

**HOUSING, HUMAN SERVICES, AND TRANSPORTATION COMMITTEE**  
Council of the County of Maui

**MINUTES**

**February 6, 2014**

**Council Chamber**

**CONVENE:** 1:33 p.m.

**PRESENT:** VOTING MEMBERS:

Councilmember Stacy Crivello, Chair  
Councilmember Elle Cochran, Vice-Chair  
Councilmember Gladys C. Baisa  
Councilmember Donald G. Couch, Jr.  
Councilmember Don S. Guzman (in 1:58 p.m.; out 3:05 p.m.)

NON-VOTING MEMBERS:

Councilmember Mike White (in 1:46 p.m.)

**EXCUSED:** Councilmember Robert Carroll  
Councilmember Michael P. Victorino

**STAFF:** Michele Yoshimura, Legislative Analyst  
Clarita Balala, 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.:** Jo-Ann Ridao, Director, Department of Housing and Human Concerns  
Gary Murai, Deputy Corporation Counsel, Department of the Corporation Counsel

*Seated in the gallery:*

Danilo Agsalog, Director, Department of Finance (Item 7)

Wayde Oshiro, Housing Administrator, Department of Housing and Human Concerns (Item 7)

Clyde "Buddy" Almeida, Assistant Housing Administrator, Department of Housing and Human Concerns (Item 7)

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**OTHERS:** Rebecca Woods, Chief Executive Officer, Ka Hale A Ke Ola Homeless Resource Centers, Inc.  
Joseph Molina, Maintenance Supervisor, Hale Makana O Waiale  
Jill Nelson, Security Manager, Hale Makana O Waiale  
Joelvonne Kamaka, Leasing Director, Ka Hale A Ke Ola Homeless Resource Centers, Inc.  
Daniel Gavin, Vice President, Cirrus Asset Management, Inc.  
Steve Miller, Board Member, Ka Hale A Ke Ola Homeless Resource Centers, Inc.  
Mercer Vicens  
Rory Frampton  
(4) additional attendees

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

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CHAIR CRIVELLO: . . .(*gavel*). . . Good afternoon. The meeting of the Housing, Human Services, and Transportation Committee will now come to order. It is 1:33 p.m. on Thursday, February 6, 2014 and I am Committee Chair, Stacy Crivello. Before we begin, may I request that we all turn off or silence our cellphones or other noise-making devices. And at this time, I'd like to introduce our Committee. Committee Vice-Chair, Elle Cochran.

VICE-CHAIR COCHRAN: Aloha.

CHAIR CRIVELLO: Aloha. Our Council Chair, Gladys Baisa.

COUNCILMEMBER BAISA: Good afternoon, Chair.

CHAIR CRIVELLO: Good afternoon. Member, Don Couch.

COUNCILMEMBER COUCH: Good afternoon, Chair.

CHAIR CRIVELLO: Thank you. And excused is Member Bob Carroll and Member Mike Victorino, and we're expecting Member Don Guzman in a little bit. I'd like to, at this time, introduce from the Administration, our Director of Housing and Human Concerns, Jo-Ann Ridao, and from Deputy Corporation Counsel, Mr. Gary Murai. And I'll ask Jo-Ann to introduce our guest.

MS. RIDAO: Our guest this afternoon is Mr. Dan Gavin, sorry . . .(*clears throat*). . . he is the Vice President of Cirrus Asset Management and they were the firm that we consulted with to do an assessment of Hale Makana O Waiale.

CHAIR CRIVELLO: Thank you. And with me today is our most valuable Committee Staff, Clarita Balala, Committee Secretary, and our Legislative Analyst, Michele Yoshimura. Members, we have two items on the Agenda today, HHT-7, Hale Makana O Waiale Rental Rehabilitation

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Facility and Ka Hale A Ke Ola Homeless Resource Centers, Inc. Also on the Agenda is HHT-16, Grant of a License of County Real Property to Tri-Isle Resource Conservation and Development Council, Inc. in Lahaina. So we will start with public testimony, if there's no objection, Members?

COUNCIL MEMBERS: No objections.

CHAIR CRIVELLO: Assisting us this morning from the Hana Office is Dawn Lono.

MS. LONO: Good afternoon, Chair. This is Dawn Lono at the Hana Office.

CHAIR CRIVELLO: And for the Lanai District Office is Denise Fernandez.

MS. FERNANDEZ: Good afternoon, Chair. This is Denise Fernandez on Lanai.

CHAIR CRIVELLO: Good afternoon. And from our Molokai District Office, Ella Alcon.

MS. ALCON: Good afternoon, Chair. This is Ella Alcon on Molokai.

CHAIR CRIVELLO: Good afternoon. At this time, I'd like to just explain, for individuals who will be testifying in the Chamber, please sign up at the desk located in the eighth floor lobby just outside the Chamber door. If you will be testifying from the remote testimony location specified on the meeting agenda, please sign up with the Council Staff at that location. Testimony will be limited to the items listed on the Agenda today. Pursuant to the Rules of the Council, each testifier will be allowed to testify for up to three minutes per item with one minute to conclude if requested. When testifying, please state your name and the name of any organization you are representing. At this time, I'd like to call the first testifier, Rebecca Woods.

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

MS. WOODS: Good afternoon, Council Chair and Council members and Jo-Ann and everyone else. I am here to kind of go over the report from Mr. Dan Gavin in the Cirrus group. And I question the accuracy of the report. I don't believe that it's really accurate. It wasn't discussed. The agency did not have a chance to respond to the report as most management companies do allow. Once the report is generated, the company who is assessed has the opportunity to make the response, which is included in the report once it is given. So I created my own report last minute and so I did the best I could, my staff and I, to address some of the concerns that we had regarding the report. And also my question is as far as the RFP and the management company, their references, were references done before the RFP was accepted? Because I do have concerns regarding the management's company, Sunset Terrace, Weinberg Housing Facility, and the Front Street Apartments in regards to their condition as opposed to Hale Makana O Waiale. So I wanted to bring that up.

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CHAIR CRIVELLO: Thank you, Ms. Wood. Members, any clarification or rephrase of testimony for Rebecca Woods, the testifier? Chair Baisa?

COUNCILMEMBER BAISA: Just a question, Chair. Will Ms. Woods be available as we get into the deliberation or the discussion of the report?

CHAIR CRIVELLO: Can you be, make yourself available?

MS. WOODS: Of course.

CHAIR CRIVELLO: Yes.

COUNCILMEMBER BAISA: Thank you. Thank you.

CHAIR CRIVELLO: Thank you. Our next testifier, Joseph Molina, followed by Jill Nelson.

MR. MOLINA: Good morning, Chairman and Council members.

CHAIR CRIVELLO: Aloha.

MR. MOLINA: My name is Joseph Molina. I work for Ka Hale A Ke Ola, Hale Makana, and Hale O Wainee. I'm the Maintenance Director, Operation Manager, and Security. Mr. Davin [*sic*] came out with some things that I think was not really true on what he came about on and some issues like maintenance, how much people, how many properties we run, the acreage, the amount of people that work for us. He came up with some about our buildings not really, you know, rent-ready and our...well, rent-ready to be, just so, you know, just clarify what he said, we go inside, the maintenance, when the people is moved out, what we do is we go inside, we do all the major repairs. So after we do all the major repairs, we strip and wax and we leave 'em and then when the Leasing Office come about and time for rent the unit again, then we go back and we make 'em rent-ready. I mean because, you know, going stand still for little bit and why we going waste time go inside there, is when the, you know, apartment going be standing still, so we don't go in till it's ready to be rented the next day or the day before or the day after. So then we go in and we do everything we have to do and then we, you know, we get it done the right way. And Mr. Davin said that, you know, that we're not doing our job, you know, the right way and I think that is wrong. Another thing too about the irrigation, this is one good one. Mr. Davin come around the place nighttime and come sneaking around our place, well, not sneaking, he'd come around because he was told to come around and do some, you know, some reports and check out the premises. Well just for instance, what happened to, he came about one broken pipe, one irrigation pipe, and the irrigation pipe, I like let you guys know, it's not County water. Irrigation pipe we have a well that do all the irrigating for our place over there, Hale Makana. So Mr. Davin found out that had a broken pipe and he came and he said that, you know what, my security people not following up what they doing. They not walking around. They not checking 'em up. They not doing nothing. But I guess he don't understand, our irrigation go on 15 minute increments seven units at a time.

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MS. YOSHIMURA: Three minutes.

MR. MOLINA: And can I have another minute?

CHAIR CRIVELLO: Yes. You can wrap it up in one minute.

MR. MOLINA: So anyway, what you call that, you know, after seven minutes is probably when our people was walking around, you know, they didn't see that. This went turn off already, the irrigation. So when he brought 'em up, instead he brought 'em up to our attention at the security, since he was so worried about the security not walking around, he told, he called Ms. Rebecca Woods and then Ms. Rebecca Woods came over there and come tell us, eh, we get one broken pipe. So I said, well nobody went tell us about the broken pipe. So when we approach in the morning, first thing in the morning, we found out where the broken pipe, we fixed the broken pipe, Mr. Davin was there. So when Mr. Davin was there I, he came over there and was telling about the pipe. I said, oh, Mr. Davin, you know what, how come, you know, you could have been nice enough for walk up to the Security Office and let our people know that get one broken pipe. He said, oh, it's not my job.

MS. YOSHIMURA: Four minutes.

CHAIR CRIVELLO: Thank you.

