

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE

Council of the County of Maui

MINUTES

November 19, 2013

Council Chamber, 8th Floor

CONVENE: 9:02 a.m.

PRESENT: Councilmember G. Riki Hokama, Chair
Councilmember Donald G. Couch, Jr., Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Elle Cochran, Member
Councilmember Stacy Crivello, Member
Councilmember Don S. Guzman, Member
Councilmember Michael P. Victorino, Member (In 10:33 a.m.)
Councilmember Mike White, Member (In 9:15 a.m.)

EXCUSED: Councilmember Robert Carroll, Member

STAFF: Kirstin Hamman, Legislative Attorney
Tammy M. Frias, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Michael J. Molina, Executive Assistant, Office of the Mayor (Item PIA-2(18))
Janice Y. Shishido, Deputy Director, Department of Housing and Human Concerns (Item PIA-1(31))
Norma Circle, Program Specialist, Office on Aging, Department of Housing and Human Concerns (Item PIA-1(31))
David S. Taylor, Director, Department of Water Supply (Items PIA-22 and -35)
Michele N. McLean, Deputy Director, Department of Planning (Items PIA-22 and -35)
Jeffrey P. Dack, Planner VI, Current Planning Division, Department of Planning (Items PIA-22 and -35)
Gary Y. Murai, Deputy Corporation Counsel, Department of the Corporation Counsel (Item PIA-1(31))
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel (Items PIA-1(31), -22, and -35)
Edward S. Kushi, Jr., First Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: Rosemary Robbins (Items PIA-2(18), -10, and -1(31))

PRESS: *Akaku--Maui County Community Television, Inc.*

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

CHAIR HOKAMA: . . .(*gavel*). . . The Council's Committee on Policy and Intergovernmental Affairs shall come to order. This is the Committee's meeting of November 19, 2013. This morning we have our Vice-Chairman, Mr. Couch.

VICE-CHAIR COUCH: Good morning, Chair.

CHAIR HOKAMA: Good morning, Mr. Couch. And we have Committee members Ms. Crivello...

COUNCILMEMBER CRIVELLO: Good morning.

CHAIR HOKAMA: Good morning. Ms. Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR HOKAMA: Good morning. Mr. Guzman.

COUNCILMEMBER GUZMAN: Good morning, Chair.

CHAIR HOKAMA: Also present for the Committee meeting is Ms. Cochran.

COUNCILMEMBER COCHRAN: Good morning, Chair.

CHAIR HOKAMA: The Chair excuses Mr. Carroll, Mr. White, and Mr. Victorino. Before going on to the Committee's work of the agenda meeting, we will take public testimony. Public testimony is offered to our residents who have comments to share. You have three minutes on items that you wish to give comment on. Please state your name. If you do represent an entity we ask if you would share that information with us also. And also let's see what else, housekeeping. As a courtesy to one another let's put our phones either on off or vibration mode please, Members and guests. That would be appreciated. Thank you. Our first person that we have requested for testimony this morning is Ms. Rosemary Robbins, and she has comments on three items for us today.

. . .BEGIN PUBLIC TESTIMONY. . .

MS. ROBBINS: Rosemary Robbins. Good morning, everybody.

CHAIR HOKAMA: Good morning.

MS. ROBBINS: Welcome back. I'm glad you're thawed. Okay. So the first of the items that I was concerned about, I came down yesterday and went through the binders for all of these, and remember that anybody in the community can come down and do likewise. They're on the

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

seventh floor. The folks are wonderful about making them available. The first item on today's Page 2 coming from PIA-2(18), and it speaks about...I'm sorry, did you want to read this? If...

CHAIR HOKAMA: Pardon me?

MS. ROBBINS: Did you want to read this as to what that is?

CHAIR HOKAMA: No, you can state whatever you want, Ms. Robbins --

MS. ROBBINS: Okay.

CHAIR HOKAMA: --in your comments.

MS. ROBBINS: Okay. It's about filling a vacancy on the Cost of Government Commission. And when I got to the binders yesterday and went over it, I read that . . .*(clears throat)*. . . excuse me, October 22, '13, the Acting Mayor, not the Mayor himself had a request for a resolution to fill that vacancy. I read the resolution and it's item two said that it hereby disapproves of the person recommended by the Mayor. The resolution identifies exhibits that go with that, none of the exhibits was in the folder when I read it yesterday afternoon. I did read, like I say, the resolution itself was the only one that was there available. And I know that when people get a chance to read this later on, they're going to wonder why the Acting Mayor sent that in when the Mayor already had one in, and the Mayor's recommendation had disappeared from the folder. Kind of scary. So I don't know the people who were recommended other than the one that the Acting Mayor sent in. Okay, so that was the first of the items that I was concerned about this morning. And the second one was PIA-10, Proposed Charter Amendments. I am forever grateful for the people who do the work on these Charter amendment recommendations, and so has your voting population if we take a look at what happened in 2012. And it says that there will be no action taken on this this morning. But it's talking about Charter amendments, and the only two papers that were in yesterday's file were from '09 and '10, even though we've had the election and the Charter has been updated in '12, so apparently there were items missing from that folder yesterday, too. Then I thought I saw Mike Molina here this morning and his name was attached to the only two that were in there. Okay, and then on the last one, on PIA-1(31). It's talking about . . .*(clear throat)*. . . excuse me, legal services. And they're, when I read the background papers that were in there, it was very firm that the legal services would not be available to the County employees but to the, their term was qualified public, not to the County. So that is clarified in there. So thank you to all who got those in. If we can get those other papers, and it would helpful. And be happy to answer any questions.

CHAIR HOKAMA: Okay. Thank you very much, Ms. Robbins. Members, any questions for Ms. Robbins on the testimony she has presented on those three items? Having none, Ms. Robbins, thank you for sharing your thoughts with us this morning.

MS. ROBBINS: You're welcome.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

CHAIR HOKAMA: I will go to our East Maui District and ask Ms. Lono, is there anyone, Ms. Lono, in the Hana Office that would care to provide testimony on today's agenda?

MS. LONO: Good morning, Chair. I have no one waiting in the Hana Office to testify.

CHAIR HOKAMA: Thank you very much. We'll go to our Lanai Office and ask Ms. Fernandez, is there anyone wishing to share testimony on the agenda for today, please?

MS. FERNANDEZ: Good morning, Chair. This is Denise Fernandez on Lanai and there is no one waiting to testify.

CHAIR HOKAMA: Thank you. We'll go to Molokai and ask Ms. Alcon if there is anyone there wishing to provide testimony for today's meeting?

MS. ALCON: Good morning, Chair. This is Ella Alcon on Molokai and I have no one here waiting to testify.

CHAIR HOKAMA: Thank you very much, ladies. Members, is there anyone else wishing to provide testimony in the Chambers? Having none, without objection, we shall close testimony for today's meeting, Members.

COUNCIL MEMBERS: No objections.

CHAIR HOKAMA: Thank you. So ordered.

...END OF PUBLIC TESTIMONY...

CHAIR HOKAMA: We shall move on to the Committee's work.

**ITEM PIA-2(18): NOMINATIONS TO BOARDS, COMMITTEES, AND COMMISSIONS
(COST OF GOVERNMENT COMMISSION) (CC 13-42)**

CHAIR HOKAMA: May I please direct you to Policy Item 2(18). This is under the heading of Nominations to Boards, Committees, and Commissions. This is specific to the Cost of Government Commission. We are in receipt of a communication dated October 22, 2013, from Acting Mayor Regan, where he by nominated E. Gayle Long to replace Sunny Gutierrez on the Cost of Government Commission for a term expiring 3/31/18. We had some challenges in having Ms. Long here present this morning. She is not able to attend. The Committee does have time to repost and have her come and attend, since the Chair had some, wanted to ask her some questions regarding how she viewed her role with the Cost of Government Commission, the role of the Commission as it regards also to the newly established and operating Office of the County Auditor. So, Members, it is your Chair's desire this morning to defer this item. We will repost, and we do have time to repost, have Ms. Long attend. And then the Council then also has

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

enough time to make a final determination. So, Members, if there's any questions, I'm happy to answer, if not, I would ask if there's any objections to deferring this matter?

COUNCIL MEMBERS: No objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS (excused: RC, MPV, MW).

CHAIR HOKAMA: Thank you very much. Our Policy Item 2(18) is deferred.

ACTION: DEFER pending further discussion.

ITEM PIA-10: PROPOSED CHARTER AMENDMENTS (CC 09-229)

CHAIR HOKAMA: May I direct you please to Policy Item 10 which is the proposed Charter amendments. We are well aware of where we are in the process. Your Chair, having a very efficient Committee Staff did remind the Chair that if there is considerations that a Member would like to present for consideration on the next election cycle ballot, there are then deadlines that must be met, including the ability of the Committee to do its due diligence and vetment for the Council, for the Council to make its final determination. And then provide the timing for the Office of Elections and the County Clerk Office to do the proper and required, the requirements to be placed on the ballot for the voters to make a final determination. If you do have some areas of subject you'd wish to discuss today, the Chair is open to that discussion. But it was basically about just sharing that we do have some time constraints that we need to be aware of, and that was what the intent of posting today's item for. So is there any questions or comments? Mr. Couch.

VICE-CHAIR COUCH: Thank you, Mr. Chair. When is the last, I guess, time that we have to...what's our deadline as far as getting it on to the ballot?

CHAIR HOKAMA: Okay.

VICE-CHAIR COUCH: And then we can move back from that.

CHAIR HOKAMA: Again, we have prepared for you information, something so you can grab your hands on --

VICE-CHAIR COUCH: Ah, okay. Gotcha.

CHAIR HOKAMA: --and --

VICE-CHAIR COUCH: Okay.

CHAIR HOKAMA: --and get a handle on it. So I'll ask Ms. Hamman to assist the Chair.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

VICE-CHAIR COUCH: That's perfect. Thank you, sir.

CHAIR HOKAMA: So let me just share for the viewing audience of our residents. What I'm handing out is a memo titled Proposed Charter Amendments. It cites Hawaii Revised Statutes, Subsection 11-119(b) as well as Section 14-1(1) of the Revised Charter of the County that deals with some of the election requirements for a Charter proposal. You will see that the timeline I am handing to you is that by March 31 of 2014, Members will have that deadline to work with regarding transmission of resolutions to the Committee that would like to propose an amendment. From the month of April through the June, the Committee then would make the appropriate time and schedule the appropriate meetings to consider those proposals. And in the month of July 2014, Council then we will make its final determination, first and second readings on any proposal, whether it goes forward to the ballot or it gets recommitted back to this Committee. So that is what I'm sharing with you this morning. Are there questions about the information, Members? Ms. Baisa.

COUNCILMEMBER BAISA: Thank you very much, Chair. So in order for a resolution to reach the Committee, it's going to have to be posted before March 31st, so this can move up even a little faster.

CHAIR HOKAMA: Well yes, the sooner the better of course. But, you know, right now I'm a little flexible with the March 31st, and again, I'll be happy to work with you because the scheduling of the --

COUNCILMEMBER BAISA: Yeah.

