

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

August 15, 2013

Council Chamber, 8th Floor

CONVENE: 1:31 p.m.

PRESENT: Councilmember Mike White, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Robert Carroll, Member
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 (In 1:33 p.m.)

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)
Gary Saldana, Executive Assistant to Councilmember Robert Carroll

ADMIN.: Sananda K. Baz, Budget Director, Office of the Mayor
Lance T. Hiromoto, Director, Department of Personnel Services (Item BF-6)
Jo-Ann T. Ridao, Director, Department of Housing and Human Concerns (Item BF-28 and BF-45)
Wendy Taomoto, County Capital Improvement Project Coordinator, Department of Management (Item BF-28)
Eric Nakagawa, Chief, Wastewater Reclamation Division, Department of Environmental Management (Item BF-44)
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the gallery:

David J. Underwood, Deputy Director, Department of Personnel Services (Item BF-6)
Kathleen R. Aoki, Assistant Senior Services Division Administrator, Department of Housing and Human Concerns (Item BF-45)
Two (2) additional unidentified Administration personnel

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OTHERS: **Item BF-6:** Michael Bates, Chair, Maui Chapter, State of Hawaii Organization of Police Officers (SHOPO)
 Bryson Ponce, Secretary, State of Hawaii Organization of Police Officers (SHOPO)
 Tenari Ma`afala, President, State of Hawaii Organization of Police Officers (SHOPO)

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

CHAIR WHITE: . . .(*gavel*). . . This meeting of the Budget and Finance Committee will come to order. It's 1:30, August 15th. I'd like to welcome Committee Vice-Chair, Riki Hokama.

VICE-CHAIR HOKAMA: Chairman.

CHAIR WHITE: And Members, Bob Carroll --

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR WHITE: --Stacy Crivello --

COUNCILMEMBER CRIVELLO: Aloha, Chair.

CHAIR WHITE: --Elle Cochran --

COUNCILMEMBER COCHRAN: Aloha, Chair.

CHAIR WHITE: --Don Couch --

COUNCILMEMBER COUCH: Good afternoon and aloha, Chair.

CHAIR WHITE: --and Gladys Baisa.

COUNCILMEMBER BAISA: Good afternoon, Chair.

CHAIR WHITE: And I believe...oh, Mr. Guzman is just walking in. Welcome, Mr. Guzman.

COUNCILMEMBER GUZMAN: Good afternoon, Chair.

COUNCIL MEMBERS: . . . (*Laughter*) . . .

CHAIR WHITE: Apparently, he's not finished with his lunch just yet. But you can do so during testimony.

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COUNCILMEMBER GUZMAN: Thank you.

CHAIR WHITE: And I believe Member Victorino will be joining us shortly. So, this morning we...oh, this afternoon we have--I'm used to getting started a little earlier than this--we have Secretary, Camille Sakamoto and Legislative Analyst, Scott Kaneshina and our trusty Corp. Counsel, Jeffrey Ueoka --

MR. UEOKA: Good afternoon, Chair.

CHAIR WHITE: --Sandy Baz.

MR. BAZ: Aloha.

CHAIR WHITE: And Lance Hiromoto --

MR. HIROMOTO: Afternoon, Chair.

CHAIR WHITE: --will be here for our first item. And without objections, Members, I'd like to open public testimony.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you. And we will start off in Chambers. Our first testifier being Michael Bates, testifying on BF-6 and representing SHOPO. Mr. Bates?

...BEGIN PUBLIC TESTIMONY...

MR. BATES: Aloha and good afternoon. Chairman White, Budget Finance Committee, Honorable Chair Baisa, I wanna take this time to thank you for the opportunity to let me testify before you. My name is Michael Bates, and I'm the SHOPO Maui Chapter Chair and an active Maui Police Department detective assigned to the Lahaina Criminal Investigation Division. I'm here to testify in support of Resolution BF-6, okay. With me today is SHOPO President, Sergeant Tenari Ma'afala, with the Honolulu Police Department and SHOPO Secretary, Sergeant Bryson Ponce, who's also from Kauai Police Department. Every day the men and women of the Police Department place their lives on the line. We continue to do only what a few chosen have dared to do. To our countless sacrifices and commitments to protect the people of our respective communities despite the dangers and demands and challenges that are inherent to our calling as members of Hawaii's finest, we will continue to serve and protect the people of Hawaii. I stand before you to represent the men and women in blue. And to give you examples to justify why we deserve these raises, here are some service figures that I would like to share with you. In the year 2011, the Fire Department calls for service were 13,990 while the medics' calls for service were 16,410; the Maui Police Department calls for service were 127,322. In the year 2012, the

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Fire Department calls for service were 14,675 while the medics' calls for service were 17,270; the Maui Police Department calls for service were 128,014. We are not only police officers, we are also first-line responders. I humbly ask for your support in this measure. Thank you.

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

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And I'm sorry I'm late, Mr. Chair, but...

CHAIR WHITE: No problem. And we recognize Mr. Victorino's presence.

COUNCILMEMBER VICTORINO: Could we have that...do you have copies of that, your...

MR. BATES: I can make copies for you.

COUNCILMEMBER VICTORINO: Could you get us copies, if that's okay with you, Mr. Chair?

CHAIR WHITE: That's fine. We'll be happy to distribute them.

COUNCILMEMBER VICTORINO: I think that's very important not only for this, but other matters, the responses. Thank you.

MR. BATES: Thank you.

CHAIR WHITE: Members, any other questions? Thank you, Mr. Bates. Our next testifier is Bryson Ponce, also testifying on BF-6.

MR. PONCE: Good afternoon, Chair --

CHAIR WHITE: Good afternoon.

MR. PONCE: --Members of the Maui County Council. My name is Bryson Ponce. I'm a sergeant with the Kauai Police Department and I'm also the Secretary for our State of Hawaii Organization of Police Officers. I felt it was important to come over here to the beautiful Valley Isle just to share a couple of things about, you know, the process. First, you guys were represented very well with the negotiation process with the Department of Personnel Services, Lance Hiromoto and his team. It was a long process, you know, almost 18 months. But, you know, both sides did as best as they could to come to a point where, you know, regarding the salaries and wages, they had to go before an arbitrator for the final decision on that. And we're very happy with the arbitrator's award. And we're hopeful and thankful for your support not only in this time, but also in the past arbitrators' awards, you know, which we've seen and been part of. You know, part of the

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things with putting together a good pay packages and benefits is to be able to recruit the best candidates out there for our police departments in Hawaii, especially Maui Police Department, and the ability to retain officers that, in the past, were headed to our West Coast counterparts for better pay with a lower cost of living. And also for a whole bunch of police officers that are able and ready to retire that this type of arbitrated award and compensation package definitely makes people think. And I've heard a lot of 'em from across the state already saying, you know what, I wanna stay longer, yeah, I wanna stay. And it helps the police departments catch up. So we wanna keep Hawaii the safest it can be and continue to be living in the greatest place on Earth and protect all of our visitors and our communities alike. But thank you again for your folks' support, and we ask that you support this arbitrated award. Mahalo.

CHAIR WHITE: Thank you for your testimony. Members, questions? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Thank you for being here, Sergeant. You made a comment about how officers used to go to the West Coast. Has that been cut back a lot now because of this wage increases?

MR. PONCE: It has, significantly.

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

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Members...Mr. Victorino?