MR. MOLINA: You know. But anyway, one fast one. You know, get plenty things over here that is not true and I really don't appreciate he said what he, you know, he said in that because if you go to his facilities, his facilities is a dump.

CHAIR CRIVELLO: Thank you, Mr. Molina. We will be deliberating on his --

MR. MOLINA: Okay.

CHAIR CRIVELLO: --with his presentation. Thank you. Our next testifier is Jill Nelson, followed by Joelronne *[sic]* Kamaka.

UNIDENTIFIED SPEAKER: ...vonne.

MS. NELSON: Good afternoon, Council Chair and Council members. My name is Jill Nelson and I'm currently the Security Manager at Hale Makana O Waiale, and I was just going to respond to some of the issues and information that was presented regarding security. First of all, I'd just like to start with all of the security staff, and there's six of us now, we're all State certified. We went through the classes and the registration for the security guard, which is a law now. So we met all the requirements and passed and we all have our card. We do quite a bit of duties within the Security Office. We provide a place for clients and whatnot to do community service, and that's parolees. We have a lot of clients that come from the judicial system from juvenile up

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through the drug court. And so we do a lot of that. We have, we do a lot of writing. We have, we log down everything that we do throughout the day, the duties, issues with the tenants and whatnot so we have, we generate reports and log down in our log books. We help out the leasing office a lot of times with people who are moving in and moving out. There's procedures that get handled with that. We assist with that. We do a lot of, of course, patrolling around the property and assist tenants with various needs that they may come up with or ask us about. There are a couple of issues that were brought up regarding a couple of the security staff seen sitting in the office, and I just would like to say to that, you know, we are in the office and we do go out and patrol, come back to the office and so in response to Mr. Gavin's statement, you know, there's a possibility that while he was out doing his rounds, the security, you know, went out and did their rounds or checked on whatever things needed to be checked on. And again it's all stated, you know, in our log books with that.

MS. YOSHIMURA: Three minutes.

MS. NELSON: One last thing, we would like to suggest, you know, the changing from Security Officers, it would be acceptable to us there and use the title of Courtesy Patrols. That's all.

CHAIR CRIVELLO: Members, any questions or rephrasing for the testifier? Thank you. Our next testifier is Joelvonne Kamaka.

MS. KAMAKA: Thank you. I probably wrote it where it looked like an "r". Sorry about that.

CHAIR CRIVELLO: I apologize.

MS. KAMAKA: So I am the Leasing Manager, a full-time Leasing Manager at Hale Makana and I believe that in the report it had been stated that there was no full-time Leasing Manager, so I was kind of unsure about that statement that was made in the audit from Mr. Gavin. But basically some of the things that I think is important that County Council knows is that we, in the Leasing Office, are certified with our Certified Occupancy Specialist certifications, which is a nationally recognized certification to run affordable rentals as well as our C5P tax credit certifications as well. So we are highly trained in what we need to do in the leasing office for Hale Makana. Some of the other things that was mentioned was turnover of units. We actually run under three different programs, which is the HOME Program through the County and also the State HHFDC offices as well, which require us to go through a very lengthy application process. So sometimes turnover of rental units may take a little bit longer. Prior to me becoming the Lease Manager there or Director, you know, they were taking up to six weeks on one application. Since then, from four years ago, we've really downsized that to about maybe about a week to two weeks for approvals and turnovers so there's been a great change at Hale Makana over the last four years. There was also a statement of our office appearing to not be very professional, not a professional office. So prior to us opening, about 15 years ago, there was actually a Leasing Manager that lived on site. So the office that we work out of was originally her home and so we've converted it over the last four years and made several upgrades, of course, within our budget to be able to look as professional as we, you know, possibly can within our means, of course. Yeah. So a lot

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of changes in the last four years. Also presented in this booklet was our rent schedule. So we kind of meet exactly where we need to be as far as the maximum rent allowed for affordable rentals and this would include, of course, trash was mentioned as well. With the trash, the reason why we had that separated, and we can within guidelines, within our utility allowances and what we're given to work with every year from the County, we are allowed to be able to tack on trash if need be. And so that's what we did in hopes that with this generating more income for Hale Makana, that it would make, you know, a difference for our company and so that was the reason behind the trash increase. I just wanted to make another...

MS. YOSHIMURA: Three minutes.

MS. KAMAKA: Okay. Can I just finish?

CHAIR CRIVELLO: Wrap it up in a minute.

MS. KAMAKA: Just one point. There is a situation that took place regarding graffiti and, you know, there was a statement that was made that there was nothing done within the three days that Mr. Gavin was there. And I kind of specifically had a discussion with Mr. Gavin regarding this because immediately once the black tarps came down, MPD was contacted. We had an eyewitness that came forward. The eyewitness made a statement, the family was addressed about their teen that committed this incident. And so things were taking place, maybe not at a rate as expected; however, we did contact Walgreens and it is their retaining wall, not our retaining wall. So we're working out something with them and they said that they would take care of it because the wall wasn't completed anyways. So I just wanted to address that, that whenever we have issues there, we're always addressing it accordingly and like everything else, you know, there's recourse.

MS. YOSHIMURA: Four minutes.

MS. KAMAKA: Yeah. That's it.

CHAIR CRIVELLO: Thank you.

MS. KAMAKA: Thank you.

CHAIR CRIVELLO: Thank you. Just a moment. Members, any clarification or questions or comments for the testifier? If none, thank you. Is there anyone in the gallery that would like to testify? If so, you can please identify yourself. Thank you. I'll check with our District Office. Are there any additional testifiers from Hana?

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

CHAIR CRIVELLO: Thank you. Are there any additional testifiers from Lanai?

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MS. FERNANDEZ: There is no one to testify on Lanai.

CHAIR CRIVELLO: Mahalo. Are there any testifiers from Molokai?

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

CHAIR CRIVELLO: Thank you, ladies. Members, as there are no further individuals in the Council Chamber or District Offices wishing to testify, without objection, I will now close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR CRIVELLO: Thank you.

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

CHAIR CRIVELLO: Members, we will first of all work with the Agenda No. HHT-7, Hale Makana O Waiale Rental Rehabilitation Facility and Ka Hale A Ke Ola Homeless Resource Center.

**ITEM NO. 7: HALE MAKANA O WAIALE RENTAL REHABILITATION FACILITY AND KA HALE A KE OLA HOMELESS RESOURCE CENTERS, INC. (MISC (BF CR 13-51); CC 13-204)**

CHAIR CRIVELLO: We have resource personnel in reference to the assessment or review of the entity in discussion that have been in discussion for many of our Committee meetings, and I'd like to just say that part of this assessment is of value for the Committee for us to be able to...it's a management tool. It's also a tool for us how we can work together to make improvements so I appreciate the Department going through this process with us, and before I ask the Department to call on Mr. Gavin of Cirrus Assessment Asset Management, the Agenda is, the Committee is in receipt of Miscellaneous Communication, dated April 22, 2013, from the County Clerk, relating to a review of the management of the Hale Makana O Waiale Rental Rehabilitation Facility, as well as County Communication 13-204 from the Chair of the Committee relating to the operation and management of Ka Hale A Ke Ola Homeless Resource Centers, and correspondence dated January 29, 2014, from the Director of Housing and Human Concerns, transmitting a Project Assessment Report of Hale Makana O Waiale, prepared by Cirrus Asset Management, Inc.. At this time, I'd like to allow the Department of Housing and Human Concerns to make comments and introduce Mr. Dan Gavin.

MS. RIDAO: Thank you, Chair. Hopefully I'll make it without losing my voice totally. In an effort to determine if Hale Makana O Waiale could be self-sufficient and possibly repay the \$4 million loan to the County, the Department hired Cirrus Asset Management, from California, to assist the operations, I'm sorry, to assess the operations of Hale Makana O Waiale. You have before you the Project Assessment Report, prepared by Mr. Dan Gavin, Vice-President at Cirrus.



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Mr. Gavin is here with us today to answer questions you may have. The report suggests 40 recommendations that will enable the property to reduce expenses and significantly improve income. Although this project is a roadmap...although this report is a roadmap that can assist Hale Makana O Waiale to improve its operations and achieve self-sufficiency, it is the Department's recommendation that Hale Makana O Waiale hire Cirrus Asset Management in the interim to assist them through this transition period and that we, the County, evaluate their situation in six months to determine if we are on the right track and that Hale Makana will be able to repay this \$4 million and this repayment can hopefully begin sometime next year. Thank you. Mr. Cirrus *[sic]* has expressed to me that...I'm sorry, Mr. Gavin has expressed to me that he'd prefer just answering questions than making a statement. Thank you.

CHAIR CRIVELLO: Thank you, Ms. Ridao. Before we call on Mr. Gavin, I'd like to request a recess just for about a couple minutes, if I may. . . .*(gavel)*. . .

**RECESS: 1:56 p.m.**

**RECONVENE: 1:58 p.m.**

CHAIR CRIVELLO: . . .*(gavel)*. . . Thank you. The meeting of the Housing, Human Services, and Transportation will reconvene. We do have quorum and that was the reason...and I'd like to at this time recognize Member...Council Don Guzman.

COUNCILMEMBER GUZMAN: Good afternoon, Chair.

CHAIR CRIVELLO: Thank you. So at this time, as Ms. Ridao had expressed, Mr. Gavin will, actually we're going to ask him to give us an overview from his Executive Summary Report and then we're going to open the floor for questions in regards to the different items that he's listed in here.