CHAIR HOKAMA: --Council agenda is, would be your domain, Ms. Baisa. And then also working with Mr. White as it regards to the requirements of the Budget and Finance Committee for its budget requirements.

COUNCILMEMBER BAISA: Okay, thank you.

CHAIR HOKAMA: Yeah. Any other question? The Chair recognizes Mr. White. Thank you for being here, Mr. White.

COUNCILMEMBER WHITE: Good morning, Chair.

CHAIR HOKAMA: We deferred the first item and we are just now going over the memo that I've handed out regarding potential Charter proposals and a timeline for those considerations. Ms. Crivello, any questions --

COUNCILMEMBER CRIVELLO: No.

CHAIR HOKAMA: --or thoughts? Ms. Cochran?

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

COUNCILMEMBER COCHRAN: No, not at this time, Chair.

CHAIR HOKAMA: Okay. Mr. Couch, anything further? Ms. Baisa?

COUNCILMEMBER BAISA: No, thank you.

CHAIR HOKAMA: Mr. Guzman?

COUNCILMEMBER GUZMAN: Nothing further.

CHAIR HOKAMA: Okay, thank you. Mr. White?

COUNCILMEMBER WHITE: No, sir. No, thanks.

CHAIR HOKAMA: Okay. If there's nothing else at this time, Members, I'm going to ask for a deferral on this matter. Any objections, Members?

COUNCIL MEMBERS: No objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS (excused: RC, MPV).

CHAIR HOKAMA: Okay, thank you. This Item No. 10 is deferred.

ACTION: DEFER pending further discussion.

CHAIR HOKAMA: Thank you. We're moving along.

ITEM PIA-22: FEE STRUCTURE FOR FEES COLLECTED BY VARIOUS COUNTY DEPARTMENTS (CC 13-102)

ITEM PIA-35: COST RECOVERY OF LICENSES AND PERMITS ISSUED BY COUNTY DEPARTMENTS (MISC)

CHAIR HOKAMA: Let's move on to Policy 22 which is the Fee Structure for Fees Collected by Various County Departments. Again, we are in receipt of a Communication 13-102 from Vice-Chairman Couch. This is more from the Chairman of the Planning Committee, Mr. Couch relating to the fee structure for fees collected by various county departments. And I thought we would continue where we took up last meeting, we had I believe Fire come up, and this morning who are we going to have? Human Concerns, Ms. Hamman?

MS. HAMMAN: Human Concerns . . . *(inaudible)* . . .

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

CHAIR HOKAMA: Oh, excuse me.

MS. HAMMAN: We were going to have representatives come from the Department of Planning and also the Department of Water. I know Ms. McLean had an appointment this morning. We didn't expect the agenda to move so quickly. I do believe she intends to be here a little bit later this morning. But we also requested a representative from the Department of Water Supply.

CHAIR HOKAMA: Okay. What the Chair will do, Members, with no objections from you, is we'll place Item 22 and 35 toward the end of the calendar to let the Department representatives more time to attend.

ACTION: DEFER items to the end of the calendar.

ITEM PIA-1(31): LITIGATION MATTERS (SPECIAL COUNSEL AUTHORIZATION: LEGAL AID SOCIETY OF HAWAII TO PROVIDE LEGAL SERVICES FOR DEPARTMENT OF HOUSING AND HUMAN CONCERNS) (CC 13-41, CC 13-328)

CHAIR HOKAMA: We do have our Deputy Director Shishido from the Department of Housing and Human Concerns that can assist us with Policy Item 1(31) along with appropriate Deputy Corporation Counsel assistance. So, Members, may I direct you please now to Policy Item 1(31). This is Litigation Matters (Special Counsel Authorization: Legal Aid Society of Hawaii to Provide Legal Services for Department of Housing and Human Concerns). This is a continuation of this item, Members. We had already talked about this from Communication 13-328 from the previous meeting. We do have a proposed resolution to authorize the employment of Legal Aid Society as special counsel to provide legal services for the Department of Housing and Human Concerns, as administered through the Maui County Office of Aging and Aging Title III Federal Program, for a two-year period with compensation not to exceed 73,200 per year. And we also have a revised resolution from the Corporation, Department of Corporation Counsel, dated November 12, 2013, with a revised resolution that clarifies the legal services that will be provided to qualified elderly people and not to the County as an entity. So this morning we'll ask Deputy Shishido if she has some comments she'd like to share with us at this time, please.

MS. SHISHIDO: Thank you, Chair Hokama. Good morning, Council members.

CHAIR HOKAMA: Good morning.

MS. SHISHIDO: I'm Jan Shishido from the Department of Housing and Human Concerns, I'm the Deputy Director. I have with me the Program Specialist Norma Circle from my Office of, Maui County Office on Aging. Good morning.

CHAIR HOKAMA: Good morning. Ms. Circle, you have any comments you wish to share with the Committee at this time?

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

MS. CIRCLE: Just that we have been contracting with Legal Aid Society since 1994. Good morning, everybody. And we'd just like to continue to do so.

CHAIR HOKAMA: Okay. Corporation Counsel, any comments?

MR. MURAI: Nothing further. I'll be glad to field any questions the Members may have.

CHAIR HOKAMA: Okay. Did you work on the revised resolution?

MR. MURAI: No, I believe Mr. Ueoka prepared that.

CHAIR HOKAMA: Okay. So who can speak about the revision of the resolution?

MR. MURAI: Well my understanding, Mr. Chair, is that the resolution was clarified so that it was clear, made clear that the services are being provided to eligible members of the community, namely seniors in Maui County.

CHAIR HOKAMA: Okay, thank you very much. We'll have the Committee be given their opportunity to ask questions. Ms. Crivello, any questions for our representatives?

COUNCILMEMBER CRIVELLO: Not at the moment, Chair.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: No, not at this time, Chair. Thank you.

CHAIR HOKAMA: Mr. Couch?

VICE-CHAIR COUCH: Thank you, Mr. Chair. I guess to the Department or to Corp. Counsel. You've, like you said, you've been doing this for a number of years, and is this the first time we've actually been doing it as a resolution?

MR. MURAI: Yes, it is. That's correct.

VICE-CHAIR COUCH: Okay. And I guess the concern is since we're hiring lawyers that become special counsel, has Corp. Counsel taken a position on that, whether or not that's really special counsel or?

MR. MURAI: Mr. Couch, my understanding is that we brought this to the Council in the form of a resolution in an abundance of caution. In other words, we are using County funds to hire attorneys, therefore if it's construed to be the hiring of special counsel then so be it.

VICE-CHAIR COUCH: Okay. All right. Thank you.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

CHAIR HOKAMA: They're taking a cautious approach because of the Charter and of course through the case that went to the State Supreme Court about who has the authority. And so I would say Mr. Wong is taking a conservative approach that we've discussed, and I've, I supported his efforts. So there's no question about the contract execution down the road later, Council had their opportunity to make a determination. Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: No, thank you, Chair. All of the questions have been answered and I'm clear as to who gets the benefits and why we're doing this. Thank you.

CHAIR HOKAMA: Okay, thank you. Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. No, I think the adjustments you made are fine, and I support passage.

CHAIR HOKAMA: Okay, thank you. Mr. Guzman, any questions, comments or...

COUNCILMEMBER GUZMAN: Yeah, thank you, Chair. Just a quick question on the language of qualified elderly people. Can you define that as in terms of who is qualified?

MR. MURAI: Ms. Circle --

COUNCILMEMBER GUZMAN: What's the criteria?

MR. MURAI: --can correct me if I'm wrong, but it's residents of Maui who are 60 and over, and who are eligible under Title III of the Older Americans Act.

CHAIR HOKAMA: Yeah, mister [*sic*], could you please speak into the mic so that we can have it appropriately...

MS. CIRCLE: And also for caregivers of any age who care for an elderly person. They also qualify for the services.

COUNCILMEMBER GUZMAN: Okay. And there's no need for additional definitions to connect or nexus those provisions or those...is that under a certain law or code that you're referring to?

MS. CIRCLE: The Older Americans Act.

COUNCILMEMBER GUZMAN: Right. Is there a need to refer to that Act in the resolution? Or is qualified elderly people a sufficient enough definition to connect the nexus to the jurisdictional authority?

MR. MURAI: I believe it is. The exact...the terms and conditions of eligibility are spelled out in the scope of service that's going to be attached to the grant agreement.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

COUNCILMEMBER GUZMAN: Okay.

MR. MURAI: I'm sorry, the contract.

COUNCILMEMBER GUZMAN: Okay. So there's no need for citing those?

MR. MURAI: No.

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

CHAIR HOKAMA: Okay, thank you. One question, the RFP is what your Department, Ms. Shishido, had put out, right? It's not a State RFP or anything else, it was the County's, your County Department that put the RFP out for this --

MS. SHISHIDO: Correct --

CHAIR HOKAMA: --proposal before us this morning?

MS. SHISHIDO: --it was our Department.

CHAIR HOKAMA: Okay, thank you. Members, any further questions or comments regarding the consideration before you? I know we had a previous opportunity and we had our questions then. Any further ones? Having none, the Chair is happy to recommend to Council the, to adopt the proposed revised resolution that is attached to a correspondence dated November 12, 2013, entitled Authorizing the Employment of Special Counsel Legal Aid Society of Hawaii with Respect to Providing Legal Services to Qualified Elderly People for the Department of Housing and Human Concerns. And do we need to do any filing? Okay. That would be the motion the Chair is open to. Mr. Couch.

VICE-CHAIR COUCH: Thank you, Mr. Chair. I move to adopt the resolution as stated.

CHAIR HOKAMA: Okay.

COUNCILMEMBER BAISA: Second.

CHAIR HOKAMA: Very good. My apologies, Members, I have one correction. We need to file the County Communication 13-328. And so is there any objections to including the filing of the County Communication 13-328 with the motion to authorize the proposed revised resolution?

COUNCIL MEMBERS: No objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS (excused: RC, MPV).

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

CHAIR HOKAMA: Okay, thank you. That is the motion before you. Any further discussion, Members? Having none...yes, Mr. Couch.

VICE-CHAIR COUCH: Just to make sure we're okay on procedures. This needs a vote of six to pass, is that correct?

CHAIR HOKAMA: That's correct. Special counsel is six votes.

VICE-CHAIR COUCH: Okay, thank you.

CHAIR HOKAMA: No, but that's at the Council level. I think at the --

VICE-CHAIR COUCH: Oh, at the Council level.

CHAIR HOKAMA: --Committee level we can go with a majority according to the Rules.

VICE-CHAIR COUCH: Okay.

CHAIR HOKAMA: Council makes the final determination and that is the six-vote requirement by Council.

VICE-CHAIR COUCH: Okay, thank you.

CHAIR HOKAMA: Ms. Baisa. Okay. So the motion is, that was made by Mr. Couch, seconded by Ms. Baisa. Okay, we need just a minimum of five affirmative votes to move this forward. Okay, any further discussion? If not, all in favor of the motion, please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR HOKAMA: Opposed, say "no". Motion passes with seven ayes, two excused, Mr. Carroll and Mr. Victorino.

