(gavel)* . . .

RECESS: 11:56 a.m.

RECONVENE: 1:35 p.m.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: . . .(*gavel*). . . This meeting of the Budget and Finance Committee will come back to order. It's...I don't even know what day it is.

COUNCILMEMBER COUCH: Twenty-sixth.

CHAIR WHITE: It's Tuesday, the 26th of February.

ITEM BF-34: AMENDING FY 2013 BUDGET: PARK ASSESSMENT FUNDS (SOUTH MAUI COMMUNITY PARK) (CC 13-57)

CHAIR WHITE: Okay. Members, we are on Item BF-34, Amending Fiscal Year 2013 Budget: Park Assessment Funds (South Maui Community Park). And the purpose of this bill is to amend the budget by decreasing the estimated revenue in Special Assessments by \$150,000, decreasing the appropriation for Parks Assessment of the Kihei-Makena Community Plan Area in the same amount. And the bill we are discussing is, A Bill for an Ordinance Amending the Fiscal Year 2013 Budget for the County of Maui as it Pertains to Estimated Revenues; Park Assessment Funds, Kihei-Makena Community Plan Area, South Maui Community Park; Total Capital Improvement Project Appropriations; and Total Appropriations (Operating and Capital Improvement Projects). That's mouthful. Okay. Members, I will turn it over to Mr. Baz to provide his comments on the issue. Mr. Baz?

MR. BAZ: Thank you, Mr. Chair; and thank you, Committee Members. This is being heard before you today, because of the need to refund some park assessment fees to a developer who did not go forward with the proposed development as was originally planned. And calculations were made, an agreement was made generated by the Department of Corporation Counsel to move forward on this. The requirement of the refund out of the park assessment means that we don't have the full amount of money to spend on the proposed project, so we are reducing the actual project total appropriation by the amount that we need to supplement for the full refund to the developer.

CHAIR WHITE: Okay. Ms. Savage, you have anything to add to that?

MS. SAVAGE: I don't think there's anything in addition, no. Thank you.

CHAIR WHITE: Okay. Thank you.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Members, questions? Mr. Victorino?

COUNCILMEMBER VICTORINO: Yeah, thank you. And always disappointed to see something like this happen. But what, if I may ask, what caused the developer...and I see it's...I don't know if...yeah, which it's Signature Development of Hawaii, LLC, right? What happened with their project? Do you have any idea?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. UEOKA: Chair, if I may?

CHAIR WHITE: Please.

MR. UEOKA: Thank you. I was in the meetings with the Parks Planning and Development and Former Deputy Director Matsui and Signature Development. According to Signature Development, they just...the economy, I guess, 'cause them to slow the project down. They do intend to finish building the rest of the units at, you know, at a slower pace, I'm assuming.

COUNCILMEMBER VICTORINO: So and I'm okay with that. But, you know, what I am not happy to hear is that we refunding 'em. They still intend to build, if I hear you correctly, am I not right?

MR. UEOKA: Correct. I guess I can explain that.

COUNCILMEMBER VICTORINO: Yeah, go ahead and explain. 'Cause the public needs to understand this, you know. And I think...I'm not happy to hear it, so let the public understand why you doing what we doing.

MR. UEOKA: According to 18.16.320, Maui County Code --

COUNCILMEMBER VICTORINO: Uh-huh.

MR. UEOKA: --the park assessment or, yeah, park assessment fees portion, park assessments are due at the time of final subdivision approval or building permits. This group got building permits and they paid for all their units upfront which to the tune of around \$2.4 million. They were unable to build all the units so their building permits lapsed. When they came in for new building permits--well not for all the units this time, they're gonna do it incrementally from what I understand--the park assessment fee has dropped substantially because of, you know, I guess property values have declined and the park assessment is based on property values as defined in 18.16.320. Therefore, what they would have to pay now is substantially less and they are applying for building permits again, so the new amount due is much less than what was due when they took out the permits years ago.

COUNCILMEMBER VICTORINO: Well, you know, I not too happy hearing that reason, and I think the public's not happy to hear that reason. Because, first and foremost, they applied for their permits, they got their permits, and is it our fault that the permits lapsed? Was it?

MR. UEOKA: No.

COUNCILMEMBER VICTORINO: Thank you. And I'm not blaming you, now, you're not on trial, you know, I'm not pressing.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COUCH: Yeah, he is.

COUNCILMEMBER VICTORINO: But I'm pressing that fact is, you know, Mr. Chair, this doesn't sit well, because it's like any kind of contract we enter into, you know. If I buy something at this price and three years later it drops, and because I let it lapse, I don't remember anybody say, oh, I'll give you back money, Mike, because it lapsed or because I didn't get it done. Now, I'm not happy and I don't know all the legal ramifications, but this smells not too sweet where I come from. And, you know, it may be Mr. Couch's area, but it could affect us anywhere.

VICE-CHAIR HOKAMA: Oh, yes.

COUNCILMEMBER COUCH: Yeah.

COUNCILMEMBER VICTORINO: And, you know, when somebody gets their permits and they pay upfront and it's all part of the thing, I don't see why we have to refund 'em because they let it lapse, not us, right? Not the County. We did what we had to do. And because economic times change and they get...the land prices drop, oh, now we gonna redo it so now we expect to get money back. I don't know, Mr. Chair, this doesn't sit right in my mind. But, you know, I'll let others ask question, but I'm thinking me and the general public right now is saying, wait a minute, what's going on here? And could this have ramifications for other projects that have paid upfront and now may say, oh, that's a great idea now. I don't know. We'll wait and see, Mr. Chair.

CHAIR WHITE: Well I...yeah, you make a good point. And maybe Corp. Counsel or Mr. Baz can provide a little bit more background as far as the legal side of it.

MR. UEOKA: Chair, I'd rather not get into a legal discussion on the issues in open session.

CHAIR WHITE: Okay.

COUNCILMEMBER VICTORINO: Okay.

CHAIR WHITE: Mr. Hokama followed by Mr. Couch.

COUNCILMEMBER GUZMAN: Chair?

CHAIR WHITE: Who said, "Chair"?

COUNCILMEMBER COUCH: That came from somewhere, I don't know.

COUNCILMEMBER GUZMAN: Right here.

CHAIR WHITE: Oh.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COUCH: Yeah, I don't know what the procedures are via the Sunshine Law, but I'd sure would like to go into executive session at some time today if at all possible on this, because I do have huge questions as to the legal...what legalities are and whatnot. And I agree with Mr. Victorino 100 percent. It's just crazy. It's through no fault of our own, this is an agreement that they made. And now that they see that the price is lower that they say, well, we wanna get the lower price, when we'd already gone through the whole process. So I know you just got...discussed as to what we can or can't do, but if we can at all today go into executive session, I'd sure love to. Thank you.

CHAIR WHITE: We can do executive session. I'd like to get what other...whatever other questions there may be discussed before we take that route. Mr. Guzman?

COUNCILMEMBER GUZMAN: Oh. Thank you, Chair.

CHAIR WHITE: Oh, I'm sorry, Mr. Hokama first, then Mr. Guzman.

VICE-CHAIR HOKAMA: I'm following this with great interest, because the Department has been inconsistent on how we are reviewing this type of situation, Chair. On Lanai, you know, we--well the old Castle & Cooke, if you wanna call it Lanai Resorts, now, whatever the name is--went through the same thing. The developer, property owner, paid the County a lump sum park assessment fee for Lanai; but on this one as I was made to understand, a department director, without Council authority, signed an agreement to reimburse Lanai Resorts money that the County had already accepted and it's in account and was part of our annual budget consideration for improvements of Lanai using park assessment fees, okay. Now, we get this new issue coming up, which interestingly enough and appropriately, comes before Council for consideration and authorization. But, to me, we still get that lingering Lanai one. Because, to me, until the Council says, we are gonna refund it or authorize that agreement, that agreement has no standing. And, for me, hell if I'm gonna let the County reimburse Lanai Resorts, or the old Castle & Cooke, all that money that they owed us because of a director's decision that had no authority to be made. So, you know, I think this is part of a bigger, legal issue with the Council and how the Department is handling these monies, because I'm not a happy camper either with the Lanai park assessment situation either, Chair. And now that this issue coming up with South Maui has been brought up, you know, I think Mr. Victorino said it better than me. But this smells pretty bad to me, too, Chair. Thank you.

CHAIR WHITE: Mr. Guzman?

COUNCILMEMBER GUZMAN: Oh, thank you, Chair. Just as a background question. The park assessments are usually...they come about when a developer comes and wants to develop and he's gotta give an assessment to...in way of land or monetary fees. What is the standard or the formula to determine the fee portion of it?

CHAIR WHITE: Corp. Counsel?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. UEOKA: Thank you, Chair. It's under 18.16.320.B.3...I'm sorry, no, not B.3. It is B.1.b. It allows for a payment of the sum of a money...sum of money. And I believe it's in 18.16.320.C, In-lieu Payment and Dedication, they pay to the County a sum of money equal to the number of square feet that would've been required by B.2.c of this section multiplied by average of the following values determined at subdivision approval. I believe they use at the time of issuance of building permits, for those projects that don't require a subdivision, in accordance with the most recent Certified assessment for real property tax purposes in the respective community plan area where the subdivision's located. And it takes three values: average value per square foot of lands classified as Improved Residential, Unimproved Residential and Apartment. And I think one of those does not exist anymore. Yeah, I think the Residentials are...there's no Unimproved Residential anymore.

COUNCILMEMBER GUZMAN: Oh, okay. So that would then decrease the value.

MR. UEOKA: It's based on the annual or the most recent Certified assessment, so that happens every year, I believe, by Real Property Tax. I believe Parks Planning and Development, they work very closely with the Real Property Tax Division to get these numbers annually.

COUNCILMEMBER GUZMAN: So at the time that...when you actually get the value or the fee amount set, that is at the time of Council approval? Or how does that, like, 'cause I'm hearing fluctuation here. 'Cause when does it actually get set, like, the...

MR. UEOKA: I believe, annually, Real Property Tax. I'm not sure if the Council approves the real property assessment, I'm not sure. But when the developer gets his number, or his or her number, is at the time when they're issued the building permit or when they receive final subdivision approval.

COUNCILMEMBER GUZMAN: Oh, okay, upon approval. And then you go into whatever the value of the property is per square --

MR. UEOKA: Average value per square foot, yes.

COUNCILMEMBER GUZMAN: --average, foot. I get that. So if I'm looking at this data correct, so in 2006 and 2008, this developer had 152 units. So, per unit, it was 15,390. And so my question is, how did you guys come up with the 12,050 that that's proposed in the agreement, right now?

MR. UEOKA: At the date that we signed this agreement, it's 12,050 per, I guess, unit.

COUNCILMEMBER GUZMAN: Oh, so you guys use it at the time that...you use the values at the time that you sign this agreement?

MR. UEOKA: Correct.

COUNCILMEMBER GUZMAN: Okay.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. UEOKA: And there's...and in the agreement it talks about, if the price goes up, then they pay more; if it goes down, they, you know, I guess, take less from the amount they left with the County.

COUNCILMEMBER GUZMAN: Okay. Chair, I also would like to propose executive session. Thank you.

CHAIR WHITE: Yeah, once we get through the other questions. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Let me ask either the Department or Mr. Baz. If, for instance, these...at the same time the developer prepaid all their assessments and, instead, the price went up, would they be coming in to say, oh, we owe you more money? Does that...

CHAIR WHITE: Jeff, please go ahead.

MR. UEOKA: If I may, Mr. Couch? We actually did have that discussion with the developer, and we informed him that if it changes or if it had gone the opposite way, because his building permits lapsed and he was coming in for a new application of building permit, he would've been subject to the higher price per square foot.

COUNCILMEMBER COUCH: Even though they prepaid?

MR. UEOKA: Yes.

COUNCILMEMBER COUCH: 'Cause when we prepay our taxes every year, even though it's, you know, annually, if our valuation of our property goes down within the year, we don't get any money back.

MR. UEOKA: It was looked at...the Code says, at the time of building permit issuance.

COUNCILMEMBER COUCH: And you already issued all the permits.

MR. UEOKA: And they lapsed, so we'd have to issue new ones.

COUNCILMEMBER COUCH: That's alright, you issued 'em once, in my...anyway, we'll discuss that in...

CHAIR WHITE: Okay, any other questions that could be dealt with without being in executive session? Okay. The Chair would entertain a motion to convene in executive meeting closed to the public, pursuant to Section 92-5(a)(4) of Hawaii Revised Statutes.

VICE-CHAIR HOKAMA: So moved, Chair.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER VICTORINO: Second, Chair.

CHAIR WHITE: Been moved by Member Hokama and seconded by Mr. Victorino to go into executive session. All those...or any discussion, Members? All those in favor, please signify by saying, "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say, "no". Motion carries, 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: APPROVE; RECESS open meeting and CONVENE executive meeting.

CHAIR WHITE: We'll recess to go into executive session. . . .(*gavel*). . .

RECESS: 1:51 p.m.

RECONVENE: 2:27 p.m.

CHAIR WHITE: . . .(*gavel*). . . Budget and Finance Committee, come back to order following executive session to discuss Item BF-34. Members, we had a good discussion. I wanna thank Corp. Counsel for their insights. And with that, are there any further questions on this item, Members?

COUNCIL MEMBERS: Recommendation?

CHAIR WHITE: Okay. I'm gonna ask Corp. Counsel to please take a look at the section of the Code that this pertains to. And this is not part of my recommendation, it's just something I think is appropriate. Rather than referring it to a specific Committee at this time, I'd like Corp. Counsel to work on rewording the Code and sending it back to Council and then it could go to the appropriate Committee. The Chair's recommendation is to pass on first reading the proposed bill relating to the South Maui Park Assessment Funds and filing of the County Communication.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

VICE-CHAIR HOKAMA: So moved, Chair.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: Been moved by Member Hokama and seconded by Mr. Victorino. Any further discussion, Members?

VICE-CHAIR HOKAMA: Chair?

CHAIR WHITE: Mr. Hokama?

VICE-CHAIR HOKAMA: Chair, I'm going to support your request with reservations, Chair. My reservations are that well, one, I hope the Department, you know, understands the settlement of the Committee of how we looking at this specific proposal before us this afternoon.

CHAIR WHITE: Uh-huh.

VICE-CHAIR HOKAMA: I don't consider it precedent setting, Chair, in my perspective. I think we just trying to deal with a situation that, for most us, we wish we weren't in at all. But I would say that I appreciate the effort of Corporation Counsel and the Parks Department to at least try and address it, because there's other issues with the Park Assessment Program for me with Lanai that still needs to be addressed and dealt with. But I would just say that I think, you know, we can learn from this, Chair. And if need be we can make the appropriate adjustments in the subdivision. Because I would hate for see this to be a run on the park assessment dollars, because then everyone's gonna say, well, we'll just go for...we won't do the advance payment, we won't do this. And I would hate for us to condition every proposal that comes before Council for entitlement, that it'll be a Condition of Zoning. If that's something we wanna do and it's important to the communities, important to the County to provide these parks, then let's just be upfront and put it in the Code and say, this is how it will be done and you will put it in before you build one bloody house. And I think that's really clear. And they can decide whether they wanna do it or not do it. And for those that says that, you know, it's gonna slow development in Maui, I would beg to differ. Go and look at our sister counties that require upfront infrastructure development. They're the ones that are booming right now, because people wanna buy into subdivisions that provide the amenities, services and programs that they want for themselves and their families. So I would be happy to argue the point that I think we, you know, some of these changes is gonna be to the County's benefit and the resident benefit in the long term. Thank you, Chair.