COUNCILMEMBER VICTORINO: Yeah, thank you. And is it possible, Sergeant Ponce, to get a...do you guys have statistics on that? Do you guys keep statistics as far as like, over the last five years, how many officers have left for other jurisdictions, how many have come in? Do you keep any statistics like that, statewide?

MR. PONCE: I believe we do. And you looking for some numbers regarding that?

COUNCILMEMBER VICTORINO: Yes.

MR. PONCE: Okay.

COUNCILMEMBER VICTORINO: And, again, and I apologize for asking all these questions, but I really think it's important not only for the people of Maui County, but the State to understand that we have made sizable contributions as far as pay and benefits to keep our officers here and not have the numbers that used to leave to go to other jurisdictions throughout the United States.

MR. PONCE: Sure. I'll work on putting together something and work through...

COUNCILMEMBER VICTORINO: If you'd forward it to Chair White --

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MR. PONCE: Yeah.

COUNCILMEMBER VICTORINO: --and he can disseminate it from there, I would appreciate it. If that's okay with you, Chair White?

CHAIR WHITE: That's fine with me. And please ask that question again of Mr. Hiromoto because he may have that for Maui County.

COUNCILMEMBER VICTORINO: Okay. I'll save it so when Mr. Hiromoto comes up.

CHAIR WHITE: Yeah.

COUNCILMEMBER VICTORINO: Okay. But if you could, Sergeant, I would appreciate it.

MR. PONCE: Okay. Let me also share real quickly that what we find we've been able to do, too, is we've been able to recruit police officers from across the country wanting to come and work for our police departments in Hawaii. Because it's something that even though the cost of living is high here, at least the compensation package for law enforcement is getting a lot better. Thank you.

COUNCILMEMBER VICTORINO: Very good.

CHAIR WHITE: Before you go, I have one question. And I meant to ask Mr. Bates, but I forgot. He had shared the training cost of I believe it was between 70 and 90 thousand dollars per officer. Do you have a sense of what that is on average across the state?

MR. PONCE: I think it's a little higher. So you're looking at between a hundred and, maybe, fifteen to 140 thousand.

CHAIR WHITE: Okay.

MR. PONCE: Yeah. But that's pretty, you know, similar across the state.

CHAIR WHITE: And I bring that up in conjunction with Mr. Victorino's comments, because the turnover has a significant cost.

MR. PONCE: Yes, sure.

CHAIR WHITE: If we train them and then they go work somewhere else, we've just spent a lot of money that's just benefitting another municipality. So --

MR. PONCE: Thank you.

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CHAIR WHITE: --Members, other questions for the testifier? Seeing none, thank you very much and welcome to the Garden Isle...I mean, no, well the Valley Isle.

COUNCILMEMBER VICTORINO: The Valley Isle. From the Garden Isle.

CHAIR WHITE: From the Garden Isle.

COUNCILMEMBER VICTORINO: That's okay, Chair.

CHAIR WHITE: So I have to join Mr. Couch and Mr. Guzman in the verbal faux pas, so...and our next testifier, here in the Chambers, is Tenari Ma`afala also testifying on BF-6.

MR. MA`AFALA: Aloha and good afternoon --

CHAIR WHITE: Afternoon.

MR. MA`AFALA: --Budget Chair White, Members of the Committee of the Budget, the Honorable Madam Chair Baisa and Members of the Council. My name's Tenari Ma`afala. I am a sergeant with the Honolulu Police Department and also an elected official representing SHOPO, the police officers' union. And with all due respect, that's not about title. I stand before you, and my testimony is primarily premised upon being a citizen of our beautiful island state. Yes, our jobs call us to do things that not too many people are willing to step up to do. You've heard, already, the testimony of Sergeant Michael Bates that spoke about the statistics relative to calls for service. You've heard a little bit of what Sergeant Bryson Ponce had shared relative to attrition and retention - very, very key components of what we do. And with all due respect to Mr. Lance Hiromoto and the question that Councilmember Victorino had raised, as far as statistics are regarding retention, we do have numbers, but your more specific numbers will come from your HR people 'cause our numbers are based on what numbers we do get from them. But definitely that's one of the key components of having such a pay range where we can keep our officers home and attract more qualified candidates to continue what has already been laid before us by our officers that have gone before us. I have to speak a little bit about the dangers of our job. Here on Maui, I know for certain, since the inception of the Maui Police Department, we've had five in the line of duty deaths. In Honolulu, we've had 45; on the Big Island, we've had four; the island of Kauai, we've had five. That's one of the biggest things that people don't realize and they take for granted. And that's why I've always said, being a police officer is a calling. And when people say, it's just a job, that's an insult to police officers and their families, especially when you talking about an officer that has lost his or her life in doing what they do best - to protect and serve the people of our island or respective islands and our state across this entire beautiful island state of ours. The part that I will also cover that not too many professions are inclined to do or required to do, and that's to make a split-second decision to take a life to save a life. I was involved in a shooting in 1999 in Mayor Wright Housing. I live with the images of taking that young man's life. Something that he started, but because of my profession to protect the innocent lives that was around him, I had to take action. I live with the images of taking that young man's life. I live with the images had one of those rounds that he shot at me--

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he shot at me twice before I returned fire--could have easily taken my life, and that would have left my wife and my three lovely daughters as widows. Till this very day, I stand before you, I've lost many good friends. Namely, 1995, losing Officer Bryant Bayne, Officer Tate Kahakai who went into the mountains on a helicopter to look for a lost hiker. They lost their loves. Till this very day I stand before you, their children have children, I go to luaus with them, but there's a million-mile stare in their eyes. And I feel guilty walking into those parties because I can only imagine what they're thinking, Uncle T, why you, where's my dad? But that's what we deal with. The last point I want to share here with you folks which is a reality of our job. It's a national study that was released by Harvard University that an officer's lifespan after retirement is five years due directly to the stresses and the demands that we police officers face daily. My duty back home--I'm the Acting Commander of our Peer Support Unit--my primary function is to provide emotional support for police officers and our civilian population in the department to include their families. In the last 18 months in Honolulu, we lost three officers in the line of duty. I see and I feel the pain that the officers and the families have to endure in doing what they do best. So I'm here to humbly ask for your support for BF-6 on behalf of your officers not SHOPO's officers, they're your officers. And they've dedicated themselves, they're willing and they've chosen to put their lives on the line for the people of Maui. God bless you all, aloha.

CHAIR WHITE: Aloha. Hold on for just a second. Members, questions? Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. And thank you very, very much for being here this afternoon. You don't have to convince me about what a policeman's family's life is like, I did it. And so I'm very familiar with the difficulties that policemen's families go through, and I really appreciate the work that's done. But a question I wanted to ask you today, because I know you're probably most knowledgeable person in the room about all of this 'cause you're right there in the middle of it all, how's it going with the other counties and their adoption of this?

MR. MA`AFALA: Okay. The Honolulu already granted, they fully supported it. We went to Kauai, Kauai full council support it, but they wanna have a public hearing which is later in the month, August 28th. Hilo, unanimously supported it, and they've told us that we didn't have to come back for the full council hearing. So they're all onboard. And this is our first opportunity here to address you folks here on Maui.

COUNCILMEMBER BAISA: Thank you very much. So we're the last ones to get through this?

MR. MA`AFALA: We always save the best for last, right?