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

NOES: None.

EXC.: Councilmembers Carroll and Victorino.

ABSENT: None.

ABSTAIN: None.

MOTION CARRIED

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

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

CHAIR HOKAMA: That was a nice, easy morning, Deputy Director. So thank you very much for your presence, Ms. Shishido, Ms. Circle --

MS. SHISHIDO: Thank you, Council members.

CHAIR HOKAMA: --and Mr. Murai. Okay, we can now, I see our Water Director Mr. Taylor present. So we'll ask if Mr. Taylor and Mr. Ueoka would join us please.

ITEM PIA-22: FEE STRUCTURE FOR FEES COLLECTED BY VARIOUS COUNTY DEPARTMENTS (CC 13-102)

ITEM PIA-35: COST RECOVERY OF LICENSES AND PERMITS ISSUED BY COUNTY DEPARTMENTS (MISC)

CHAIR HOKAMA: Okay, let us go back to Item 22. This is about the fee structure. Thirty-five, it's more about cost recovery, but we'll start with the fee structure. It's something that Mr. Taylor, Director Taylor has worked on for many years. He has come up with his budget proposals for Budget Committee through the years. And this morning we'd like to ask the Director for his comments regarding to fee structures, his current approach to the structure, and if he is looking at various revisions or adjustments for the upcoming budgetary year. So, Director Taylor, thank you for being here. Your thoughts, please, on this item.

MR. TAYLOR: Thank you, Mr. Chair. And we've watched the discussions on this item at previous meetings from previous departments. The Department of Water Supply I think as most of you know, is self-funded through water rates, meaning your monthly bill plus meter fees which is essentially hookup fees for new meter installations. These revenues cover the complete cost of our Department. We do not have individual fees for things like Building Permit reviews, for Special Management Area reviews, et cetera. Those applications come in through either Public Works or the Planning Department, they get routed to us for our share of those reviews. We do not get any of the revenue that those departments collect. We don't have special fees for that. We basically wrap those fees into our normal operating fees. So essentially I would say our philosophy has always been and continues to be that you pay your monthly water bill, and for any new customer, we're reviewing their Change in Zoning, their SMA Permit, their Building Permit, what have you, is eventually they become a customer, and the cost for those reviews are just wrapped into the monthly bills in our normal operating cost. We have no intention at this point of changing our revenue methodology. Basically we're just looking at expenditure versus cost and rate and fee adjustments as we've talked about at length in the Water Resources Committee to meet our ongoing costs. But that is our general methodology, and be happy to answer any specific questions you may have.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

CHAIR HOKAMA: Thank you very much, Director. Appreciate it. Mr. Ueoka, as their Deputy Corporation Counsel, you have any comments you wish to share at this time with the Committee?

MR. UEOKA: No, thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Mr. Couch?

VICE-CHAIR COUCH: No, I have no questions for Water. I'm pretty confident in the way they're doing their...

CHAIR HOKAMA: Okay. Ms. Cochran, questions regarding the Water Department in this area?

COUNCILMEMBER COCHRAN: Not at this time, Chair. Thank you.

CHAIR HOKAMA: Okay. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Yeah, just a question is for your water fees your revenues are set aside for source development?

MR. TAYLOR: There are basically two funds if you want to look at it this way, restricted and unrestricted funds. Restricted funds are just for things that have previously been called source, I'm trying to change that terminology to reliable capacity which could either be source or if there's any bottlenecks in the system, a tank that's too small, a pump that's too small, anything that is necessary to give more meters. I prefer the term reliable capacity because it's more inclusive than just source. But basically when you come in and get a meter and you pay that water development fee--there's a couple of different names for it--that's the restricted funds. So if you get a new meter, the money you pay can only be used for things that support more meter issuance, whether it's source or reliable capacity. The monthly bill you pay, the unrestricted funds, that can be used for anything. It can be used for salaries and electricity. It can also be used for source development, so there's no restrictions which is why it's called unrestricted. So your monthly bill can be used for anything, but when you come in and pay a fee for meters, that can only be used for things that support new meters. Something we've gone over in the Water Resources Committee is that the money that comes in, the unrestricted...the restricted funds that we've been collecting come nowhere close to the real cost of source and reliable capacity, that's always been made up for with rates. So that's something the Water Resources Committee has had a lot of discussion on, and in last year's budget this body approved doubling basically the meter fees to try to catch up a little, but that still is not close to the actual cost of the restricted fund program.

COUNCILMEMBER CRIVELLO: So but if we wanted to get information from your Department in regards to the different districts as far as water development, the actual cost, and the actual revenues, that's available from your Department?

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

MR. TAYLOR: We have I think gone over a lot of that in Water Resources Committee. And at some point I think we talked about this in Water Resources Committee last week, before budget next year, we have just, we're just wrapping our next version of our 20-year plan which looks at Capital Improvement, rates, fees, Debt Service, all these kinds of things, and very specific information about projected cost for each district are included in that. So I would just appreciate if the Council could just wait a couple months. Some point in Water Resources Committee we'll put this on before budget and we will include exactly that information. It is part of this next presentation we want to put on to you folks before budget so you can have a better idea of exactly those kinds of answers before you see our budget in March.

COUNCILMEMBER CRIVELLO: Thank you. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you very much. Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. You mentioned that some of your fees are for the hookup fees and the water meter fees. Can you tell us what the, how you determine the basis for those fees? Is that a cost recovery or is that an arbitrary set fee that you just, it's just out there? Just inquiring in terms of your, that analysis.

MR. TAYLOR: When we came in a few years ago...I'll never call it arbitrary. There have been a number of studies that have been done over the years to try to project actual costs and come up with what these fees should be. I can say that the hookup fees, for lack of a better term, the fee you pay to get your meter has always been much, much, much lower than the real cost of supporting that meter. So I suppose you could almost call them arbitrary in the low region. I mean I think everyone's always known the real cost is here but no one ever wanted to charge that, so they've been sort of arbitrary from the sense that they've never covered the real cost. And I think it's more of a social value decision of, for things like helping first-time homeowners, affordable housing, to try to keep those costs down and have your monthly fee, your monthly water rate subsidize that program. So that decision I don't want to call it arbitrary, I think it's been discussed with this body for decades to try to find the right balance that mirrors community values about how we should pay for these things. But the bottom line is the Water Department does not make a profit, and it's pretty easy to tear into these numbers and see which things we charge more for than we collect and in which areas and where we're, you know, where the opposites of those are. But at the end of the day nothing is arbitrary because it all has revenue equaling expenditure.

COUNCILMEMBER GUZMAN: That was a pretty good response. But I'm just, what I'm getting at now is basically is there another analysis that...you've mentioned that you do take that into consideration, and is there like a formula then in terms of...is this a hybrid? Is it cost recovery and a subsidy together, or is that just, I guess I'm just, I'm asking whether there's an actual formula?

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

MR. TAYLOR: What we did, we put on a presentation last year at some point or within the past year at Water Resources Committee where we looked at all of the growth needs and how much that would cost, and off the top of my head I seem to recall we came up with a round number of about \$200 million in capital needs to support General Plan growth through 2030. I don't remember the exact numbers. So we said okay, we can pay for that a couple different ways. We can have growth pay for growth and say how much would, what would the meter fees be to completely come up with that \$200 million based on the General Plan growth. And we divided all that up and did some math and say look, meters would be...and again, I don't remember the number, I think it was somewhere around \$26,000. And so just imagine a 5/8 inch meter, if we charged about \$26,000 and that's a meter for a single-family home, that \$26,000 would be enough to pay for...if we collected that from each house that's built, you know, through 2030 plus more for bigger meters for commercial and things like that, that would be enough money to pay for the infrastructure, pay Debt Service on the loan, something like that. So we showed that's one way to pay for it, a pure growth pays for growth and we presented that to the Council. So that would be a zero subsidy from existing users. On the other hand we said look, what if we get rid of that idea and say no more meter fees and we're just going to put everything in the monthly fee and everyone pays in and how much would that be? And we came up with rate increases, I don't remember what the number was, but it was something like, you know, more than 10 percent a year compounded annually, some very large rate increase. So that would be no meter fees, all in the rate increases. And then we came up with four or five in the middle, you know, 20, 80/20, 50/50, whatever, and we presented all this to the Water Resources Committee saying look, any of these have revenues balancing, meeting expenditures, but it becomes really a value judgment, social values of how do you want to balance it. So the formula is revenue has to balance expenditure but you can do 90/10, 10/90, 50/50, 60/40 or anywhere in between. We put together a bunch of different options saying look, they're all mathematically valid. We laid them in front of Council, it was before budget next year. We gave some recommendations, and our recommendation was basically that we double meter fees and then raise them \$2,000 a year over the next few years. And that still wouldn't meet a pure growth pays for growth, but it would get closer to that than where we are now. So we made the first move with that with the Council's cooperation last year by doubling the meter fees and having a smaller monthly rate increase, and this year, you know, we basically intend to, you know, pursue that logic. But again, that's a year-by-year decision that we'll make in conjunction with the Council. But again, our way of doing it is to look at what the real capital costs are, divide that up to a number of different ways to fund it, and then every year in Budget have this discussion about, you know, are we in the right place, should we move it further back, et cetera. So there is no one formula. We're trying to give a wide variety of options so the Council can choose rather than just agree or disagree with us.

COUNCILMEMBER GUZMAN: Thank you. Thank you very much. That was good.

CHAIR HOKAMA: Okay, thank you. Mr. White?

COUNCILMEMBER WHITE: No questions. Thanks.

CHAIR HOKAMA: Ms. Baisa?

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

COUNCILMEMBER BAISA: Thank you, Chair. Mr. Taylor pretty much answered my questions. I was, you know, thinking about, yes, we know the way it's done, what I was more interested in is is there a better way to do it and did he have any recommendations or ideas? And he's saying that they're working on something and that we should see that pretty soon. And so that's where I want to go. You know what we're doing, we're doing and it, we all know the problems with what we're doing, so I'm really interested in new ideas. Thank you.

CHAIR HOKAMA: Yeah. Thank you. And so even if we looked at Item 35, Director Taylor, which is the cost recovery regarding licenses and permits, I know you made some comment in your, earlier in your opening comments about, more about the fees. You have anything you want to share about, regarding permits and licenses? You know you mentioned about yes, you really don't get a revenue stream from the Building Permit review and sign offs that I guess your Department is required to do in a permit review application process. But are there other points you wish us to be more knowledgeable and aware to make a better decision down the road on this items?

MR. TAYLOR: Only that I hope the Council keeps in mind that my understanding is when the Planning Department did their study which I know was the beginning of this discussion, I believe they looked at their costs for processing these permits and cost recovery. Just remember that just like the Department of Water Supply also reviews these permits, so do many other County departments, so do State departments. So the real cost for processing these permits is not solely the Planning Department's staffing costs, it's also, you know, Department of Land and Natural Resources, there's all these other staff that are paid for out of, you know, either State General Fund or County General Fund or County sewer, County water. So just keep in mind that there are costs that are absorbed at other places because the Building Permit, the subdivision reviews and SMA Permits, Change in Zonings, all these things go through a routing of many different local, State, and Federal agencies, all of which have man hours and costs associated with them. And so the...I guess I'm just a little worried that if we start raising fees for these things, these other agencies, especially non-County agencies start saying hey, where's our share because we're absorbing these costs, too. So I just want to throw that out there because there are a lot of people and a lot of different agencies that put time and money and man hours into these various permit reviews.