CHAIR WHITE: Uh-huh.

COUNCILMEMBER GUZMAN: Chair?

CHAIR WHITE: Mr. Couch followed by Mr. Guzman.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And I'm gonna reluctantly support this as well. And I do have Mr. Hokama's reservations on how we craft anything further. Because there are times, more times than not, whenever we go the other way when the values are going up, we are getting the higher value. We just happened to be caught on this one right at the time when things went down and flattened out. And it just, you know, we've been taking it in the other way, so now it's time to give back at this time. Even though it's, you know, we've already spent the money as it were, 'cause we've got the park. It is something that we need to look at in the ordinance and see if we can tighten it up a little bit, but also keep in mind that we did get more assessments on a bunch of other different developments. So, with that, I'll reluctantly support it.

CHAIR WHITE: Okay. Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. I would also support your position, Chair. I think one of the solutions could possibly be looking at changing the formula of the assessment fee itself to be more consistent instead of using a valuation that would fluctuate year by year by property value, but that's something that we need to study as a, you know, as a group, as a Council to see if we can find a more consistent formula. I think that could resolve some of the issues. Thank you, Chair.

CHAIR WHITE: Yeah. Good point.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And all points have been made, and I think they're all excellent points. However, we are at the point, now, and I believe this is a method that, you know, as was stated earlier, this had gone up and they paid more, now it's gone down and they have to pay less. But I think we need to make the corrections as you've noted and others have noted in the other areas. I don't know what other assessment values we could use, and it's always a challenge to figure that one out. But I can also reluctantly support this, Mr. Chair. I think we're doing what is the best for the County, and I think that's the bottom line in this area. So we'll wait for your call for the vote. Thank you.

COUNCILMEMBER CRIVELLO: Chair?

CHAIR WHITE: Yes, Ms. Crivello?

COUNCILMEMBER CRIVELLO: You know, I've been listening to all of this and, really, I'm not familiar with the South Maui area. But overall, I will reluctantly support what, you know, if you want this to go through. I'm trying to understand why agreements are made by the Administration and then come to Council for approval. And so I guess, you know, you spend the money and then you come in and already agree with the developer and we really are at no

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

choice. In other words, we don't really have a choice to do this to avoid additional expenses. I would hope we would be able to craft an ordinance with more clarity. In all fairness for the developer, too, as well as how--I think what Councilmember Guzman said--relook at how we're addressing the assessments instead of evaluation, I think this is something that we should have some forecast, if that is the right word.

CHAIR WHITE: It's the word of the day.

MR. UEOKA: If I may, Chair? Councilmember Crivello, what's in front of the Council right now is a budget amendment. The agreement just was a, you know, an agreement between the parties. It does automatically terminate if you guys do not approve the budget amendment, so please do not feel that you're forced into this. Thank you.

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you. And, yeah, it just...it kinda scares me and if it does set precedence for other districts and other park assessment fees that are in our coffers, 'cause West Maui in particular has quite a few millions. And the people who paid that money in have not...they've broken ground here and there, but not so much. Not as much as predicted because of the downturn and stuff. So I'm going to trust, you know, my seasoned colleague, Mr. Hokama, that this is not going to set precedence and so I pray it doesn't due to that fact. So I'm looking forward to readdress and craft, you know, a more user-friendly, I guess, ordinance and looking forward to that day. So thank you for the referral for Corporation Counsel to work on that for us, Chair. Thank you.

CHAIR WHITE: Okay, without further discussion, I'll call for the question. All those in favor, please signify by saying, "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say, "no". Motion carries with seven "ayes" and two "excused"...seven "ayes"; no "noes"; two "excused", Members Baisa and Carroll.

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

EXC.: Councilmembers Baisa and Carroll.

MOTION CARRIED.

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

CHAIR WHITE: Thank you, Members. Move on to our next item, BF-31, Amending Fiscal Year 2013 Budget: Office of the Mayor (Economic Development Program). And for this, we have Teena Rasmussen, Director of Office of Economic Development joining us; and we have Karen Arakawa who I saw earlier.

MS. RASMUSSEN: I think she's on her way...

ITEM BF-31: AMENDING FY 2013 BUDGET: OFFICE OF THE MAYOR (ECONOMIC DEVELOPMENT PROGRAM) (CC 13-21)

CHAIR WHITE: Okay. Members, the Committee is in receipt of County Communication 13-21, from the Budget Director, transmitting a proposed resolution entitled, Authorizing the Transfer of an Unencumbered Appropriation Balance Within the Office of the Mayor Fiscal Year 2013 Budget. And the purpose of this proposed resolution is to authorize the transfer of unencumbered appropriation of \$20,000 within the Office of the Mayor, from "Grants and disbursements for water and environmental resource protection and conservation – Environmental Protection" to the "Economic Development Program – General". So with that, Mr. Baz?

MR. BAZ: Thank you, Mr. Chair and Committee. You're hearing a resolution today authorizing the transfer. There's two ways to amend the budget as you're aware. One is via an ordinance appropriation changes between departments. But within its own department, we have the ability to transfer via resolution appropriations between programs. So rather than recognizing additional revenue and requiring Carryover/Savings to be utilized, we have identified funds within the Department of Office of Mayor to be able to transfer into the Office of Economic Development's Administration - General so that they can pay their rent, and I'll have the Director explain that process.

CHAIR WHITE: Okay, thank you. Ms. Rasmussen?

MS. RASMUSSEN: Okay. Very sorry, we made an error when we did our budget. We had, unfortunately, left the CAM out of the Maui Business Resource Center. We included the rent, but we had failed to include the CAM. We had it on one spreadsheet and it didn't make it to the other spreadsheet, so we apologize for that. We will run short of approximately \$20,000. And we will be out of funds completely for the rent by March 30th, so that's what happened. Thank you.

CHAIR WHITE: Just for clarification, this is not due to an increase in the rent?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MS. RASMUSSEN: No, it is not.

CHAIR WHITE: Okay, thank you. Anything further? Members, questions? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair, I noticed you're taking this out of an unencumbered appropriation from the watershed...water and environmental resource protection and conservation's line item. Is that unencumbered because it's this part of the year, they just haven't spent it or are they not gonna spend it this year?

MS. RASMUSSEN: We looked at all the funds that we could potentially pull this from. And we had given all of the programs...I earmarked, you know, all of the programs and all of the grantees, their normal...and because the Council had increased that fund last time, we have...we basically saw that we could, you know, pull it out of that, because we still funded all the programs, all the grants, and that was the likely place that it could from.

COUNCILMEMBER COUCH: It's my understanding we increased that fund at the request of one of the watershed councils to...

MS. RASMUSSEN: Yeah, this isn't watershed.

COUNCILMEMBER COUCH: Oh.

MS. RASMUSSEN: This is the Environmental Protection fund. It's a different...it's different.

COUNCILMEMBER COUCH: Okay.

MS. RASMUSSEN: This does not go to any of the watershed projects.

COUNCILMEMBER COUCH: Oh, okay.

MS. RASMUSSEN: Yeah.

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

COUNCILMEMBER GUZMAN: Chair?

CHAIR WHITE: Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you. So you're telling this...is it my understanding that it comes from the Environmental Protection fund?

MS. RASMUSSEN: Yeah, there's a line item in our budget called, "Environmental Protection". Two years ago, it was a million dollars. Last year, the Council appropriated one million --

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER GUZMAN: Point one, two, five.

MS. RASMUSSEN: --one hundred twenty-five thousand. And we...and that was...we really had, you know, we figured we needed 1.1 million to give to, you know, the programs that we had, you know, intended to fund. So that's where we had that extra 25,000 that was left, so we're just using 20 of that.

COUNCILMEMBER GUZMAN: Thank you. Just out of curiosity, and I haven't --

MS. RASMUSSEN: Uh-huh?

COUNCILMEMBER GUZMAN: --been around so long, the 1.125 million, what exactly was that appropriated for and for the purpose of...

MS. RASMUSSEN: Yeah, most of those funds goes to the Maui Invasive Species Council. Over \$800,000 of it goes to them to do work in Miconia, coqui frog, they do a little fire ant projects. You know, they're basically there to eradicate invasive species.

COUNCILMEMBER GUZMAN: Okay.

MS. RASMUSSEN: So the, you know, most of the fund goes there, but there are other programs within that and one of 'em is the Kahoolawe Island Reserve Commission. One of 'em is...we've been paying for the Maalaea Pump Don't Dump program which is now coming to an end which we're very happy about. And I'm trying to think of some of the others, I didn't bring the whole list with me, but those are some of the programs. Marine Seabird Recovery on Lanai, they get a portion of that fund, so...

COUNCILMEMBER GUZMAN: So, are you stating that all of those funds have been adequately distributed --

MS. RASMUSSEN: Yes.

COUNCILMEMBER GUZMAN: --and so there's no need for those agencies or entities to ask for any more?

MS. RASMUSSEN: Those agencies actually got fully funded for what they were asking us for.

COUNCILMEMBER GUZMAN: Okay. So the 20,000 was the leftover?

MS. RASMUSSEN: Was kind of, yeah, because, you know, it had been increased, so, you know...

COUNCILMEMBER GUZMAN: Okay. Thank you.

COUNCILMEMBER COCHRAN: So, Chair?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you. And aloha, Teena, thank you for being here.

MS. RASMUSSEN: Hi.

COUNCILMEMBER COCHRAN: So no one's being cut --

MS. RASMUSSEN: Nobody's being...

COUNCILMEMBER COCHRAN: --on their...okay, just wanna make sure that, yeah, no one's --

MS. RASMUSSEN: Right

COUNCILMEMBER COCHRAN: --'cause our environmental protection is...

MS. RASMUSSEN: Yes, I agree.

COUNCILMEMBER COCHRAN: Okay, alright. Well, thank you.

MS. RASMUSSEN: Okay.

COUNCILMEMBER COCHRAN: Just wanna double check.

CHAIR WHITE: Any further questions, Members? Seeing none, Chair is ready for recommendation.

COUNCIL MEMBERS: Recommendation?

CHAIR WHITE: Thank you. The Chair recommends adoption of the proposed resolution relating to Economic Development Program and the filing of the County Communication and making nonsubstantive changes as well.

VICE-CHAIR HOKAMA: So moved, Chair.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: It's been moved by Mr. Hokama and seconded by Mr. Victorino. Any further discussion, Members?

VICE-CHAIR HOKAMA: I have a question, Chair?

CHAIR WHITE: Sure.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

VICE-CHAIR HOKAMA: This is more for, I guess, Mr. Ueoka per se. Because this would have effect of law, we would need two readings on this resolution? Because it has effect of law and it's equivalent to an ordinance.

MR. UEOKA: I believe it's a reso and the Charter calls for a reso for the movement of money between programs within a department.

VICE-CHAIR HOKAMA: But we pass resos on two readings during budget.

MR. UEOKA: Oh.

VICE-CHAIR HOKAMA: They have effect of law. And so that's why I bring up this procedural question. I just was curious whether or not we would need two readings on this reso.

CHAIR WHITE: Staff says we've done these transfers with just one reading, generally, but I would be happy to have Staff do more checking. And if it requires a second reading, we'll schedule it that way.

VICE-CHAIR HOKAMA: No, I just was curious, 'cause I know there's one that we do by reso that needs multiple readings, Chair. So, again, you know --

CHAIR WHITE: We'll check that out.

VICE-CHAIR HOKAMA: --I got no problem with us moving it along. And, you know, if at first reading if, you know, we're told we need two readings and so be it.

CHAIR WHITE: Okay.

VICE-CHAIR HOKAMA: Thank you, Chair.

CHAIR WHITE: Any further discussion? All those in favor, please signify by saying, "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say, "no". Motion carries, seven "ayes", zero "noes", and Baisa and Carroll are "excused".

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

NOES: None.

ABSTAIN: None.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

ABSENT: None.

EXC.: Councilmember Baisa and Carroll.

MOTION CARRIED.

ACTION: Recommending **ADOPTION** of resolution and **FILING** of communication.

CHAIR WHITE: Members, additionally, I would like, without objection, to allow Staff to make nonsubstantive changes on Items BF-30 and -37 that we heard earlier.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Okay, thank you.

MS. RASMUSSEN: Okay. Thank you very much.

CHAIR WHITE: Members, if you would...if you need a quick break, I don't see the Police here just yet, but we'll be moving into that item...

COUNCILMEMBER COCHRAN: Yeah, couple minutes.

CHAIR WHITE: Pardon? Okay, let's be back here at five minutes to three. Thank you. Recess. . . .(gavel). . .

RECESS: 2:47 p.m.

RECONVENE: 2:57 p.m.

CHAIR WHITE: . . .(gavel). . . Meeting of the Budget and Finance Committee, come back to order. Members, we're on Item BF-35, Amending the Fiscal Year 2013 Budget for the Kihei Police State Project. And we have Assistant Chief Lawrence Hudson from the Police Department. Welcome, Chief.

ITEM BF-35: AMENDING FY 2013 BUDGET: KIHEI POLICE STATION PROJECT
(CC 13-74)

MR. HUDSON: Good afternoon, Chair and Members.

CHAIR WHITE: And the description of this is that the...we are in receipt of County Communication 13-74, 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 Estimated Revenues; Kihei-Makena Community Plan Area, Government Facilities, Kihei Police Station; Total Capital Improvement Project Appropriations; and Total Appropriations (Operating

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

and Capital Improvement Projects) and a proposed Bill for an Ordinance Amending Ordinance No. 3954, Bill No. 46 (2012), Relating to the Issuance of General Obligation Bonds of the County of Maui (Kihei Police Station). And, as some of us have talked about, we're looking at changing the way these bill titles read so they're a little more descriptive as to what exactly the bill is doing. But the purpose of these bills is to provide for a \$3.25 million more in funding for the Police Station. And with that, I'll turn it over to Mr. Baz to...

MR. BAZ: Thank you, Mr. Chair. Just a clarification. It's not necessarily more funding for the Police Department for the Kihei Police Station. The Capital Improvement Project for the Kihei Police Station was funded through two allocations. The first one was a \$20 million bond authorization in Fiscal Year 2011 and the second one was a \$17 million appropriation of USDA loan which was appropriated in Fiscal Year 2012. The project was encumbered in December of 2011 with an original contract of approximately 27 or so million dollars. And during Fiscal Year '12...or calendar year '12, excuse me, any requirements for continued funding of the project came out of the USDA loan appropriation that was authorized until December 31, 2012. The project status will be given by Assistant Chief Hudson, but the...basically, what happened was, as of December 31, 2012, the capital project appropriation lapsed. So the money became no longer available for funding of this project even though there had been a significant amount of money, if you consider, leftover in the USDA loan section. So when the Police Department approached me because they couldn't spend any more money on this Kihei Police Station project, they...I reviewed the agreements and the USDA loan and the bond, and I determined that I would be proposing to you a bond authorization for \$3.25 million instead of the USDA loan. Our bond rate and interest payments are quite considerably lower than the USDA loan, and so that's why we're hearing this as a bond authorization instead of the authorization to continue to use the USDA loan appropriation. So, Mr. Chair, Assistant Chief Hudson will discuss the status of the project and the need for these additional funds for the capital project.