MR. GAVIN: Thank you. Can you hear me okay? First, let me address the staff in the audience and the folks who testified. I understand your defensiveness. I've got hundreds of employees in more than six states. I've had thousands of employees over the years and you guys have a very difficult job. Property management's a profession. It's a very difficult thing to do and I understand that. My task was to create a report that will help your property be more profitable, and the bottom line of the report was that by normalizing your property management practices with industry standards...

CHAIR CRIVELLO: Excuse me, Mr. Gavin, can you address the Committee instead of the testifiers.

MR. GAVIN: I will. To the Committee, the purpose of my report was to address property management issues at the property and really find out how it could be a profitable, ongoing business. And what I found was that by normalizing the property management practices at the property, they could increase income by about \$127,000 a year and they could decrease payroll expenses by about \$400,000 a year and other expenses by about \$100,000 a year. I was specifically told to

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not just go out there and make a hit piece, identify problems. Don't want to do that. It's too easy to do in our business. That's why I made it as a problem-solution oriented document, a roadmap, if you will, to turning the property around and making it profitable. The reason I set it forth in this manner, there's 40 items in this report, which if followed it's a roadmap of exactly what you need to do to turn the property around and make it profitable. If there's any questions, I can take them from the Committee.

**CHAIR CRIVELLO:** Thank you. As we open the floor for questions or deliberations, I'd also like to recognize the participation of our non-voting Member, Mr. White.

**COUNCILMEMBER WHITE:** Aloha, Chair.

**CHAIR CRIVELLO:** Chair Baisa?

**COUNCILMEMBER BAISA:** Thank you very much, Chair, and thank you for the opportunity to discuss this report. I think it's very important. Mr. Gavin, thank you for your report, and as you stated, you know, it's always difficult to discuss reviews because there will be positive and things that are not so positive things but we have to look at all of it. I did want to ask you, how long were you there? How much time did this take?

**MR. GAVIN:** I was, I did four separate visits at the property. Other than that, I reviewed many documents that were sent to me by the ownership. Total time expended on the project has been probably about, I'd say about 40 to 60 hours, roughly.

**COUNCILMEMBER BAISA:** And your understanding, when you got your contract, was that you would prepare the report and submit it but you were not to discuss it with the entity?

**MR. GAVIN:** Yeah, pretty much. You know, since the County hired me, it is my intent to deliver the report to them and have them do what they want to do with it. I should also add I wasn't also told I'd be here testifying today, so it's a little bit of a surprise to me.

**COUNCILMEMBER BAISA:** And it is, you know, a little unusual. Normally, when we have auditors, you know, they kind of talk to the auditee before they write the report so that makes it a little more difficult for us to discuss this today because we're going to have to, you know, listen to them as well as to you in order to make a decision. Thank you, Chair.

**CHAIR CRIVELLO:** Thank you. Members, I'd like to ask, while we're deciding if they have any questions or what have you, what is the current status of the buildings and would you, through your assessment, since they've acquired the buildings, do you know what kind of improvements have been made?

**MR. GAVIN:** I'm not deeply familiar with the history of the project. I understand that it went through some management changes and that there's been some improvements in the last couple of years of the property. The property is, I would describe it as a troubled property currently. One of

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Cirrus's expertise is turning around troubled properties. We do this type of thing very frequently where we take a property, look at its operations, its income, and improve it for our clients. Sunset Terrace was one of the properties we did that with. We've been managing that since 2004; however we stopped managing that in December 2013. I think there's some reports here, I saw some pictures of Sunset Terrace recently, I guess, trying to point out that there's problems there. There probably is. We haven't managed it in almost two months so I'm not sure how to speak to that, but the asset right now needs a lot of operational work from somebody that's experienced in property management starting with all the items I listed on the report here.

CHAIR CRIVELLO: Thank you. Members, any more, do you have any questions or concerns if you've had a chance to go over the report? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. Can we, Mr. Gavin, turn your attention to Page 5 on the payroll costs? That's the one thing that is interesting to me for sure. Can you tell us, when you talk about comparables and whatnot, how other properties handle the challenges that a property like this has, for instance maintenance, with so few people that you recommend here in your report?

MR. GAVIN: Well, sure. The standard, as I put forth there, is based upon my experience in the business. I've been in this business for 25 years. The staffing levels would assume that the property is stabilized with its maintenance. So you're doing work orders for occupied units, you're turning over vacant units. The staff I've outlined here would be more than sufficient to do that for a property that size. As shown by the other properties we have here on this island, as shown by the properties we have in multiple other states, that's how we do it. Work orders are repairing faucets and sinks and broken knick-knacks, whatever it is in the unit. Those come and go. The turnovers are done at varying levels of detail. It depends on what kind of property you have. This particular properties, the units inside were, I guess Spartan (is a good word, no carpeting, just tiles to redo. So I think that the staffing that they have there is too much based upon basically what we've seen. Some of it is due to the fact that you've got staff picking up trash, you've got staff doing things that they shouldn't be doing like security and outsourcing some of those things would make more sense for a typical property management operation.

COUNCILMEMBER COUCH: Well then, yeah, when you talk about typical property management. So you're saying on this, the comparables, that it's about 1,300, anywhere from 1,000 to 1,600 per unit per annum --

MR. GAVIN: Correct.

COUNCILMEMBER COUCH: --is the range and these guys are at 3,891?

MR. GAVIN: That's correct.

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COUNCILMEMBER COUCH: That typically sounds like it's due to a lot less staff. Here they have looks like nine, seven security staff. Is that normal for a, like these are two facilities though, right?

MR. GAVIN: No, it's one facility.

COUNCILMEMBER COUCH: So this is just for the one facility, okay. So you have, they have seven security staff. Is that a normal...?

MR. GAVIN: It's the exact opposite of what you should be doing in a business. Property managing companies, even owners, don't hire security guards. There's a lot of liability associated with that. It's just not done anywhere. It would make much more sense to outsource that to professionals who were trained in doing it. Having a 24/7 staffing presence or security presence at that property I think doesn't make a lot of sense. Crime simply happens in the evening, maybe other hours might be special with that property, but you cut back those hours, you hire a professional security guard company to do it for you, patrolling cars, and that's how it's done in the business.

COUNCILMEMBER COUCH: So it would be outsourced, the security, the complete security system then?

MR. GAVIN: That's correct.

COUNCILMEMBER COUCH: Okay. I didn't see, and maybe you didn't have the...oh here, it says 232,000 per year for the seven security employees. So in your experience, if you, they were to have a 24/7 outsource security, how much would that cost?

MR. GAVIN: Twenty-four/seven?

COUNCILMEMBER COUCH: Yeah.

MR. GAVIN: I'm trying to sort of back into the number by telling you what it would typically would be. Usually the evening security for a property that size might be about \$6,000 to \$7,000 a month but, I'm sorry, yeah, a month.

COUNCILMEMBER COUCH: Which would be about...

MR. GAVIN: Yeah, so if it's 24/7, I guess I'd go ahead and double that.

COUNCILMEMBER COUCH: Sure.

MR. GAVIN: You might get a little bit of a break from the company but I wouldn't recommend it, as I said. Twenty-four/seven wouldn't make sense.

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COUNCILMEMBER COUCH: Right, but if we're gonna...so you're saying outsource and also cut the hours because, I mean, we're going to compare apples to apples.

MR. GAVIN: Absolutely.

COUNCILMEMBER COUCH: Okay, so some of it is also cutting the amount of security that they have as far as the presence on the property.

MR. GAVIN: Absolutely. Cutting the security back to what's needed at the property.

COUNCILMEMBER COUCH: Okay. And then, the...like, if, unless, if other Members have...

CHAIR CRIVELLO: Any other Members have questions or comments? All yours, Mr. Couch.

COUNCILMEMBER COUCH: Okay. Then the same with the maintenance. It looks like they have full-time equivalent of about nine-point-something, 9.12, something around there?

MR. GAVIN: That's the number I had to extrapolate from their total payroll and people and how they've spread it across their portfolio.

COUNCILMEMBER COUCH: Yeah. The 16 folks are working about half time? Is that what it...

MR. GAVIN: No. I think what I did there is I took their, I think it was 22 or 23 employees total, maintenance employees total, and then what they do is they allocate a percentage of that payroll to Hale Makana.

COUNCILMEMBER COUCH: Oh, okay.

MR. GAVIN: The rest of the payroll they allocate to the other two properties. So it's equivalent of about nine employees, nine full-time employees.

COUNCILMEMBER COUCH: Okay, so if the property had, if you were another organization running the property of that size, how many full-time maintenance people would you have at that location?

MR. GAVIN: Yeah, I've got that recommendation in the reports. I don't want them to speak so let me take a look for it.

COUNCILMEMBER COUCH: I'm trying to remember where it was but a lot of times we're trying to allow people who don't have this report in front of them to...

MR. GAVIN: Yeah. It's on, it's Item No. 32 in the Executive Summary on Page 3. Reduce the number of maintenance staff to three full-time permanent employees.

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COUNCILMEMBER COUCH: Okay.

MR. GAVIN: Plus I would add two others temporarily to address any deferred maintenance issues.

COUNCILMEMBER COUCH: Okay. The other question I would have, Madam Chair, or to the Director, I guess, if, you know, if we were to follow these, or if you were to follow these suggestions, and for whatever reason it was determined that you would have to hire another company, would Cirrus be disallowed from doing this because they did this report? I'm just trying to see if there's any kind of, you know, they're doing this report because they wanna get the business kind of thing.