COUNCILMEMBER BAISA: We wouldn't disagree with you. No --

MR. MA`AFALA: Maui no ka oi.

COUNCILMEMBER BAISA: --we love to brag about Maui no ka oi.

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MR. MA`AFALA: Amen.

COUNCILMEMBER BAISA: But, anyway, thank you for being here today. Thank you for all the folks that came from off island.

MR. MA`AFALA: Thank you, Madam Chair.

COUNCILMEMBER BAISA: We really appreciate it.

MR. MA`AFALA: Thank you for having us.

COUNCILMEMBER BAISA: And hats off to all you do. Thank you.

MR. MA`AFALA: Thank you, ma'am.

CHAIR WHITE: Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And thank you, Sergeant, you know, for what you've provided with us today. Like I like to say, the reality of what we deal with, the people. You know, those who have sacrificed, those...and you only mention those who have lost their lives. But I know because I have family and friends in the departments throughout the state who have also been injured and are not able to come back to work or some who've been injured and returned back to work, the emotional as well as the physical scars that exist. So you left that out of the picture, but that's a big part of it in each and every day of their lives.

MR. MA`AFALA: Yes, sir.

COUNCILMEMBER VICTORINO: And their families, they suffer. And every day to know that when you walk out of the door that you may not come back. And all of us that face that, but I think the reality is in what you do. My question to you is, you know, I know what Maui has and then we have some of the finest officers in the state, but all of us travel throughout the state. We have family and friends, we go to visit other islands. Overall, do you feel that you have the support of your governmental agencies like us, the legislative branch of this County, do you guys feel you have the support from us?

MR. MA`AFALA: Oh yes, sir, without a doubt. And I've always said it before, sir, during this process of negotiations, there's always two sides of the aisle.

COUNCILMEMBER VICTORINO: Uh-huh.

MR. MA`AFALA: And we at SHOPO, we pride ourselves in being respectful, being cordial, but be firm in our stance. We both have an opportunity, in this process, to present our case and our arguments. And, like Sergeant Ponce had alluded to earlier, Mr. Hiromoto there is a great man that represents the County of Maui. But again, not being arrogant in saying this, but obviously

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our presentation was a lot more convincing in the sense that we provided facts, figures and the reality of our jobs to convince not only the arbitrator but the panel as a whole in supporting the arbitrator's decision which is final and binding. So without a doubt, first and foremost, we have the utmost respect for our government leaders, 'cause you guys have not only to serve the Police Department, but the entire County, all the people. So we're very cognizant of that. Some people might call us being selfish. But, like I said earlier, sir, with all due respect, unless you walk in these shoes and unless you see...we know Hawaii's been dubbed as paradise and we truly believe that. But unless you see the real paradise through the eyes of a police officer, you never know what goes on, literally, behind closed doors. In dealing with organized crime, drugs, fatalities of which police officers have to see. It's so gruesome when you have to again--sorry to be graphic, but I'm just trying to be real here--when you have infants or young child[sic] of three, five year olds involved in a fatality and their bodies dismembered or decapitated, that's the images that we gotta take home. We gotta be at the scene to hold firm that we wanna make sure that we be reverent in making sure that the investigation is complete, making sure that we can take care of the family as best as we can; but that's what we do. But again, like I said, the short answer to your question, sir, yes, we have the utmost...and we believe that our government leaders do support our police officers across the state. But we understand that sometimes the challenges are on you folks in finding the mechanism or the funding vehicle to provide such a funding for a pay raise for police officers and the like for all other government employees.

COUNCILMEMBER VICTORINO: Thank you for that response.

MR. MA'AFALA: Uh-huh.

COUNCILMEMBER VICTORINO: And I'm also glad that I don't have to make a snap decision in a lot of the decisions we make here. Sometimes we're accused of taking too long, but I would never wanna make a snap decision whether I should fire or not fire or hit or not hit somebody in the line of duty. That's not something I'd ever want. Thank you. Thank you, Chair.

MR. MA'AFALA: No, thank you, sir.

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

MR. MA'AFALA: Thank you, Chair.

CHAIR WHITE: --for your testimony and your presence today. And we will now go to our Hana District Office. Dawn, do you have anyone there to testify?

MS. LONO: Good afternoon, Chair. There's no one waiting to testify in the Hana Office.

CHAIR WHITE: Thank you. And we'll go to the Lanai District Office. Denise, is there anyone there to testify?

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

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CHAIR WHITE: Thank you. And we'll go to Molokai. Ella, anyone there to testify?

MS. ALCON: Good afternoon, Chair. There is no one here on Molokai waiting to testify.

CHAIR WHITE: Okay, great. Thank you very much, ladies. Is there anyone else in the Chambers who would like to offer testimony this afternoon? Seeing none, without objection, Members, I'd like to close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you.

...END OF PUBLIC TESTIMONY...

CHAIR WHITE: And, as you know, we have four Members...four Members, four measures on the agenda today.

ITEM BF-6: COST ITEM PROPOSALS (CC 13-217 and CC 13-218)

CHAIR WHITE: And the first is BF-6 relating to cost item proposals. And the Committee is in receipt of the following: a County Communication 13-217, from the Acting Mayor, transmitting a proposed resolution entitled, Approving Cost Items for Bargaining Unit 12, Police Officers, along with summary of cost items. The purpose of the resolution is to approve the cost items for Bargaining Unit 12, Police Officers represented by the State of Hawaii Organization of Police Officers union, for Fiscal Years 2012, '13, '14, '15, '16, and '17. We also have County Communication 13-218, from the Acting Mayor, transmitting a proposed resolution, Approving Cost Items for Employees Excluded from Bargaining Unit 12, Police Officers, along with a summary of cost for those individuals as well for the same years. And so, with that, I would like to turn it over to Mr. Baz for a review or Mr. Hiromoto, whichever one of you would like to go first. Mr. Hiromoto?

MR. HIROMOTO: Good afternoon, Chair; good afternoon, Members. What you have before you is the cost items for a recent SHOPO arbitrated decision. I won't go into detail, but the...it is a six-year contract beginning two years ago, beginning July 1, 2011, ending June 30, 2017. So, again, it is a six-year contract. Just another statistic is that we, the County of Maui, employs about 350 SHOPO, or Bargaining Unit 12, employees. That's all I have, Chair, unless you want me to go through all the different items that you have before you?

CHAIR WHITE: Members, would you like to have a review of the various items involved in the settlement? You've all been provided the details, so I'm sure you've looked through it. So we'll just let them ask questions as they see fit. Mr. Baz, do you have anything to add?

MR. BAZ: No, sir, not at this time.

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CHAIR WHITE: Okay, thank you. Members, we'll open up for discussion. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, thank you very much. And I appreciate the representation from SHOPO being here today to present comments before this item. Just let me ask a couple of questions. So we can clearly understand, Mr. Hiromoto, we know that the four counties are involved and this is a statewide contract for the counties with their police officers. Can you tell the Committee what role, if any, does the State have with this contract?

MR. HIROMOTO: According to the applicable provisions of HRS, the State still has four votes in our negotiations. However, in most cases, the State defers to the counties.

VICE-CHAIR HOKAMA: So, in this case, did the State defer or were they an active participant in these negotiations?

MR. HIROMOTO: I think for the most part, they deferred to the counties.

VICE-CHAIR HOKAMA: To the four counties?

MR. HIROMOTO: Correct.

