

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

April 29, 2013

Council Chamber, 8th Floor

CONVENE: 9:05 a.m.

PRESENT: Councilmember Mike White, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, 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

EXCUSED: Councilmember Robert Carroll, Member

STAFF: Scott Kaneshina, Legislative Analyst
Michele Yoshimura, Legislative Analyst
Josiah Nishita, Legislative Analyst
Camille Sakamoto, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)

Clarita Balala, Committee Secretary (via telephone conference bridge from Lanai Council Office)

Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Sananda K. Baz, Budget Director, Office of the Mayor
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel (Out 3:30 p.m.)
Edward S. Kushi Jr., First Deputy Corporation Counsel, Department of the Corporation Counsel (In 3:30 p.m.)

Seated in the gallery:

May-Anne A. Alibin, Budget Specialist, Budget Office, Office of the Mayor

David S. Taylor, Director, Department of Water Supply

Jacob Verkerke, Information Systems Manager, Management Information Systems Division, Department of Management

Roderick W. Antone, Executive Assistant, Office of the Mayor

OTHERS: Mary Cochran
James Smith

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

Jeanne Skog
Terryl Vencel
Lisa Poulson
David Jorgensen
Jocelyn Bouchard
Two (2) additional unidentified attendees

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

CHAIR WHITE: . . . *(gavel)*. . . This meeting of the Budget and Finance Committee will please come to order. And this morning I'd like to start by welcoming Committee Vice-Chair, Riki Hokama.

VICE-CHAIR HOKAMA: Chairman.

CHAIR WHITE: And Committee, Committee Chair -- Council Chair Gladys Baisa?

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR WHITE: Good morning. And we have Members Crivello.

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR WHITE: Couch.

COUNCILMEMBER COUCH: Chairman.

CHAIR WHITE: Guzman.

COUNCILMEMBER GUZMAN: Good morning, Chair.

CHAIR WHITE: And Victorino.

COUNCILMEMBER VICTORINO: Good morning, Chair.

CHAIR WHITE: And joining us right now is Elle Cochran. Good morning.

COUNCILMEMBER COCHRAN: Good morning, Chair.

CHAIR WHITE: And this morning we have our Committee Secretary Camille Sakamoto, Legislative Analysts Scott Kaneshina, Michele Yoshimura and Josiah Nishita, who is not at his seat right now but coming back. And before I go on to the representatives on the other side of the room, I just want to say a big thank you to four of you for putting in a very solid weekend of work and

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

appreciate all your help putting things together and also have to thank my staff, Troy, for sticking it out with us through the weekend as well. Again this morning we have our Corp. Counsel Jeff Ueoka.

MR. UEOKA: Morning.

CHAIR WHITE: And our Budget Director Sandy Baz.

MR. BAZ: Aloha.

CHAIR WHITE: Aloha. So without objection, we'll open public testimony.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: And we have no testifiers at this point in the District Offices, so we will start with testimony here in the Chambers and our first testifier is Mary Cochran.

ITEM BF-1: PROPOSED FISCAL YEAR 2014 BUDGET FOR THE COUNTY OF MAUI (CC 13-100 and CC 13-124)

...BEGIN PUBLIC TESTIMONY...

MS. M. COCHRAN: Good morning.

CHAIR WHITE: Good morning.

COUNCIL MEMBERS: Good morning.

MS. M. COCHRAN: My name is Mary Cochran and I do appreciate, by the way, what you guys are doing trying to, you know, do some reasonable, prudent spending. Now I'm not here to grumble for grumbling sake and while I hope this will not be an exercise in futility, as some people have said, there's gonna be, you want to go to the Council, it's going in one ear and out the other. I believe that as a concerned citizen that, and among others, that we see a disturbing trend of taxing and spending proposals which ultimately will hit the pocketbooks of all, rich, poor, middle-class, whatever. And while my concerns on proposed spending would be like a grain of sand in the Sahara Desert, nevertheless, you must know that there are hundreds of other Mauians, like me, who are upset over some of the taxing and spending proposal priorities now being in front of the Council, the Budget Committee. Number one, especially, my question is why the need if it's still on the books, for a Council Communications Director? Who is this Director to serve? You've got nine different people on this Board. I could understand like for example, one of the Board of Ed, the then Chair said, we don't need an ombudsman. We need a Communications Director. And we thought, some of us anyhow who didn't vote for it, was