MS. RIDAO: I have two thoughts on that. Exactly what you're thinking, if, you know, because of them having done this may have unfair advantage at bidding. However, I also think that because they have done the initial assessment, they have a really good idea of what the problems may be so, you know, my initial thinking is I think they can be very valuable in helping to move the project forward with the recommendations that were made in this report. However, I think I would check with Corp. Counsel as to if there would be a conflict.

COUNCILMEMBER COUCH: Okay. Any thoughts, Corp. Counsel?

MR. MURAI: I don't believe that there's anything that would preclude Cirrus Management from bidding. I would also note that their report is a public document so any prospective bidder would have access to the same information.

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

CHAIR CRIVELLO: Thank you.

MR. MURAI: May I add, I'm sorry, but also, you know, just to make clear, this is hypothetical.

COUNCILMEMBER COUCH: Of course.

MR. MURAI: We don't know if Cirrus --

COUNCILMEMBER COUCH: Of course.

MR. MURAI: --is or is not interested.

COUNCILMEMBER COUCH: Yeah.

MR. MURAI: And again, this was not, I don't think this was prepared, this report was, I must point out, was prepared as more of a management tool --

COUNCILMEMBER COUCH: Sure.

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MR. MURAI: --for the Council's benefit as well as for Ka Hale A Ke Ola's benefit.

COUNCILMEMBER COUCH: Okay. Thank you, and that, yeah, I just wanted to see, you know, to dispel any kind of concerns about conflict and whatnot. Thank you.

CHAIR CRIVELLO: Thank you. Yes, Mr. Gavin?

MR. GAVIN: Let me add one more thing I forgot. I had no idea I was going to be sitting here suggesting that our company would be even getting a management account. It wasn't prepared in that light at all.

COUNCILMEMBER COUCH: Thank you for that.

CHAIR CRIVELLO: Thank you. Any other...Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you, Chair, and thank you, Department, for doing this pretty expeditiously, actually, so, and Cirrus company and everyone. So what grabbed my attention is in the accounting practices and your recommendations and that the way it's being done you have not seen it done, properties of this size, your comparable properties of this size usually utilize, you're saying, a professional property management accounting software such as Yardi or, I'm not familiar but, and then it says that it would allow the County of Maui to access live on-demand property and management data. I was just wondering, is this a common, I mean I'm not sure if we have that type of access, Ms. Ridao, to other entities of some sort and if that is, I mean, allowable, I don't know, not a breach but it, see, I've not heard of, sort of like eyes in the sky thing. Like you can just tap into someone's personal files and what have you at any given moment. So I, it kind of caught my attention and just wanted a little elaboration and expansion on what that exactly means.

MR. GAVIN: Okay. Now...

VICE-CHAIR COCHRAN: For, I guess, sorry, Mr. Gavin, and Department too, I just how it relates to County and yourself, Mr. Gavin, too, can expound, please.

CHAIR CRIVELLO: Mr. Gavin?

VICE-CHAIR COCHRAN: Whoever.

MS. RIDAO: We do not have access to any of the project accounting systems for any other project. I think in this situation it's just kind of a tool that may be available to us. I don't know if we wanna use it. Currently, we do annual evaluations, I would say, on the HOME aspect of the project where our staff does go out and do inspections of the units as well as check to make sure the tenants living in the home units are certified as income qualified. But Mr. Gavin may be able to expound on the tool.

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VICE-CHAIR COCHRAN: Okay. Yeah, please.

MR. GAVIN: Yeah, I won't turn into a Yardi commercial because I don't work for them but, and there's others, there's other software products out there. All of these web-enabled software products allow the work to be done with your computer. You can access it anywhere in the world with an Internet connection. It would have allowed the County to deal or any investor, the manager sitting at home would get access to financial data of the property at any given time. You could take a look at occupancy, work orders, financial data. You're not going to look at tenant data. That's not going to be put online. but you'll look at all the financial data with a password. All of our institutional clients use it. They all have access to the property. Some of them get electronic reporting from us automatically from the system. So every Sunday night it would kick out a report to them and they customize the management report that Cirrus uses ...(*inaudible*)... to occupancy and rents and everything else. It's a powerful tool and it's clearly the standard out there in the industry in this day and age.

VICE-CHAIR COCHRAN: Okay, thank you. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Any other questions or clarifications? Yes, Chair Baisa?

COUNCILMEMBER BAISA: This report is very extensive and, you know, covers so many things like graffiti and laundry and security and paint and, in your opinion, if we were to correct all of this, can it be done by the folks that are there?

MR. GAVIN: Is that a question to me?

COUNCILMEMBER BAISA: Yes, please.

MR. GAVIN: Perhaps. I did not interview the people for positions. Some of the people I met were very capable. I would see no reason why we wouldn't want to do that or anyone who would come on to manage the property would want to do that, take a look at who's there, see what their strengths and skills are, and put the right people in the right place at the job, to do the right job at the property.

COUNCILMEMBER BAISA: You know, one of the things that I'm looking at are your comments about the security staff and they have to comply with Hawaii State Law concerning security guards and you have some very rigorous qualifications. Were you able to check if that was the case, that they had them?

CHAIR CRIVELLO: Would you like to answer that?

UNIDENTIFIED SPEAKER: Yeah.

UNIDENTIFIED SPEAKER: Go ahead.



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CHAIR CRIVELLO: Would you like to answer that?

MR. GAVIN: Well, I didn't check them but I believe one of the testifiers earlier from the public commentary mentioned that their security guards do meet the requirements that the State put forward.

COUNCILMEMBER BAISA: Okay.

CHAIR CRIVELLO: Any other questions, Committee Members? Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you. Yeah, I just wanted to address the water issue, I guess, in regards to, I guess, the cost. It doesn't really give a dollar amount though on what the water bill, I guess, is per se. I'm not sure if you were able to gather that information but my question, and maybe this goes for Department, it says that the adjacent three-acre park being watered by the entity probably contributes to the high expense and am I to understand that park is actually County's?

MS. RIDAO: Correct. That is County property. However, I don't know what the agreement was between Ka Hale A Ke Ola or Hale Makana and the County at that time. I believe that there was some kind of an agreement that, you know, Hale Makana would maintain the property, the park, because the adjacent property was County funded. They have what is supposedly a well to water, to take care of irrigation water, and I think that was an agreement that was made with the County. However, if that is a big problem, you know, we can take the property back because it was leased to them and we can have Parks Department maintain that property.

VICE-CHAIR COCHRAN: Okay. Thank you. And so...Chair, if I can?

CHAIR CRIVELLO: Please.

VICE-CHAIR COCHRAN: With that being said, is there, Mr. Gavin or whoever, a breakdown then? Possibly...and I think you state you're not really sure exactly how much the water, well water is being utilized and if...so, I guess, at this point we're not sure if it's used primarily for, how much is being used for actual irrigation and possibly towards this three-acre park at this point?

MR. GAVIN: Yeah, that's correct. I did not check to see if there's a mixing valve. We have a similar situation at another property here on Maui. There is a mixing valve that mixes County water with the well water and during periods of draught, they might need to turn that valve higher or lower. It was beyond the scope of my job to see whether or not that was there or not. If it is, that certainly would impact the analysis.

VICE-CHAIR COCHRAN: Okay. Alright.

CHAIR CRIVELLO: Thank you.

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VICE-CHAIR COCHRAN: But I guess we have resource, they're here as resource people too if we wanted to directly ask, I guess, the questions.

CHAIR CRIVELLO: Would you, would you want that?

VICE-CHAIR COCHRAN: Sure. Yeah, I'm...if it's a hardship and Ms. Ridao says that we could, you know, take care of our own County park of some sort, then if it would help assist in, you know, regaining some money from this loan payment then, you know, I guess that could be something to talk about. But if, I don't know --

CHAIR CRIVELLO: If Ms. Woods...

VICE-CHAIR COCHRAN: --if maintenance or whoever would have the answer to that question in regards to the irrigation and well and park.

CHAIR CRIVELLO: Would you have the answer or Mr. Molina? Okay.

MS. WOODS: ... *(Inaudible)* ...

CHAIR CRIVELLO: Okay.

MS. WOODS: Thank you for asking that question.

VICE-CHAIR COCHRAN: Yeah. Hi, Ms. Woods. Thank you.

MS. WOODS: Hi. Okay, so the irrigation system is on our water well, which is non-potable water and so there, it's not County water. There's no charge to the County. The only, you know, chargeable water is, of course, the one, the water coming from the units. We have discovered over the last, well actually the last few days, we're looking at our utility costs and there was a big jump in our water bill so we believe we have a major leak somewhere and it's been going on, I believe, since July. So we are looking at that. We're investigating that right now. So that could pose, you know, part of the problem. As far as watering the County park, it doesn't cost us anything to water the County park and to be quite honest, you know, we really, we really like looking after the park. We consider it part of our facility because the majority of the kids use it and, as well as other community members, you know, for t-ball and whatever and we get to know everybody so we don't mind taking care of the park. Our only concern is, you know, we use supplies that we have to pay for, you know, that the community uses such as toilet paper, and soap, and so forth and our equipment isn't the greatest and we've asked for help as far as, you know, lawn mowers and weed-whackers and we've received nothing, and so we just ask for maybe a contribution of some kind in equipment and supplies so we can continue, because we do watch the park 24/7 because the park does allow drinking in the park up until 10 o'clock, which we've asked the County not to allow. We've asked the County to change that policy and it has not yet, but our security staff has to go and pick up broken glass bottles, you know, on a daily

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basis. So that's what security, that's what maintenance does every morning. They go around, they pick up the park and all the rubbish that is left there probably, you know, from HMOW but that's what they do.