CHAIR WHITE: Okay. Thank you. Chief?

MR. HUDSON: Thank you, Chair and Members. The Kihei Station is in its 14th month of construction. It continues pretty much on schedule. There's been some delays. We still plan on opening for business by October 1st of this year. As far as the budget goes, the project originally was...when the conceptual drawings were done, it was taxed at \$67 million, we were informed to cut that down. We cut it down to what we believed was the correct amount, 37 million. We were lucky that the bid came in at \$27 million. But when the bid product went out, we left out certain things in there that we have to put back in. And these things that we didn't know where the bid was gonna come, whether it was gonna be under budget or within budget. The things that we took out was the radio tower, the telephone system voiceover IP, Internet Protocol, bidirectional amplifiers so you can hear radios within the building, and some equipment. When you add this money back into it, the actual true cost of the station would've been 29,530,252. With the contingency, a 10 percent contingency, we would still be under budget with this extra money being requested. I'm sure that you guys have questions, and I stand ready to answer them.

CHAIR WHITE: Okay, thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER GUZMAN: Mr. Chair?

CHAIR WHITE: Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. I think this would be directed to Mr. Baz. I know that you mentioned that the Federal funds lapsed in December 31, 2012. Can you explain in layman's terms what...due to constraints in the usage of the loan fund, what kinda constraints are we talking about here? What happened?

MR. BAZ: Mr. Chair? The Federal funds are actually still available. The USDA granted a loan to the County, authorized the loan, and we recognized up to \$17 million of that loan for use in the Kihei facility as a capital project. So the money's actually available until 2015, and so we have to expend the total money that was appropriated by USDA as far as this loan goes by September of 2015. The County's budgeting process budgets a capital project for 18 months from the start of the fiscal year. So for Fiscal Year 2012, that started on July 1, 2011, that expired on December 31, 2012. So the capital program, the authorization for the County to spend the money no matter where the money came from, expired on December 31st of 2012.

COUNCILMEMBER GUZMAN: Okay. Thank you.

CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Baz, the USDA loan was, like you said, 17 million authorized...we authorized, you had to use up to 17 million of that loan. Is that...have we brought that number down to 13.75 million, now, to take the 3-point-whatever million or are we still using all 17 million of that?

MR. BAZ: Mr. Chair?

CHAIR WHITE: Go ahead.

MR. BAZ: The authorization to use any of that \$17 million lapsed, so none of that is available anymore at this point. If...

CHAIR WHITE: But I think his question was, how much have you used?

COUNCILMEMBER COUCH: Right. Wait, but we had a...yeah.

MR. BAZ: Oh, how much have we used of the USDA money?

COUNCILMEMBER COUCH: Yeah.

MR. BAZ: I'm not sure.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. HUDSON: We used \$7,199,000 to certify the contract and \$486,000 in some change orders.

COUNCILMEMBER COUCH: Oh, so not very much at all.

MR. HUDSON: No. We would still have a balance of 9-point-something million. I actually wrote down all the notes and they're sitting on my desk.

COUNCILMEMBER COUCH: Oh, good. At least you got 'em in your head. So then you're saying, Mr. Baz, that you'd rather take the 3.25 million out of General Obligation because we get a much cheaper interest rate?

MR. BAZ: Yes, Mr. Chair and Member Couch, that's correct. The last bond issuance we did average coupon was 2.18 percent --

COUNCILMEMBER COUCH: Yeah.

MR. BAZ: --versus I think it's 3¾ percent USDA loan.

COUNCILMEMBER COUCH: Yeah, okay. Makes sense, thanks.

CHAIR WHITE: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair; and thank you. I'm trying to reference the part of this ordinance in regards to--what is it?--accompanying bill for an ordinance amending Ordinance No. 3954, Bill No. 46 relating to GO bonds. And I'm referencing this agenda item and what we're gonna speak towards later today, Item 30, the land acquisition one. And there seems to be duplication, I guess, in amending that and different figures attached. A different figure here and a different figure in Item 30, so I'm just wondering how...what's the correlation between those two, if any?

CHAIR WHITE: Go ahead.

COUNCILMEMBER COCHRAN: Is this Mr. Baz?

MR. BAZ: Yeah, thank you, Mr. Chair. The bond authorization bill is Ordinance...excuse me. The bond authorization bill for Fiscal Year 2013 is Bill No. 46 (2012), Ordinance No. 3954. That gets amended any time we want to authorize a project for use of bond funds. The discrepancies in the differences of that will be cleared up when we...or calculated with Council Services' staff when Council takes action on amending the bill. So before you vote on it for first reading, depending on the sequence of the bill, it'll have different amounts in there.

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

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: Okay. Members, any other comments, questions? Mr. Hokama?

VICE-CHAIR HOKAMA: Chief, so this is the last request we gonna see for money for this project?

MR. HUDSON: Yes, sir.

VICE-CHAIR HOKAMA: And as we understand the new...if we add this amount, we gonna be spending something about, what, 20...

MR. HUDSON: The total bill would be \$31,135,135.

VICE-CHAIR HOKAMA: Whatever...what we had once projected at 37?

MR. HUDSON: That's correct.

VICE-CHAIR HOKAMA: Okay. Good job. I appreciate that on the...your consultant's and department's part.

MR. HUDSON: Thank you.

VICE-CHAIR HOKAMA: Yeah, Chair, I would say that, you know, I support Mr. Baz's approach. You know, I count pennies. And so when it comes to interest, you know, I prefer not to pay as much as need be even if it is to the Federal government that could use our money. But, you know, we have other uses for our money in the upcoming budget requirements. So I will take the Chief's word that this is the last time I'm gonna be asked for money for this project, Chair. So I can be supportive this afternoon.

CHAIR WHITE: Okay. Chief, I have a couple of questions. It seems as though, if the radio tower were terribly important, and the telephone system and the bidirectional amplifiers, they would've been included in the original bid. Can you explain to us why those were taken out of the original bid?

MR. HUDSON: Yes, Mr. Chair, I can. These are late-edition items. They don't need to be installed until towards the end of the project. What we...because we didn't know whether or not we had enough money to certify the contract, we took these out thinking we could certify the contract and then later come before Council and ask for additional fundings. These are necessary to the station, but they're late items, they're not needed upfront when the station is being built. The bidirectional amplifier usually goes in about a week or two before the station actually gets used. A voiceover IP comes a couple months before then. The radio tower...well the...it's needed when the station opens, but it's not needed at the beginning.

CHAIR WHITE: What is working in place of the radio tower now at your Kihei operations?

MR. HUDSON: Just a radio signal that they have. Where they're at right now, you guys will recall already, a storefront property, the shopping center, and the radio traffic can go in there pretty

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

much without too much difficulty. And Captain Amaral has done extensive work on the radio system which is really good. The building they'll be moving into, though, is poured in place concrete, rebar fortifications. It's a solid building, and we don't know whether or not the radios would work in there, so we wanna make sure that we have a totally functioning station. In addition, this radio tower is gonna assist with Jeff's project throughout the County.

CHAIR WHITE: That even makes me ask even more why this wasn't left in the original bid. What is the cost of the radio tower and the telephone system and the directional amplifiers?

MR. HUDSON: The bidirectional amplifiers is estimated at \$533,000. The bidirectional amplifiers are estimated at \$110,000. And we have a budgetary amount for the radio tower at about a million dollars.

CHAIR WHITE: Okay. What makes up the remainder of the 3.25 million?

MR. HUDSON: That would be some change orders. There's a bunch of little things that would add into that.

CHAIR WHITE: My numbers are adding up...I jotted down the numbers, looks like about 1.6 or 1.7 out of the 3.25, so we've got a lot of change orders. Can you give us a list of the big ones and the purpose of them?

MR. HUDSON: Well some of the big change orders are, as I already mentioned, the radio tower and so on and so forth, but...

CHAIR WHITE: No, other than the ones that we just talked about: the radio tower, the telephone system, and the bidirectional amplifiers. What other change orders were required?

MR. HUDSON: Bulletproof glass. We realized when we designed the building, or we didn't realize when we designed the building, that the squad room where the officers actually line up, the windows opened up to an open parking lot and we had to put a bulletproof glass to protect them. Other things came with...

CHAIR WHITE: And what was the amount of that?

MR. HUDSON: That's \$80,000. There's...we could...a two-inch fire line, MECO power allowance, PVC, there's a lot of little things. So they range in price from 595,000 to a credit of 12,000. So it's a lot of back and forth, but it's all absolutely tallied down to the penny. And one thing about the...our construction management team is that they tally every single penny, so that everything is 100 percent transparent when everything's said and done.

CHAIR WHITE: So which of these items have already been installed?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. HUDSON: Okay. The three-inch fire line, the MECO power allowance adjustment, the PVC electrical...oh, that was a credit, multiple plumbing fixture revisions, Wavecom fiber optic line exploration, mobilized plate...hold on one second, R1 waterline value engineering, additional excavation, plumbing, potholing, an additional 6-inch sewer line, off-site R-1 water revision, revised window framing and glazing, multiple electrical RFIs, increased size of MECO Pre-Cast structures, hose reel rental, MECO plan revisions, overhead, off-site BMP requirements, detention door control conduit, security resources upgrade, foundation plan revisions, electrical grounding halo of the 1st floor, trenching for the ENT, water truck rental, additional costs for temporary power. We weren't able to get the power because of a little issue between the State and MECO. PV conduit rough-in, utility revisions related to the fiber optic.

CHAIR WHITE: So those are already installed?

MR. HUDSON: That's correct. These are the first five change orders. The additional ones, the ones that we already have working on is the...are the HawaiianTel site infrastructure revision, up size electrical panels, some miscellaneous electrical revisions, off-site waterline revisions, upgraded detention door controls, there was a stop work order given because of a preschool, TOPO survey and additional grading, motorized screens, some revisions to interior steel door frames, and...

CHAIR WHITE: Okay. But my question was, how many of the items covered by this request for additional funds have already been installed? And it sounds like you're requesting money to cover expenses that have already been undertaken, which is not terribly kosher. So, I don't know, the Chair's feeling, Members, is that we should ask for a detailed list of the 3.25 million request with an outline of what has already been expended and what is yet to be committed to by the County. Any thoughts?

VICE-CHAIR HOKAMA: I was gonna ask for that, after hearing the list.

CHAIR WHITE: Yeah, I mean I'm a bit stunned at the list.

MR. BAZ: Mr. Chair?

CHAIR WHITE: Yes?

MR. BAZ: Maybe we could have the Director of Finance respond to that inquiry.

CHAIR WHITE: Well, you know, at this point, I'm feeling like we need to take a deep breath and maybe ask for something in writing --

MR. BAZ: I have...

CHAIR WHITE: --because this is a very long list and it sounds like we've already spent a good portion of the 3.25 million.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. BAZ: Mr. Chair, from my understanding, the stuff that he was listing was the change orders that have already happened. I think the Director of Finance will let you know that the change order doesn't get approved until there is money available to approve it. So he can confirm that, but from a finance standpoint, we're not gonna be allowing work without the authorization to go forward.

CHAIR WHITE: Okay...have an explanation...

VICE-CHAIR HOKAMA: Mr. Chair, can we just ask for a list of what was the change orders that has already been paid for and authorized by the existing funding and what is the change orders that the new, fresh money that they're asking us for?

CHAIR WHITE: Right, yeah, that's what I'm interested in finding out. Mister...

VICE-CHAIR HOKAMA: And, you know, I can wait two weeks, Chair.

CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: I'd like to know if we could bring up the contract...the construction management team, 'cause they're the ones that...

CHAIR WHITE: Well, part of the Chair's concern is that we put these on our plate to, you know, to discuss and decide on, but we sometimes get very sparse information with which to make the decision. And I...it's nothing against the Department, it's just that this is a big issue. This is 3.25 million that we're having to allocate that maybe we would've allocated before, maybe we might've gotten cheaper pricing if it had been in the original bid. But now it's competing with our other needs in the County. We're coming up on a budget again now. So I...the Chair's intent is to defer this matter and ask for them to come back with a list, as Mr. Hokama suggested, what change orders were included and covered by the original contract and provide us the cost detail on that. And also provide us an outline of the cost detail for the 3.25 million. And of that, is there any of that that has been expended already?

COUNCILMEMBER COUCH: Just, Mr. Chair, if I may? If I can ask the Department, is this going to in any way impede the project at this point if you wait two weeks?

MR. HUDSON: Any delay will hamper the project. We have pending change orders based upon current situations. So in direct answer to your question, yes.

COUNCILMEMBER COUCH: And then, to Mr. Baz, is this new money we're being asked for or just a reshuffling of money that's already been approved?

MR. BAZ: I mean it really depends on your perspective, but it could be considered a reshuffling of money that's already been approved. The previous Council took action to approve \$37 million for this Kihei facility.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COUCH: Right.

MR. BAZ: And this is still coming in at significantly less than \$37 million even with this appropriation.

COUNCILMEMBER COUCH: And that's I guess my question to the Chair or whoever. This is well...still well under budget. It's well under what we're appropriated. I don't see what, you know, there are change orders and anytime we delay anything it's gonna cost more money. So are we, you know, biting off our nose to spite our face? It's just the money's already been appropriated up to 37 million. They're saying, it's gonna go to 31 million, so are punishing them for coming in under budget? That's what I don't understand. They're just reshuffling the money so we can get a lower interest rate, and they have to do that. They didn't have to come here, they could spend the money, it would be more expensive...

CHAIR WHITE: No, that's not exactly correct, is...the funds have lapsed.

COUNCILMEMBER COUCH: Well but, yeah. The, I'm sorry, the...

CHAIR WHITE: And to that point, the Staff was told that all funds were...or that they were in good order with all their funding with the impending lapse as of December 31st. Shortly thereafter, they're here asking for an increase.

COUNCILMEMBER COUCH: But we did get a stop work order from whom, Mister...or Assistant Chief? We got a stop work order?

MR. HUDSON: I did. I issued the stop work order.

COUNCILMEMBER COUCH: Oh, okay.

MR. HUDSON: The stop work order was issued because the...there's a preschool across the street and it was interfering with their operations. So until we could hammer that out, I had stopped the work.

COUNCILMEMBER COUCH: So that, I mean, is there unforeseen delays at times? I mean, this is...in my opinion, this is a small percentage. It's 1 percent of the budget, of the thing I believe, or isn't it 10 percent? Even 10. It's still, that's well within the contingency in my opinion. So that's my thoughts.

CHAIR WHITE: Okay. Well, the Chair will defer this item and await the details of the 3.25 as outlined. And I understand...

COUNCILMEMBER COUCH: Mr. Chair, I'd like a vote on that, please.

CHAIR WHITE: Okay.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COUCH: You usually ask for objections, I object to that.