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

ludicrous, especially when this Council, you've got exposure to *Akaku*, *The Maui News* and all other publications on Maui. You got community meetings. So why finance a position? Because once you do that, you know, you gotta talk about salary and benefits and all that stuff and it's like a forever thing. So, I would say, forget that, because the way we think and the way I think it is, this Council Communication Director would be nothing like a spin doctor for this Council. It's not as though you guys don't have free press or free opinion ads in *The Maui News*. Now second concern and I've got -- I don't know how many minutes I got, how many minutes I got? One minute?

CHAIR WHITE: You're doing, you're doing fine.

MS. M. COCHRAN: The second concern as I see it is your job is to grow the economy, not the bureaucracy. The Mayor's proposal of an additional 52 positions need to be assessed and evaluated. I can understand six of them if *The Maui News* reported accurately. Six would be go DMV and the other 46 would be to enhance the Mayor's open-door policy. What open-door policy? If there's concerns, it goes to the department where the concerns arise and it's up to that department to address it. You don't need, I mean, look, right now and you guys know it, we've got directors, we got deputy directors, we got deputy deputy directors, we've got administrative assistants in every geographical location, who is supposed to be the eyes and ears for the Mayor. How much more do you need? Remember, I teased you guys couple years ago, I hope you got good life insurance because the weight of the ninth floor is gonna come crashing on this eighth floor. So as I see it, until an independent auditor is appointed, it is your job to assess, to evaluate, to give us the most for our dollars because the decisions you make in this Committee --

MR. KANESHINA: Three minutes.

MS. M. COCHRAN: --is gonna impact on everybody. Real property or commercial or agricultural and all the like, it goes against even people like renters like me, for example, so we all gonna be impacted. So do not be the tax and spend counselors I was teasing you guys to be. And finally, finally because what's happening on Maui today and there's this kind of grumbling that's going on, I'm just gonna quote what Lord Acton said, Power corrupts, but absolute power corrupts absolutely. So let us be very prudent in our taxing and spending proposals. Thank you.

CHAIR WHITE: Thank you, Ms. Cochran. Members, questions? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair and thank you, Ms. Cochran, for being here. If we were to say part of those 52 positions, 15 of them are for helping the Public Works Department come up with more people to build roads and build more, resurface more roads than we've been able to do in the past few years, is that something worth paying for?

MS. M. COCHRAN: Well, I would like to see not so much creation of positions. Because, you know, right now we have a population of 156,000 people. Okay. And we got limited resources. But what I'd like to see if you guys gonna expend funds, is to go to core services because only through the enhancement of core services can this economy improve. I mean what'll happen is

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

when your roads are improved, when you have the infrastructure in place, that then it invites business to come here to do business.

COUNCILMEMBER COUCH: And that's my question, 15 positions to help build the roads.

MS. M. COCHRAN: Well, not necessarily 15 positions because once you've 15 positions, they become permanent. Why can't you like Verizon outsource some of these jobs rather than be bogged down with a permanent position because then you are growing the bureaucracy, but you're not doing the bureaucracy by outsourcing it.

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

CHAIR WHITE: Other questions, Members? Seeing none.

MS. M. COCHRAN: Thank you.

CHAIR WHITE: Thank you very much, Ms. Cochran.

MS. M. COCHRAN: _____ thanks.

CHAIR WHITE: Our next testifier here in the Chambers is Jim Smith.

MR. SMITH: Chairperson White, Members of the Budget Committee, aloha.

CHAIR WHITE: Aloha.

MR. SMITH: This is...I have such faith in you. Okay. And the faith comes from...

CHAIR WHITE: If you give yourself a little more space from the microphone.