CHAIR CRIVELLO: Thank you. Any...Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair, and thank you, Ms. Woods, for your comments, especially the, you've asked the County...is it the Parks Department that you've asked?

MS. WOODS: Yes.

COUNCILMEMBER COUCH: Okay, that has to come through this body so you may want to talk with Mr. Guzman.

MS. WOODS: Okay.

COUNCILMEMBER COUCH: That's his Committee. That's a rather easy process, so.

MS. WOODS: Okay.

COUNCILMEMBER COUCH: Have a chat with him --

MS. WOODS: Alright.

COUNCILMEMBER COUCH: --and his Committee about the possibility of banning alcohol in that...

MS. WOODS: Thank you.

COUNCILMEMBER COUCH: Thanks.

CHAIR CRIVELLO: Any more questions for Ms. Woods? Thank you. Oh, I'm sorry.

COUNCILMEMBER BAISA: Anything?

COUNCILMEMBER COUCH: Is this on this one subject or...

CHAIR CRIVELLO: Just on this, on what's on the Agenda.

COUNCILMEMBER COUCH: Oh, yeah. Yeah.

CHAIR CRIVELLO: Okay, yes.

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COUNCILMEMBER COUCH: Ms. Woods, I'm looking at the report and the number of...well, one thing, I know you, it's been in different Committees that I've mentioned this, but I, on the board of our AOA, we certainly would never take on the liability of security. We've certainly outsourced that. So that's one just comment would like to make. The other question I have, you have, you know, what we call a full-time equivalent of about nine maintenance people at that property?

MS. WOODS: That's inaccurate. That's inaccurate information.

COUNCILMEMBER COUCH: Well, okay. So you have 16 people listed on staff?

MS. WOODS: We have 14 people. We did lay some people off. We have 14 people and it's an equivalent of about seven people, seven maintenance crew for Hale Makana.

COUNCILMEMBER COUCH: Okay, that's fine. Seven maintenance people at Hale Makana, and that's...how many, 200 units?

MS. WOODS: It's 200 units plus, like we say, the community park as well as the community center and the computer lab. We also take care of Big Brothers and Big Sisters that's there. We do, you know, help them out with their property as well.

COUNCILMEMBER COUCH: Are they helping provide funds for you through that?

MS. WOODS: No, they do not. They don't have the funds to assist so we help them.

COUNCILMEMBER COUCH: Okay. Even at that, seven maintenance people is kind of high.

MS. WOODS: Can I explain, because it's really hard for people --

COUNCILMEMBER COUCH: Sure.

MS. WOODS: --to understand. All of our maintenance crew, as I explained before, they cover three properties and they are responsible for 330 units, not including the administration office, childcare, the community park. So they do...and 33 acres. That's a lot and they take care of the irrigation, the inside-outside of the units, the painting and cut, trimming of the trees and just everything that you can imagine. So yes, we, they do work very, very hard but they are spread out and they don't waste anytime lollygagging and not doing anything. They're always very busy. At Hale Makana, we have had issues in the past, you know, and still ongoing with the flooring and so forth, and it has been a concern with all these maintenance issues that we are now coming to terms with. Over time, we've worked on all these concerns and Hale Makana is in better condition than it was five, six years ago. So we're getting there. So we did cut the staff and it is doable but it's still, the property, the layout requires a lot of maintenance because of the layout of the grounds. The buildings are spread apart. There's grass in between all the buildings and trees and plants. It's a lot of ground work.

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COUNCILMEMBER COUCH: Thank you. And while I agree that is a lot of work, again, in our situation, we have a huge acreage of green area with a lot of space in between and, you know, we hire out for landscaping at about 9,000 a month. So that's a halfway decent price. That's, what, two or three employees that you have there that can just do, either have them dedicated to just --

MS. WOODS: Right.

COUNCILMEMBER COUCH: --the landscaping. It sounds like things are kind of a mish-mash, so.

MS. WOODS: But let me explain another thing, too. So this is another component. They do pick up donations from community members, hotels, when they call, we, they have furniture or whatever so they do pick up the furniture. We work with the Food Bank. They help distribute food to the community at both facilities because we do that twice a month. It's a partnership that our agency and Maui Food Bank has to feed the individuals at Hale Makana and, you know, in central and Lahaina location. So that's about three hours, you know, twice a month that they do that plus the driving time. There's just, I'm sorry, there's just so much that they do and I know they don't have downtime and, you're right. You're right. We can look at that. We can look into that, and as far as security, Mr. Gavin is correct. I like the idea of calling it something other than security. But security is important because we do have the park and because of the population we serve. It's a safe environment. Our crime is, we don't have a lot of crime or problems there because of security staff. I feel safe there. I feel like the clients and tenants are safe there.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Chair Baisa?

COUNCILMEMBER BAISA: Question is for the consultant but, Ms. Woods, you may wanna chime in. I'm looking at the photos that we have in the report and there's a whole lot of them. Ms. Woods, how long did you have a chance to look at this report before today?

MS. WOODS: About four days.

COUNCILMEMBER BAISA: Okay. Mr. Gavin, I'm trying to understand, help me understand, it's a lot of pictures in here that are marked rent-ready. What was the intent of this? What are we trying to portray?

MR. GAVIN: Well, these are pictures of units that were shown to us and conveyed to us by the maintenance staff that were rent-ready, and when we asked what that meant, they said, well, that means that the maintenance has been done and the reason it's in here is because it's showing that these units are being shown to perspective renters in dirty condition. They are not cleaned until their rented.

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COUNCILMEMBER BAISA: You know, it's a little hard to tell because your camera is like mine, not that great, or the pictures have been copied so many times that, you know, some of it is not very clear anymore but...

MR. GAVIN: I can e-mail you the copy, the pictures if you'd like me to.

COUNCILMEMBER BAISA: No, I don't think I need to look at this anymore but any response, Ms. Woods?

MS. WOODS: Yes, absolutely. Our units, I, you know, I invite anyone to come anytime to Hale Makana and view our property, view the facility. The vacant units, what we do is they, the maintenance crew, they strip, wax, and paint the unit and, you know, once the unit, exit unit inspection is completed. But what they'll do is, we call it, well, unit, the maintenance crew calls it move-in ready. I call it pre-move-in ready. When it's ready to be shown, then the Leasing Department informs maintenance, and maintenance will go and clean it up and then they'll show the unit. They're not going to show a filthy unit. Never. And that would not be acceptable. So the Leasing Department informs maintenance. Maintenance will clean it up before the potential tenant moves in, or looks at it.

COUNCILMEMBER BAISA: So these pictures that we have in here, what I'm hearing from you, is this would all be corrected --

MS. WOODS: Of course.

COUNCILMEMBER BAISA: --before anybody moved in?

MS. WOODS: Absolutely.

COUNCILMEMBER BAISA: Well, I think that's absolutely important.

MS. WOODS: It is.

COUNCILMEMBER BAISA: Because if you're going to hold the tenant responsible for when they leave --

MS. WOODS: Yes.

COUNCILMEMBER BAISA: --we wanna make sure that everything's in pretty good order when they move in.

MS. WOODS: Right. Of course. And we do have a check that we have on move-in/out, our move-in checklist and a move-out checklist so the tenant goes over that with the staff and identifies any problems that the unit may have, the cleanliness of the unit, and then they sign off. If there are any problems that the client or the tenant...sorry, I have two facilities, clients and tenants...so if

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the tenant finds that there's an issue, maintenance will address that, you know, they'll take care of it before, or no, it'll be identified on the sheet as well.

COUNCILMEMBER BAISA: And when they leave, are they required to do something about this? Are they charged, or what happens?

MS. WOODS: When the tenant leaves, when they vacate the unit, then they give us their notice, and maintenance and the leasing will go down and look at the unit and make sure it's in the same condition. They go through the check, the original check box that they signed upon entry to see that everything is exactly the same as it was when they moved in. So they're only responsible for what they, what was there when they moved in.

COUNCILMEMBER BAISA: Okay, thank you. I just wanted to understand all of the pictures.

MS. WOODS: Yes.

COUNCILMEMBER BAISA: Thank you. Thank you, Chair.

MS. WOODS: You're welcome.

CHAIR CRIVELLO: Thank you. Members, any more questions for Ms. Woods?

COUNCILMEMBER GUZMAN: Oh, not Ms. Woods.

CHAIR CRIVELLO: Okay, thank you.

MS. WOODS: Okay, thank you.

CHAIR CRIVELLO: Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. Yeah, I probably will have a follow-up for Ms. Woods after, if Mr. Gavin doesn't --

CHAIR CRIVELLO: She's available.

COUNCILMEMBER GUZMAN: --adequately answer the question. I'm going to refer you or call your attention to Page 17, and it would be Section E, People - Documents, and Operations, going down to the fourth paragraph under Real Estate License, and it, therein it mentions under Chapter 467 of the Hawaii Revised Statutes, a real estate license is required to manage real property with narrow exceptions. Whether the general partner's corporation is exempt from Hawaii's licensing law may be depend on the ownership structure. Is this is in reference to an inquiry as to whether the management, or the corporation has a license?

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MR. GAVIN: No, it was not in reference to an inquiry. It was just part of the overall review of the operations of the property, which, as one other Council member pointed out was, you know, pretty extensive. It was just one of the factors I looked at.

COUNCILMEMBER GUZMAN: Okay. So maybe Corporation Counsel can help me on this one. I don't have my HRS with me, but under Chapter 467, I'm not sure whether you have an opportunity to look at the exceptions and whether this corporation has...