CHAIR WHITE: Okay.

VICE-CHAIR HOKAMA: Move to defer.

CHAIR WHITE: It's been moved to defer, any second?

COUNCILMEMBER COCHRAN: Second.

CHAIR WHITE: Been moved by Chairman...ah, Chairman...Member Hokama and seconded by Ms. Cochran to defer. Any discussion, Members?

VICE-CHAIR HOKAMA: Chair?

CHAIR WHITE: Mr. Hokama?

VICE-CHAIR HOKAMA: You know, I can understand my colleague, Mr. Couch's point from one perspective. But just because you save me money doesn't mean you can ask me for more money because you still under the original request. I, for me, I don't have a problem with this deferral because my world may be totally upside down come Friday afternoon. And that \$3 million, I might want to put it someplace else that I feel has a higher priority. And I think we should take in account what is going around around us that will impact our future decisions. And, to me, Thursday night at the Capital, Friday within the District of Columbia, things are gonna be decided upon without any of our control that will impact how we're gonna be looking at money. And so, for me, I have no problems being a little cautious and waiting to find out what's its impact of those decision makers will have on our ability to fund projects like this Kihei Police Station. So I would advise...my advice is, you know, we can be cautious, you know. I still think they can hit their deadlines. I still think they can open in October. And, you know for me, it's more about our, you know, ability to do more than just this police station, Mr. Chair. Thank you.

CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: And I am extremely low to against the Chair's recommendation so and, yeah --

CHAIR WHITE: Oh, feel free, I'm...

COUNCILMEMBER COUCH: --the issue is if for whatever reason if we decide not to do this, we're gonna have an empty building in Kihei that isn't functional as far as I hear what he's saying. And just because of some timing of whatever happened on the project, you know, they had to come back because some things lapsed. But a Council has already appropriated that much money and approved that much...a whole lot less money. And if, according to Assistant Chief

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

Hudson, if we delay this, that's gonna cost...there're associated costs with that. So for us to get a list, which we can, if we look at the list between now and first reading and see something that's completely egregious, which is the only thing...reason I would think that you would want the list, is you're checking to see if something is way out of whack. Between now and first reading, we can then recommit if there's an issue. If not, we can continue on with the process so we don't delay the project any further and cost us more money just because we're not sure what's going on. I agree, the lack of details. Let this be a, you know, a stern warning to any project that comes up. If you're gonna ask us for more money, we want details. Fine, we still can ask for the details, and if something is really bad, then yeah, we can recommit at first reading. But, otherwise, if it's not, if everything...if the end result is gonna be that you're gonna approve it, anyway, and we delay the project for even two weeks, that's cost involved in that, and I'm trying to save money. And I don't see, unless there's something super egregious, that we're gonna not do the 3-point whatever...3-point million on there, unless it's something really, really bad. And then we've got an empty shell of a station.

CHAIR WHITE: There's a...okay.

COUNCILMEMBER COUCH: So that's...I'm sorry, Mr. Chair.

CHAIR WHITE: No, that's fine. I appreciate your position. We've had a, from what I understand, a significant number of change orders on this job. And I think it's important for us to understand the magnitude of that and where the money is going. And if they can...I'm more than happy moving this to the end of the calendar if they wanna put their heads together and see what they can come up with by the end of our meeting today, I'm fine to reconsider.

COUNCILMEMBER COUCH: I certainly can do that.

CHAIR WHITE: Mr. Hokama?

VICE-CHAIR HOKAMA: You know, I was gonna just say this almost deja vu with the same type of problems in funding we had with that main station right down there, same problem. And you know what, it's gonna cost us a hell of a lot more money. Because, like I said, we need construction people 'cause I still don't understand, like you Chairman, how the hell the original contract cannot get the key components of this station squared away --

CHAIR WHITE: Right.

VICE-CHAIR HOKAMA: --you know. I mean, I can make too much correlations to that other station. And, you know, that was for me, a financial nightmare, too.

CHAIR WHITE: Well, you've brought up the aquatic center before as well.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

VICE-CHAIR HOKAMA: So, you know, my frustration, disappointed in us being able to major capital improvements, continues to grow because I am not given the confidence that we doing it a hell of a lot better, Chairman.

CHAIR WHITE: Right. And, you know, and I add to the discussion the fact that this is a project where we've got a construction management firm helping us --

COUNCILMEMBER COUCH: Well that's why I wanted to talk to 'em.

CHAIR WHITE: --and, yet, we still have all these change orders. And that's, you know...

COUNCILMEMBER COUCH: And, Mr. Chair, that's why I wanted to bring 'em up and see what their excuse is.

CHAIR WHITE: Well, what the Chair is willing to do, because we have...anyway, we've got a couple more items. Staff mentioned that another option is for us to ask for this information for our next meeting which is in two weeks. At which time we can discharge it, so first reading will be at the same point. Anyway, so with that...you looked puzzled.

COUNCILMEMBER COUCH: Is that right? Is our first meeting will be...

CHAIR WHITE: If we discharge it from this Committee, it goes straight to the Council the following Friday which is when it would be heard anyway.

COUNCILMEMBER COUCH: Gotcha.

CHAIR WHITE: So...

COUNCILMEMBER COUCH: If I can get a commitment from you, then I...that's fine.

CHAIR WHITE: Yeah, I'm fine with that.

MR. BAZ: Mr. Chair?

CHAIR WHITE: Yes?

MR. BAZ: We do have the detailed list of everything that's...change orders that have been approved and the ones that are waiting for funding that I can have my staff bring down here in a matter of a few minutes if you want to put this towards the end of calendar today.

CHAIR WHITE: That's fine.

COUNCILMEMBER COUCH: Yeah and, Mr. Chair, that was my question to them, if they have a dollar amount on how many...how much a day it costs for us if we stop work.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. HUDSON: A dollar amount hasn't been nailed down, yet, but the rough estimate is \$2,500 a day.

COUNCILMEMBER COUCH: Alright, thank you. So I am glad...

CHAIR WHITE: But that doesn't change anyway.

COUNCILMEMBER COUCH: Yeah.

CHAIR WHITE: And, again, this is not something we created --

COUNCILMEMBER COUCH: Right, I understand.

CHAIR WHITE: --so, okay. With that, we'll move this to the end of calendar and await that list.

COUNCILMEMBER COUCH: Point of order. We have a motion on the floor.

CHAIR WHITE: Yeah. Will the maker of the motion withdraw?

VICE-CHAIR HOKAMA: At your request, Chair, I agree to do so.

CHAIR WHITE: Thank you, sir. And with that, Members, we'll move on to BF-29, Amending Fiscal Year 2013 Budget: Kalana O Maui Campus Expansion. Committee is in receipt of a County Communication 13-19, from the Budget Director, transmitting a proposed bill to amend Fiscal Year 2013 Budget by adding \$1.5 million appropriation for the Kalana O Maui Campus Expansion project in the Wailuku-Kahului Community Plan Area. And this is specifically for Phase 1A of that project for an 18,924 square-foot...that's the size of the lot. And this is for the planning and design for the building to be built at the Old Wailuku Post Office location. And with that, we have Mr. Regan joining us. Welcome.

MR. REGAN: Good afternoon, Chair.

CHAIR WHITE: Good afternoon. So whichever one of you would like to start off the discussions, that'll be great. And I see we have Wendy Taomoto and Ms. Miki from Group 70. Oh, and the Mayor's just joined us.

ITEM BF-29: AMENDING FY 2013 BUDGET: KALANA O MAUI CAMPUS EXPANSION (CC 13-19)

MR. REGAN: Okay, thank you, Chair. I'll keep my comments relatively brief. But we did have the presentation that we had made at an earlier point to the Members regarding the proposed project which would be for the Kalana O Maui Campus Expansion. Before you today, is the request to fund the design portion of that project. I do have staff here, today, to answer specific questions regarding the funding that's being requested as well as regarding the project itself. Our ultimate

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

goal with this project is to create additional efficiency for the County, reduce some cost, create an asset for future generations to be able to have and to appreciate and to, you know really as I stated earlier, create additional efficiencies for the County and operation. So, you know, we do have I believe some information, Chair, that was transmitted to this body. And so we're ready to, you know, take your questions and answer those questions for you, Chair.

CHAIR WHITE: Well, I think it would be helpful for the Committee for you to go through the pertinent pages that respond to the questions that we asked in the last meeting, and that would be --

MR. BAZ: Mister...

CHAIR WHITE: --how the, you know, which...I'm sorry, go ahead.

MR. BAZ: No, I was going say, just to reference everybody to the letter from Managing Director dated February 20, 2013. Subject is, Amending Fiscal Year 2013 Budget: Kalana O Maui Expansion, under your Item BF-29.

CHAIR WHITE: Right.

MR. BAZ: There's a letter and the attached printout.

CHAIR WHITE: Right. So the pertinent items are the discussion of the Phase 1A building of 61,280 square-feet of new, office space and, basically, who's going in there and then reviewing the lease amounts that we are avoiding.

MR. REGAN: Sure.

CHAIR WHITE: So...

MR. REGAN: Okay. Thank you, Chair. I can do that. As you can see, unfortunately these page numbers are not...or the pages are not numbered. But if you go to Phase 1A within the pamphlet that was submitted to you via that letter...that memo --

CHAIR WHITE: Uh-huh.

MR. REGAN: --it's entitled, Phase 1A - Office Building 1. You'll see some pictures of the proposed...these are renderings. These are not, you know, obviously final design products, but it does show that we are anticipating the creation of about 61,000 additional square feet of new, office space at the Old Wailuku Post Office site, maximizing the site based on all the restrictions that are placed on that particular site. It does include an additional 106 new stalls for parking. We are only required to provide 104 by Code. But, you know, we do all know that there's a major parking issue here on campus, and so we wanna try to accommodate as much parking into the structure as possible without, you know, really hindering the ability for us to do what we're trying to do which is to provide leasable or, I should say, usable space and reduce our lease space

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

that we have in this area. As you can see, we do list, based on some analysis, departments and operations that, you know, we have targeted to move into the facility. There are four levels of parking, B through Level 3. And then on Level 4/5, it's split between Housing and Human Concerns and then also some additional space for training. We do currently lease space for training at One Main Plaza to be able to do some of our computer training that we have for the County and for County employees, but this would allow us to pull that into the facility as well. On Level 6 of the building, we have accommodated Department of Personnel Services; Level 7, Environmental Management; Level 6 and 8, the Department of Finance; and Level 9 would be the Department of Management which would include the Administrative Staff, GIS and MIS. You know, we do have...and we have, based on Group 70's, who is the consultant, based on their modeling, these were the departments and the functions that we felt would be appropriate to move into Phase 1A of this particular building. It's not etched in stone, so this is not a permanent or the absolute moves that are gonna occur, but as you can see, a lot of these are operational functions within the County. If you go to the next page, Phase 1A, Kalana O Maui, you'll see that there are some changes that are being made. We are intending to reconfigure the 7th and part of the 8th floor as well as the 6th and the 2nd floor which would allow us to move certain functions around within the building. In particular, we're looking at the Water Department's collection activities. As you all know, most of you when you ride in the elevator coming up from downstairs, we often stop at the 2nd floor; and nine times out of ten, there's someone getting on the elevator going to the 5th floor to pay their water bill. So our intent with this is to change that so people do not have to come upstairs to pay their water bill, they can actually do that right there on the 2nd floor. So hopefully we can, you know, reduce the impact to our elevator and as well as provide better service to the community. So you'll see that reflected on this Level 2/5 where we're moving some of the water functions down, the collection function. And then on Level 6, our intention is to make that County Clerk space. You know, we have in the past, I believe, received inquiries during election season. You know, sometimes they need to shut down I understand and I guess kind of sequester certain areas of the County building to protect, you know, during that time period, Chair. So, you know, based on that and based on their needs, we felt that it would be appropriate to allocate that space for the Clerk's functions and as well as some of the space for Council Services. And then, of course you know, 7 and 8 is the Council Services and the County Council. This would allow us to also...would allow Council to provide, perhaps, additional offices for Council members and, you know, hopefully redesign that and make it perhaps a little more --

COUNCILMEMBER COCHRAN: Spacious.

MR. REGAN: --spacious and--I was gonna say quiet--but private.

COUNCIL MEMBERS: Usable.

MR. REGAN: How about private? And usable, yeah. And I know that that's been an issue that's come up before in the past, and so we wanted to try to accommodate those concerns, you know, in that process. The next page, you'll see that it talks about the project schedule. Oh, okay. Well we're not gonna get to that, yet. But I understand you're being distributed a revised version of the

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

Phase 1B, but we'll get to that after this, Chair. But Phase 1A on the project schedule, you can see that we've laid out the --

CHAIR WHITE: If I could just --

MR. REGAN: Sorry.

CHAIR WHITE: --interject?

MR. REGAN: Yeah.

CHAIR WHITE: This...my understanding is that we're only dealing with Phase 1A.

MR. REGAN: Yes, that's correct.

CHAIR WHITE: That's what the amendment is --

MR. REGAN: Yeah.

CHAIR WHITE: --is in respect to...so...

MR. REGAN: That's correct, Chair. But I think in what was transmitted, you know, we transmitted the entire packet.

CHAIR WHITE: Right. But I don't think it's necessary for you to go into Phase 1B.

MR. REGAN: No, okay. I will not.

CHAIR WHITE: Okay.

MR. REGAN: I'll focus purely on Phase 1A, but I believe we were requested to transmit the entire information, Chair. So we will only focus on Phase 1A as you request.

CHAIR WHITE: Okay.

MR. REGAN: So just looking at the project schedule, we've laid out the critical path for the project itself. A lot of this is based on working backwards from the leases that are out there from different areas where there's One Main Plaza, Trask, different facilities that we're leasing from and working backwards from that; in addition, looking at the actual construction schedules and what we estimate to be on that. So you can see that we start with the design and permitting which would begin in April 2013. We anticipate that to be completed by March 2014. And that's kind of...one of the reasons why we're asking for this amendment. And you can see that the bidding and the contracting is scheduled to be sometime between April and June of 2014 with construction occurring between July '14 and June '15 which would be in the Fiscal

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

Year 2015 Budget. And then the final relocation of our offices and operations and employees would occur sometime between July 2014 and December 2015. The rest of the packet...or I should say, the next page is 1B which we will ignore. And, again, just ignore that. And you can flip to the area where we talk about the lease savings by department. Chair?

CHAIR WHITE: Uh-huh?

MR. REGAN: That's a breakdown of what we're currently leasing in Phase 1A, our cost, about 1.8 million per year for all the operations that would be moved over to the new facility. Again, ignoring Phase 1B. And that other column, if you flip to the next page, Chair, we're looking at the acquisition cost. It was included in there, the cost of the...of acquiring the actual Old Post Office site as well as, you know, some of the monies that were expended for the master planning portion and then also, you know, the actual construction which includes the design, totaling up \$29.6 million.

CHAIR WHITE: Just a clarification. The number...the 1.5 in acquisition cost in this...and I'm assuming it is in the Phase 1A, but is the 781 split between Phase 1A and 1B?

MR. BAZ: Mr. Chair? The 781 is specific to the Old Wailuku Post Office site, so that's part of the Phase 1A.