VICE-CHAIR HOKAMA: Okay. And as I have...made to be a better understanding, this is only about police officers, there's nothing that in any way impacts a State sheriff's position or similar matters, types of positions?

MR. HIROMOTO: You are correct. This is...Bargaining Unit 12 involves only police officers.

VICE-CHAIR HOKAMA: Okay, thank you. And, you know, I found the President, Mr. Ma'afala's comments about what was presented to be quite interesting. Did each county present their position or you had one spokesperson for all the counties?

MR. HIROMOTO: Generally, we have one spokesperson in arbitration, and that would've been the City and County of Honolulu's Deputy Corporation Counsel.

VICE-CHAIR HOKAMA: Okay. And last question, Chairman. Just so that our community is clear, what is the main difference between the two contracts before us, particularly the Excluded employees within the unit, please?

MR. HIROMOTO: The Excluded employees that we have provided your cost items for are police officers from rank captain and above, excluding the chief and deputy chiefs. So there would be captains and assistant chiefs. Some jurisdictions, we don't have that, but some jurisdictions have majors, also.

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VICE-CHAIR HOKAMA: Uh-huh, right, understand. Okay. And just...so that's just the so called line, the line of division between management and employees within the department itself?

MR. HIROMOTO: Correct. SHOPO represents police officers up to the lieutenant rank.

VICE-CHAIR HOKAMA: Okay.

(NOTE: Unexpected noise from the audio system.)

VICE-CHAIR HOKAMA: Technology, isn't it fine, Chairman?

CHAIR WHITE: It's always been challenging for me, thank you.

VICE-CHAIR HOKAMA: Chairman, no, I'm done with my questions, thank you very much.

CHAIR WHITE: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Just an accounting question since we have Budget Director here. Apparently this contract, as was stated by Mr. Hiromoto, started in 2011. And so apparently there's back pay involved, isn't that...that's not how it works? Can you explain? Because I'm thinking, if we have to pay back to 2011, good luck.

MR. HIROMOTO: Chair?

CHAIR WHITE: Go ahead.

MR. HIROMOTO: Member Baisa, the first two years of this six-year contract, there's no pay increases in those first two years, so everything starts from July 1st of this year, 2013.

COUNCILMEMBER BAISA: That's fortuitous, 'cause if we had to pay all that back pay, I think we might not be smiling so much. Okay, thank you very much.

CHAIR WHITE: Members, other questions?

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino?

COUNCILMEMBER VICTORINO: Mr. Hiromoto, so what I read here, as additional cost per year, is what we anticipate as the additional cost per year. For example, in FY 2014 which starts this July 1st, we have \$1,750,014. Is that what the increase we anticipate for that year would be?

MR. HIROMOTO: That is correct.

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COUNCILMEMBER VICTORINO: Okay, so all the rest of the figures I see in front of me, 3 million for '15, 5 million for '16 and 7 million for FY '17, those are basically what we anticipate as cost increases for this contract?

MR. HIROMOTO: Correct. Cost increase compared to this year.

COUNCILMEMBER VICTORINO: Right. You know, cost increase, yeah. And I think what I'm trying to get across to the public is if we had to pay let's say \$5 million this past year, next year would be 6,750,000 something, you know.

MR. HIROMOTO: That's correct, 'cause we calculate what we call, "rollover", into it --

COUNCILMEMBER VICTORINO: Yes.

MR. HIROMOTO: --so what you pay for this year plus next year's pay raises.

COUNCILMEMBER VICTORINO: Okay. Just so the public understand what these... 'cause, you know, the newspaper did a pretty good job explaining it, but some people still didn't know what that really meant in totality. So at least now we have a better idea on what this will mean in the entire picture. Thank you, Mr. Hiromoto; thank you, Chair.

CHAIR WHITE: You're welcome. Just to clarify, the numbers that you relayed were just a part of the cost items. The total cost items in the first year amount to 2.9 million, 5.4 in 2015, 8.5 in 2016 and 11.4 in Fiscal Year 2017 when you add the other portions of the agreement to the numbers that you had read off. But you know, once again, this is one of those costs that the Chair and, I'm sure, many of you are very comfortable with, because we can never take for granted the degree of safety that is provided by the Department not just here, but on the other islands. And, as you know, other municipalities around the country have had to lay off police officers. Other places in the country are nowhere near as safe as Maui. And many places that we compete with in the visitor industry are nowhere near as safe as Hawaii. And so I take my hat off to these gentlemen, and I appreciate the gentlemen from Oahu and Kauai coming today. Because it's not lost on most of us that the reason we enjoy the strong visitor industry is because our police provide a very safe environment for us and for our visitors. Places that aren't as safe simply don't get the same amount of traffic and can't charge the same amount of room rate or the same amount in restaurants and so forth. So, you know, this is one of those items where we need to make sure that we're providing a level of compensation that's attractive enough to get the best officers we can. And so the Chair is very appreciative of the comments that were shared with us by the union, and I certainly appreciate all the comments from the Members today as well. Ms. Cochran followed by Mr. Victorino.

COUNCILMEMBER COCHRAN: Thank you, Chair. And, yeah, I definitely always am supportive of our County core services that we need for our community and, as you state, for a safe community. And is it appropriate for me to ask a question in regards to Article 57 in this packet about the drug testing or does Mr. Hiromoto or...

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CHAIR WHITE: Yeah, it's part of the package, so I'm--

COUNCILMEMBER COCHRAN: Okay.

CHAIR WHITE: --okay with it if Mr. Hiromoto's prepared to answer.

COUNCILMEMBER COCHRAN: If Mr. Hiromoto has...I'm looking the list, Items A through K and what's tested when it's...

CHAIR WHITE: Could you give the other Members a reference page?

COUNCILMEMBER COCHRAN: Oh, sorry, Page 22 --

COUNCILMEMBER VICTORINO: Twenty-two.

COUNCILMEMBER COCHRAN: --in our binder. And--how do you know?--so my question is, looking at the numbers that are crossed out in the new versions, Item A for marijuana, so the level is lowered? So the detection, if it used to be 100 milligrams, it looks like, and now it's down to 50, is that correct?

MR. HIROMOTO: That is correct.

COUNCILMEMBER COCHRAN: So you're tested positive if you hit 50?

MR. HIROMOTO: Correct.

COUNCILMEMBER COCHRAN: And then dropping down to opiates, it was 300, now it's bumped up to 2,000. So you have a leeway now of 1,700 whatever milligrams or parts or something or rather. There's like little more leniency for opiates now?

MR. HIROMOTO: I'm not sure if it's more leniency. But what this reflects is the current State of Hawaii DOH threshold levels. So I'm not real familiar why the levels have changed.

COUNCILMEMBER COCHRAN: Okay. Yeah, just, you know, I was just wondering. And then Items H, I and J, methaqualone, methadone, what have you, I guess there's zero. There weren't any numbers prior; now we have a threshold. So I guess it was okay back then and now...I was just wondering. It just kinda confused me with the numbers, so that's my line of questioning, Chair.

MR. HIROMOTO: Yeah, I'm sorry I can't --

COUNCILMEMBER COCHRAN: Oh, no.

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MR. HIROMOTO: --answer that question. I know that these are DOH threshold levels for drug testing, so, you know, I don't know the specifics of why these levels have changed.

COUNCILMEMBER COCHRAN: Okay. Thank you, Mr. Hiromoto. I know you're a personnel guy, so anyways, thank you.