MR. MURAI: I have not.

COUNCILMEMBER GUZMAN: Okay.

MR. MURAI: I have not.

COUNCILMEMBER GUZMAN: Is it possible to take a look at that in terms of finding out whether...

MR. MURAI: Well, I'd certainly, of course I can review the statute, but I'd need to have the background information to be able to render an opinion. So certainly I can do that and get you that information, Mr. Guzman.

COUNCILMEMBER GUZMAN: Maybe, does Ms. Woods have that information in terms of whether their, I guess, partnership corporation has a license, a real estate license?

CHAIR CRIVELLO: I'd like to call Ms. Woods.

MS. WOODS: This was brought to my attention and thanks to Dan Gavin, I appreciate that. We are not required, according to the HR...is it 467, I believe? I looked it up and as long as the, as long as we are not the majority owner of the property, our majority owner is SunAmerica and we're the, we are the, or the majority ownership-partnership agreement is SunAmerica and we are the general partner. So we have the ability, from my understanding, and I could be wrong, but what I understood is that as long as the majority partnership has the real estate license, then they are, that's their business. SunAmerica.

COUNCILMEMBER GUZMAN: Okay. Thank you, Chair. I would just like to see whether we can do further research on this particular issue.

CHAIR CRIVELLO: Thank you. I'll ask Department if they can follow up on that further --

COUNCILMEMBER GUZMAN: Thank you.

CHAIR CRIVELLO: --and get back to us with a report. Thank you, Ms. Woods. If, Members, you have no...Ms. Cochran?



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VICE-CHAIR COCHRAN: Thank you. On Page 17, Item E, in regards to the People - Documents, and Operations, those four bullet points where you, they were not available, are we, I guess, Department or Mr. Gavin still looking to receive these documents?

MR. GAVIN: From my standpoint, I'm not looking to receive them. My understanding is that they're not in existence.

VICE-CHAIR COCHRAN: Oh, okay. Got it. I, okay, I thought they were asked and not given but okay. Thank you.

CHAIR CRIVELLO: Members, any further comments or questions for Mr. Gavin or the Department. I have, not...for the Department, now that this report has been issued, do you have any recommendations or suggestions what will be implemented or at least discussed, maybe, with the management team of the Hale?

MS. RIDAO: Yes. As I said, you know, I really learned a lot in this process about management, and I don't think I'm the person that should be kind, or my staff, because we don't have that expertise, but as I suggested, I think Hale Makana should use this report as a roadmap to see where they can improve and if they want to contract it out, if they want to find the help through an RFP, I have no problem with that. My bottom line is to be able to report back to you, the Committee, that they are working at an efficiency that can pay back the \$4 million, because I think the, what the Committee is looking at is if they cannot pay back this \$4 million, what are our alternatives. And I think that's the bottom line.

CHAIR CRIVELLO: Thank you because that was going to be my next comment, you know, part of this assessment, or really the, you know, from the Committee's perspective, it's a management tool even for us as a Committee. But the reason why this has all surfaced is because of the outstanding debt that the Hale or the corporations or whomever, or your majority partners or the organization as an entity, County needs to recover the funds, the outstanding debt and that's what we were tasked to do and going through all of this, we're looking at the best way that we can assist the entity. And I appreciate the Department's efforts to have this assessment from an outside source, which, in my opinion, is of value. And so with that is, as our Director said, the full intent is how we will be able to recover debt. And, you know, budget's coming up again and, you know, it's for us to take a better look as to how funding is being expended and what revenues, you know, how it can make it work. Mr. White?

COUNCILMEMBER WHITE: Thank you, Madam Chair, and thank you for those comments. In reading through this report, and I have gone through as much as I could of the responses, it seems clear to me that there's at least a solid chance for them to make changes necessary to be in a position to come up with a solid repayment plan. And, you know, I know how hard changes in personnel can be having gone through, you know, the downturn in 2008 where we lost roughly between 30 and 35 percent of our revenues. We did it mostly through attrition and I think we ended up only furloughing three people. But it's painful but it's something that's required and I think that the report points out some things that I think have to be taken very seriously by both

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the Department and the staff at the Hale O Waiale. So I think it's a very helpful tool and I look forward to seeing what the Department can do along with the organization to come up with a viable repayment plan.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER WHITE: And thank you for taking this on.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER WHITE: I appreciate it.

CHAIR CRIVELLO: Mr. Couch?

COUNCILMEMBER COUCH: Well I, Ms. Cochran brought up some very interesting comments as far as those reports that were missing or not there because they don't exist. Any thoughts, and again, maybe this is, maybe to Ms. Woods, but Ms. Ridao, certainly there should be at least a capital replacement study, it's called reserves in condos. And there's no budget or is there a budget that you know of? And it would be nice to have a management plan and certainly a property management agreement if they're not the major stakeholders.

MS. RIDAO: I agree. I would like to hear from Mr. Gavin, though, 'cause he was the one that requested these reports and apparently was told that they're not available. Now, if they are available, I would like to hear from the organization.

CHAIR CRIVELLO: Mr. Gavin?

MR. GAVIN: Anytime you're going to manage another person's property, you need a property management agreement. It's part of the law. It's actually required in every state that I'm licensed in, that's the law. So that's necessary. The property management plan states exactly that. What are the goals of the ownership and what's the property management's marching orders, if you will, to meet those goals. That's a critical document as well. The capital budget really says what you're going to spend on capital items. They have a budget, an operating budget, but a capital budget is what are you going to spend for the capital expenditures. And the replacement/reserve study, absolutely, as you obviously know, it's something you need, maybe a five to ten year...ten years is kind of a lot. Maybe a five-year plan. How are you going to replace the capital items at the property.

COUNCILMEMBER COUCH: And, Madam Chair and Ms. Ridao, this kind of is boiling over to a certain thing is these guys are the general part of it but they're not the main partners, right? So why isn't Sun here? They got big bucks. Why aren't they paying their bills? They seem to be putting it on these guys, who are minor stakeholders, minor ownership, is that right?

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MS. RIDAO: Yes. And I think for a very long time now we have been asking that question of Hale Makana. Why is SunAmerica not here participating in these discussions? They're just not here. I don't know why. Maybe Gary has some insights.

MR. MURAI: Actually, I'm sorry, Ms. Ridao, I don't have any further insights. We have, you know, met with the Ka Hale A Ke Ola Board and from what I understand, they've been contacting SunAmerica and they've told me that as soon as we hear, we'll let you know. This was back in December. We've not heard back from them yet so I presume SunAmerica isn't getting back to them either. We were curious to know whether the limited partnership still exists. We're, you know, we understood from the terms of their agreement that the limited partnership expires on December 31, 2013 so we thought it was pau. They say that it's not but I, quite frankly, Mr. Couch, I don't know what the status is as we speak today. Although, you know, then again, too, I'm not sure whether or how much SunAmerica is willing to contribute given that there are no more tax credits and their limited partnership agreement may or may not be in existence so.

COUNCILMEMBER COUCH: Well, it would just seem that somebody owes us \$8 million, eight-plus million. Well, I know it's in different chunks but...and these guys are taking the, all the slings and arrows when they're just the managing partnership not the big money partnership. You would think that the big money partnership would be watching over this and saying, hey, you guys start paying back the money. I don't know. I'm really confused as to all the players in this and where we stand in this.

MR. MURAI: Our understanding based on our review of the documents that are available to us is that it appears that SunAmerica may have no liability as to these debts. So that may explain their absence or their apparent lack of concern or interest. Perhaps the, you know, the executive director or the board members may be better able to speak to that than I can. I can only base my observations on what's, what available, information is available to us.

COUNCILMEMBER COUCH: Madam Chair, I mean, is, I don't know if there are any board members here for this? Can we have a chat with them? Or...

CHAIR CRIVELLO: Yes. Would you mind?

COUNCILMEMBER COUCH: I mean I don't know and...

CHAIR CRIVELLO: Sir?

COUNCILMEMBER COUCH: I don't know if it may need to go to executive session. I don't know. You gotta let us know that.

MR. MURAI: At this point, probably not.

COUNCILMEMBER COUCH: Okay.

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MR. MURAI: Unless, of course, they believe that there may be proprietary information.

COUNCILMEMBER COUCH: Sure.

MR. MILLER: Good evening, Members. Or good afternoon. I'm Steve Miller and I'm a relatively new member of the board but my understanding is, I mean going back, the issue of repayment of the loan, the loan is a cash surplus loan, which says that the, it either has a fixed annual payment or the lesser of 90 percent of remaining cash flow less reserves. Well, there's never been any remaining cash flow. So therefore there's never been any payments. The partnership had a provision where as of December 31<sup>st</sup>, it could be renewed and there is a 90-day window to do that, which we're in right now. But it is not terminated and the board has requested financial information from SunAmerica to be able to make a determination towards termination of the partnership if SunAmerica is willing. And in that case then, Hale Makana would become the owner of the assets. The County still owns the land, and it would put the County in a position to either sell the property, refinance the property, recapitalize the property, whatever. So we are trying to get that done and that's on our list of things to do. Any questions?

CHAIR CRIVELLO: Any questions for Mr. Miller? Yes, Mr. Couch?

COUNCILMEMBER COUCH: So, and I can't remember if it's this project or another project now so correct me if I'm wrong, Ms. Ridao, so you're saying that SunAmerica got all these tax credits, and I think, is this the project that they got like \$400,000 a year in tax credits or is that a different?

MR. MURAI: Thereabouts, yes.