CHAIR HOKAMA: Yeah, thank you for that comment. For those of us that have gone through permit applications we understand your comment very well. Mr. Couch, any additional questions in general regarding cost recovery or of licensing and permits for Water?

VICE-CHAIR COUCH: Not for Water. Thank you.

CHAIR HOKAMA: Okay. Ms. Baisa, anything in this area?

COUNCILMEMBER BAISA: No.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

CHAIR HOKAMA: Mr. White?

COUNCILMEMBER WHITE: No.

CHAIR HOKAMA: Mr. Guzman?

COUNCILMEMBER GUZMAN: I guess I...one more question, Chair.

CHAIR HOKAMA: Sure.

COUNCILMEMBER GUZMAN: Are there any like luxury items that we could like analyze in terms of...when I say luxury items, things that are not really a necessity but people get because it's something of value that they want and it's like a luxury item that could possibly be looked at as a cost recovery. I'm just trying to follow up with Chair Baisa. Is there any other items out there that we could look at to try to get a cost, a full-on cost recovery from?

MR. TAYLOR: I wouldn't use the term luxury for really any services provided.

COUNCILMEMBER GUZMAN: Yeah, just lack of a better term.

MR. TAYLOR: No, in all seriousness, I mean there...you know we had a talk last week in Water Resources Committee, there was a lot of talk about agricultural water, so...and how we're subsidizing various aspects of the community. I don't know whether you consider that luxury that somebody's real costs are being subsidized, and is it for food that's being grown here or for non-food items that are agriculture that are being shipped off. I wouldn't...we could...we know how much we're subsidizing different areas, how much we're subsidizing different demographics, we have some information on that, but whether or not those are luxuries or those are just part of the operation of the community, I, you know, I really wouldn't know how to address that question. But we certainly know where the money comes in and where it goes out, and which sectors break even and where we, you know, come out a little ahead and where we fall behind. And we're certainly open to those discussions which is a lot, I think, what we were discussing at the last Water Resources Committee.

COUNCILMEMBER GUZMAN: Thank you, Chair. I think my wording may have been...it's just a lack of a better term, I didn't know how else to define that. But I get...you understand my gist, so I'm just trying to find a new avenues, different ways to look at things.

MR. TAYLOR: We could shut off the water on the eighth floor of the County Building if you consider that a luxury.

COUNCILMEMBER GUZMAN: Yeah, that might be a luxury. Thank you very much, Chair.

CHAIR HOKAMA: Thank you. Ms. Crivello?

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

COUNCILMEMBER CRIVELLO: No, thank you, Chair.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: No, thank you, Chair. I mean I'm just trying to figure out the luxury word that Mr. Guzman brought up. But and what came to my mind, Director Taylor, was perhaps, you know, swimming pools and big water fountain features and things of that nature that's utilizing water that perhaps evaporate and thereby are using more source. So that's where luxury came to my mind versus ag is providing some type of food, crop, or what have you, water obviously to flush our toilets, to take a bath with and things. But so that was kind of my, I thought he was heading towards that discussion in regards to luxury, per se, items. So I, if any comments. I'm not, I don't want to put words into Mr. Guzman's mouth, Chair, but that's, I don't know, what came to my mind, and it sounds kind of interesting to discuss.

COUNCILMEMBER GUZMAN: Yeah, that's exactly where I was going, but I just didn't know how to --

COUNCILMEMBER COCHRAN: Okay.

COUNCILMEMBER GUZMAN: --say it in one word. Thank you.

MR. TAYLOR: And thank you. And I guess with that group effort of what you want to know, I mean there's a lot to talk about there. This is something talked about on our industry all the time. You could start with, you know, whatever word we're using, non-essential...the primary purpose of the domestic water system is public health and safety. It means drinking, showering, cooking, fire flow, you know, those are the essential purposes. We've got these secondary essential purposes of the economy. Obviously we need money to keep the economy going to live the lives we live. So now you get into the grayer area of, you know, especially with resort hotels, well if they're the front lines of the economy and they don't have swimming pools and fountains, do they continue to generate revenue that funds property taxes, et cetera, et cetera? Whether or not that is a luxury or whatever word we're going to use or whether that is an economic necessity, it's not really something our Department struggles with, we provide water. Whether or not having grass in your backyard for your dog or your kids to play on is a luxury or whether that is a priority, different people can think of different things that way. From the pure sense of getting enough water for you to drink, to cook, to shower, to stay alive and provide fire protection, you can probably get rid of half the water that doesn't meet that criteria and no one is going to die overnight. So but whether, but these issues of aesthetics and the economy and these kind of things, I really have no real strong position on that. It is talked about about what is essential, what is not. We talk about it in things like water shortages, what can we cut back that isn't essential? What is essential to life, health, safety? We look at it in our emergency plans of if for two weeks the goal is to just keep everyone alive. If you assign that as priority and everything else is luxury, we could probably get by on 10 percent of the water, and no one is going to die of dehydration or anything like that for a couple weeks. So how you get into, you know, the economics of water for swimming pools and fountains and aesthetics, I don't know that there's

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

any generally accepted methodology to divide those things into categories and look at them that way. So I don't know that we can be of much help with that. Again, it becomes more of a social values than it becomes an operational issue.

COUNCILMEMBER COCHRAN: Right. Thank you. Thank you for your comments, Chair...Director. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Director, just a few questions that I'm interested in. With your Department's efforts in the water use and development plans for the County, is there a financial component of just what...have you finished up the district needs within the water use and development updates as well as potential financing options of how to address it?

MR. TAYLOR: Thank you, Mr. Chair. We...the water use and development plans are defined by State law and they're, each county has to do a Water Use and Development Plan for its entire county. It's important to remember that the Department of Water Supply system only uses 10 or 15 or 20 percent of the total water used on this island. The rest of it is used by large agriculture, by private water systems, et cetera. So the Water Use and Development Plan is supposed to be, I like to call it a sister document to the Maui Island Plan. A big picture how do we match water needs to these different uses, most of which are water needs that are not County Department of Water Supply water. That's the general purpose of the Water Use and Development Plan. So what we've done is we've tried to make the Water Use and Development Plan effort not focused on the Department of Water Supply but focused on the big picture. What we've been trying to do is do our, these internal studies, if you want to call them and presentations to the Council that we've been doing in Water Resources Committee about our Capital Improvement Program, our rates, our fees. We've been trying to yank that out of the Water Use and Development Plan and just present it to you as any other County management effort, what are the services we provide, what are the costs to provide those. So as we finish this and this is the presentation I'd like to put on to you before budget this year, we'll summarize that and probably make it a chapter in the Water Use and Development Plan. But it isn't, it will just be one chapter in the Water Use and Development Plan, and we're not waiting for that whole effort to try to get our utility operations including costs more defined and get feedback from you folks and deal with that in Budget, not in the acceptance of the Water Use and Development Plan. Because there is no financial component necessary in the Water Use and Development Plan, it's primarily for the State Water Commission to help them understand our overall needs and to allocate water, not to set rates and fees. That's really not what the Water Use and Development Plan is for, so we've separated those. We're trying to deal with County issues on a more local level and not have the Water Use and Development Plan focused on County issues that can be dealt here, in Water Resources Committee, and in the Budget and Finance Committee.

CHAIR HOKAMA: Okay. Well I'm happy that at least you have a chapter that shows there was some thought, review process, you know, with...and I understand the allocation parts, Director, and to me that's a key policy decision that Council needs to make on allocations. But I just wanted to know how much of a financial component that was, because eventually...I haven't been a big supporter but there may be more discussions down the road on what I call DIPs or district

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

improvements projects. It's, you know, different counties do it differently. Some call it community improvement facilities type of financing, but those that are going to get the improvement is the ones that pay for the improvement, not the whole user base. So if it's Lanai and we want this then, you know, Lanai is going to be drawn a circle and only 3,000 people are going to pay for the improvement, not the whole County, if that's what we really wanted on Lanai. And I think that should be some of the options that we should be looking at so that we can also explain to the districts this is what it takes to do certain things in just your district and what it takes to make those improvements and the cost it takes to implement and complete those improvements. You know part of my thing at traveling nationally is that there's a lot of disconnect between what people feel they should pay and what the actual cost of those requests are. And, you know, a lot of it is really fantasyland. I mean a lot of people have no clue, who believe government should be paying or assessing the amount that it takes to provide the service, and it's a national thing. Mr. Taylor has a big challenge, I can appreciate. But I think part of the discussions we're having today will assist us in assisting the Department with the resources to get those good analytical information to help come up with the better options, and as Ms. Baisa mentioned, the need for, to look at new ways of doing things and better ways of doing things. So those are my areas of interest this morning with the Water Department. Is there any other questions for Water Department? Mr. Taylor, you did a great job. Thank you very much for your presence. We look forward to your near-future presentations for Water Resources and eventually what you'll submit to Budget for consideration, so thank you.

MR. TAYLOR: Thank you, Mr. Chair.

CHAIR HOKAMA: Members, why don't we take a very short...what do you guys want, five, ten minutes? And then we'll have Mr. Dack from Planning come up and we'll enter the area of the Planning Department. Short break, Members? Okay, someone's . . .(*inaudible*) . . . Okay, I need a men's break. So we'll take a, we'll come back at 10:05. . . .(*gavel*) . . .

RECESS: 9:57 a.m.

RECONVENE: 10:07 a.m.

CHAIR HOKAMA: . . .(*gavel*) . . . This Policy meeting of November 19, 2013 shall return to order. We do have the Planning Department. And I know how the conversation can kind of go between Item 22 and 35 and the Chair is very open to that discussion, and I can understand how it can easily stray between 22 and 35. So I'm not going to be so, I'm going to be more loose on how the conversation and discussion goes between our Planning representatives and the Committee. So feel free if it goes between fee structure and cost recovery, it could be also very related. So at this time I'll ask our Deputy Director of Planning if she would like to share some opening comments on this subjects?