CHAIR WHITE: Okay. But essentially it was used for both sides. I mean the master planning is for the overall campus.

MR. REGAN: For the campus.

MR. BAZ: Yes.

MR. REGAN: Correct.

MR. BAZ: The master, yes, that's true.

CHAIR WHITE: Okay, go ahead.

MR. REGAN: Well, we just wanted to take a more holistic approach which is why we, you know, did the entire campus, Chair.

CHAIR WHITE: Uh-huh.

MR. REGAN: So looking at the Phase 1A estimate, about 29.6 million for the complete design and construction of the building. Flipping to the next page, we see a breakout of the...some analysis that was done with regards to the bond. Of course, you know, we are...we do float 20-year bonds in general. And we're very conservative with our interest estimation of 3 percent even though we seem to be getting a pretty good rate now at 2.18 as was mentioned earlier by the

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

Budget Director. So but we decided to do a little bit more conservative estimate with regards to the bond interest rate. Debt service, according to the calculations that were done by the consultant, estimated to be about \$1.9 million per year and the lease being about 1.8 million. So it would cost us a little bit more to have this building. But, you know, it's the creation of an asset I think that is part of the story that we're trying to tell today.

CHAIR WHITE: How much would that \$1.99 million figure change if we applied the 2.18?

MR. REGAN: It's a good question, you know, I...

CHAIR WHITE: I still think it's a...it's still a very attractive --

MR. REGAN: Uh-huh.

CHAIR WHITE: --differential, and I'm just wondering.

MR. REGAN: Yeah. You know, I think we need to go back and take a look at some of our numbers, because I was just doing a quick and dirty analysis of the 29 million at 3 percent. And, you know, I don't know what the...if we did it at 2.18, what that's gonna turn the numbers into, but I can try to run that for you.

CHAIR WHITE: Well, the other thing that this first year calculation doesn't include is any increases in the lease rents. And I'm assuming --

MR. REGAN: That's correct.

CHAIR WHITE: --the debt service calculation is gonna be the same through the 20 years of the pay down, is that correct?

MR. REGAN: That is correct, Chair, yes.

CHAIR WHITE: So...

MR. REGAN: So there would be lease escalation that's gonna occur.

CHAIR WHITE: Yeah, and so the lease escalation, I would assume, is gonna...even if it were still at the 1.99, the lease escalation's gonna make the leases catch up to that number --

MR. REGAN: Yeah.

CHAIR WHITE: --probably within the first couple of years since these leases are all running out.

MR. REGAN: That's correct. And I believe that Wendy has that information in terms of the breakeven point when that occurs, so...

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. BAZ: Excuse me, Mr. Chair. As expressed on the handout, by about five years, that lease escalation would exceed the bond debt and service payment.

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

MR. REGAN: No, Chair. I mean I think that's all I have in terms of the information that was submitted, but we are open for questions. And we do have the consultant here as well as our staff to answer more questions, Chair.

CHAIR WHITE: Okay, great. Thank you. Members?

COUNCILMEMBER COUCH: Mr. Chair?

CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. You know, in all these numbers, and I don't know if it's...I'd defer to the two financial wizards here --

CHAIR WHITE: Careful.

COUNCILMEMBER COUCH: --Mr. Hokama and yourself, Mr. Chair. You know, we talk about a 20-year debt, and at the end of 20 years, we pay it off. This building's 40 years old, plus. So there's another possible 20 years of life of which we're not paying any rent. I mean we're paying the usual upkeep anyway, but we're saving...we would essentially be saving, you know, \$2 million a year at least, after the 20 years. So this is a, in my opinion, really good long-term investment.

CHAIR WHITE: Uh-huh.

COUNCILMEMBER COUCH: So I know they don't do that in, and I don't know that's prudent financial...the way you calculate things or whatnot, but I think we have to take that into consideration as well.

CHAIR WHITE: Well, I think it's always better if you own your own.

COUNCILMEMBER COUCH: Yeah --

COUNCILMEMBER COCHRAN: That's right.

COUNCILMEMBER COUCH: --and mortgage free.

VICE-CHAIR HOKAMA: Plus, you can always sell it if you have to.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: Members...

COUNCILMEMBER COUCH: Yeah, that's a good...I'm sorry. Mr. Hokama made a good point. You wanna say it, Mr. Hokama?

CHAIR WHITE: Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, thank you. You know, my comment on the side I did--and I apologize for interrupting--was that, of course, the Charter allows Council to dispose of assets.

CHAIR WHITE: Uh-huh.

VICE-CHAIR HOKAMA: So, you know, what we own, we can always sell if we had to. But if I can maybe ask either Mr. Baz or Mr. Regan a question please, Chair?

CHAIR WHITE: Sure.

VICE-CHAIR HOKAMA: And thank you for the hard work. You know, it's not easy. So I appreciate the big visioning on the Mayor's part and having you folks do some of this planning for us. And so, you know, I'm looking at the numbers, Mr. Regan. And, you know, from one perspective, it looks really good for me. But I just was wondering, you know, since we talking about building our own and, you know again, Mr. Chair, I have to, you know, say that when I asked Mayor Arakawa in an earlier term about the consideration of One Main Plaza's acquisition, at first, I can tell you, he was very cool to my request. But the Mayor was fair, he gave me time and opportunity whereby he would consider acquisition of that building at that point in time.

CHAIR WHITE: Uh-huh.

VICE-CHAIR HOKAMA: 'Cause my point also was, it'll buy us time, give us the space, we'll own it; and then at the right time, my thing was, leverage it off, sell it and help pay for the new municipal parking lot structure with its revenue stream and make a commitment to Wailuku businesses that we are here to stay and we are gonna make it a better business climate for everyone including the civics district. So coming back to it, you know, Mr. Regan, I don't know if, you know, I'm looking at this number; so you know for across the street, we're looking at a 61,000 square-foot building. One Main Plaza is in the, what, 85,000 square-foot range more or less plus or minus. Did we do a some kind of financial and say, did it make sense in one way to look at something with 85,000 square feet, would give us a better advantage on the square-footage cost than the new building and see if that made sense to be part of a campus whereby we could move into it sooner than later and then give us additional time and flexibility to address some of the other needs in the Phase 1A and Phase 1B? Was there any thoughts about those type of variance in developing this proposal?

MR. REGAN: So, Chair, if I may?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: Sure.

MR. REGAN: Thank you very much, Member Hokama, for your question. You know, I was just handed a document by the Mayor and he asked me to talk a little bit about this particular document which we recently were approached by the owners of One Main Plaza to consider One Main Plaza as an option. And as you know, I mean and you mentioned, many years ago, you know, you and I we were sitting here and we were defending our request to purchase One Main Plaza.

VICE-CHAIR HOKAMA: Uh-huh.

MR. REGAN: And I believe the purchase price at that time was somewhere around 10 million, I can't remember exactly. But...

VICE-CHAIR HOKAMA: It was pretty affordable.

MR. REGAN: Yeah, it was very affordable. And I think at that time, you and I, we talked about it and we really tried to push, you know, for that. But unfortunately, it didn't pass. And I think we had a great vision back then. We were recently approached by, as I mentioned, the owners of One Main, or through their agent, because they found out that we're obviously trying to do something here with the Old Wailuku Post Office site, and they provided us a figure. And as you recall I had mentioned, they originally were trying to acquire the building for 10 million. They wanted to sell the building to the County for 28.7 million. So we looked at that and we talked about it. And the concerns that we have, now, for this building is that you have, you know, a facility that, you know, is now would be \$18 million more than what we anticipated costing. There are still apparently some ADA and parking issues that need to be addressed. It's a building that was built in 1989; there some, in fact, you know age-related structural issues --

VICE-CHAIR HOKAMA: Right.

MR. REGAN: --mechanical issues, things like that that, you know, we just don't know the answer in terms of what the cost would be to repair or what to put aside. In addition to that, you know, we started looking at, and I brought this up in a previous discussion, the amount of time that we spend walking back and forth between this facility and that facility. You know, and I think at \$10 million when we had that opportunity to acquire that building, I think we could have lived with that. You know, and then like you said, as we decided to build out this campus, we could sell that asset, you know, and it is something that the Council could sell. But the more we started talking about it internally and discussing it internally and combined with the price that they're offering it to the County at, we just...there are just too many challenges that we'd have to overcome. You know, here's a building that's not necessarily built to our needs, we would have to retrofit it, we don't know what the additional expenses are gonna be. Oh, by the way, there's tenants in there, right --

VICE-CHAIR HOKAMA: Yes.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. REGAN: --that have, you know, leases that would not be a...we, as the County, if we were the new owners, we would not be able to get out of those for a number of years. So over 40, I wanna say 48 percent and I don't have it here in front of me, but about 48 percent of the space would not be available to the County simply because of that. And so I don't know just, you know, there were just...as we were going through this and trying to make this work and plugging it into our model, we just couldn't make it work. And maybe we were looking at it wrong, I don't know; but, you know, Wendy and I and our staff, we really took a hard look at this. Because, you know, this was something we wanted to do, was it eight years ago, six years ago? But now, with the numbers the way that they are, we could build a new facility for just about the same amount. You know, construction estimates at about 24 million just for the building to build it, it would be built to our specs, our needs, you know, to the current standards, ADA, taking all those things into consideration. For us, you know, Chair and Member Hokama, I mean we just couldn't make it work, unfortunately.

VICE-CHAIR HOKAMA: Well, I appreciate you going through that fiscal analysis there, Mr. Regan. You know, it makes me able to appreciate what you have provide, you know, in a different light, because I know went through a regime of trying to find out what makes sense, what doesn't make sense and I appreciate going through that. I mean, it's tiring, it's painstaking, but we're talking at long-term monies and long-term, you know, borrowing capacities. So I appreciate that. I was just thinking if you felt that maybe that 48 percent was a good way for offset our debt service, because, you know, you got Federal government there, Social Security, you got big law firms. And like we face the incremental increases and CAM, so will they.

MR. REGAN: Uh-huh.

VICE-CHAIR HOKAMA: You know, so my thing was so...or, if makes sense, I don't know if you talked with the Mayor and the Mayor says, well why don't we just throw back a counter number and what if they agree? I mean, you know, you might say, well, it's no way they gonna accept this counter. Well my thing is we'll never know until you throw that number back at them. And maybe something for you folks to think about whether it makes sense or not, you know, you folks have that ability of those type of unique discussions without dealing with Sunshine requirements and everything else that helps negotiations. So I would ask that, you know, maybe that's something you might wanna consider. Again, I'm looking at buying time, Mr. Regan, because I have no clue what our County will be come Saturday morning after this Friday, financially.

MR. REGAN: Uh-huh.

VICE-CHAIR HOKAMA: And it worries me, you know. So I'm hoping that, you know, it's something, you know; and I'm glad the Mayor is here, 'cause I think the Mayor has, you know, similar concerns of our long-term, you know, ability to pay and what other decision makers are doing, you know, that's gonna impact us.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MAYOR ARAKAWA: If I may, Mr. Chair?

CHAIR WHITE: Sure.

MAYOR ARAKAWA: You know, Council members, when we're looking at what we have to do and looking at things, there's a simple philosophy I think Councilmember Couch sort of pointed out. When we were approached to originally purchase One Main at 10.5 million, and the land under it was another half a million or so, so about \$11 million, we've been paying almost ten years, and the rent every year I believe is almost \$1.5 million --

CHAIR WHITE: Uh-huh.

MAYOR ARAKAWA: --you know, so even at \$1 million a year, we would've paid for that facility already. We've only been using half the facility, and we're up to half the facility. So we would've not only paid for it with what we're using, with the extra would've been able to be utilized to lower our cost which is what Councilmember Hokama's talking about. When they come to us two years ago, we asked, we'd like to make an offer, would you be willing to entertain it? They told us, no, they don't wanna entertain it. So we started this process because we knew the Council had already purchased the property, you had asked us to start looking at how can we make an expenditure into something that was gonna be usable. Because this was just cash going out, we'd already spent it, we had already invested our assets into it, so we have to make some use of the property. No matter what happens, we've already expended money for the Post Office property. And it's been very expensive property, it's one of the most expensive properties I think the County has put in for the value of the property. And what we're trying to do is we're trying to find a way to be able to use our assets to our advantage. Now, everything we buy, we purchase, is ours. Every dollar we put into it, is an asset that gains to our advantage. When we rent, million dollars a year, we get nothing in return afterwards that we can consider an asset, it's spent, it's gone. So looking at rent or buy, for me, if it's close, and this is more than close, you know, it makes more sense for us to put all that money in, because every dollar we spend...if we had to sell it, if we had to sell, we have an asset that's worth that money. If we rent, we don't have anything. So we not only gain the value of what we save in rent, we gain the fact that we're building an asset that the community could actually use as an asset if we really had to. All the other advantages that we have because of proximity, because we can design the facility the way we need to be able to design a modern facility to be able to work with the new technologies that our personnel need to be able to work with, are all strong advantages. Those of you that have gone on trips and you've seen how other countries and other big companies are utilizing the assets know that the old office space is no longer the office space of today, nor is it going to be the office space of the future. For us to be able to design what we need to be able to work toward for tomorrow and for years ahead, means that we're putting a lot of flexibility into the hands of our employees to be able to do their jobs correctly. So we look at that as well in doing our evaluation. One Main Plaza, for all intents and purposes, when you look at lifespans of buildings in this area, it's used about 50 percent of its useful life. So, not only have we lost all the money that we put into it to this point in lease, but we've lost that much time in useful life in value of the property which is why when we're doing our evaluation, I'm very, very reluctant to

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

go back. Even if they were to sell it to us at the \$10 million they were willing to sell it to us before, we'd more than lost that amount of money in rent and the age of the facility. Added age of the facility becomes a deterrent for us. We need to build for the future because we don't have all of the things built into the infrastructure: all the telecommunications, all the uses of office space, the ADA compliance, all of those things are not there, we have to be able to work with it. That's the kind of thing we were taking into consideration when we were doing our evaluation. But true to our word, you know, we've been coming to you as Council members, to ask you how do you want us to design this area that you asked us to start looking at to be able to create the office space that we purchased. And that's what we're doing right now is we're trying to work with you to create the type of office space that we can all agree will be the kind of space that we need to be able to create. This...starting from new, gives us an advantage to be able to do that kind of creative thinking. Working from old, you're stuck with a structure that you cannot really get away from. This way, we can create the kind of structure that we really want, and that's why we're doing this evaluation. Other...you asked about other locations and other spaces. Currently, when we're looking at all of the spaces we're leasing, it's almost \$4 million a year that it's costing us. And, as you can see where the County has been forced to try and scrounge for space, you know, the Ting Building behind the Old Aloha Lanes, we've been working at Kahului Shopping Center. Lot of these spaces, are not the most desirable nor are they designed for the kind of office space that we need, we're just shoving people into whatever's available; and that's not a good way, in my estimation, to be building for the community's benefit. So, yes, we have looked at other spaces, what's available. There's not a whole lot of large office spaces available in the size that we want in this area. As a matter of fact, there's virtually none, other than One Main. So, yes, Council member, we have looked at those possibilities which is why we come to you and say, you know, let's look at this and let's agree; because, in actuality, this was the suggestion the Council asked us to look at, and let's try and see how we can make this work in the most economical fashion. Because this is a huge investment, this is a huge investment, and it's not one to be taken lightly. Thank you.