MR. SMITH: My faith is knowing that you respect me or you respect anyone. And what tells me that is your performance. Okay. It's, you are not managed by mind. You are managed by evaluating clear information and fact and I see that. And in spite of what I may say, you can dismiss that, but I'm confident. And what's happening now is that's being removed. We have mind management going on. We have the hiring of people referenced to 63 to the Mayor's office to manage outreach of the Mayor's office. We have you, elected, touch, hand-on in regions. That's all. That's it. Seems to me that's all you need. I've heard comments that infrastructure's so poor. All these types of -- I see nothing to say that the Mayor is responsible for any of that. I see nothing to say that the water is accumulation and has been done and there's been improvement. I've seen none of that. I only see spend, spend, spend. But I see you. Okay. And you're not concerned with winning a race. And you're not concerned with any of that. And that to me has to drive this because that validates me, goodness, common, as common as Smith, goodness that does -- I'm a voter. It makes a difference. You've affirmed by performance, not by talk-story, not by ha-ha, do this and that. You've shown me and I'd ask you to keep doing this. Okay. You

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

get a proposed Budget that says at the end, we'll know what Carryover/Savings is and then we can budget it. What is that? Don't you respect our Charter that says you give expenses and revenues? No. Why? Unimportant. I'm the Mayor. That's what is important. Well, our elected representatives, our Budget Committee, I expect more than I am the Mayor or I am the Chair or I am this or that. I expect to see performance. Affirm my respect and that's where it's, that's where attendance comes from. And you lose that. It's not because you haven't had a party somewhere, inviting everyone from a association to attend. That's not why you lose trust. It's a performance-driven trust that is reflected in the vote and I urge you --

MR. KANESHINA: Three minutes.

MR. SMITH: --rewrite, cut it back, be frugal. The impact on the poor, okay, the pain it causes is much greater, much greater than the impact on the rich. It'll take a tee time on the rich. It'll take a loaf of bread for the poor. Let that be a driven force. Thank you very much.

CHAIR WHITE: Thank you, Mr. Smith. Members, questions for the testifier? Seeing none, thank you very much for coming this morning. And Mr. Smith is the last person to have signed up to testify this morning. Is there anyone else in the Chamber who would like to do so at this point? Seeing none, we'll go to the Districts. Hana, do you have any testifiers?

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

CHAIR WHITE: Thank you, Dawn. And Lanai, do you have any testifiers?

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

CHAIR WHITE: Thank you, Clarita. And Molokai, do you have any testifiers?

MS. ALCON: There's no one here on Molokai waiting to testify.

CHAIR WHITE: Thank you, ladies. Members, since there's no one here in the Chambers who would like to testify and we have no one at the District Offices, the Chair would like to close public testimony. Any objections?

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you. Public testimony is closed.

...END OF PUBLIC TESTIMONY...

CHAIR WHITE: Members, we will take a brief recess to set up the Chambers. I have a brief PowerPoint presentation. In recess. ...*(gavel)*...

RECESS: 9:17 a.m.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

RECONVENE: 9:19 a.m.

CHAIR WHITE: . . .(gavel). . . Members, this morning I'd like to share with you some thoughts and considerations as we move into the Budget process. And I think I just touch the screen here. Is it this, this one? Okay. Just a few thoughts. Although our economy is recovering, we must continue to be fiscally conservative. It appears that other counties recognize the somewhat fragile nature of our State and Federal finances. How do we compare to the City and County of Honolulu? They're proposing no increase in real property tax in their annual budget this year. How do we compare to County of Kauai? Although they're proposing an increase in real property taxes basically to make up some ground, but their proposed budget is 4 percent or 4.7 percent smaller than this past year or the current year. And that equals an \$8 million reduction in their operations budget. How do we compare to the County of Hawaii? They're proposing no increase in real property taxes in this year's budget, and they'll be collecting less real property taxes for the fifth straight year and amazingly enough, their employee count has been reduced by 205 positions since 2008 which equals a 7.3 percent reduction. And although we have cautious optimism, counties across the State continue to be cautious in their budgeting mostly because of union negotiations not being completed just yet and we're obviously not sure about what the budgetary impacts will be from the State and Federal levels. And all the Members have been advised of that by a variety of people from the State and from Member Hokama's involvement at the Federal level. During the last, well, I have figures on the following slide that show employment and wage data from 2001 to 2011. And the reason it stops at or this slide stops at 2011 is that is the most recent information available from the Department of Labor website. As you can see here, over that period, this does not include obviously last year's tax changes or the proposed changes for this year, but Maui County has raised taxes more than the other four counties or other three counties. And probably as importantly if you look at the wages and job counts in the counties themselves, just the county organizations, not the private sector. The private sector I will cover in just a minute. The, as you can see here, Maui County has the greatest growth of County jobs at 26 percent and it has the highest growth in County wages paid to workers and staff and so forth. Unfortunately on the other side, in the private sector, while City and County of Honolulu has had a job increase of 6 percent, Kauai, 7 percent and Hawaii County, 9 percent, Maui is significantly behind at 3 percent. And on the wage side, we're similarly behind with Honolulu at 42 percent increase, Hawaii County at 43, Kauai County at 50 and we're at 36 percent. And again, these are figures from the Department of Labor, Hawaii Workforce Informer website. So if you go there, you can find out all sorts of additional data and it'll tell you the job counts and wages for any specific part of Maui's economy, the State's economy on each county. The Chair's proposal that you'll be receiving shortly stabilizes real property tax rates and we're proposing keeping the tax rates the same as Fiscal Year 2013. With the current real property tax assessments at the current rates, we will yield an additional \$6 million in revenue and the Chair's feeling is we should not rush to increase tax rates while the economy is still recovering. So the proposed rates are the ones in the right-hand column and those are exactly the same as the current rates. Chair's proposal reduces spending while maintaining the same level of service. The Council-approved Budget for 2013 was 550 million. The Mayor's proposed Budget for 2014 is \$574 million and the Chair's proposal is 551 million