MS. McLEAN: Thank you, Chair, Committee members. With me also today is Jeffrey Dack who is a Senior Planner with our Department, who has been the lead on a fee study and proposed fee schedule change for the Department that's been going on for quite a few years. Just a minute or

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

two background that back in 2006 when the County Council initiated the Zucker Audit, the performance audit of the Planning Department, one of the items that was in that audit talked about the Department's fee structure and how the trend is to approach cost recovery with permitting fees. So as a result of that in 2008 or in FY '09 the Council approved a budget item for the Planning Department to conduct a fee study, and that was performed by a group called the Matrix Consulting Group in 2009 prepared a study to propose updates to the Planning Department's fee schedule to approach a cost recovery model. Right now the Planning Department recovers about 19 percent of our fee-related services, meaning that 81 percent of our processing costs are subsidized by the General Fund. And the Matrix Group proposed a phased-in cost recovery model where it would be phased in over five years. The first year would approach 30 percent cost recovery and each year would increase 10 percent, so after 5 years we'd be at about 70 percent cost recovery. When that study was concluded, it's not clear why, but those findings were never formally transmitted to the Council. So a couple of years ago when the new Planning Director and I came in, the first budget that we prepared we forward that fee study and a proposed new fee schedule to the Council, and that's when this bigger discussion began. And it was well, if we're going to look at cost recovery, why don't we look at more than just the Planning Department services, we should be looking Countywide and establish this as perhaps a County policy. So I think we might be sort of the ones responsible for this item being in your Committee, Chair. And because the last comprehensive fee update for the Planning Department was in 2000, so whether we move toward a cost recovery model or not, I think we would probably be looking at some fee changes in an upcoming budget, whether it's based on cost recovery or whether it's just like an across-the-board increase, we do want to look at changes to our fee schedule. And I'm not sure if the Committee received that long matrix that was part of this item before. Jeffrey's again, the expert on the study and the details of that, and also the details of the proposed changes. I don't think today you want to go through those individual numbers, but we're happy to answer any questions with those details that you might have.

CHAIR HOKAMA: Okay, thank you very much, Director. Mr. Dack, do you have any comments you might want to share at this point?

MR. DACK: No, but...no, thank you. The Deputy Director gave a good . . . *(inaudible)* . . . presentation, so I'm certainly open for any questions. Thank you.

CHAIR HOKAMA: Okay, thank you very much. Mr. Couch?

VICE-CHAIR COUCH: Thank you, Mr. Chair. And I guess to the Members and to you, Mr. Chair, the question arose in the, my Planning Committee that there...we were given a list of the timetable and the 30 percent cost recovery all the way up to as the Deputy Director said. The question arose well you've got big developments here that can afford to put that into their total costs and then you have the individual one-offs that do we want to recover the complete cost on them as well? So that's when I decided to ask as a nine-member body to discuss what policy we wanted to do, and not only from the Planning Department but from all the departments. There are some departments that yeah, you're going to do cost recovery, Water is a good example, and there are

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

other departments where you're not going to get any cost recovery and that would be Fire and Police. So somewhere in between --

CHAIR HOKAMA: Yet, yet.

VICE-CHAIR COUCH: --is Planning and Parks and Public Works and not much, so much in Public Works either. So I guess we just wanted to do the discussion to see what are we going to do, and now we're at Planning and the question is do we want to just go small increases when we feel it's needed or do we want to try and cost recover in Planning? And I'd like to find out from the Department, you know, how many other planning departments throughout the country...and maybe you too, Chair, in your association with NACo and what not? How many other planning departments throughout the country actually do cost recovery versus just a fee to at least help supplement the cost?

CHAIR HOKAMA: Director.

MS. McLEAN: As I mentioned, at the time that seemed to be the trend. I don't know that we've since that time researched which departments, but part of the study included other municipalities. One thing I want to mention though and I apologize for not including this in my initial remarks 'cause this is really important, we were asked to do some more outreach when the item was first discussed in Councilmember Couch's Committee. And so we held some target meetings with different developers and contractors and also a couple of public meetings. And I was very surprised to learn at the public meeting that members of the public felt that it was justified for some of our permitting cost to be subsidized by the General Fund, because it's our process that makes it a public process that allows the public to be informed of development applications, that it gives the form for public testimony and public hearings that requires notification of surrounding property owners, et cetera. And while there was some sentiment that while a developer benefits from their project so they should be burdened with the application costs, there was very strong public sentiment that no, that makes it our process and that's something the taxpayers should contribute to at least in part. I was surprised to hear the strength of that sentiment. Back to your question about how common is this, how many municipalities are doing it, we can certainly look into that a little bit but we don't have an answer for you now.

VICE-CHAIR COUCH: Thank you, Mr. Chair. And part of it too was, part of the comments that at least I heard was that if you, you know, want to get cost recovery then we need something in return as far as efficiency. I mean a lot of the inefficiencies are imposed by our ordinances and all kinds of other regulations. Well and that's why it costs so much to do it as well. So it's kind of a mix and this I think is the best forum to have this discussion. So that's another piece of the pie is the regulations and the length of time and all the red tape you have to go through. So that's the reason for bringing this up. Thank you, Chair.

CHAIR HOKAMA: Understood. And I think many of our sister counties are going through various subject matter revisits, you know, we're doing it with cost recovery. San Francisco is revisiting rent control. They have this thing called the Ellis Act. It's maybe 40 years old but they've

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

added, tweaked here, and now they're wondering if the whole act and the intent is not morphed into something that they really don't want anymore. Especially the question of City and County of San Francisco needs desperately, what they want is a highly trained, skilled professional force for their technology sector. Their problem is the affordables and the low income under the rent control is stifling the ability to get the high-end employees the type of housing the tech sector wants. And it's interesting, they're going through major philosophical and financial review like we are going through with fees and cost recovery items. But one thing I can tell you is that to assist not only this Committee but also the Department, what I'm pushing for and we've utilized it in Mr. White's Committee is the peer-to-peer exchange. Go talk to the sister counties that have done the due diligence, have made some implementation adjustments, see how the workings and then take the good things from them. And I can tell you Michigan is moving along. They've used, you know, we were the guinea pigs basically, and because of our success, there's momentum going. And now I'm looking at it for a peer-to-peer exchange for us in record managements. Oakland County in Michigan has moved forward, Maricopa County in Arizona has moved forward. They're a lot bigger than us, they've had big successes, and I think we can learn and get some benefits without paying high cost consultant contracts by just going to the peers. So that's something that if you want we can help you with your sister counties' planning department efforts, but we're going to need to look at counties that are similar to us. You know many states are, the counties have total different responsibilities and jurisdiction, so I would say we gotta go find similar sister counties that fit our needs. Ms. Baisa, your thoughts and questions for our Planning Department?

COUNCILMEMBER BAISA: I have many thoughts. You know every time we get to talking about cost recovery and what should pay its way and what shouldn't pay its way and how much we can charge people and still function and, you know, not overburden our citizens, unlike our Deputy Director, I'm not surprised to hear the public saying we're willing to support this from General Fund, because we feel it's an essential part of operating our County. So that's not a surprise to me. What is a surprise to me is the fact that while we all talk that way and say oh yeah, General Fund should pay, none of us want to pay. You know when we sit here saying we need more money because we have to run the department and, you know, cost of everything goes up, collective bargaining goes up, cost of operations, everything, everything goes up. Nobody wants to pay any more. So that's where the rubber hits the road is, you know, we can talk beautiful ideas about fees and recovery and, you know, philosophical stuff, but when it comes to who's going to pay, that's where the trouble comes in. And I don't have an answer for that. But I was trying to think maybe, Chair, it would be helpful to set a framework in which we're having this discussion. And there's two questions and I know they're hidden in the study somewhere, but maybe it would helpful if Mr. Dack could just throw out some figures for us. And that is what does it cost us to operate the Planning Department? How much of it is recovered in fees at this moment? And how much is the General Fund subsidizing? I think that'd be a really good beginning point. Thank you.

CHAIR HOKAMA: That, those are very good questions, and, Director or Mr. Dack, if, are you able to respond to Ms. Baisa's multiple question?

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

MR. DACK: I don't have any current data. The study was done a few years ago and so all I have is to report to you from the study timeframe which is about three or four years ago. But at that time...you've...your Committee...well various of your Committees I guess have seen this big spreadsheet --

COUNCILMEMBER BAISA: Yes.

MR. DACK: --on a number of occasions. And it showed that at least as of the year it was done, I think it was year, Fiscal Year '09 that about, the budget was about \$5 million. It looked like there were non-user-fee activities that would, that they figured would cost about a little over \$3 million at that time. They figured that there could be user fee kinds of potential activities that would cost a little over \$2 million. And at that time the Director Deputy did mention the 19 percent, 81 percent split of where, for those user fee types of or those potential user fee types of activities the County was at that point recovering about 19 percent of the County's expenses for it, with 81 percent being subsidized.

COUNCILMEMBER BAISA: Yeah I know that this is something you're extremely familiar with and that you have tons of information. I'm trying to keep it really simple.

MR. DACK: Okay. I'm sorry.

COUNCILMEMBER BAISA: What does it cost to run the Planning Department and how much do we get back from whatever we charge people?

MS. McLEAN: It costs just under \$5 million. Our annual budget is just under \$5 million. I'm just going to use round numbers.

COUNCILMEMBER BAISA: Yeah, we can work in big numbers, that helps.

MS. McLEAN: So let's say \$5 million.

COUNCILMEMBER BAISA: Yes.

MS. McLEAN: The study projected that if we had 100 percent fee recovery we should aim for about \$2 million. So in other words, \$3 million of the 5 million are fees that are not, are costs not directly related with permit processing. So that's not all the Department does is process permits. So the study aimed to recover...the study concluded that if we were to have 100 percent cost recovery of our permit fees we should aim for \$2 million in revenue.

COUNCILMEMBER BAISA: And what is the situation currently?

MS. McLEAN: About \$400,000.

COUNCILMEMBER BAISA: I think that's the number I'm looking for.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

MS. McLEAN: Okay.

COUNCILMEMBER BAISA: Okay. So we're spending 5 million, we're getting \$400,000 back.

MS. McLEAN: Correct.

COUNCILMEMBER BAISA: So to me that paints the picture that we're spending an awful lot of General Fund money on operating the Department, and to me this is a big factor in how we decide how we're going to go after cost recovery. And I know there's a plan and I know there's a study, but the question is how much will the market bear and how much are our taxpayers ready to put out? You know we haven't had a discussion on anything that we want to expand or we want to do or we want to buy, whether it's water or land or whatever that we don't get into I don't want to pay any more. So until we solve that philosophical question of who wants to pay, to me this is academic. Because we can sit here talk 'til the cows come home, but somehow we gotta convince people that if you want everything, we gotta pay. And so, Chair, that's where I'm at. You know I don't like spinning my wheels. I'm sorry but, you know, I'm a real practical person.

CHAIR HOKAMA: No apologies, Ms. Baisa. At least we know what you want and where you want to go, so that helps, that helps a lot.

COUNCILMEMBER BAISA: Thank you.

MS. McLEAN: If I may, Chair?

CHAIR HOKAMA: Yes, Director.

MS. McLEAN: In that same vein, if this cost recovery model were implemented to the extent that it's recommending so up to 70 percent cost recovery, it, we, the extra revenue generated by this model would be about \$1 million a year.