VICE-CHAIR HOKAMA: Yeah, thank you, Mayor. I appreciate your comments this afternoon. Thank you, Chair.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Thank you.

MR. REGAN: Oh, Chair, if I could just --

COUNCILMEMBER VICTORINO: Oh.

MR. REGAN: --just briefly, I just wanted to mention one thing. You asked a question about 2.18 percent, what that would come out to. We estimated about 1.845 million. So payback would...the schedule would change, and that would look at about year two, you know, would be the breakeven point for that project.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: Good.

MR. REGAN: Thank you.

CHAIR WHITE: Thank you for that. Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And I'm going to...and thank you, Mr. Mayor. I mean I cannot, you know, I don't always agree with what you bring up, but in this case, I wholeheartedly agree. Why buy something old for almost the same price as you can build something new. I agree with that statement. And I did some quick math based on your calculations here, Mr. Regan, not the new ones you just gave. It cost us with interest and everything over 20 years, \$40 million for the building.

MR. REGAN: Uh-huh.

COUNCILMEMBER VICTORINO: And if you just went with the rents we're paying over the same 20-year period, and I know it'll go up with CAM and all the other stuff, we would've paid 37 million. So about \$3 million in 20 years. If you break it that down, that's less than \$200,000 a year. Okay, so you breaking it down so the public can see, \$200,000 a year; but when you put CAM and other things in and inflation and taxes, you probably wipe that out. So we would get a brand new building 20 years from today...oh, 20 years from when it's completed, paid for and we pay no rent. And I agree with the Mayor, if you bought it at 10 or 15 million today, 20 years from now, it's a 40-year old building and you're doing a lot of repairs like we gotta do here, so I like all of those ideas. I think the other thing is, in my mind, I like the idea we're there, adjacent to each other, the walks are very short, we're putting in parking, 106 stalls. How many stalls do we have at One Main Plaza? 'Cause I think it was very inadequate, I think like 80 or 90 or something like that, and maybe I'm wrong. Very limited amount of parking, so the parking problem will still be existed if not, you know, even worse. And I think the final thing I'll say is this, I think the public can appreciate us doing something forward looking in this regard. We're buying and building our own building which is an asset for them, we're not renting. And I do agree with Mr. Hokama that come Friday or come Saturday morning, all this may be changing very radically and very rapidly. But also the other side of the coin is, if it changes, then we change in what we're gonna do, and we may not be able to afford all of this stuff, I agree. However, you think we're gonna be able to buy One Main Plaza? If we couldn't afford to do this, is that gonna become an option? I don't think so. So bottom line is, you know, I don't always agree, but in this case, everything I've read, everything I've calculated, everything in a very simple manner, if I am going to buy a house, I'm gonna buy a brand new house versus a house that's 20-years old at almost the same price, guess what I'm gonna do? And I think anybody out there can imagine that. You wanna buy something new, because it's got every bell and whistle and every update and every electrical and all the other stuff. Whereas the 20-year old house, you're gonna probably have to add that in or pay for additional updates. So I like what we're...where we're going. I do agree that come Saturday, my tune may change. But none of us know if I'll be even alive on Saturday so what the heck? You know, let's be honest.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: You know, the Chair's feeling on this is that regardless of what happens on Friday --

COUNCILMEMBER VICTORINO: Yeah.

CHAIR WHITE: --this is still a direction that we need to --

COUNCILMEMBER COUCH: Uh-huh.

CHAIR WHITE: --to move in, because --

COUNCILMEMBER COCHRAN: Yeah, I agree.

CHAIR WHITE: --we need to move away from paying money out and having nothing --

COUNCILMEMBER VICTORINO: Absolutely.

CHAIR WHITE: --in return.

COUNCILMEMBER COUCH: Yeah.

CHAIR WHITE: So if there...if anyone has any burning questions, that's fine, Ms. Cochran, but --

COUNCILMEMBER COCHRAN: Oh.

CHAIR WHITE: --but, you know, we really need to move along. So...

COUNCILMEMBER COCHRAN: No, you're right, Chair. But since it's...we don't always get the opportunity --

CHAIR WHITE: Yes.

COUNCILMEMBER COCHRAN: --of having, you know --

CHAIR WHITE: Go for it.

COUNCILMEMBER COCHRAN: --our MD here and Mayor and everybody. But, anyways, looking at the required stalls within Office Building 1, it's required to be within the building itself or that we just don't have space?

MR. REGAN: We'd have to provide 104 stalls --

COUNCILMEMBER COCHRAN: Right.

MR. REGAN: --in order to meet Code, and we have 106.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: And they're within the 1st floor floors.

COUNCILMEMBER COCHRAN: No, I know, but I'm just saying because I don't see an offset for the Maui Mall rentals.

MR. REGAN: Maui Mall.

COUNCILMEMBER COCHRAN: We rent, right, for DMV and everybody, RPTs?

MR. REGAN: Oh, so that's correct. Chair, if I may? So if you look at the, yeah, there would be no Maui Mall operations coming into the new building next door over here.

COUNCILMEMBER COCHRAN: Right.

MR. REGAN: So, you know, we're not taking their parking into consideration within this proposal.

COUNCILMEMBER COCHRAN: No, but --

MR. REGAN: I don't...

COUNCILMEMBER COCHRAN: --but rental lease from Maui Mall to offset, to incorporate them into the new building is what I was...

MR. BAZ: No. Mr. Chair?

COUNCILMEMBER COCHRAN: No, I know it's not in the plan.

MR. BAZ: Oh.

COUNCILMEMBER COCHRAN: I know it's not in the plan, but I'm saying can it be incorporated into the plan is what I'm sorta, you know...

MR. REGAN: Oh, so you're talking about, like, the service center?

COUNCILMEMBER COCHRAN: Right, and RPT.

COUNCILMEMBER VICTORINO: No, we not moving...

COUNCILMEMBER COCHRAN: No, I...do we rent over there at Maui Mall for one thing?

MR. REGAN: Yes.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COCHRAN: Okay. So we're...here we are building this building to offset rentals and leases and what have you, yet, we're not incorporating Maui Mall into...

CHAIR WHITE: I think it's because most of the space can and will be taken up by leases that are right in this neighborhood. The relocation or the potential relocation of the service center is another discussion that --

COUNCILMEMBER COCHRAN: Okay.

CHAIR WHITE: --they're working on.

COUNCILMEMBER COCHRAN: Okay, but alright. So I thought if we had to had to have the four levels of parking, if not, we could bring all of Maui Mall there, too, perhaps. I don't, again, you know, I was just...that's was my train of thought and reason for questioning.

MR. REGAN: Uh-huh.

COUNCILMEMBER COCHRAN: Thank you, Chair.

MR. REGAN: Thank you. Chair?

CHAIR WHITE: With...

MR. REGAN: Oh, I'm sorry.

CHAIR WHITE: If you don't mind, we need to --

COUNCILMEMBER VICTORINO: Move on.

CHAIR WHITE: --keep moving along. So I think everyone is reasonably comfortable.

COUNCILMEMBER COCHRAN: Overall, yeah, very good.

VICE-CHAIR HOKAMA: So, Chair? Oh, I'm sorry.

COUNCILMEMBER COCHRAN: No, go ahead, done.

CHAIR WHITE: Yeah?

VICE-CHAIR HOKAMA: So of this 1.5 request, how much is for design?

MR. REGAN: Chair?

CHAIR WHITE: Yeah?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. REGAN: That is the design, that's the estimated design cost, 1.5.

VICE-CHAIR HOKAMA: You're kidding me?

MR. REGAN: Uh-huh.

VICE-CHAIR HOKAMA: Jeez.

COUNCILMEMBER COUCH: You're in the wrong business.

VICE-CHAIR HOKAMA: No, I just think I get one *bettah* pencil, that's all. Okay.

CHAIR WHITE: The Chair's feeling is that the 1.5, based on the construction estimates, is well within the range of normal design fees. And we look at these numbers and we always get moved in the wrong direction. But, at the same time, there is a lot of work that goes into it. And, quite frankly, dealing with the County is a good part of the design process. And I know Ms. Taomoto has said that she can get this thing through really fast. Well if she can, then I'm gonna be upset because that means the County is taking care of her before us taking of some of the rest of the people in the community, but that's a whole other discussion. Anyway, Members, the Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation?

CHAIR WHITE: The Chair would entertain a motion to recommend passage on first reading of the proposed bill relating to the Kalana O Maui Campus Expansion and filing of the County Communication.

VICE-CHAIR HOKAMA: So moved, Chair.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: It's been moved by Member Hokama and seconded by Member Victorino. Any further discussion, Members?

VICE-CHAIR HOKAMA: I just hope we do this better than the Police Station.

COUNCILMEMBER COUCH: Yeah, I was just gonna say. And, Mr. Chair, if they come up with the construction cost, it's for the whole building and not pieces, parts.

CHAIR WHITE: Well, this type of building's a little easier than a police station.

VICE-CHAIR HOKAMA: But we know where the targets are, Chairman.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: Okay. Being that there's no further discussion, all those in favor, please signify by saying, "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: All those opposed, say, "no". Motion carries, seven "ayes", zero "noes", and Members Baisa and Carroll, "excused".

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmembers Baisa and Carroll.

MOTION CARRIED.

ACTION: Recommending FIRST READING of Budget Bill, FIRST READING of Bond Authorization Bill, and FILING of communication.

CHAIR WHITE: Thank you, Members, and we will now move to BF-30, Amending Fiscal Year 2013 Budget: West Maui Land Acquisition (Real Property at Launiupoko, Maui). And we have Mr. Regan, Mr. Baz, Ms. Taomoto, and I believe the Mayor will be sticking around for that, Guy Hironaka; and we also have from Makila Land, Heidi Bigelow and Rory Frampton. Or at least I see Rory, I'm not sure if Heidi's here. Okay. And rather than me getting into the description and purpose, I'll let you all...

MR. REGAN: Oh. Chair, I'm going to be in the audience here, so I'm required, I can come back. But Mayor wanted to --

CHAIR WHITE: That's fine.

MR. REGAN: --so thank you.

CHAIR WHITE: Mr. Mayor, the mic is yours when you're ready.

ITEM BF-30: AMENDING FY 2013 BUDGET: WEST MAUI LAND ACQUISITION (REAL PROPERTY AT LAUNIUPOKO, MAUI) (CC 13-20)

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MAYOR ARAKAWA: I think we gotta check these wheels out. Thank you very much, Mr. Chair. And sorry for the delay, but the chair kept running away from me. We've given you a little bit of a handout describing the property area that we're talking about. This is the area from Puamana in Lahaina coming back toward Kahului to the transfer station. Now, for those of you that have been on the Council for a while, you know that this is one of the areas, the Pali to Puamana Project, is one that has been desired, has been sought after for literally decades. This is not a new project for us. This is not something that this Administration is just starting on. Roughly eight years ago, we purchased the first phase which was the Ukumehame area. And one of the great disappointments for me in elected office was the fact that we had an opportunity to buy Olowalu, entire 800 and some odd acres, for roughly \$8 million and we didn't do it. And because we didn't do it, we've probably lost the opportunity for all time to be able to get that area into major parkway and to be able to design the coastline into a contiguous coastal park that the County would work with contiguously. But we do have this opportunity to be able to acquire the area from Puamana to the transfer station. When we do our negotiations, just for process, I would like all of you to understand that we have a person in Finance Department that actually goes through, works on the appraisal, does all the numbers, does all the calculations, negotiates for us, and comes out with the most reasonable pricing that we can get. If we condemn the property, which is an alternative, we would more likely be paying more than where we are negotiating it, okay. So working with the landowners and trying to get to the lowest price that we can, we also have to be cognizant of the fact that they have rights because of the landowners, and the community in this case really doesn't wanna see that area along the coastline become very, very expensive houses literally locking the community off the beaches. Now, the State is in the process of moving Honoapiilani Highway to a higher level; and the fear for a lot of people have been that once they move the highway to the higher level, all the area below it becomes eligible for housing. And, essentially, if there's no rights of way where the County has control over, much of that can go into private hands. So all of the areas that we're looking at could actually become private property which would literally lock the community out of the areas so that we wouldn't really have good access. We would have access, but we wouldn't have good access to be able to get to the beach areas and to be able to keep that area in open space and with the good view planes. In my experience here and in a lot of other areas, when we start looking at places, oh, like Lahaina town, you know, when you're going on Front Street and you're driving along, you go through Lahaina and you start seeing houses, you don't see the beach anymore. That, to me, would be the worst thing that could happen to that coastline where a lot of houses come up and we literally obliterate the coastline for people, the average citizen, to be able to access these coastlines. The desirability of keeping this open space, beautiful for the residents as well as for tourists to be able to see and access, to me, really is priceless when we're looking at it long-term. We don't get these opportunities all the time, and if we mess up on it, we lose these opportunities. And it's only because we've had good cooperation from the landowners that we've been able to negotiate this. And we actually had an opportunity to try and purchase this area during my first term as Mayor for about \$20 million, and that was actually in something that we were working with and had agreements working with Coastal Land Trust and the landowners. The price that they were quoting us now is considerably less which we feel is a very good value considering what we were willing to pay for it a few years ago and the fact that much of the prices in this area along the coastline has actually appreciated in value as far as, you know, when

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

you're trying to buy things. And large lots are actually very, very valuable these days, especially secluded large lots that have the ability to literally curtain everyone else out. So take a look at this area. We have some pictures for you and you can take a look at where the coastline is, and you can actually look at pictures that we have of the actual coastline and what it is today, what it could be. This is one of those projects that is a very, very big desire. It's not an absolute need, but it's a very, very desirable piece of property that we truly want to acquire. And we realize that, again, and you have that decision to make whether we want to let this opportunity slip through our hands and possibly never have the opportunity to be able to acquire this at these kinds of prices or to acquire it without other encumbrances at all or whether we take advantage of this situation. Our recommendation is to purchase the property. If you have any questions as to what the negotiations involved, which were quite extensive and took better part of a year to get to, we'll have our staff here to be able to explain those negotiations. And if you have any questions about the property itself, we can have that explained as well. Most of you, I believe, know the property, you've driven past it dozens and dozens of times. And you know that this is one of those areas where if we allow the houses to come down to the beach, it's just gonna be impossible for us to be able to get it back and to be able to preserve the view planes. The fact that we want the State to move the highway I think is a given. And part of the negotiations that we've had also include the fact that the State...do these property owners are gonna allow the State to move the highway and to be able to relocate the highway to a higher level. So it's important for us all the way around. If you have any questions, again, this to me is one of the...this to me is one of the top priorities within the County, community's has always wanted it, as Pali to Puamana. And we're doing our very best to try and acquire and fulfill the needs of the community, desires of the community. So any questions, I'm available or any of my staff is available.

CHAIR WHITE: Thank you, Mayor. Members --

COUNCILMEMBER CRIVELLO: Chair?

CHAIR WHITE: --any questions?

COUNCILMEMBER CRIVELLO: I do.