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

and that 1 million addition is for the Charter-required changes. Chair's proposal eliminates elective expansion positions and additional Premium Pay, but at the same time, the Administration as we've all seen has the ability to re-describe or reallocate existing positions to meet changing operational needs without hiring additional personnel. And if they want to change a, an E/P or an employee position and the funding from one department to another, I will make the commitment that we'll hear any such Budget amendment in a very timely manner. We protect nonprofit funding and we have left nonprofit funding at the same level as last fiscal year. We have kept most fees the same as 2013 by eliminating the changes in the planning fees and by eliminating the increase in tipping fees. We're allowing for certain increase in water rates and fees and with the understanding that we'll revisit the rates to ensure the 5.2 percent rate increase is actually what is needed. Moving forward, Members may have a desire to restore some portions of the Budget that were reduced; however, we should not continue to burden the same taxpayers with higher tax rates. Everyone must pay their share. Real property taxes have changed disproportionately. In 1981, all categories had an effective rate of \$4.50. Since then, well, with the Mayor's proposed rates, residential going to 6.50 -- actually, Residential, Apartment, Agricultural and Conservation are going to 6.50. That represents a 44 percent increase. Commercial, Industrial going to 7.50, represents a 67 percent increase from 1981 in rate. Obviously our values have all gone up since then. And Hotel and Resort reflects a 128 percent increase, Time Share, a 289 percent increase and the Homeowner, the effective rate is \$1.59 if you combine the impact of the exemption and the \$2.75 rate. So that reflects a decrease of 65 percent. So who, who's carrying the major share of our real property tax load? And I'm not suggesting that I have a problem with differentials between the rates. But this is how much, I wanted to show you how much a homeowner would pay if their home was located in another county. And this is using the average property value on, here on Maui, it's the gross, it's the Maui Average Gross Property Valuation. So on Maui, if you have that value in your home, you're going to be paying roughly \$734 in taxes. In Hawaii County, they have an exemption of average \$107,000 and at a 55 or \$5.55 rate, that individual would be paying \$1,960 a year. On Kauai, that same value home would get a \$81,000 exemption and their \$3.05 rate would generate \$11.57 -- I mean, sorry, \$1,157 in taxes. Honolulu, the average is \$97,000 in exemptions, the \$3.50 rate or \$1,271 in taxes. In the far right column is the rate that we would need to apply, taking into consideration the \$200,000 exemption, in order to reach the same tax level as the homes shown on the other three counties. So for Honolulu it's \$4.76, for Kauai it's \$4.34 and Hawaii is \$7.34. Now I have to explain that the Hawaii County has a higher rate, I believe, because the value of their homes is significantly lower than the other three counties. But Maui, Kauai and Oahu -- Maui County I should say, Kauai and Oahu have a very similar median home value. We've placed substantial burdens on all property tax categories except the Homeowners. And what this slide shows, increase in taxes from Fiscal Year 2004 to 2013. And the \$537 million figure on the top of the column represents the increased taxes that businesses have paid over and above the base that they paid in 2004. So from the business community, we have asked for \$537 million more in taxes, from the agriculture and conservation property owners, we've asked for about \$89 million more, from residential and apartment owners, we've asked for \$229 million more in taxes and from the homeowners, we've asked for \$15 million, 725 of the total \$870 million or \$871 million. Now their, the homeowners' increase represents 1.8 percent of the increased taxes we've asked for and yet, their gross value represents 31 percent