CHAIR WHITE: Mr. Victorino?

COUNCILMEMBER VICTORINO: Well, you know, since the question was brought up, would it be appropriate, we ask one of the representatives from SHOPO to maybe elaborate, to clarify that for us if they're capable of doing that, Mr. Chair?

CHAIR WHITE: If they feel they're prepared to do so, I'll be happy to...

COUNCILMEMBER VICTORINO: Yeah, just so that, you know, the public's not sitting out there wondering what this all meant. I'd like to get clarification, please.

MR. MA`AFALA: I have a question relative to Article 57, clarification?

COUNCILMEMBER VICTORINO: Yes, sir.

MR. MA`AFALA: The simple answer is, it's Federal standards that DOH parallels. So we're just following standards that were mandated by Federal that was adopted by DOH and it's implemented in our contract.

COUNCILMEMBER VICTORINO: So if I'm correct in saying this is applicable to any contract that's negotiated with drug policies, the State DOH has a drug policy?

MR. MA`AFALA: Yes, sir. They might have a little variance. We're one of the few agencies that have a zero-tolerance policy in place.

COUNCILMEMBER VICTORINO: Okay. Thank you for that clarification. I think that was very important, Mr. Chair --

CHAIR WHITE: Uh-huh.

COUNCILMEMBER VICTORINO: --to get clarification so that the public...and then the last question I have--and thank you, Sergeant--for you, Mr. Chair, and for maybe Mr. Hiromoto. You mentioned earlier, Mr. Chair, the total package about 11 million by the time we get to FY 2017. Again, Mr. Hiromoto, overall, what is--for our County, you not talking about anybody else, our County--the number of recruits that come in each and every year, what is the attrition on those officers that are recruited and the first threshold is make to the final, in other words, make it as a police officer and then ten years from that? Because I've heard certain numbers. So would you

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have those numbers as far as the recruiting classes and those who actually survived and make the final cut and those, from there, that last ten years?

MR. HIROMOTO: Chair?

CHAIR WHITE: Sure.

MR. HIROMOTO: Member Victorino, I'm sure we can get that statistics for you.

COUNCILMEMBER VICTORINO: I think that's very important because I've heard various numbers, Mr. Chair. And, you know, I think the public needs to know, because that's one of the things I heard a lot out there is recruits who don't make the final cut, in other words, don't graduate. And so I'd like to know if ten come in, if seven get there, you know, something of that. What is the fallout rate there. And then the other part is the first ten years. Because, again, this is where the most challenge most officers have, the first ten years to get to that point of adjustment, you know, in their family and everything. So I'm fine with this, Mr. Chair. Like you, I support our police officers, the men and women of Maui's finest do an excellent job. I've had many occasions in need of them. But I always think back to the old saying that I hear all the time. You know, when you break the law, that's when you don't want a policeman; but when you need the help, you sure hope he or she is right there when you need 'em. Thank you, Mr. Chair.

CHAIR WHITE: That's for sure. Members, other comments or questions? If there are...or seeing none, the Chair's ready to make his recommendation.

COUNCIL MEMBERS: Recommendation?

CHAIR WHITE: The Chair will entertain a motion to recommend adoption of the proposed resolution and the filing of County Communication 13-217. And I would ask that the Staff be allowed to make nonsubstantive and technical revisions.

VICE-CHAIR HOKAMA: So moved, Chairman.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: It's been moved by Vice-Chair Hokama and seconded by Mr. Victorino to pass this resolution before us. Any further discussion? Seeing none, all those in favor, please signify by saying, "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say, "no". Measure carries, nine "ayes", zero "noes". Thank you very much, and appreciate your presence today. And we will move on to our second item which is BF-28, Amending Fiscal Year 2014 Budget regarding Affordable Housing Fund (Kulamalu Affordable Housing Project). And Ms. Ridao will be joining us for this item. Members, before

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we move on to the next item, Staff has pointed out to me I only made a motion on the first of the two items. So...

VICE-CHAIR HOKAMA: We did? I thought we did it for both?

CHAIR WHITE: Well I know I only made a motion to file County Communication 13-217.

VICE-CHAIR HOKAMA: Recess?

CHAIR WHITE: Yeah. Recess. . . .(gavel). . .

RECESS: 2:09 p.m.

RECONVENE: 2:11 p.m.

CHAIR WHITE: . . .(gavel). . . Okay, Members, after further review, the motion did include the comment, "resolutions", but I failed to file County Communication 13-218. So I will entertain a motion to file County Communication 13-218.

VICE-CHAIR HOKAMA: So moved, Chairman

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: It has been moved by Member Hokama and seconded by Mr. Victorino to file County Communication 13-218. All those in favor, please signify by saying, "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say, "no". Measure carries, nine "ayes", zero "noes". Thank you, Members.

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.

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ACTION: Recommending ADOPTION of proposed resolutions and FILING of communications.

CHAIR WHITE: Now we can move on with the discussion on Kulamalu Affordable Housing Project. I'd like to welcome Jo-Ann Ridao, Housing and Human Concerns Director.

ITEM BF-28: AMENDING FY 2014 BUDGET: AFFORDABLE HOUSING FUND (KULAMALU AFFORDABLE HOUSING PROJECT) (CC 13-216)

CHAIR WHITE: And the Committee is in receipt of County Communication 13-216, from the Budget Director, transmitting a proposed bill entitled, A Bill for an Ordinance Amending Appendix A of the Fiscal Year 2014 Budget for the County of Maui as it Pertains to Part II, Special Purpose Revenues - Schedule of Revolving/Special Funds for Fiscal Year 2014, Affordable Housing Fund, 2014 Affordable Housing Plan, Kulamalu Affordable Housing Project. The purpose of this bill is to amend the Fiscal Year 2014 Budget relating to the Affordable Housing Fund, by revising the proviso for the Kulamalu Affordable Housing Project of the County of Maui as follows: by increasing the appropriation by \$259,216, from 615,000 to \$874,216; and to clarify the project description by explicitly allowing for design review and sewer assessment fee. Ms. Ridao, if you could explain to us how we came about having to add this money for the sewer connection fee?

MS. RIDAO: Sure. Thank you, Chair; and good afternoon, Members. We're at the point in the Kulamalu design whereby we have determined that we are going to do 64 units of one, two and three bedrooms. And it has come to a point now that Kulamalu, I guess the owners of Kulamalu, can now assess what the sewer capacity is going to be. And they have determined by their formula that the sewer assessment for the Kulamalu project of 64 units is \$257,216.40. And then the \$2,000 pretty much is the Kulamalu Design Committee review fee. So every time the project goes before the committee for review, which we expect will probably be around four or five times, we have to pay a filing fee of \$250 for them to review our proposals. And that is pretty much what we are requesting this afternoon.

CHAIR WHITE: Okay, thank you. Members, questions for Ms. Ridao? Mr. Hokama?

VICE-CHAIR HOKAMA: Thank you, Director, for explaining the request. Can you help me better understand? I'm kinda intrigued with this \$2,000. I know it's a small number, but can you tell us the role of this review committee and that is by an association stipulation? Because, you know, for me, the end line is what the County finally approves for permits and approvals. So can you help me understand?