COUNCILMEMBER BAISA: Chair? And that would be very helpful, that would be very helpful, but, you know, again, I don't know how we convince the public that we cannot continue just to operate and keep everything the same. You know we had this problem in Water, we kept rates for years and years and years and we didn't raise it, and when we did, it's shocking to people that oh my God, you want me to take a meter from \$3,000 to \$12,000, how can you do that? And so I think one of the problems that we have is that we wait too long to act, and that's us of course dragging our feet, having a hard time making decisions, but, because all of the things that come into making a decision. But if we said okay, inflation is 3 percent in that department every year, well everything goes up 3 percent, we'd solve it, but we don't do it that way. Politically it doesn't work that way and, you know, we have to deal with the public and their reaction. So we have a really tough decision here. Chair, I don't envy you, you know, with this kind of issue in this Committee, but I think we have to deal with it at some point, because it's going to get worse

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

and worse and worse as our costs continue to escalate. You look at what has happened just this year alone in terms of increased costs, and I know I'm preaching to the choir and I'm sure Member White is ready to reel off a whole list of how much more it's going to cost us in budget next year, but it's kind of frightening. I think we have to make some kind of policy and we just gotta go. Thank you.

CHAIR HOKAMA: And it was my intent down the road after we get the appropriate discussion and comments from the departments is to ask the Committee is there a target we want to hit for the short term on cost recovery, whatever that number is, 50 percent, 75 percent? And, you know, make it clear to the departments this is what we're looking at, tell us what you need in the adjustments of rates and fees to get this type of recovery, and let us make a decision on it. I'm with you, we need to make decisions. Because I, you know, we watch everybody wants government to keep giving the discounts, you know, but you wanna go on plane, you gotta pay whatever they say is your seat. You know you want that car, they're going to make you feel good and say I'll give you 20 off after they marked it up 120 so they still make their 100, you know, because they think they're getting a deal. Well my thing is we gotta show them that the service they receive is worth what they're paying.

COUNCILMEMBER BAISA: Right.

CHAIR HOKAMA: You know, you know.

COUNCILMEMBER BAISA: And, Chair, really there's no pot of gold in the sky, right? If we don't take it out in rates and fees we're going to take it out in property tax, we'll take it someplace. So, you know, this is difficult but, you know, that's unfortunately why we're here.

CHAIR HOKAMA: Yeah, yeah.

COUNCILMEMBER BAISA: Thank you.

CHAIR HOKAMA: Thank you. Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Yeah, that's the reason that it's in this Committee. You know I feel that we can approach this in a number of different ways, but I think the challenge for me is we were given a proposal to increase the fees in the Planning Department only, and for me it's a fairness issue. If we're going to go down the path of user fees then how many other departments are in the kind of operation where those user fees could and maybe should be implemented? So that for me is the overall, the overarching question is, is this a direction that we should go in and to what extent do we move in that direction? Because, you know, we've got the issues where we're subsidizing a significant portion of the Solid Waste Department. We're subsidizing, I don't know what the percentage would be but probably in the neighborhood of 99 percent of the Parks and Recreation Department. Do we want to charge users of our parks? Do we want to charge, you know, for tennis courts, for basketball courts and things of that sort? And if we're not willing to do that then should we be charging others? I

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

mean we can, you know, we can pick and choose what departments we subject to user fees, but for me there is a, there's a significant public benefit that we're generating by virtue of operating the Parks and Recreation Department, by operating the Solid Waste Department the way we do, by operating the Planning Department the way we do. As Ms. McLean said, there's a significant benefit to the public by virtue of what process they put developers through. So for me the simplest way is just to continue to do it by virtue of property taxes as opposed to user fees, but I think it's a discussion that we need to have and I'm certainly willing to participate in that discussion.

CHAIR HOKAMA: Okay, thank you. Mr. Guzman, questions or comments with the Planning Department?

COUNCILMEMBER GUZMAN: Thank you, Chair. After having a full-on Department break and I was able to more formulate my question on terms of the luxury item, and thanks to my colleague Elle Cochran. I guess my point is basically if there's a way to determine how you can prioritize essential use versus non-essential services, and if we can identify those non-essential services, maybe that's the carrot that we need to look at in capturing more of the cost recovery in that sense. It may not apply to other departments but maybe some of the other departments that do have that non-essential services, maybe we can look at maybe increasing those fees to more, to basically capture those cost recoveries. In our Planning Committee, you guys mentioned something about using a hybrid method in another jurisdiction, and I can't remember what jurisdiction that was. I wanted to know if you had done further studies on that or research, because I remember one of our questions was instead of using the, I guess, the end number of 75 percent, there was another jurisdiction that had a different component or used different components to basically in a sense a hybrid method. And I believe your Department said you would come back and research that, if that was going to be a viable method for our own County.

MS. McLEAN: I'm flipping through the study right now to see if anything jumps out at me relating to a hybrid type system. I recall talking about where this, the proposal talked about it being phased in over 5 years at 10 percent a year, and we did talk about maybe doing it 5 percent a year over 10 years or doing it 10 percent a year every other year so that it phased in --

COUNCILMEMBER GUZMAN: Right.

MS. McLEAN: --more slowly. I know that was one thing that we talked about. We did also come up with some language to address the little guys or the one-offs.

COUNCILMEMBER GUZMAN: Yeah, that's what it was, the hybrid, yeah.

MS. McLEAN: We did also come up with some parameters for that, and I think that, those costs, what we had proposed would remain either at the existing level or it would have only a nominal increase over what the existing fee is for that. So those were the only adjustments that we had made as a result of that last, the last Committee discussion.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

COUNCILMEMBER GUZMAN: Oh, okay. So then you're ready to present those findings?

MS. McLEAN: We can. I mean it's also based on feedback from the Council, because we don't want to put out a proposed fee structure for our next budget if the Council's not ready to talk about a different model. So...

COUNCILMEMBER GUZMAN: Yeah and I can remember that during the discussion at the Committee level, the issue was, was that fee structure going to affect the little guy? And that's wherein the question came out was hey, are there other jurisdictions that use a different method? And I believe your Department said yes. It might have been Oregon or California, one of the two, and you said you were going to come back with information. So I look forward to seeing that information.

MS. McLEAN: Okay.

COUNCILMEMBER GUZMAN: Thank you.

MS. McLEAN: Thanks.

CHAIR HOKAMA: Okay, thank you, Mr. Guzman. Thank you for being here, Mr. Victorino. I'll let you settle. We are having a discussion on Policy 22 and 35.

COUNCILMEMBER VICTORINO: Thank you, Mr. Chair.

CHAIR HOKAMA: We have Planning Department so why don't you take a few moments and I'll return to your opportunity.

COUNCILMEMBER VICTORINO: Thank you.

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. Thank you for being here. In regards to your Zucker Report, I understand that we had 105 recommendations assigned to Planning and 35 of that 105 is relating to the Department's productivity and the processing of applications in a timely manner, and 8 I guess have been completed of that 35 for your implementation. So in talking about revenues and cost recovery, would you...well if the permitting process is ongoing and we are able to efficiently with the applicants following all the requirements or being in compliance, I look at payments versus the completion of the permitting process, and then once the building is in place or the improvements or what have you, we are able to bring revenues not necessarily into the Planning but from our real property taxes. And then that allows us then to be able to sort of upset. So I guess I'm asking in those returns of 400,000 that you've mentioned, is that just from permits that you've completed? And what, how many are just in the holding pen, I guess if you want to call it that?

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

MS. McLEAN: The approximately \$400,000 a year in permit fees is paid when an application is submitted. That's the first and only time that we collect any fees. And those fees go into the General Fund. The Planning Department doesn't have any special funds, we operate completely off of General Funds and any revenue we have goes into the General Fund. We, each of our current Planners handles roughly 50 applications at any given time. We process somewhere between 3,000 to 4,000 discretionary and administrative permits every year, and we respond to roughly 8,000 inquiries and complaints every year. Inquiries and complaints don't have a fee associated with them, so earlier on when we were talking about the Planning Department's budget being 5 million and \$3 million is separated away from that, it's Zoning Enforcement responding to complaints, responding to requests for information, those are things that we don't charge a fee for. So with permit processing, we have hundreds and hundreds and hundreds of applications pending on any given day, and those range from ones that can get turned around and signed off on, you know, after an hour or so, all the way to very complex Community Plan Amendments and Changes in Zoning that take years from the time we receive the application until final action.

COUNCILMEMBER CRIVELLO: So in your opinion, do you lack maybe employees to process? Is that your big cost is that your staffing...I'm looking at 105 recommendations to improve efficiency and 35. So, you know, normally I guess in most private sectors that would be one of the first things that they would do, your analytical where the cost is or where you have to increase the cost or improve technology or what have you so that the flow can move more smoothly. And if you're dealing with that many applications and at the same time answering to the inquiries and the complaints, so I guess my question where your bulk of your cost would be, staffing, am I to understand that?

MS. McLEAN: Yeah, the majority of the Department's budget, roughly, you know, 4 million out of \$5 million is on personnel costs.

COUNCILMEMBER CRIVELLO: Okay, thank you.

MS. McLEAN: And certainly having a lot more staff would greatly expedite, you know, people's workloads would be reduced, it would expedite permit processing. I'm not, we're not requesting big increases in personnel for that purpose, and we are regularly working on efficiencies and ways to improve it, trying to meet...all of our application forms are available online. We're transitioning them all so they can be filled out online. We're working to where they can be submitted online. We're, little steps like that, that can make a difference not only to applicants but to us. So even beyond the Zucker recommendations, we're coming across things every day, encouraging staff to say, you know, it would make things a lot faster if we just did this. And so we're always trying to make our jobs easier.

COUNCILMEMBER CRIVELLO: Thank you. And maybe this is another venue to look at the other counties that our Chair is familiar with, and how does efficiency or that kind of improvement would help with cost factor as well as servicing the public. Thank you.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

CHAIR HOKAMA: Thank you very much for that, Ms. Crivello. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you, Department. Yeah, I, following up on Ms. Crivello's inquiry in regards to creating more efficiency. And, you know, my question is if that is directly tied to, you know, in cost recovery, per se? It's all I think would relate to one another. You know the more efficient and timely manner things are permitted and addressed for the public, less cost overall and labor and what have you. I had just returned from Marin County and was in San Rafael in particular, they have a beautiful if no one's been there to go see their county building which is international heritage, you know, rated up there with Taj Mahal, I mean it's beautiful. Frank Lloyd Wright designed. But anyway, they were in the process of redoing their planning department and the way they set up their offices, and breaking down their cubicle walls and having a one-stop shop practically. You know and it's here in our document in regards to over-the-counter approval process, and that to me had made all the sense in the world. And also for them it's a room you walk into and you've got Public Works, you've got Planning, you've got Water, you've got Fire, all directors are sitting right there at hand. You walk in, you have your permit and boom, they look at it, you can get your stamp of approval on the way, and you walk out the door and your, it's a done deal. So they're in the process, Chair, and hopefully, you know, I'll get more detail to where we can talk and get more dialogue and discussion. But I thought wow, pretty simple fix and wonderful way for all departments to speak to one another and to, you know, pretty much everyone on the same page all at the same time. The general public is happy because they don't need to be running around all over creation, they just walk in this door and all of the powers that be are at hand. So I'm going to follow up to see how this, their idea rolls out and how it improves their planning department and their approval process. And, you know, I think in the end it will generally cut the costs down, obviously. So I think, you know, it's a way again through NACo and our fellow municipalities to learn from one another. So I'm looking forward to this further discussion obviously, and thank you for bringing this up and to this table for us to look into. But I know it's a work in progress and we evolve and change on a daily basis. So thank you for this opportunity, Chair.