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

of the total real property tax valuation in Maui County. Now with the additional increases, for the Mayor's proposed 2014 rates, we're going back to the businesses on Maui and saying, not only have you given us the 537 over the last ten years, but we're gonna ask you for another 14.4 million. To the ag and conservation property owners, we're asking for another \$3.5 million. From the residential and apartment owners, we're asking for \$8.2 million more and from the homeowner, we're asking for 216,000. I don't know what that works out to as a cost per homeowner, but I think I did the calculations, it's a little over five bucks. No, maybe it was \$9.20 or something like that. You can get that figure by dividing the 216,000 by the roughly 26,500 people in the Homeowner category. I think it's important to point out as well that the Homeowner category represents just over 50 percent of the households on the island and yet they're paying for a very small amount of the overall increases throughout the last decade. We must consider the real property tax burden on each category. Everyone must pay their fair share and these are the things that we're gonna have to grapple with, Members, as we finalize this Budget. And we must do more with less, especially with our responsibility to fully fund our retirement liabilities. And reviewing how jobs can either be combined or done more efficiently will be essential. So with that, Members, we will be more than happy to hand out the version of the Budget, and I want to just add that these are just a reflection of where myself and Staff felt the cuts could be made in order to achieve a cut that would allow us to keep taxes the same, but at the same time if you feel that we want to move forward with restoring some of the funding, we will be wanting to keep in mind where that funding might need to come from. So with that, Members, we'll recess and take up the Budget. . . .(gavel) . . .

RECESS: 9:35 a.m.

RECONVENE: 9:37 a.m.

CHAIR WHITE: . . .(gavel) . . . The Budget and Finance Committee will come back to order. And Members, we are reconvening in order to pass out the Chair's recommended Budget and at the end of the week this will be our Budget, not my Budget and I look forward to some very spirited conversation as I'm sure we will have just not from Members, but also from testifiers as they take a look at how we have effectuated some cuts so, with that I'm guessing you'll need at least a couple hours?

COUNCILMEMBER VICTORINO: Chair, I move that we adjourn the meeting 'til this afternoon so we'll have time to look this over, please.

COUNCILMEMBER BAISA: Recess.

COUNCILMEMBER VICTORINO: Oh, recess, a recess, I'm sorry. I beg your pardon.

CHAIR WHITE: Okay. We'll be in recess until 1:30. In recess. . . .(gavel) . . .

RECESS: 9:38 a.m.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

RECONVENE: 1:34 p.m.

CHAIR WHITE: . . .(*gavel*). . . This meeting of the Budget and Finance Committee will come back to order, and we will be starting our review of the changes of the budget and hopefully get consensus on a number of things today and we'll see how far we get. I do want to make mention of the fact that, in fact the Staff commented on Saturday, that we spent more time on Members' proposals this year than we've ever done before. These are my copies here and the pink notations are all the pages on which you guys had noted changes, and while I realize that there're a lot of changes in there that go beyond your recommendations, I need to share with you that from my perspective, the reason I did that is because I felt that it would be better for me to do the heavy lifting and the heavy cuts to get back to where we were leaving the \$6 million that is in already added revenues because of the valuation increases without any rate changes. And this is a, as I mentioned earlier, this is a nine-, or right now, I guess it's an eight-Member committee and the budget at the end of this week is gonna be what all of us can agree on. And my vision was that I would take it down to where we're starting from, this is about as close as we can get in government budgeting to a zero base budget. So I've taken it down to where no one's paying any increases in taxes and I'm open as and it's not, it's not just my decision anyway, but I'm open to adding things back and if those adds are related to other areas that you feel we can cut, I'm more than willing to entertain that. If those adds are gonna require additional taxes to be raised then I'd like you to help us identify which category those taxes should come from. And the total cuts to the Budget that we put through, are put through amount to about 4 percent of the total Budget, so that the number is not very large. I know some of you were probably somewhat taken aback by it. But to share with you how we kinda got there...what, I can't get any closer. Are you -- can you --

COUNCIL MEMBER BAISA: Yeah, we can hear.