MS. RIDAO: Yes, pretty much...thank you, Councilmember. Pretty much, it is a community association type of organization. And it basically...what they basically review is that what you're going to build in their neighborhood complies with what they have planned for that neighborhood. I know that, in this case, there is a \$250 fee. I live in a neighborhood that has a similar association; there is no fee. So it just depends. I think Kulamalu is more of a master

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planned development which includes, you know, an area that has commercial, housing, multi-family housing. So they are way more technical than, say, a single-family housing subdivision, and I believe that is probably why.

VICE-CHAIR HOKAMA: Okay. And the entity we paying is a legal standing entity?

MS. RIDAO: Yes.

VICE-CHAIR HOKAMA: Okay. Thank you very much for your responses.

CHAIR WHITE: Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. I did include in my transmittal the portion of our sales agreement with Kulamalu Town Center and they do have a design guideline. And the fee is \$1,500 for the initial application and \$250 for each additional application stages, which is two and three. So that's how you get up to the total of \$2,000.

VICE-CHAIR HOKAMA: Thank you, Director.

CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: Thank you. And I guess along the same lines as Mr. Hokama, this is an entity that once we bought the land, we kinda signed on to agree to these guidelines, is that how that works? Or Mr. Ueoka, whoever.

MR. UEOKA: Mr. Chair, I believe when we bought it, we bought it subject to the, let's say, CC&Rs.

COUNCILMEMBER COUCH: Okay. So the design guidelines, that's...

MR. UEOKA: Would be part of that.

COUNCILMEMBER COUCH: Okay, thanks.

CHAIR WHITE: Members, other questions?

COUNCILMEMBER VICTORINO: Yeah, Chair?

CHAIR WHITE: Mr. Victorino?

COUNCILMEMBER VICTORINO: Yeah, thank you. And so beside those questions, Ms. Ridao, will you also anticipate coming in for some additional monies for water for hookup? Because you know that that has changed and we have some other challenges with other affordable housing and that the Water Department has ruled that everything is applicable to the July 1st fees not...so do you anticipate that also in this one, in Kulamalu?

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MS. RIDAO: I believe that we worked that all out already with the Water Department prior to. So my understanding is we're good with water.

COUNCILMEMBER VICTORINO: Yeah, but are you paying the new prices or the old prices?

MS. RIDAO: Well, Wendy's here. I'm not sure.

COUNCILMEMBER VICTORINO: Yeah, 'cause I think that's gonna be one of the those...I going be bringing that forward in the very near future, but...

MS. RIDAO: Maybe we can ask for Wendy Taomoto, who is the CIP person, to answer that question.

COUNCILMEMBER VICTORINO: That's fine.

CHAIR WHITE: Yeah, the Chair would be happy to ask Ms. Taomoto to join us.

MS. TAOMOTO: Thank you, Chair. My name is Wendy Taomoto. I'm the County Capital Improvement Program Coordinator assigned to this project. The water meters are installed and that's why the new rates are not applicable. I believe that's your question --

COUNCILMEMBER VICTORINO: That's my question, yeah.

MS. TAOMOTO: --on the water system development fee. Yes.

COUNCILMEMBER VICTORINO: So those water meters are in place already?

MS. TAOMOTO: We are working with the Water Department so that there's no need for additional...there's no request for additional capacity.

COUNCILMEMBER VICTORINO: Okay. Thank you, Chair.

CHAIR WHITE: Okay. So just to be clear, we bought the property with adequate meters and adequate supply and we don't need to expand on that, right?

MS. TAOMOTO: Yes.

CHAIR WHITE: Okay. Thank you. Any other questions for Ms. Taomoto while she's here?

COUNCILMEMBER COUCH: Yeah...question.

CHAIR WHITE: Mr. Couch?

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COUNCILMEMBER COUCH: Thank you, Mr. Chair. That brings up--maybe not for this Committee, but just a policy in general--how many meters do we have at that place?

MS. TAOMOTO: Three.

COUNCILMEMBER COUCH: So for the 64 units?

MS. TAOMOTO: Yes, we're gonna...it's three lots we purchased. We gotta consolidate it in order to construct the project.

COUNCILMEMBER COUCH: Okay. And that goes to the whole, you know, argument we have with condos and water meters, so that's gonna affect us as well as the County. So I guess that's more for Mr. Victorino's comment for Mr. Victorino's Committee. Thank you.

CHAIR WHITE: Any further questions, Members? Seeing none, do you have a calculation of how the sewer fee was calculated or are we certain that that's the same calculation that's being used for the other properties in the area?

MR. BAZ: Thank you, Mr. Chair. We transmitted the sewer capacity requirements as well as part of the budget, it's the last page of that. And it's based on the number of multi-family units that we're planning on having there, which was 64. The gallons per day of sewer they're estimating is 255 gallons per day. And so the total sewer flow would be 16,320 times cost per gallon of \$15.57. This is the hookup fee, it's not a regular charge, right. This is what they're charging for capacity. So and this is a private sewer system, so it's not something that we could necessarily compare with County.

CHAIR WHITE: And it's consistent with what has been provided to all the other members that have bought into that Kulamalu Subdivision?

MR. BAZ: I wouldn't be aware of that.

CHAIR WHITE: Okay, Members, any other questions? Are there any...do you know if there are--this is for Ms. Ridao--do you know if there are any other developmental costs that we're gonna be incurring? 'Cause this is the second time this has come back to us in the last four or five months, so are you in need of additional funds for other eventualities?

MS. TAOMOTO: This is Wendy Taomoto again. In terms of the developmental costs, I'm assuming you're referring to permit fees and so forth? We do have to pay a building plans review fee to DSA, Development Services Administration. I spoke with DSA and we are proposing to pay that when we pull the building permit, so that's after the DSA has reviewed it. And we hopefully have a construction contract price and we'll submit that price and they'll determine the building plans based on the actual construction contract cost items relative to the building permit review. So I'm going to estimate that when we request the construction funding.

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CHAIR WHITE: Uh-huh.

MS. TAOMOTO: And then base it on the actual cost of the...

CHAIR WHITE: Okay. So there's no other cost that you anticipate between now and the time you come back to us for that budget amendment for the construction and permitting?

MS. TAOMOTO: Not that we're aware of at this time.

CHAIR WHITE: Okay, thank you.

COUNCILMEMBER BAISA: Mr. Chair?

COUNCILMEMBER COCHRAN: Chair? Oh.

CHAIR WHITE: Ms. Baisa?

COUNCILMEMBER BAISA: Yes. As area representative, I'm very, very excited to see this moving along here. 'Cause, you know, affordable housing is something we want so badly. Can you give us a guess, a good guess, as to when we might see some houses?

MS. RIDAO: Thank you, Wendy. Wendy handed me the project chart timeline, and we're estimating completion of construction on November of 2016.

COUNCILMEMBER BAISA: 2016? Okay, well, we'll sit tight and hope for the best. Thank you.

CHAIR WHITE: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And so how does this increase affect the affordability of the project and the housing?

MS. RIDAO: Well, because we...our intent for this project is to also use our HOME allocation, which will be about maybe around 2.7 to 3 million dollars, we are obligated to provide units in the project that are I believe it's 60 percent and below of median. And I believe that number is 17 units. So those units are going to be very low-income units and then it will go from there to the 80 to 120 percent units. And that'll be on a kinda of a sliding scale as far as what is affordable in that income category.

COUNCILMEMBER COCHRAN: Okay. Thank you, Ms. Ridao. Thank you, Chair.