CHAIR WHITE: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Just for my clarification and understanding, so the 6.5 or whatever has already been appropriated for open space...from open space and we're asking for the additional for bonding or...

MR. BAZ: Thank you, Mr. Chair. Member Crivello, there is currently \$100,000 of open space land acquisition in the Special Purpose Revenues, Appendix A, Part II of our budget for \$100,000. This is requesting a total purchase price of \$13 million; 6.5 million of that from Open Space Fund and 6.5 million of that from bond.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER CRIVELLO: Thank you. So what is the total amount in Open Space funding? What is available?

MR. BAZ: Currently, we have approximately \$15.5 million in the Open Space Fund. There are about 700 and...I mean \$7.25 million of projects already authorized in Appendix A, Part II which leaves a balance of around...well \$8.3 million, so this would take out \$6.5 million of that.

COUNCILMEMBER CRIVELLO: May I have another...may --

CHAIR WHITE: Sure.

COUNCILMEMBER CRIVELLO: --I ask another question? So this would, supposing we do go to...I like the idea, the coastal park. I think your design and your concept is well taken because of the open space and the protection of our environment, likewise for our coastal, the ocean. Who would be managing this? Would this be Parks and Recreation?

MAYOR ARAKAWA: This would probably come under the Department of Parks and Recreation. I will point out that in all probability, we will not develop it right away. So this is to acquire the property --

COUNCILMEMBER CRIVELLO: I understand.

MAYOR ARAKAWA: --so it doesn't get developed.

COUNCILMEMBER CRIVELLO: Understand. Thank you.

CHAIR WHITE: Uh-huh. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And, Mr. Baz, as you've heard in our discussions earlier this morning, while I realize the Mayor said that we're not gonna do anything with it right now, is there any kind of future operational costs and development costs that you guys anticipate coming up in the next four or five years or six years?

MAYOR ARAKAWA: A lot of that will depend on Members of the Council and the community. If there is a demand by the community to be able to expand, for instance Launiupoko Park, then we would be adding to this. But for what we're talking about right now is for the actual acquisition of the land, not necessarily it's for the development of anything on it, per se, because that discussion will come as we need to have that discussion.

COUNCILMEMBER COUCH: Right, and I understand that.

MAYOR ARAKAWA: But we're not anticipating anything.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COUCH: Yeah, I understand that, but we had a long discussion this morning that took most of the morning talking about whether or not to do forecast and not just buy a piece of property in a vacuum and then not consider the future cost, so that's something that...and I agree with you that, yeah, we don't wanna see development on there and, but we just have to kinda if we can come up with some sort of numbers. And if we don't do anything with it for five years, that's fine, too.

MAYOR ARAKAWA: Right.

COUNCILMEMBER COUCH: I remember the whole discussion, you know, eight years ago that this might be a passive park for quite awhile --

MAYOR ARAKAWA: Right, and --

COUNCILMEMBER COUCH: --before we go any further.

MAYOR ARAKAWA: --a good example is the Ukumehame area --

COUNCILMEMBER COUCH: Right.

MAYOR ARAKAWA: --where we actually were trying to make sure that when the State had to come in to be able to put in the bypass, the movement of the highway, Honoapiilani, we wanted to make sure that it went above this area so that there would be a reserve area that we could protect. 'Cause the erosion factor and the waves were actually coming out and covering the road at times. Our park is slowly being, shall we say, getting smaller because of erosion, and we wanted to be able to make sure that it doesn't completely disappear. I mean there are a lot of these kind of factors that we wanna make sure that the area are preserved, not --

COUNCILMEMBER COUCH: Yeah.

MAYOR ARAKAWA: --necessarily to really expand; but as circumstances come up, then we have to deal with it. But we do not currently have plans to go in there and put in a whole lot of money to develop anything right now.

COUNCILMEMBER COUCH: Okay. And so I guess, Mr. Chair, that kinda goes towards the prior arguments that we had was this...it's really hard to forecast in this instance. But if we could get something giving us a potential max versus...

MAYOR ARAKAWA: I could give you a potential max right off the top of my head right now. And you wouldn't like it, because we could be putting in --

COUNCILMEMBER COUCH: Ball fields and...

MAYOR ARAKAWA: --you know, ball fields --

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COUCH: Right.

MAYOR ARAKAWA: --and we could be putting in swimming pools and we could be putting in tennis courts and all kinds of things.

COUNCILMEMBER COUCH: Right.

MAYOR ARAKAWA: The potential is there. The question is when we're looking at the Lahaina area, there's not a whole lot of area that we have in park space to develop for the community needs.

COUNCILMEMBER COUCH: Okay.

MAYOR ARAKAWA: The existing ball fields that they have right at the entrance of Lahaina --

COUNCILMEMBER COUCH: Right.

MAYOR ARAKAWA: --is very, very, shall we say, inadequate for the community's size. So they may want us to go out there and start developing it out. And you, as Council members, especially the Council member that lives in that district, might be coming to me tomorrow and say, you know, we buy this, there's this potential to build --

COUNCILMEMBER COUCH: Right.

MAYOR ARAKAWA: --fields because we've got this demand. Just like skateboard park and the dog park and everything else, we have to work with the demand. But if we don't have the asset, we don't have the property, we don't have a chance of being able to fulfill those future needs.

COUNCILMEMBER COUCH: Okay. Thank you, Mayor.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you.

COUNCILMEMBER COCHRAN: I'll go last.

COUNCILMEMBER VICTORINO: And, you know, been looking up the assessed values of these various properties and quite amazed at, you know, the prices that there in here versus what we're looking for are not that far off, you know. So I'll say that much, Mr. Mayor. You've got done a good job as far as what their assessed value and what we're looking to purchase the 185 acres. So that's good news all around. Secondly, remember we just went through a whole island plan that basically said the same thing. We want it from Puamana to Ukumehame, open space. Yes,

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

Mayor, we lost Olowalu, but we didn't really lost Olowalu, because there are some of us that still want no development on the makai side of the highway. So there would be as much open space as possible even with that development. The other question I have for you, Mr. Mayor, with this purchase, and you're saying a number of years off, have you guys done an assessment or an analysis in how much it would cost us to maintain this? Because, again, we have bought many properties and maintenance has been a big issue, especially in the Parks Department. So has any analysis been done as far as that or it's just, from right now you just wanna buy it because we gotta...God, we got a good deal?

MAYOR ARAKAWA: Right now we wanna buy it because we have a good deal. The...

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

MAYOR ARAKAWA: Yeah. The rest of it would just depend on what the community and the Council decide we wanna do with it as to what those costs are. So I don't wanna presuppose and I don't wanna limit and I don't wanna fib to you and tell you, yeah, we've got all this detailed analysis, because there's no way for us to really do a detailed analysis.

COUNCILMEMBER VICTORINO: Now, Mr. Mayor, I would never think you would fib to me, so that was never a question in my mind.

MAYOR ARAKAWA: Well, that's why we're not doing it.

COUNCILMEMBER VICTORINO: That was never a question in my mind, Mr. Mayor, please.

MR. BAZ: Mr. Chair?

COUNCILMEMBER VICTORINO: But anyhow, go ahead.

MR. BAZ: Yeah, thank you. Just another thing to note is that Phase 2 of the Lahaina Bypass is a number of years away. Until then, Lahaina...I mean the Honoapiilani Highway will continue to go through basically this area, property, so we're not gonna wanna do anything to develop a park with a major thoroughfare highway going through it. So I don't anticipate that there would be a whole lot of additional expenditures for the maintenance of this area for the future.

COUNCILMEMBER VICTORINO: And thank you --

MAYOR ARAKAWA: Near future.

COUNCILMEMBER VICTORINO: --Mr. Baz. And, Mr. Chair, I'll close with saying this, I like the idea, the only concern I have is the liability attached when you have that much land sitting there. And already we seeing a real challenge with, not only the homeless, the others who see open land and decide that this is a nice place to stay, camp, live, whatever you wanna use, that's my other concern, the liability. Because right now if something happens, you know, Makila is the

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

one that's responsible. When we buy it, we become responsible. So that was my only other concern.

CHAIR WHITE: Uh-huh.

COUNCILMEMBER VICTORINO: I mean, you know, and but again is it offset by the price we getting right now? Probably. So, Mr. Mayor, I'm not opposed to the idea, that is the only concern I have. For the number of years we're not gonna do anything with it, who's responsible and who's gonna maintain it? And when brush fires and all that it's caused in that area, is it our responsibility if it moves up Launiupoko and burns homes? I don't know. See, these are all the intangibles that I guess I don't know if anything has ever been discussed in that area, but that is my concern.

MAYOR ARAKAWA: Right. And, Council member, just so we have a very clear understanding, if you ask me to develop that area tomorrow, I would be more than happy to be able to develop that area into all the ball fields and everything else. But we have to be able to balance these costs with all the projects that we're working on, and we're looking at a Central Maui park system as well and we're looking at a lot of other CIP projects. So I'm kinda, you know, mentally put things in perspective as to how we can afford to do things as well. If I could do everything, just raise the wand and go, okay, we can pay for everything, that place would look like a really, really nice park that we develop out to the fullest. But, unfortunately, lot of the things that we have to worry about, and what you do point out is very true, there are a lot of assets that we have to worry about liability, but that's true with all of our parks and all of the beach areas and virtually everything that we do on this County we're responsible for. If we look at the liability and we make that the limiting factor for every consideration we have, we can't move. And we would literally be paralyzed from being able to do much of anything. Every single park that we have, you know, a hundred and some odd parks that we have, there's a liability attached to every one of those. Every County road we've got liability, all the sides of the roads and the bikeways and everything else. So in my mind, it's something that we have to accept as part of life and try and work with it. And, again, if I could do everything at one time, there'd be certainly things that I would try and do. But working within the parameters that I'm allowed to work with such as a budget, I have to be able to very cognizant of the fact that you as Council members are not going to allow me to go hog wild and spend a whole lot of money trying to do everything I would like to do one time. I have to work within a reasonable parameters; otherwise, you'd be telling me, you know, that I have to slow down. So but this is something that I think is really, really a good acquisition.

CHAIR WHITE: Okay.

COUNCILMEMBER VICTORINO: Thank you, Mayor; and thank you, Mr. Chair.

MAYOR ARAKAWA: Thank you.

CHAIR WHITE: Ms. Cochran?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCILMEMBER COCHRAN: Oh, thanks. I was willing to go last to hear everyone out. But, thank you.

CHAIR WHITE: Oh, followed by Mr. Guzman.

COUNCILMEMBER COCHRAN: Okay. And, you know, of course I'm all for parks and preserving our ocean fronts and what have you. But I'm just kinda sifting through this and I'm...before this was even proposed, I know there's been some lawsuits. So I need to know, you know, I'm not too fond of the word, "condemn", for one thing also. And I wanna just know that all that--I guess this is for Mr. Ueoka--how this is relayed into what we're discussing here, this land, the lawsuits that are current litigation, I don't...we don't need executive session, I don't think, for this, or do we?

MAYOR ARAKAWA: I don't know of any lawsuits.

CHAIR WHITE: Corp. Counsel, do you...

MR. UEOKA: Yes, thank you, Chair. I believe we are currently involved in the Lahaina flood-control project. That's an ongoing project, it started a while ago I believe. And that's how the condemnation proceedings got started for some land from, I believe, a related company to Makila. They're not...oh, with Makila and another company that's similar, but not the same. So the portion of the flood-control condemnation that is on this parcel we're buying, we're kinda just settling that transaction with this purchase or that condemnation with this purchase. Does that help at all?

COUNCILMEMBER COCHRAN: Not really. It doesn't feel very comfortable to me to buy into such a idea. Because I've heard from the families, actually, from the area who I believe feel that this isn't proper to condemn, take, buy it from supposed current owners; and then we, the County, just sorta, what, wipe it all clean? And now it's County? I don't understand.

MR. UEOKA: Oh, are you talking about, I guess, clouded title issues on the property?

COUNCILMEMBER COCHRAN: Well that, too, but --

MR. UEOKA: Oh.

COUNCILMEMBER COCHRAN: --I think in particular the litigation matter that you're speaking of which is within this land that we're being proposed to purchase.

MR. UEOKA: We were...I believe the condemnation proceeding was with Makila for the portion we're buying. It wasn't other parties involved, from my understanding. I'm not overly familiar with the case.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: Ms. Cochran, Mr. Frampton is here if you wanna ask the representative. Just so we understand which parcel of land we're talking about.

MR. BAZ: Mr. Chair, also, our CIP Coordinator has some more information as well.

COUNCILMEMBER COCHRAN: Yeah, whoever can clarify and pinpoint exactly what it is we're buying, what status it's in, you know, legallywise. And how are we...I don't know if we're bypassing or if we're just, you know, I just, yeah, I need clarity.

MR. UEOKA: Okay.

COUNCILMEMBER COCHRAN: And I would like our own Corporation Counsel to have the answers and not so much the developer himself.

MR. UEOKA: I can...if you look at the handout, you can see that area. I guess nearer, towards Lahaina side, kinda by Puamana Beach Park.

COUNCILMEMBER COCHRAN: Uh-huh.

MR. UEOKA: Part of that area is...the part more on the left is the...a portion of it is the Lahaina flood-control project. My understanding is they are...we were going to condemn that area, a section of it anyway, and that's what...a part of the condemnation proceeding. Because we are instead purchasing the property, we are just telling Makila, we'll just pay you cash for this portion as opposed to condemning it and paying you for it. And we'll...the County will own it. And Makila will deliver us clear and marketable title.

COUNCILMEMBER COCHRAN: I guess I just feel it's not theirs to clear and --

MR. UEOKA: Oh.

COUNCILMEMBER COCHRAN: --it's not theirs to begin with. See, that's where the litigation sorta issues come in. So I know we, as the County and government, can condemn wherever we feel free to, but personally I don't...I'm not in agreement with that practice.

MR. UEOKA: Our understanding is that Makila is the owner and has title to the property of the part we're buying, of course. Of all the property we're buying, we have gotten representations from the seller that they are the owner.

COUNCILMEMBER COCHRAN: I've gotten otherwise. So, Chair, I don't know. And, okay, and then if a follow-up, though. In regards to water, I think 'cause we're gonna be dependent on Makila to supply water for this area if it's gonna be a big park and we're gonna have greenery and everything else. There's an issue with water in this section, too.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. UEOKA: I believe the agreement contains water from the Launiupoko Irrigation Company to...I think the cost to get potable water and unpotable water...I don't think there is County water out there right now.

COUNCILMEMBER COCHRAN: No. We're beholding to the private developer and their water source. And currently there's issues with kuleana lands and the valley next door with that distribution. So I'm just bringing up points, Chair, and...

CHAIR WHITE: Yeah, do you have the TMK numbers by any chance?

COUNCILMEMBER COCHRAN: From our binder. What do you mean?

CHAIR WHITE: No, I'm...

COUNCILMEMBER COUCH: Of the land you think is in sequester.

CHAIR WHITE: When I was looking at the maps, it looked to me like the land that there was separate ownership was actually in the State portion as opposed to Makila. This is something that we may be able to...Ms. Taomoto, do you have information on where that parcel might be that is in question? I just, you know, for the Members' information, I don't plan on taking action on this today, because I think it's important for us to conduct a site visit so that we can actually get a feel for the lay of the land. And I intend to do that in conjunction with our budget deliberations, our community budget deliberations in Lahaina.