COUNCILMEMBER COUCH: And haven't paid a cent back?

MR. MILLER: They weren't obligated to pay a cent back. They paid money upfront, I believe. They bought out the partnership interest of Bank of Hawaii?

COUNCILMEMBER COUCH: So they paid money to Bank of Hawaii? I still haven't seen what, how you guys benefited from it other than getting stuck with the bill.

MR. MILLER: I don't know. It was before my time. I mean there is a long list of documents. It all began with a letter memorandum of understanding with Linda Lingle and the operation and Hale Makana to build the facility whereas the County would pay for all the costs of construction and operation. And then what was originally a grant for \$4 million was turned into a loan for \$4 million.

COUNCILMEMBER COUCH: Well, okay. I know you've just gotten in on that a little bit.

MR. MILLER: Yeah.

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COUNCILMEMBER COUCH: But...

MR. MILLER: But the other thing I was going to say about the financials is that there's really good information in here and the board has been interested in, for a while, of trying to reduce expenses and get Hale Makana up to where it's more self-sufficient, and we think that as, well, our budget, our operating budget for the coming year is got a positive cash flow for the first time of about \$100,000 to \$200,000 a year. My feeling is that the estimates in here for savings on the different proposals are overstated. There's also a lot of capital costs in there that have to be invested, which are not mentioned, including the cost of software, but if even a portion of those savings or half or 70 or 80 percent are available, there's still only maybe a couple hundred thousand, \$200,000 to \$300,000 a year to that, the project can kick off to pay back an \$8 million or \$6 million loan. So it's, if the County's willing to extend it for 20 years, then maybe it could pay itself off.

COUNCILMEMBER COUCH: Okay. And just to correct, I mean, my impression in reading the agreement date, a loan repayment agreement dated December 29, 1998, it says the County agrees to make available a long-term loan to borrower for the sum not to exceed four million two hundred and fifty-five thousand and no dollars. So that is definitely a loan in my, I mean the way I read it. Now the lawyers may --

MR. MILLER: It is.

COUNCILMEMBER COUCH: --read that...okay.

MR. MILLER: I mean it went from loan grant to loan and it has repayment terms and the repayment terms are specified in annual amounts but it is a cash surplus loan.

COUNCILMEMBER COUCH: Okay.

MR. MILLER: And I think it's, the board has been frustrated that the County and the Department have never understood the background of this whole project and implied that the organization is somehow deficient in not paying back this loan. While it is certainly a legal obligation, the ability to pay it back out of cash flow is just not realistic.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR CRIVELLO: Any other questions?

VICE-CHAIR COCHRAN: Chair?

CHAIR CRIVELLO: Yes.

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VICE-CHAIR COCHRAN: Thank you, and thank you, Mr. Miller, for being here. I just had a question. So the surplus cash alone is the term you're using? So that means you pay back only if you have a surplus in the end.

MR. MILLER: Yes.

VICE-CHAIR COCHRAN: And so with these 40 different recommendations, there seems to be there could be a cash flow if implemented.

MR. MILLER: That's what I'm saying is that there would be cash flow. We have positive cash flow now and with these recommendations it would increase and I think that's reasonable expectation. And so I'm saying is that there could be maybe a quarter million dollars, maybe as much as \$300,000 a year available towards paying back the loan, but it's going to take a long time to pay back that loan at that rate. So, if the County is willing to extend the length of the loan to make it repayable at that, the project, regardless of who's managing it --

VICE-CHAIR COCHRAN: Right.

MR. MILLER: --it's possible.

VICE-CHAIR COCHRAN: Thank you. And as a board member having, you folks have reviewed this and seen this document with the recommendations?

MR. MILLER: Yes.

VICE-CHAIR COCHRAN: And agreed to implement or agreed to discuss and perhaps implement?

MR. MILLER: Well, we haven't even had time to discuss it. We just, I just got this last Friday, I think.

VICE-CHAIR COCHRAN: Okay. Alright. Well, thank you for your time and, Chair, just a comment.

CHAIR CRIVELLO: Thank you, Mr. Miller.

VICE-CHAIR COCHRAN: I mean it's...

CHAIR CRIVELLO: Just a moment. Any more questions for Mr. Miller? Okay, thank you. Thank you, Ms. Cochran.

VICE-CHAIR COCHRAN: Sorry, thank you. And, I mean, I think something is better than nothing.

CHAIR CRIVELLO: Yeah.

VICE-CHAIR COCHRAN: So if we can take steps towards some kind of payment, however, regardless, I mean not regardless of how long it takes, but at least it's movement in the positive

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plus direction, so that's kind of how I look at it, and if I'm hearing that they're open to it, then wonderful. So I, you know, look forward to seeing some positive movement forward and thank you for bringing this up and Department and Mr. Gavin, for doing your work.

CHAIR CRIVELLO: Thank you. Any more comments regarding this matter? Chair Baisa?

COUNCILMEMBER BAISA: This has been a very enlightening meeting but we now have this report and my question is to the Director, and I'm sorry, Ms. Ridao, I know you're having a hard time talking today. We all have these frogs. What is the intent of the Department going forward with this report?

MS. RIDAO: We would probably either continue to work with Mr. Gavin to help us assess the progress, and I think that's the best way for us to go because they are the experts. And, I mean, I'm encouraged by what I'm hearing today, like a Council member said, something is better than nothing. I think we, as a Department, have been frustrated for a very long time because the project has never had a positive cash flow so year after year after year, the County has been putting money in to maintain the project. So that was one of our frustrations also. I'm encouraged that, you know, the project is now turning a positive cash flow. With implementing some of these recommendations maybe can improve and even have a better cash flow. So I would say that we would probably continue to try and work with Cirrus to monitor and see how things go.

COUNCILMEMBER BAISA: Thank you. It seems to me that, you know, I think we all agree to one thing and that is that this facility is an integral, very important part of our community.

MS. RIDAO: Yes.

COUNCILMEMBER BAISA: And we all want to keep it going and we all think it's really important that, you know, it be improved and that it do the best it can because it's really important. We don't have alternatives to what they do. They do a wonderful service there but I do agree that there's some, a lot of suggestions here and I would hope that the board would look at this very seriously and work with management and with your department and whoever we have to work with to be sure that we do realize this positive cash flow. Let's monitor it very carefully to make sure that it is happening. Let's not wait a long period of time. You know, it either is going to turn around this ship and go in the right direction and if we can see that that is happening, I am very comfortable in giving them the time because, you know, we don't have the money anyway and if we get \$300,000 a year, we'll actually pay this off in about 24 years if we're lucky. Some of us won't be around but some of us definitely will be. But anyway, to me it's important. It's an integral part of our community and so let's take these suggestions in a serious manner and try to do the best we can and let's monitor carefully, and if it seems like it's turning, that's great. If it doesn't, then we need to sit down again and say uh-uh, we have to go to plan b. But I really understand. You know, every time you have an audit report, it's always hard to be the auditee and it's just as hard to be the auditor or the monitor or whoever has to do this report because, you know, we're never happy to be told uh-uh. But there's a lot of good suggestions and there may

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be misunderstandings or misstatements or whatever, but let's try to take what's good and leave the rest and move on to try and solve this problem because this is an important part, Chair, of our community, our infrastructure in our community. And so I'm very grateful for the work that's been done and, you know, I apologize for anybody who feels embarrassed or upset about, you know, what we're talking about but it's our job. We're the ones who give out the money so we're the ones who have to pay attention to it but I think our heart is in the right place. We wanna make this better. And so I want to say thank you and that would be my idea is that we go ahead, try make it better, monitor, and see where it goes. Thank you.

CHAIR CRIVELLO: Thank you. Any other comments or questions, Members? There being none, I'd like to at least extend our thank yous to the Department. You know, I recall when we first started to look at these documents, it was like yikes, what a maze. And with the intense participation from our Corporation Counsel, we've been able to even have the board try and understand it better than they did at the beginning and it's, and, Mr. Gavin, I'm sorry we put you in a spot like this but we appreciate you and thank you for being part of our solutions to what we identify as trying to make improvements. And to the organization, you know, thank you. We will continue. This will not be the end. This is just the beginning on how we're going to have our roadmap in place as to, as Chair Baisa said, and the direction from the Department that we give you is for us to have the collaborating conversation and find us a solution whether it's a few dollars or a million dollars, we look for repayment and as well as sustaining this valuable service that we offer. So since there's no legislation to consider, I'd like to defer the item if there are no objections.

COUNCIL MEMBERS: No objections.

**COUNCILMEMBERS VOICED NO OBJECTIONS.** (Excused: RC and MPV)

**ACTION: DEFER PENDING FURTHER DISCUSSION.**

CHAIR CRIVELLO: Members, before we move on to our next item, HHT-16, I'd like to call for a brief recess...five minutes. Is that okay? ...*(gavel)*...

**RECESS: 3:05 p.m.**

**RECONVENE: 3:16 p.m.**

CHAIR CRIVELLO: ...*(gavel)*... We will reconvene the Housing, Human Services, and Transportation meeting. At this time, we'll move on to our next item, HHT-16, Grant of a License of County Real Property to Tri-Isle Resource Conservation and Development Council, Inc., Lahaina.