CHAIR WHITE: Any further questions, Members? Seeing none, the Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation?

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CHAIR WHITE: The Chair's recommendation is to entertain a motion to recommend passage of the proposed bill on first reading and the filing of Communication 13-216 allowing the Staff to make nonsubstantive and technical revisions.

VICE-CHAIR HOKAMA: So moved.

COUNCILMEMBER BAISA: Second

CHAIR WHITE: Been moved by Vice-Chair Hokama and seconded by Chair Baisa to pass the proposed bill as noted. Further discussion? Seeing none, all those in favor, please signify by saying, "aye".

COUNCIL MEMBERS: Aye.

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

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

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

CHAIR WHITE: Thank you, Members; and thank you, Ms. Ridao. Oh, did I forget something, Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. Your Staff actually noticed that there was, in the list of affordable housing projects that we transmitted in this amendment, there was a project missing from that that was originally approved in the Fiscal Year '14 Budget. So --

CHAIR WHITE: Yeah.

MR. BAZ: --maybe with the Committee's...no objections, they can make the nonsubstantive change.

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CHAIR WHITE: Well, that's the technical revision --

MR. BAZ: Okay, thank you.

CHAIR WHITE: --that we're making.

ALL: . . . *(Laughter)* . . .

CHAIR WHITE: . . . *(Laughter)* . . . Thank you for. . . thank you for flagging that. Okay, with that, Members, we will move on to Item BF-45, Amending Fiscal Year 2014 Grant Revenue Department of Housing and Human Concerns (Transfer Limited Term Appointment Equivalent Personnel for Congregate Meals and Home Delivered Meals Programs).

ITEM BF-45: AMENDING FY 2014 BUDGET: GRANT REVENUE DEPARTMENT OF HOUSING AND HUMAN CONCERNS (TRANSFER LIMITED TERM APPOINTMENT EQUIVALENT PERSONNEL, CONGREGATE MEALS AND HOME DELIVERED MEALS PROGRAMS) (CC 13-235)

CHAIR WHITE: And we're again joined by Ms. Ridao. And this should be a relatively simple measure.

MR. BAZ: Yeah, Mr. Chair...

CHAIR WHITE: Mr. Baz?

MR. BAZ: Thank you. This actually came up when the Department went to go fill a position. There was a discrepancy in the program that that E/P was allocated for, and it was in the Congregate Meals Program and it should be in the Home Delivered Meals Program. So, as you can see in the attached bill, it's just a transfer of that 0.4 E/P from one program to another.

CHAIR WHITE: Any questions, Members?

VICE-CHAIR HOKAMA: Recommendation, Chair?

COUNCILMEMBER BAISA: Recommendation?

COUNCILMEMBER COCHRAN: Recommendation?

CHAIR WHITE: . . . *(Laughter)* . . . Thank you. The Chair's recommendation is to entertain a motion recommending passage of the proposed bill on first reading and the filing of County Communication 13-216 [*sic*] and allowing the Staff to make nonsubstantive and technical revisions.

VICE-CHAIR HOKAMA: So moved, Chairman.

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COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: Been moved by Vice-Chair Hokama and seconded by Member Victorino. Any further discussion, Members? Seeing none, all those in favor, please signify by saying, "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say, "no". Measure passes, nine "ayes", zero "noes". Thank you. And I did see Mr. Couch mouthed the word "no", but I gave --

COUNCILMEMBER COUCH: No.

CHAIR WHITE: --him credit for an "aye".

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: And we're moving on to Item BF-44, Amending Fiscal Year 2014 Budget: West Maui Recycled Water System Expansion, Phase IB (Department of Environmental Management).

ITEM BF-44: AMENDING FY 2014 BUDGET: WEST MAUI RECYCLED WATER SYSTEM EXPANSION, PHASE IB (DEPARTMENT OF ENVIRONMENTAL MANAGEMENT) (CC 13-215)

CHAIR WHITE: Okay, Members, we're ready to go. And Eric Nakagawa from Environmental Management has joined us. Welcome. And, Mr. Baz, would you like to provide opening comments or leave it to Mr. Nakagawa?

MR. BAZ: Thank you, Mr. Chair. Yeah, I'll let him, Mr. Nakagawa, describe the details of this. Basically, it's to increase the appropriation availability of State Revolving Fund Loan for this project. And so, therefore, we transmitted the revised ordinance and the revised bill for the

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authorization to enter into an intergovernmental agreement for the SRF Loan. So he'll describe the details of the project.

CHAIR WHITE: Okay. Mr. Nakagawa?

MR. NAKAGAWA: Thanks, Chair. So basically this is a phase two of our West Maui Recycled Water Expansion. This past year, we've allocated funds to develop 100 percent of reused water. We're building new channels and that kind of stuff to increase our reuse capabilities out at the facility. And this is kinda the phase two part of it in that we're...just develop storage, elevated storage, which creates pressure for users so that they can have constant pressure to utilize the water. This is also...we're increasing our funds from 2 million because the initial, I guess, estimate was basically underestimated. It was done in 2008. It was just a feasibility study. And we recently completed our preliminary engineering report the beginning of this year. So because it was kinda not the correct timing with our, I guess, budget for this year, we just said we'll come back after and just get that amended. So and that's the additional \$2 million which then we had to figure out how we were gonna get it, and we called DOH and they were willing and happy to give us the 2 million for the SRF side.

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

VICE-CHAIR HOKAMA: You know what, I'll defer to Ms. Cochran, it's in her district, first Chair. Thank you.

CHAIR WHITE: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair; and thank you, Mr. Hokama. Thank you, Mr. Nakagawa, for being here. So the--I don't think it's a settlement, I think we called it a donation during Budget--from the properties across the street - Honua Kai and what have you, those monies have come to fruition and has...we're utilizing that within this project? 'Cause if I understand, isn't that what that was supposed to be for?

MR. NAKAGAWA: Yeah. So the initial project with Honua Kai, they basically contributed funds which was the past fiscal year, so we're already utilizing those funds. We entered into an agreement with them, it was signed and we're utilizing that funds, which is private funds, to develop the onsite generation of reuse, more reuse. This next fiscal year which was Fiscal Year '14 we got, based on their funds, there was a prorated share that Hyatt and Starwood--which you guys approved already--they are contributing this year for the elevated storage. And our portion, we're just kinda matching that remaining balance, that's all that is. So basically I have the figures, like, roughly Hyatt has like around half a million dollars, Starwood has like roughly 1.8 million and then our share is the remaining balance which is increasing it to 2 million, comes out to three. So the total is about 5.5 million for the entire project.

COUNCILMEMBER COCHRAN: Okay. Thank you. Just wanted to know where all those monies sat in relation to what we're appropriating.

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CHAIR WHITE: Yeah, just to add to that. The private contribution from Hyatt was little over \$475,000 and the contribution from Starwood was 1.863 million. So a significant portion --

COUNCILMEMBER COCHRAN: Yes. Thank you, Chair.

CHAIR WHITE: --of the process. Members, other questions? Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, thank you. So, Mr. Nakagawa, even the components of funding that Ms. Cochran brought up, their calculations was also based on the feasibility study or was another format utilized to calculate their amounts?

CHAIR WHITE: Go ahead.