COUNCILMEMBER COCHRAN: Okay.

CHAIR WHITE: And I...you bring up a, I think, a very important point, but it's one that it doesn't look like we're gonna solve here today.

COUNCILMEMBER COCHRAN: Yeah, you're right, Chair. I just wanna make sure that there's really key --

CHAIR WHITE: Uh-huh.

COUNCILMEMBER COCHRAN: --hot-topic discussion points here --

CHAIR WHITE: Yeah.

COUNCILMEMBER COCHRAN: --that I wanted to get across briefly.

CHAIR WHITE: Yeah, very fair. Mr. Guzman followed by Mr. Hokama and Mr. Couch.

COUNCILMEMBER GUZMAN: Thank you, Chair. I'd like to also thank our colleague, Elle Cochran, too, for that information. I was unaware of any type of legal issues going on. So, at this point, I

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

would like to reserve my comments. I do wanna say that I would vote for our future in terms of preserving our coastlines for our next generations. I see it...on its face, I believe this is a good thing for our County. I do have some issues that needs to be hashed out. One of the issues I had was maintenance cost, but it doesn't seem like there was an analysis done whether, you know, development was gonna happen at all. The other one was, I know it's 15.5 million that was left in the Open Space, Preservation Special Fund. And if we were to use portions of that, that would leave us with 1.8 million for the balance. And I just wanted to ask Sandy Baz, or Mr. Baz, how long does it take for...I mean per year to build up that fund back to 15.5? 'Cause then we'll be left, you know, with 1.8.

MR. BAZ: Mr. Chair?

CHAIR WHITE: Yeah, go ahead.

MR. BAZ: The County Charter was amended, I think it was back 2002 I believe to require that at least 1 percent of the Real Property Tax Revenue be transferred to this Open Space, Natural Resources, Cultural Resources...Fund. And that is...so for Fiscal Year '13, 1 percent of Real Property Tax Revenue was \$2,128,163, so it's a varied amount, but it's gonna be, you know, whatever 1 percent of our Real Property Tax Revenue. So if our Real Property Tax Revenue's \$220 million, it'd be \$2.2 million that goes into this fund.

COUNCILMEMBER GUZMAN: Right. Thank you. I just wanted to make a comment. I think today was very enlightening in terms of assets that we should acquire in the County as well as being more fiscally responsible. I do agree that we do need to build our assets in the County. And this is a great opportunity in doing so and preserving our coastline for our next generations. In terms of maybe some legal issues that may come up, I'm pretty sure the Corporation Counsel has done their jobs in terms of seeing whether the deeds are warranty deeds from the owners and there's indemnification clauses in there, you know, too, for them, if there is any type of cloud on the title. So thank you.

CHAIR WHITE: Yeah, I think, you know, if there are kuleana land issues involved, my guess is that it's probably more with the mauka Makila lands than it is with the makai ones. And the Mayor would like to have something to say, but I'd like to get to Mr. Hokama and Mr. Couch first, and then we can go back to the Mayor.

VICE-CHAIR HOKAMA: Thank you, Chair. Yeah, I was gonna say that maybe we, you know, I would've requested, but since you, you know, you believe a site inspection is worthy, 'cause I'd like to know where if it is within the prospective site, where these kuleana issues are, Chair.

CHAIR WHITE: Uh-huh.

VICE-CHAIR HOKAMA: I think it's something we should be at least knowledgeable of. And if it has no impact, then so be it. But, you know, for me, I'm looking at...I'm just curious about the appraisal. I'm not too happy with this appraisal, and let me tell you why, Chair. You know, at

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

\$70,000 per acre for agricultural land, we plan to keep it open. The Mayor shared some ideas about potential park. So now are we in a way driving up value of open space, park land, also, because we willing to pay this kinda money for that kinda usage?

CHAIR WHITE: Good question.

VICE-CHAIR HOKAMA: It's a question; and it's rhetorical, I don't expect an answer. But if we are basing things on, say, past sales, current sales, and valuations, I'm just wondering what we doing then to that component? Would it be easier for us to just designate it through a ordinance that it's just open space? And if the community plans is that's what they want - park, open space, you know, unless you get compliance with all the plans and land use designations, nothing can happen on that land. So it's an interesting, fluid situation, Chair. You know, in general, I support the Mayor. I wanna see a, you know, Pali to Puamana Parkway. I think that has a lot of merit. I think something that, you know, Californians take pride in their seacoast highway, U.S. 1. But I'm not sure about this appraisal. And my information may be wrong, but if there was another appraisal done, then I would like to see that number also, Chair. Because I'm not too happy with this number at this time. I think it's too high myself, but I am open to acquiring because, like the Mayor, I support the acquisition. I just want it at the best price for our taxpayers. And so that's my issues at this point in time. Thank you, Chair.

CHAIR WHITE: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And it probably is best for the Planning Department, but maybe Mr. Baz can help out here. What is the current zoning on this land and what are the current entitlements to those folks?

MR. BAZ: Mr. Chair? From the appraisal, it reads that the County zoning is Agriculture, State Land Use is Agriculture, so it's all Ag.

COUNCILMEMBER COUCH: And right now it's not...I thought there was a subdivision on there that there's actually eight lots.

MR. BAZ: I think...

COUNCILMEMBER COUCH: They've got preliminary subdivision or something like that.

MR. BAZ: Preliminary subdivision, but that's not subdivided parcels.

COUNCILMEMBER COUCH: Okay. So and I guess this goes towards the appraisal. If there were eight lots, then that's what the appraisal would be. If we were to--I know Ms. Cochran doesn't like using this method--but if we were to condemn this, if you take it to court, would they be able to argue that we already have preliminary subdivision approval so there's gonna be eight lots there? So I mean is that something that...I don't want you to...because if we were to do what Mr. Hokama says and say it's open space and that's all you can do that, that's a taking, which

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

means you now condemn the land, and so we would have to go to court to determine the price. And that's where I'm...

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

COUNCILMEMBER COUCH: Right. And I don't know if this is an executive session issue or not because we have the other side sitting behind us I think.

MR. UEOKA: Chair, if I may?

CHAIR WHITE: Go ahead.

MR. UEOKA: Again, prefer not to get into a legal analysis, but all those things you raised, you know, anything can be claimed in a lawsuit. So, you know, it's not...you know, if you were thinking of it, maybe they're thinking of it.

COUNCILMEMBER COUCH: Right, understood.

MR. UEOKA: But I can't say what would happen in a eminent domain case.

COUNCILMEMBER COUCH: And in eminent domain cases, such as the one that Ms. Cochran is concerned with, if the County says, okay, we wanna do eminent domain, first of all, that has to come through here. And I don't believe this Council in the last two years has done that. Has this...was the previous Council done that for that flood-control project?

MR. UEOKA: I believe so --

COUNCILMEMBER COUCH: So...

MR. UEOKA: --because the money was deposited in the Circuit Court.

COUNCILMEMBER COUCH: Okay. So therefore, once we say, we're exercising our right of eminent domain, immediately the land is ours, is that not correct?

CHAIR WHITE: No.

MR. UEOKA: Well --

COUNCILMEMBER COUCH: Yeah, I beg to differ, because I worked on an eminent domain case on the Administration side.

MR. UEOKA: --it's more complicated than that.

COUNCILMEMBER COUCH: Right.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

MR. UEOKA: But usually, once we deposit the money in the court, we have the right of possession at that point.

COUNCILMEMBER COUCH: Right.

MR. UEOKA: But we don't own it.

COUNCILMEMBER COUCH: Understood, but it's one of those where, essentially, it's the County's until the price gets determined.

MR. UEOKA: Very generally speaking, correct.

COUNCILMEMBER COUCH: Yes.

CHAIR WHITE: And I believe the reason the County has very little experience with condemnation is that once you submit yourself to that, you take whatever the court determines.

UNIDENTIFIED SPEAKER: Exactly.

CHAIR WHITE: So, Mr. Mayor?

MAYOR ARAKAWA: Yeah, I just wanted to point out that we have been given assurances that the property are free and clear. And that the...not the...the title guaranty companies have given us that paperwork to say that these are free and clear. Now, one of the things that I don't want to get involved in at the County level very much is a lot of these ceded land issues. Quite frankly, this will be determined at the State level and at the court levels, so I don't believe it'll be proper for our Administration or the Council to try and debate this out as to positions on ceded land issues, let the higher courts and the experts on this area debate those issues. As far as what our charge is, as I see it, is we're following all the rules and regulations and requirements to be able to acquire property under the current system. If that system is overthrown at some later point, then we'll deal with it at some later point. But to presuppose it, I think, would be incorrect, because we have...we then presuppose that the community will not be able to benefit from these acquisitions and we may be depriving the community of a great asset on a supposition. And, quite frankly, I think a lot of these may be resolved as Honolulu has been resolving with the Kakaako area in how they're doing these settlements. So we're not involved, directly, in a lot of those, and I don't think we should be directly involved in it. But as far as the kuleana lands for this particular property that we're trying to work with, I don't believe they're any kuleana lands in this specific area. Now the condemnation process, if there were kuleana lands in this area that we didn't identify property owners, then I would be recommending to you that we do condemn to be able to get clear title. Because the Council has made it very clear in its rules and directives to the Administration that we may only acquire properties with clear title. So the condemnation process would allow us to get clear title which the issue evolved in Ukumehame where we actually went and purchased the property. And there are lots within that property that the title

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

was not clear. So even though we acquired it through negotiations, we didn't really acquire all of it with clear title, and we're gonna have to go back and resolve that issue at some point. So we're trying to follow all the directions that the Council has set down in law for us to be able to observe. So if, in our opinion, in our evaluation, we had found that any of the areas within what we're trying to buy did not have clear title and if we didn't have the guaranty from the title companies, we would be doing a very different approach. Because then we would want to assure that everyone involved...and the condemnation process does not...what that does is it guarantees that whoever has proper claim to the title, gets paid for that proper claim. So the value of the property is assessed, the money is put aside in an account, whoever can claim against that account, and with...and show...demonstrate proper ownership, can then get paid for it, okay. So that leaves the County, again, away from the litigation as to who has proper claim and who doesn't. So we get away from those kinds of claims. And lot of times there were situations where we have no way of being able to track all the owners of the kuleana lands because of the title is not very clear at all, is the main reason why we would go through a condemnation process. Because when you try and do the search, sometimes the families are so large and have evolved into 1/1,000th of a percent kinda deals where you cannot get...identify all the owners. Then in that situation, especially when we're doing like road lots, areas where we need to be able to acquire immediately for public use for expansion, especially road lots for highway expansions, that's when we would use it. We don't...we wouldn't go through this process if we thought and the paperwork show that there were claims against the property. So that's the assurances that the title company gave us for whatever jurisdiction has been resolved in the court system to this point, and if they are resolved other ways in the future, I cannot predict that.

COUNCILMEMBER CRIVELLO: I just have a question for Corp. Counsel, since we're talking condemnation and eminent domain. What warrants condemnation and eminent domain from government?

MR. UEOKA: Very generally speaking, you know, of course we need legislative approval, but public purpose. There needs to be a public purpose related to the condemnation of the land. There needs to be a public purpose that needs to be clearly defined.

COUNCILMEMBER CRIVELLO: So is open space considered reasons for eminent domain?

MR. UEOKA: We would argue that if we came to this body for, you know, we wouldn't bring something that we felt...or Corp. Counsel wouldn't sign off on something that we felt was not a legitimate public purpose.

COUNCILMEMBER CRIVELLO: Thank you.

CHAIR WHITE: Okay, Members, we've had a very good discussion. I would like to defer this item. I still have a number of questions, but I think they can be discussed at the site visit. So without objection, I'd like to defer this measure and take it up at a site inspection on the day that we go to Lahaina for our budget hearings.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

COUNCIL MEMBERS VOICED NO OBJECTIONS. (excused: RC)

ACTION: DEFER pending further discussion.

CHAIR WHITE: No objections, okay, thank you very much. One housekeeping item, on BF-29, without objection, I'd like to allow Staff to make non-substantive, technical revisions.

COUNCIL MEMBERS: No objections.

ITEM BF-35: AMENDING FY 2013 BUDGET: KIHEI POLICE STATION PROJECT
(CC 13-74)

CHAIR WHITE: Thank you. Okay, Members, we're back to --

VICE-CHAIR HOKAMA: Kihei.

CHAIR WHITE: --the Police Station, Item number BF-35. We...provided information, and I would like to recommend that we take a 15-minute recess to look over the information provided. So we'll be in recess for 15 minutes. Oh, well let's say ten in case we can get it done in ten.

VICE-CHAIR HOKAMA: Okay.

CHAIR WHITE: But please take your time and look over the information, and then we'll have the Police Department go over it with us. We're in recess for ten minutes. . . .(gavel). . .

RECESS: 5:02 p.m.

RECONVENE: 5:20 p.m.

CHAIR WHITE: . . .(gavel). . . Thank you for that recess to review the information. And this information certainly helps us to start getting our hands around this. I'm assuming, Chief, that this Larry is you in this letter?

MR. HUDSON: Yes, Mr. Chair, that's me. This was in the e-mail that I sent to Sandy was maybe about two weeks ago.

CHAIR WHITE: Okay. And, you know, my...I'm very happy to have this level of detail at this point. It would've been wonderful to have this level of detail ahead of time. So hopefully in the future we will have a chance to be given the information so that we can make a determination more easily than we were able to earlier today. And I apologize to the Department for...I was gonna use a term, but I'll share with Mr. Couch later, but...actually I was gonna say, I "Couched" a little.

COUNCILMEMBER COUCH: Yeah, thanks.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CHAIR WHITE: But, anyway, Members, the information provided answers some questions, but adds a few more. And had we had this earlier, as I said, we could've gotten through some of this a little easier. I still am willing to hold to my commitment earlier and defer this item. And with this new information, provide a letter to the Department with the questions that I have, and I'm sure we can get the answers back before our next meeting. And should everything be satisfactory, and I think it probably will be, then we will discharge the issue so that it will still fall in the first reading, the same time frame as it would be had we passed it out today. So with that, Members, I'm going to defer this item.

COUNCIL MEMBERS VOICED NO OBJECTIONS. (excused: RC)

ACTION: DEFER pending further discussion.

CHAIR WHITE: And with that, we're done for the day.

COUNCILMEMBER VICTORINO: Really?

CHAIR WHITE: And you can go boogie, Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you, sir.

CHAIR WHITE: So we are in recess...I mean we are adjourned. . . .(gavel). . .

ADJOURN: 5:23 p.m.

APPROVED:



MIKE WHITE, Chair
Budget and Finance Committee

bf:min:120226:ry

Transcribed by: Raynette Yap

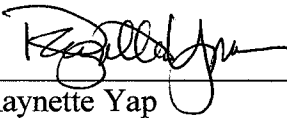
BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

February 26, 2013

CERTIFICATE

I, Raynette Yap, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 14th day of March, 2013, in Kihei, Hawaii



Raynette Yap