CHAIR WHITE: I thought I was pretty close to the mike. Am I -- am I not coming through?

UNIDENTIFIED SPEAKER: ...(*Inaudible*)... It came back.

CHAIR WHITE: Oh. Okay. By about mid-week last week, Troy and I had gotten to where we had about between 10 and 12 million dollars in cost reductions and at that point I was considering that maybe we should make the further reductions or make, not make any further reductions but simply increase the Homeowners rate and put the remaining portion of the, that we needed to in the Homeowner category. The reason I didn't do that is because then I'm deciding what gets put in the budget, what gets kept in the budget as opposed to it being a more general decision. So what I've done is I've taken it down to eliminate all tax increases with the understanding that we're starting from a clean slate. We can add back what you all feel is important and as long as we feel it's justified and there is the votes to do so, we'll just move forward and put back whatever you all feel is critical to the operation. Having gone through this process, it's become more and more clear to me that there are, there are still pockets of money in the operational side. I'm not referring to the nonprofits as much as I am the departments. I'm still not convinced that we have done a significant job of squeezing, you know, squeezing funds out of our operating

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

budgets. And when you see what Mayor Kenoi has done on the Big Island, he's reduced the number of employees by 208 positions. I think what I sense from a lot of you is that we're more concerned about protecting nonprofits that have been hit significantly over the last four or five years than coming, than protecting the significant amount of money that we have being spent by the Administration. And if others can ask their employees to step up a little bit to do more with less to the degree that was done on the Big Island, I think we have a responsibility to ask -- we're not even coming close to asking our Administration to do the same thing, but I'm hoping that rather than adding the 50 positions that they're requesting, that they can see their way clear to doing what they've done in some positions where they have reallocated and re-described, and where those reallocations have taken place, we've left them intact. We didn't cut any positions that were reallocated or re-described. So what I would like to do is what we've done in the past. I'd like to get through this. I'm not going to explain the reasons for the cuts as we go through the first time, so what I would like you to help us do is get through this with generating the list of where we have consensus and where we have a need to revisit. I don't remember whether we've been given an opportunity to make opening comments, but I'm certainly happy to allow that if you all wish. If you'd rather just get to the business of moving to the Budget, I'm fine with that. Ms. Baisa?

COUNCIL MEMBER BAISA: Thank you very much, Chair. I would like the opportunity and I'm sure other Members would also, too, to make some opening remarks.

CHAIR WHITE: I'm fine with that.

COUNCIL MEMBER BAISA: Chair's had the opportunity to do a PowerPoint and to explain where you're coming from. I think it's important that we have the opportunity to explain how we're reacting. Needless to say, this was a -- I don't even know what to call it, a mind-boggling document. And my reaction, my initial reaction to it and I generally settle down after I get over shock, but it's still too new. I'm concerned that the breadth of this change here or this what is being suggested might undermine our fiscal stability here in Maui County that we're so proud of. You know, one of the reasons why Maui County is so envied is because we have a stellar bond rating and we have borrowing power. We're able to pay our bills and I just want to make sure that a change in the way we've been going all this time doesn't jeopardize that. It limits the ability to address the needs of our community that have, people have come out and eloquently expressed in district meetings and of course we've had our departments here begging and pleading for whatever is in the Budget after it was already cut back by Administration. You know, I get worried when I look at cutting back things like IT, you know. I know that, I've heard the IT wizards and I'm not an IT wizard, but I know enough about it that they have convinced me that we have a great need, not only to get above where we are, which would only bring us up to par, not take us to where we want to be, and I think that, that is an important investment because eventually it will save us money if we get our IT up to where it needs to be. I've listened to people grumble about parks. I have listened to people talk about roads. I have -- people want more fire and police protection. They want many, many, many things in our community and unfortunately, this takes money. Our NPOs have been here eloquently and all over the County, telling us how difficult their job is and that they really can't do any more with