MR. NAKAGAWA: Yeah. So the way their calculations was is the private funds was developed through a prorated share not of the feasibility study but of the actual cost for the initial Phase I project which is the development of the reuse water. And then we took that cost and then divided it by, I think it was like, the amount of wastewater they're gonna generate for each site. So we took that number--so that's a hard, concrete cost that they're gonna pay--and then we allocate it to other entities so that they can do a fair prorated share, yeah.

VICE-CHAIR HOKAMA: Uh-huh, okay. 'Cause well it's just me, you know, but I'm a little disappointed that our feasibility projections are so off. You know, you come in for more than a 100 percent increase from the feasibility. And, to me, that's why we do feasibilities, to get a kinda close, ballpark figure of what it's gonna take. Now that you come back and ask for a 100 percent-plus increase, I'm going here, what good was that feasibility study for me? 'Cause, you know, I gotta find out how to pay the debt. But for maybe Mr. Baz, is there something that the SRF people cannot tell you besides, we won't exceed your 20-year GO Bond interest rates, you know; or isn't, you know, are they able to tell you, Mr. Baz, we're happy to give you 0.25 less than your current GO Bond rate? And I would go, great.

MR. BAZ: Yeah. Mr. Chair and Member Hokama, yeah, from my understanding, it's 1 percent. It's a fixed rate that they're charging. I know the Water Department SRF Loans are between 1 and 2 percent.

VICE-CHAIR HOKAMA: Right.

MR. BAZ: But I believe the SRF Loans for the sewer system improvements, they used to be three-quarters of a percent, but I believe they're 1 percent now.

VICE-CHAIR HOKAMA: Yeah. Do you think it may be more appropriate for us to adjust the ordinance proposal to put in the percent? What's your best counsel or advice?

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MR. BAZ: I would defer maybe to Corporation Counsel. They're the ones who prepared the ordinance. But I would wanna have it a little bit flexible in case they change their policy. You wanna have it not exceed a certain percentage maybe.

VICE-CHAIR HOKAMA: Or what if it's at 1 percent or less than the County's 20-year General Bond interest whichever is lower? I just looking for what is...how the best that we can get for the County that's all.

MR. UEOKA: Mr. Chair, we'd probably have to work a little bit with the loan providers to find out exactly what we should be saying in our ordinance so it's not...we don't want our ordinance to be false, that's my concern.

VICE-CHAIR HOKAMA: Yeah, I'm in complete agreement, Counselor, but also, I prefer to know what we going be paying.

MR. UEOKA: Yeah, we'll have to research that a little more and revise the ordinances as necessary.

VICE-CHAIR HOKAMA: Okay. But as far as our understanding here today, it's about 1 percent is the interest cost which that's a pretty good interest rate. So I'm just trying to nail it down to our benefit there, gentlemen.

MR. BAZ: Yeah, thank you. We understand definitely. It's unfortunate we don't have the ability to negotiate the interest rate. They do set the interest rates for us, but they've been --

VICE-CHAIR HOKAMA: Uh-huh.

MR. BAZ: --very beneficial recently with the interest rates being lower cost.

VICE-CHAIR HOKAMA: 'Cause what are we at now for our regular GO, 2.1?

MR. BAZ: The last issuance was 2.18. It's gone up pretty significantly since then. Twenty-year, we're probably looking a little over 3 percent.

VICE-CHAIR HOKAMA: Provided Congress doesn't do something foolish.

MR. BAZ: That's correct.

VICE-CHAIR HOKAMA: Because you and I know we can more than double the interest rate if either eliminate exemption or put caps on the municipal bond borrowing. So that's why I don't mind looking at this very seriously. But, you know, I mean if we can just lock it in at the 1, man, I'd be happy to lock it in at 1. Thank you, gentlemen.

CHAIR WHITE: The Chair's feeling, it's probably hard to put in this resolution something that locks the State Revolving Fund in, but I'm sure that if the State rate exceeds our capacity to get, you

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know, get...exceeds our capacity as far as our bond rating is concerned that Mr. Baz will come back to us and have this go through our bond rather than through the SRF. Highly unlikely to happen.

VICE-CHAIR HOKAMA: Yeah. And, Chairman, the only reason why I bring up that if we can lock in the specific number now, as I read the proposal from the gentleman, he talks about a fixed rate over 20 years.

CHAIR WHITE: Uh-huh.

VICE-CHAIR HOKAMA: And the cap is not more than the current GO Bond interest. But we talk about a fixed rate not a variable rate.

CHAIR WHITE: Yeah.

VICE-CHAIR HOKAMA: And that's why I'm saying, if we could lock it in, let's lock it in. Because just how I read the proposal, fixed rate.

CHAIR WHITE: How long does it take for us to initiate this and lock in that rate?

MR. BAZ: Well, Mr. Chair, maybe I misunderstood, but the loan itself is a fixed rate loan. It's not a variable-rate loan. In the past three years, there has been mostly reductions in those rates not an increase. I do understand the hesitation and the desire to lock in a rate. But, like I said, it hasn't changed much. We don't actually execute the loan until the project is complete.

CHAIR WHITE: Oh, complete, okay. So it could change significantly.

VICE-CHAIR HOKAMA: Thank you, gentlemen.

CHAIR WHITE: Any further discussion, Members? Seeing none, the Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation?

CHAIR WHITE: And since I didn't read the bill title to begin with, I'll do so now. The Chair's recommendation is to pass the proposed bill entitled, A Bill for an Ordinance Amending the Fiscal Year 2014 Budget for the County of Maui as it Pertains to Estimated Revenues; West Maui Community Plan Area, Sewer, West Maui Recycled Water System Expansion, Phase IB; Total Capital Improvement Project Appropriations; and Total Appropriations (Operating and Capital Improvement Projects) and the filing of County Communication 13-215 and allowing the Staff to make nonsubstantive and technical revisions.

VICE-CHAIR HOKAMA: So moved, Chairman.

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COUNCILMEMBER COCHRAN: Second.

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

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say, "no". Measure passes, nine "ayes", zero "noes".

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

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

CHAIR WHITE: And the Chair's second recommendation is to recommend the passage of proposed bill entitled, A Bill for an Ordinance Amending Ordinance No. 4034, Bill No. 33 (2013), Relating to Authorizing the Mayor of the County of Maui to Enter into an Intergovernmental Agreement for a State Water Pollution Control Revolving Fund Loan for the West Maui Recycled Water System Expansion, Phase IB, West Maui Community Plan Area, Fiscal Year 2014 Budget Ordinance and allowing the Staff to make technical and nonsubstantive revisions.

VICE-CHAIR HOKAMA: So moved.

COUNCILMEMBER COCHRAN: Second.

CHAIR WHITE: It's been moved by Mr. Hokama and seconded by Ms. Cochran to move the bill as noted. Any further discussion, Members? Seeing none, all those in favor, please signify by saying, "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say, "no". Measure carries, nine "ayes", zero "noes".

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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.**

CHAIR WHITE: That brings us to the end of our calendar. And unless there's something else the Staff needs to have done, we will adjourn. Thank you, Members. We're adjourned. . . .(gavel). . .

ADJOURN: 2:43 p.m.

APPROVED:



MIKE WHITE, Chair
Budget and Finance Committee

bf:min:130815:ry

Transcribed by: Raynette Yap

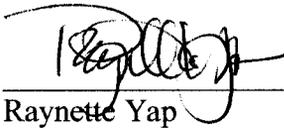
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CERTIFICATE

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 30th day of August, 2013, in Kihei, Hawaii



Raynette Yap