CHAIR HOKAMA: Thank you. Mr. Victorino, do you have questions for our Director or comment regarding this subject you wish to share?

COUNCILMEMBER VICTORINO: Thank you. And I apologize for being late and missing out on most of the important discussion; however, this is something that's been around for quite a while, it's not something brand new, and I think, Chair, you can appreciate this has been around from way back when you guys have been working on something of this nature. Yeah, and looking at other counties and other municipalities is important, but I think, you know, the old statement keeping it simple is really what we want to do here. You know you wanted the public to understand what they need to do, the problem is like anything else the public likes to take shortcuts. I think there's one area that even in business we know happens a lot, right, Michele, is that people like to take cut shorts and then say well I don't need that, I don't need this even though they do need it. So I can appreciate what you guys are trying to do, and I think, you know, we need to look at getting what we need to get to, you know, to make sure people appreciate the system we have in place. And I think what I'm trying to say is that, you know,

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

when everything is free, people don't take it...take it for granted, actually not don't, they do take it for granted. When they have to pay for something they start thinking about it, they start doing it more carefully, and I think that's where I want to see us to head towards is making sure that our fees are based upon reliability and the consistency of the public so that they understand. You can have 'em all the guidelines and like we have these workshops the Mayor's Office has been putting on, and, you know, from what I understand in the public that's a help. But when the public can understand the system and they can come in and do it right, then we can reward them. Instead of punitive action we can reward them, and that's what I'd like to see us do. So I know there's a lot more work to be done. There's a lot of municipalities out there, Mr. Chair, you know of, that have very efficient and actually have systems that reward people for doing things right. But not only expediting but even sometimes making it less for them to do that same project that somebody who, you know, keeps coming back in with different changes and don't follow the procedures. They keep coming back for more time, more time, more time. So I think there's a lot of little issues that need to be put together, but I thank the Department for working on this. Again, it's been a long time coming and still a lot more things to be done. So thank you, Mr. Chair, for my opportunity. And I'm sorry I missed the other part but I think a lot of it was probably what we've heard before. And I thank you, Michele and the Planning Department, for their hard work. Thank you, Chair.

CHAIR HOKAMA: Thank you. Director, I would say from what I recall you sharing earlier this morning and I think it was part of a response to Ms. Baisa was that your current recovery with the information and I'm glad we referenced it was about 2-3 years old was 18 percent at that point in time?

MS. McLEAN: Correct.

CHAIR HOKAMA: And forgive me, what was presented for consideration in Mr. White's Committee during the last cycle was a 100 percent recovery proposal?

MS. McLEAN: No. It would be the first year of a phased in process, so that first year would aim for 30 percent cost recovery.

CHAIR HOKAMA: Thirty percent.

MS. McLEAN: And then what the study recommended was increasing that 10 years or excuse me, increasing that 10 percent...

CHAIR HOKAMA: Percent per year after that.

MS. McLEAN: Until we get to 70 percent.

CHAIR HOKAMA: Okay. I would say, Members, that as your Chair, I would ask you to start thinking about that kind of numbers. I think that would help for people like Ms. Baisa and the direction that she believes might be the right approach. I think that would help Chairman White of Budget

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

if we can give him some guidance too of what we expect from being members on the Budget Committee. I am more than happy to move that forward with a goal of increasing the recovery percentages at a reasonable pace, but I want it to be more than 50 percent down the road myself. Okay. And Council has already made policy decisions, we already have plan review fees to assist the Department with some of that recovery, including the payment of positions and other operational requirements from those. I believe Fire has a plan review fee the Council has put on the books in an ordinance, so I would say I think it's time for us for...it's timely on the review and I think it's more important what level of recovery is reasonable and actually obtainable. 'Cause I appreciate the comment about the public feeling a need for General Fund to pay for a portion of review and I guess comment periods, and I think that is still important, but to me it cannot override other things where eventually then the time factor is the cost factor. And then it goes to the unit costs and then that 12,000 permit fee may not be the actual deal breaker, it was that additional year and a half of review that moved that market, that unit from 200,000 to 300,000, okay, because of labor costs, material costs, financing situations of what's out there in the market, who is going to be financing those projects. I mean if, you know, we're conservative as a County, but if we decided to go with hedge funds and private equities that expect double digit returns on investment, it's going to change the cost of a lot of things, people. So without breaking some of the pre-budgetary things that, you know, Director Baz and others are working on, is this something you would like from us a signal, a type of direction that we could assist you with your budgetary approach for Mr. White's Committee? Is that something you would like from us if not today in the very near future, Director?

MS. McLEAN: Yeah, that would be very helpful. We have the framework drafted, it's we just don't want to send something to the Committee that the Committee doesn't want to consider. So, you know, it's working together with the Council of what kind of structure do you want to see. If we stick with the original structure, we might consider like across the board small percentage increase just because the fees haven't been increased for quite some time. Or if you'd like to consider shifting to this kind of model, we also have that drafted starting at that 30 percent with the changes that were talked about, about having the exceptions for the little guys for the sort of standalone individual projects.

CHAIR HOKAMA: Okay.

MS. McLEAN: So either way we'll, we'd love to have some direction.

CHAIR HOKAMA: The one thing that I am sensitive to is the comment from Chairman White of Budget, it shouldn't just be a comment about Planning Department, or if we're going to look about this subject, it should be as much as possible a Countywide policy that all departments would be under, not just Planning Department would be under. I think that is a much more fairer approach. And, you know, I don't know if Mr. White can share with us today but are we aware of the kind of recovery percentages in your, information in your Committee already, Mr. White, or is that something we're going to need to eventually secure from the various departments of those cost recovery percentages?

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

COUNCILMEMBER WHITE: I think we have, we have information from Solid Waste that's pretty solid.

COUNCILMEMBER VICTORINO: Oh, that was redundant.

COUNCILMEMBER WHITE: Don't trash my remarks.

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

CHAIR HOKAMA: Okay. We're very sharp on a Tuesday.

COUNCILMEMBER WHITE: And we have some information from Parks and Recreation, but I think we would want to, if we're going to move in this direction, we're going to need to have discussions with each of those departments and update the information prior to budget.

CHAIR HOKAMA: Okay. I'm more than happy to ask on behalf of the Committee members to work with either Mr. White and get that more information so that...I'll try and schedule it before the end of the year, another meeting on this subject just so that we can maybe assist the departments and have them prepare in time for Mr. White's Budget Committee requirements to get a sense of what we might want to shoot for either from an overall perspective like 20 percent should be the minimum target approach for budgetary purposes, and then from there work on certain benchmarks or achievement marks. And I think that is something I think Ms. Baisa in her earlier comment I think would be helpful for us to maybe approach it with that information.

UNIDENTIFIED SPEAKER: Chair?

UNIDENTIFIED SPEAKER: Yes.

CHAIR HOKAMA: Okay, I'll ask Mr. White first for your comment and then Mr. Couch.

COUNCILMEMBER WHITE: Well one of the things that, you know, when you talk about the 20 percent, just to put it in perspective, I don't know what, I don't recall that the Parks and Recreation collects much more than, I think they collect more than \$1 million in fees, you know, permit fees and so forth through the use of facilities. But if we're talking a 20 percent number, that's about \$4½ to \$5 million that we're going to be asking the Parks Department if we're just looking at their budget without fringe benefits and other, you know, Countywide costs. If you add that in, you're probably looking at more like \$6 to \$7 million, so it's a significant number.

CHAIR HOKAMA: I understand.

COUNCILMEMBER WHITE: I'm not sure --

CHAIR HOKAMA: Yeah.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

COUNCILMEMBER WHITE: --I would want to be the one to try to figure who to charge that to.

CHAIR HOKAMA: And again, Mr. White, my thing that is one, to have the departments start trying to be more innovative. For Parks, you know, there's so much yes, you can charge a so-called user, whatever we're going to eventually define as the users, but to me Parks and our other departments has the potential to look at other revenue sources instead of General Fund and user fees to get revenue to support specific departmental needs.

COUNCILMEMBER WHITE: Right.

CHAIR HOKAMA: And I've always pushed for this County to move forward concession fees and concession contracts. City and County does it, they get millions for concession fees to give a purveyor the right to only serve their product on City and County property. You know why don't we put out a soft drink beverage concession RFP? Brand XYZ against Brand ABC. XYZ will offer the County 5 million for 3 years to be the sole provider of that soft drink on, only on all County property, they cannot serve anything, we cannot serve anything else. For that privilege they're going to pay us this concession royalty fee, and it can go straight back to Parks for new bleachers, scoreboards, field improvements, concession improvements, skybox and whatever we want to do. We should be looking at those non-traditional revenue sources. You know Honolulu has been doing it for decades. I've been pushing this for 20 years. You know so to me there's ways of reducing and increasing the recovery requirements of financing.

COUNCILMEMBER WHITE: Correct.

CHAIR HOKAMA: And, you know, if the Council's the one that's going to need to make a policy and say that we're going to require departments to look at this, you know, 'cause like I say, I'm kind of getting too old and tired of waiting 20 more years.

COUNCILMEMBER WHITE: Well, you know, to your point, the golf course is one of the prime examples of cost recovery in the Parks Department --

CHAIR HOKAMA: Yes.

COUNCILMEMBER WHITE: --through concession and operation.

CHAIR HOKAMA: Yeah, yeah.

COUNCILMEMBER WHITE: So I know it's everybody's favorite subject here, but that is one part of the Parks Department that is subsidized significantly by the users.

CHAIR HOKAMA: And I can tell you...and I'll recognize Ms. Baisa shortly. You know certain counties have approached it differently, and we'll take our sister county, the County of San Diego. They decided to spend big money, I think it was million plus on a county golf course to be able to compete and secure, and it's called Torrey Pines, for a US Open Championship. Okay.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

They were successful. Now what...they have special rates for San Diego residents but for anybody else that wants to play, you pay good money to play a US Open golf course. And in my discussions with their pro shop, they make so much money off merchandizing because people know it's a US Open, they want the name Torrey Pines on their shirt, on their hat, on their golf ball. They pay uku bucks to the county for a public golf course that has a reputation of excellence. Okay. So depend how you want to approach cost recovery and what you're willing to invest in. That's how San Diego approached it and they make money now, they don't subsidize, they make money now on golf courses like Torrey Pines. You know for Waiehu to be of that level like how some people talk about Wailua for Kauai County, you know, there's things we're going to need to invest and make it a level that after the experience people will pay the County that kind of fees to have a Waiehu shirt. You know so again my thing is there's opportunities, we just gotta be willing to make those hard investment and policy decisions. I'm sorry. Ms. Baisa.

COUNCILMEMBER BAISA: No, that's okay. It's very interesting. I like that discussion. I think that, you know, we have to get out of the box, and I know that's an overused expression but it's the truth. We have to see what other people are doing and we have to venture and take some risks and maybe we can, you know, bring some money in that would help without having to raise property tax and, 'cause we don't wanna go there. But, you know, if it's the only thing we've got, that's the only we got. But again, and I said this before, I want to say it one more time, we need to do something, and while we may back away from 30 percent and we may back away from 20 percent or something, we gotta do something. 'Cause when we got this report if I'm reading this correctly it was 2006.