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

less because there's nothing to cut and they really, really need our help. And I'd like to take care of that. You know, when I listen to the pleas about our sister counties and how they're not raising property taxes, it bothers me 'cause I was at meeting last week Friday with representatives of all the four counties, and what I heard from them was, they may not be raising rates, but they are very concerned about their fiscal situation. They're not like us. The man from Kauai mentioned that they were gonna have to raise every rate and every fee in order so that they could pay their bills. Also, they have no money set aside for the negotiated raises are coming. So how are they gonna take care of that? Whereas in Maui County, we can. You know, we're moving CIP's from cash to bond, that bothers me because eventually we're gonna pay for it on time. It's like, you know, we're gonna pay interest. Reducing our Emergency Fund might have an effect on our carryover next year and that might affect our bond rating. I have a lot of concerns about the proposal, but I think that rather than the -- the only way to get into this is to dive in and we gotta do what we gotta do. But I want to make sure that at the end of the process, that Maui County is fiscally safe, not only for today, but for the future. I'm not thinking about this Budget. I'm thinking beyond this Budget because our charge is to think not only for this year, but the years to come. Thank you.

CHAIR WHITE: Thank you and I appreciate your comments and I would suggest that I don't, I don't believe there's anything in this budget that reduces our fiscal responsibility or fiscal capabilities. The other thing is if we were to ask the homeowners of Maui County who are, arguably, the recipients of a significant amount of the services, to go back to the share of the taxes that they were paying in 2004, we could balance the Budget in five minutes. I'm not sure there's a willingness in this Chamber to do that. I think most of us put into our recommendations an increase in the Homeowners rate, but if we were to increase the Homeowners tax back to the 15.3 percent that they paid of the total tax share in 2004, we would generate enough to balance the Budget without any more than about \$3 million in adjustments. I don't see that happening very easily and I'm not promoting it or suggesting it, but it is something that we need to keep in mind as my presentation outlined this morning, that all the other tax categories that the, the proposed increases put burdens on have been pulling the lion's share by a big, big margin. So, anyway, I appreciate your comments and we're gonna have some fun discussions as we go through this process and we'll get through it and we'll all be friends and happy at the end of it, but we may have some interesting discussions in between. Any others that would like to make comments? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Yeah, I kinda want to echo Chair Baisa's sentiments. You know, we've been hearing from everybody saying, we would like our parks to be improved and our roads to be improved, you know, get the solid waste, get the recycling going, water to be improved and most of our infrastructure, which includes our internal infrastructure. You know, near and dear to my heart too is IT. It seems like that, that was not reflected in the Chair's version, except for maybe the water. We're gonna keep the water rates at the increases as they were...

CHAIR WHITE: We also have a significant amount of money left in Parks.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

COUNCILMEMBER COUCH: I understand. We have talked about comparing us with counties that are not, you know, we're being compared with counties that aren't doing very well. The reason we're doing very well is because we do, this County has been very cognizant of keeping up with what it takes to keep our infrastructure going, so I understand where you're coming from and I understand the thoughts. It just, it was, it's kinda interesting that, you know, if most of the Members put in their proposals an increase for Homeowners taxes and I don't know why that didn't make it to the Chair's proposal, but you know, I'm willing to sit and you're right, we're gonna have some very interesting discussions and to see, you know, where our priorities are, because as we all know, even in businesses, if you stay flat and costs increase, our services are gonna go down. We were told by that, by the Water Department. We certainly know our roads are at, are on a 40, 45-year recycle, you know. The last, the next time we can get back to them is in 45 years. We're trying to cut that down to a bunch so, you know, I'm getting mixed messages and we just have to figure where we can, what we can do. I think we've had people up here say, yes, they're willing to help pay for some of these services so. It's just a matter of what we hear from our constituents between now and Friday and what kind of services we want to do. If we want to keep it even which in fact because cost increase means that things are gonna go down a little bit, I don't like to see that as a direction that Maui County is gonna go in. So I, it's gonna be very interesting discussions and talk back and forth as to how we can do what we need to do. Thank you.

CHAIR WHITE: And just for the, just to put some clarity to it, the amount of the increase in Parks for painting and maintenance, I believe, is in the neighborhood of right around \$2 million. We still have \$1.5 million in there and rather than making it in blocks, we've distributed it by district in some ratio as to the, you know, the size of the district and the needs. That's all open for discussion. As far as the roads, we left, we actually added to the paving. We did make the change of taking out the increased employees for Public Works and so there's more money in paving than there was before. So to say that, you know, we're -- it's a flat budget, it's not. It's a, it's an increase of \$6 million over last year. As far as the computers are concerned, there's still a fair amount of stuff in there and if you -- and we'll share more at a later point, but we'll ask Mr. Baz to go and look up what's left in the accounts, and what you'll see is there's still significant amount of money unspent from a previous year's allocation. Otherwise, I would not have cut much from that line because I believe as you do that we need to keep ahead of our infrastructure needs, especially in IT. So anyway, with that I'll leave further explanation 'til later. Any other Members would like to make comments? Ms. Cochran?

COUNCILMEMBER COCHRAN: Chair. Yeah, I'm ready to dive in myself and head on, but just real quickly. You know, I appreciate that your willingness and openness to hear all of us out and I know it's not easy. I don't envy your position right now. We're all gonna have definitely lively and some, I'm sure, you know, some sparks may fly here and there, but in the end, you know, it's all about our community and people and the efficient manner we use our taxpayer dollars. And so I see the strategy that you've set forth and now it's our chance right here to work amongst ourselves to put back, take out, whatever it is that we choose for the best of our constituents that we represent, so for me, I appreciate actually your openness and flexibility that

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 29, 2013

you've put to this Budget. Yeah, it looks drastic, yeah, it looks like oh my God, what happened, you cut everything clean, but again like you said, put back where needed.

CHAIR WHITE: Right.

COUNCILMEMBER COCHRAN: And so I appreciate that comment and for me, I'm comfortable and for me I have, you know, my mind set up on what I want, I don't want and we're all just gonna have to pick and choose and --

CHAIR WHITE: Right.

COUNCILMEMBER COCHRAN: --work it out amongst ourselves, so I just want to say thank you for that.

CHAIR WHITE: I appreciate that and I hope everyone understands that I've stripped it down to what I feel is somewhat livable, but I'm very open to adding back, and I would just encourage you all to add back what you feel the Homeowner category can handle and if you all feel that other increases are necessary, that's the call of five votes and so, I look forward to the discussion. We have spent a lot of time with the numbers and so I don't blame any of you for being a little uncomfortable with the cuts, and we'll be more than happy to explain as we go through. I don't intend to provide a whole lot of explanation today, because I think it's important that we establish where we have consensus and where we don't. So if you guys are ready, let's go.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Yeah. Mr. V?

COUNCILMEMBER VICTORINO: You wanted to make sure everybody had an opportunity. You know, I can appreciate what you've done, Chair. I've sat here. This is my seventh Budget Session and each Chair had their own methodology of doing what they thought we should focus in on. So I understand and I appreciate what you've done. However, I kinda was taken on this fact and this fact only, Mr. Chair. All of us had this general consensus, this general feeling, this general idea that homeowners wasn't paying their fair share. You even described that today. You emphasized that today and I can respect that. And when we compare with the other counties, I too, being part of HSAC, listen. They envy us because we are always in a good fiscal position and we only stay there because we've given good thought. I cut over 10 million in mine. I wasn't afraid to cut. I think many of us in this room cut, so that was, you know, there's not a, we didn't go back to square one. We cut and then we looked at other things to take out and whatever else we needed to balance, we did. And we're gonna discuss that as the week goes on. But it's very important to understand, when you start comparing counties, it's very difficult. We haven't had to sell land to balance our Budget, like other counties had to. We've had to raise fees astronomically like other counties have, just to make up what they've left behind. So we're really lucky in a lot of areas. And yet, the one area I focused in a lot on is water because for five years, five years, Mr. Chair, no increase. Setting us so far back that all these years we've been