CHAIR HOKAMA: Yes.

COUNCILMEMBER BAISA: If we had started 5 percent in 2006, where would we be now?

CHAIR HOKAMA: A lot better position.

COUNCILMEMBER BAISA: We'd be a lot better off than...but we didn't do anything. So, you know, while we may say okay, this is too draconian, we cannot go 30 percent or 20 percent, we need to do something, and it'll all add up. But the longer we wait, the bigger that jump is going to be and the more scary it is to us. So I think it's time for take a step whether it's 5 percent, 10 percent but let's go. Thank you.

CHAIR HOKAMA: I'm with you. Mr. Couch, yes, sir.

VICE-CHAIR COUCH: Thank you, Mr. Chair. You know the more we talk about this, the more we really actually have to look at it department by department, because of course we're not going to go cost recovery for Fire Department, we're not going to do it for Police Department. Yet we are going to do 100 percent in Water and Solid Waste. Parks Department, you know, that's No. 35, PIA-35 talks specifically about the Parks Department fees, potential increases there. It's more of we still have to figure out what our philosophy is but it should be in a department by department

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

basis. It seems that we're moving in that direction. As far as Planning is concerned, I'm fine with going to whatever we decide, but again, remember, there has to be something in return, a more efficient process. I mean I don't know if you can...if we go to 30 percent cost recovery, are we going to do 30 percent better in processing? So that, you know, you can't put those numbers together.

CHAIR HOKAMA: I understand, Mr. Couch, but some of it is the ability then to redirect the General Fund money to some, another program that has benefit.

VICE-CHAIR COUCH: Right.

CHAIR HOKAMA: It's also an advantage back to the community, okay. So there's multiple ways, and I would agree you, again, city and county, the County of San Diego is progressive, progressive, progressive. They work with the state but they are now one of the leading counties in health and wellness programming, and they've adopted it for not only their employees but for their residents, because it reduces a lot of their medical costs during the initial bookings at the jail, and for the mainland there's a lot of counties that run hospitals, not the state, the counties. That's where they're finding the savings of millions in investing upfront on the health and wellness program. So that's what San Diego pushes big time, and their work comps, absenteeism, sick leave expenditures have all gone down noticeably because of their investment in this preventive health and wellness for employees and now expanded back to the general community. So, you know, I just share that as there's different approaches, and for them they're going that route and it's, and they have their findings, we can, you know, I'm happy to have people come. They want to come to Hawaii, they think it's the next connection for the San Diego program, but it's also the ability to reduce so called maintenance meds for their people which is a big cost factor, you know, for many of us. That's how they're approaching that, those kind of components, too, Mr. Couch.

VICE-CHAIR COUCH: Right. And so therefore, you know, it's not, it doesn't, the discussion doesn't end today but it gives them direction. You mentioned, too, these concession things. There's also what the City and County does is with their food trucks. They auction off spots, and I hear that one spot, one truck spends, you know, gives \$300,000 to the City and County every year for that, the right to park --

CHAIR HOKAMA: Prime spot.

VICE-CHAIR COUCH: --to park right there where they park. So those are some of the things that we can look outside the box, too. But that, you know, you mentioned that and Planning kind of gets crazy about well what's proper zoning and all that. So it, everything is really tied in together and we have to figure out where we want to do the increases, where we want to ease off a little bit or try to find another way to raise the funds. Thank you, Chair.

CHAIR HOKAMA: Thank you. More comments, Members?

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

COUNCILMEMBER COCHRAN: Chair?

CHAIR HOKAMA: Ms. Cochran, yes.

COUNCILMEMBER COCHRAN: That was...thank you for bringing up the point in the health and wellness part, and sorry if I go off tangent but I'm just playing up on your mentioning San Diego County. Also in San Rafael they had bought up a, an old George Lucas area and turned it into a health and wellness building in a sort of lower income neighborhood, lots of Hispanics and what have you, crime, and but this wellness center brought in a new entity, a wonderful, more-upscale type grocery store which sold healthier foods and, you know, in conjunction with the wellness center. So that whole area has just risen to a better level of health and wellness and thereby less crime and better, you know, on and on the positive repercussions started, is starting to grow and spread out and sort of help clean up the area and move it into a better direction. So I think overall in government-wise it's alleviated costs, too, and just the overall wellness of the area has grown to a better level. So I appreciate you bringing that up because it reminded me, and this I think can, you know, fall into other areas of our community, too, to better. And, you know, I guess in a sense drum up better paying jobs and, you know, it just grows economy-wise, health-wise, everything. So it's all connected, and I just thank you for bringing up that point.

CHAIR HOKAMA: Okay, thank you. Anyone else? I would like the Planning Department also think about maybe, Director and Mr. Dack, you know, another way that the Planning Department can assist especially Council, and I look at this as another way with increasing General Fund revenues also but to assist the departments with their financial needs is also...maybe from the Planning Department perspective of how we can look at redevelopment of older components of the County. I have no problem with looking at creating districts, drawing a circle, freezing the property tax at that point in time, give them a period of time. I mean I was thinking of this for the resorts and hotel sector but maybe just for any component, commercial, business, give 'em time to do some improvements and reinvestment. Continue to freeze after the completion of the improvement and then go on a scale, ramp up back to full 100 percent assessment. The County doesn't lose revenues, we still collect what we collect, but we defer the increased value of taxation to allow the businesses and those who are investing, ability to get some return of that investment, and then we'll pick up what I, it's not the cream but the component that it should be taxed, you know, and then eventually we'll go back to the 100 percent value. But allow private sector to reinvest back into the County. The County shows confidence in our economy by allowing these opportunities to happen, and let the General Fund go that way for us to recycle or redirect then back to appropriate departmental requests for funding. So if that's something...I don't know if you have a comment about that, but I would be, you know, I've presented that in the past. Chamber was not interestingly enough very supportive at that time, but I think, you know, this might be the time that we want to look at those ability to reinvest in ourselves.

MS. McLEAN: Thank you, Chair. It's a very intriguing idea, especially there probably hasn't been reinvestment in properties for quite some time with the long lag in the economy. Maybe we could identify a relatively small area to try as a pilot project if we could identify a landowner or

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

landowners or identify the potential in one area and just focus on that as maybe a pilot project and see what the success might be. And then --

CHAIR HOKAMA: Yeah, I mean, you know, for me --

MS. McLEAN: --take that farther if it's successful.

CHAIR HOKAMA: --I mean if, since we already have an agency and we already have through legislation and whatnot the MRA, you know, maybe part of it is do the pilot in Wailuku Town. I'm committed to this community and make it, continue to have it be the civic center of the County. You know and for me I cannot see us not moving forward unless we build that big municipal parking facility. I don't think small corner parking structure is going to work, okay. So I'm willing to support and invest and get that parking structure squared away so the businesses will then reinvest in themselves, and allow within the architectural guidelines and historic guidelines but let them reinvest back in Wailuku Town. So that might be something, you know, you can assist us with some comments, return comments as well as some maybe projections working with Real Property of what is the potential benefit of real property generation, and keeping the activity to keep Wailuku vibrant and active.

MS. McLEAN: Okay, I'll be happy to get back to you.

CHAIR HOKAMA: Okay, thank you. Anything else, Members? Any other thoughts? Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you, Chair. And thank you for recognizing the community of Wailuku, we appreciate that. Thank you. I think the other part of this is, you know, you mentioned resorts and I think this would be an excellent time to, you know, as our resort industry and our visitor industry has continued to rebound, an opportunity to maybe like what you said, give them opportunities for expansion, renovation, whatever with, you know, this locked-in tax base, you know, at a reduced or this is going to be fixed for ten years so they have a, you know, like every business, a pretty much certainty of where they're going to be going or where their projections over the next five or ten years. I think that's something I can relate to and I think would be something to really benefit this community, 'cause there's no other industry like our visitor industry. And whatever we can do to help them and they can help by employing more people and creating more jobs and construction and et cetera, you know, it's the trickle-down effect. I mean you start here and everything moves ahead. I think that's an excellent idea, Mr. Chair. So I hope the Department would look into maybe that segment. I mean Wailuku is one issue and I agree with you, but I think let's not forget our visitor industry which is the economic engine for this County and the State. I mean, you know, when you talking \$14 billion worth of revenue brought into this State through the visitor industry and that was 2 years ago or 3 years ago, I mean that's not even current figures. I'd like to see what their figures are now versus, you know, other areas. I think we should try our best to help and enhance that industry also, sir. So I like that idea, Mr. Chair. Thank you very much. And I hope that the Department will take that to heart. Hey, if you want to have another test, Chair, we can always test out in Mr. White's area, you know, test right out Kaanapali Beach Hotel, you know, no, no.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

CHAIR HOKAMA: No, that was my original plan --

COUNCILMEMBER VICTORINO: Yeah, yeah.

CHAIR HOKAMA: --to go to the oldest destination area first.

COUNCILMEMBER VICTORINO: Yeah that's what I'm thinking, you know, right there, you know, Sheraton and Black Rock and that was the origination of West Maui's visitor industry and has promulgated from there. So anyhow, thank you, Chair. I really do appreciate your comments and your ideas.

CHAIR HOKAMA: Thank you. Well we all have opportunities to travel and we all know that there's a lot of competition for that visitor dollar, and everybody is looking for that new fresh, sexy destination to spend the money on. And so, you know, we need to do our part to allow, to bring competition back to our side of the advantage of the table. Anything else, Members? I think we have some direction from comments and questions you gave today, so I'm very happy that the Committee Staff and I can work on and work with the Department such as Planning and Ms. McLean. Any last comments, Ms. McLean or Mr. Dack, that you would like to share that can assist the Committee as we prepare for another discussion down the road on this subject?

MS. McLEAN: We just look forward to some guidance as we get into our next budget cycle. We're ready to go either way.

CHAIR HOKAMA: Okay, thank you. Mr. Dack, anything you'd like to share? Okay, Members, anything for the departments you need to...okay, with no objections, Members, the Chair will defer Items 22 and 35.

COUNCIL MEMBERS: No objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS (excused: RC).

ACTION: DEFER pending further discussion.

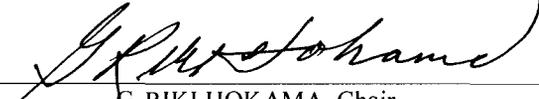
CHAIR HOKAMA: Thank you. This completes the business of the Committee for today's agenda. So thank you for your presence. This meeting is adjourned. . . .(gavel). . .

ADJOURN: 11:16 a.m.

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui

November 19, 2013

APPROVED:


G. RIKI HOKAMA, Chair
Policy and Intergovernmental Affairs Committee

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Transcribed by: Daniel Schoenbeck

**POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE MINUTES
Council of the County of Maui**

November 19, 2013

CERTIFICATE

I, Daniel Schoenbeck, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 3rd day of December, 2013, in Kula, Hawaii



Daniel Schoenbeck