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**ITEM NO. 16: GRANT OF A LICENSE OF COUNTY REAL PROPERTY TO TRI-ISLE RESOURCE CONSERVATION AND DEVELOPMENT COUNCIL, INC. (LAHAINA) (CC 13-344)**

**CHAIR CRIVELLO:** The Committee is in receipt of County Communication 13-344, from Councilmember Mike White, relating to a grant of a license of County real property to Tri-Isle Resource Conservation and Development Council, Inc. for the Pioneer Mill Office Building in Lahaina. So in accordance, Resolution 06-124 authorizes a grant of license for the Pioneer Building to Tri-Isle RC&D for 25 years at \$1 per year. Tri-Isle RC&D, along with Na Kupuna O Maui, propose to use the building as a resource center. So at this time, I'd like to ask Director Jo-Ann Ridao from the Department of Housing and Human Concerns to make any comments or concerns.

**MS. RIDAO:** Sure. I'd like to report to the Committee that a meeting was held in my office last week with Tri-Isle, Na Kupuna O Maui, and I explained to them the situation about the non-compliance with the lease, that they have not, since they got the lease, done anything with the building. In the past, it was explained to me or shared with me that Lahaina Restoration Foundation would be interested to take over the lease. So our next step, because Na Kupuna really does want to retain the lease. So our next step is to meet with Na Kupuna O Maui and Lahaina Restoration Foundation to see if we can work something out that they can work together. And that meeting I believe is scheduled for February the 12<sup>th</sup> in Lahaina at the site.

**CHAIR CRIVELLO:** May I before I open up the floor, so Na Kupuna O Maui and the Tri-Isle are in collaboration with the actual lease? Who actually leases the building? It's Tri-Isle? And how does Na Kupuna O Maui...

**MR. MURAI:** May I make a clarification? According to the documents relating to this matter, this is a license, which is kind of like, it's also a conveyance or a grant of real property but it's a little more limited than a lease although I...Ms. Ridao can correct me if I'm wrong, but I was under the understanding that if Tri-Isle does assume any role in this that they may be seeking a lease as well. But I don't have a copy of the license agreement with me right now.

**CHAIR CRIVELLO:** Okay.

**MS. RIDAO:** I can maybe elaborate a little bit on Tri-Isle's involvement. If you, I'm sure you're familiar with Tri-Isle. They kind of serve as the entity to keep track or accepting the grant, keeping track on the use of the grant, and reporting the necessary reports that come with the grants, and that is because we have very, we have a lot of groups or organizations that either are not 501(c)(3)s or are loosely held organizations whereby they have no staff to do that work. So that is the role that I see for Tri-Isle in this situation.

**CHAIR CRIVELLO:** Though they are the holder of the license?

**MR. MURAI:** At the moment it's still Na Kupuna.

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MS. RIDAO: Na Kupuna.

CHAIR CRIVELLO: Oh, okay. It's Tri-Isle along with Na Kupuna O Maui. Okay. Okay. Chair Baisa and Member Couch.

COUNCILMEMBER COUCH: Point of personal privilege for a second, Madam Chair. If the Members would like, I have, if you look at the Committee report where it says an Executive Assistant to the Mayor and it's referred to over and over again, that was me. So I can tell you exactly what this whole thing is about if you would like, if Madam Chair would...

COUNCILMEMBER BAISA: I would be glad to defer and get the facts.

COUNCILMEMBER COUCH: Okay.

CHAIR CRIVELLO: Okay. Mr. Couch, the floor is yours.

COUNCILMEMBER COUCH: Thank you, Madam Chair. Back in 2005, Na Kupuna O Maui, actually almost in 2004, came to the Ninth Floor and asked for use of that facility. So through a year, it took us about a year to go through with them and with Corp. Counsel and everybody. They wanted to have a genealogy center and some offices so they can lease out maybe their offices and something else so they can fund the museum. And at one time they were discussing with Lahaina Restoration Foundation and they had a kind of a loose relationship but it was strictly Na Kupuna O Maui that wanted to do this. And of course they weren't a 501(c)(3) full-fledged or I forgot what the issue was with that, but typically Tri-Isle RC&D does, becomes the fiscal agent for things like that and they handle all the fiscal responsibility and any licensing or leasing usually. So they, we worked a deal out with them that Tri-Isle RC&D would take the lease and that Na Kupuna O Maui would, they said they had enough people to help with the construction because it's really run down but it's still usable. So they were gonna go do some preservation and some construction and then make that a viable entity. Now, several things happened. One, we left office. So we didn't get to follow that because this happened right at the end of our term, and Tri-Isle RC&D has a new executive director now, so he's not up on what was going on there. The Lahaina Restoration Foundation has a new executive director and she was kind of involved a little bit, because she was at Lahaina Town Action Committee at that time so there was some discussion with her as well. So a lot of the players have changed, a whole lot of the players have changed. The only one that's remaining constant is Patty Nishiyama from Na Kupuna O Maui, and quite honestly they don't have the resources themselves to do it, but they were gonna get their relatives and their organization together and get some people to do it. I guess in the ensuing four years, I wasn't able to continue to follow that so I don't know what happened, but that's what it was started out to be and they were going to work possibly with Lahaina Restoration Foundation to have, lease offices to them and it was a pretty good arrangement but I don't know why it fell through the cracks. Maybe it wasn't on the radar of other folks. So that's essentially what happened. They had, they really have a good idea for that place but if they can't pull it off then I understand, but that's the story of how that happened.

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CHAIR CRIVELLO: So, just for clarification, in accordance to the copy of this resolution I have, the authorization of this grant of license was to Tri-Isle Resource Conservation and Development Council.

COUNCILMEMBER COUCH: Yes.

CHAIR CRIVELLO: Oh, okay. Thank you. Any other comments or questions? Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you. Or Mr. White?

MR. WHITE: I thought...

COUNCILMEMBER BAISA: No, go ahead.

VICE-CHAIR COCHRAN: Oh sorry.

CHAIR CRIVELLO: I'm sorry, Chair Baisa.

VICE-CHAIR COCHRAN: Sorry. Go ahead, and then we'll work our way back down.

CHAIR CRIVELLO: That's why we always miss this way.

COUNCILMEMBER BAISA: I have learned a lot by sitting in this seat and I'm going to be more aware of it in the future. My, I just want to be sure. Okay, if we do do this license to Tri-Isle, the intent is that Na Kupuna would be accommodated?

MS. RIDAO: Council Chair, that is the intent. What I'm trying to do is get them to collaborate because over the years I don't think that Patty Nishiyama was able to corral or put together a group that was sophisticated enough to help her with this project, and I have worked with Lahaina Restoration in the past and I am very confident that they will be able to pull it together. So my hope is that I can get Na Kupuna and Lahaina Restoration to work together to move the project forward and if they agree to that, then I would be asking them for a timeline as to how this project will move forward.

COUNCILMEMBER BAISA: Thank you very much, Ms. Ridao. It's really important. None of us want the Kupuna huhu with us because that's a bad scene, you know. We would definitely like to help them if we can and I thank you for taking on that job of trying to bring people together. Thank you. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Ms. Cochran, and then Mr. White.

VICE-CHAIR COCHRAN: Thank you. Yeah, thank you and yeah, I was reading. Thank you for Mr. Couch's historical knowledge on this. So I guess maybe it goes to Mr. Couch. In regards to

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the National Register application, this was never done? Because in this dialogue it says there was a concern about it but then I think the next sentence it was not, that's not true? It's not on the place on the National Historical Registry? Sorry, Chair. I guess to my fellow Member who --

CHAIR CRIVELLO: Mr. Couch?

VICE-CHAIR COCHRAN: --was there.

COUNCILMEMBER COUCH: That was one of the things that they wanted to do is kind of keep it on the place of National Historical Registry and my last thought was that it was but I'm not sure.

VICE-CHAIR COCHRAN: Okay. I guess we can, we'll learn more when I guess Ms. Ridao...

COUNCILMEMBER COUCH: Oh, I'm sorry. It's not on. But they wanted to put it on. That was the idea.

VICE-CHAIR COCHRAN: But as of today has not been done I believe.

MS. RIDAO: I think, I saw the application in the file.

VICE-CHAIR COCHRAN: Okay.

MS. RIDAO: So I'm not sure if it was filed or completed or, so I don't know.

VICE-CHAIR COCHRAN: Okay. And so Chair, I guess for the Department, this meeting at the site on the 12<sup>th</sup>, is that open to the public or is this just via your Department and these two entities?

MS. RIDAO: Yes, it's the initial meeting to hopefully get the two organizations to be willing to work together and then we'll move forward from there. But it's just kind of like get them together at the site, let Auntie Patty explain to Theo pretty much what her vision is. If Theo is comfortable and buys in, willing to put Lahaina Restoration time into this project, then I will ask them for a timeline and then come back to the Committee with a report.

VICE-CHAIR COCHRAN: Okay. And, Chair, a follow-up? And so in this November 17, 2006 paperwork, it was discussed during that time about a license or lease? I know we're looking for license at this point. Is the lease still being discussed? But it also states the land would have to be subdivided if it becomes a lease per se. So we're just looking for a license at this point?

MS. RIDAO: We haven't gotten to that deal.

VICE-CHAIR COCHRAN: Oh, okay.

MS. RIDAO: Yeah.

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VICE-CHAIR COCHRAN: Alright. That's way beyond.

MS. RIDAO: We probably want to do it the most, the easiest possible way, yeah.

VICE-CHAIR COCHRAN: Okay.

MS. RIDAO: So we'll research that.

VICE-CHAIR COCHRAN: Okay.

CHAIR CRIVELLO: Mr. White, and then Mr. Couch.

COUNCILMEMBER WHITE: Thank you, Chair. Have we received any reports from Tri-Isle in the ensuing seven years?

MS. RIDAO: You know, I would have to go back and check that.

COUNCILMEMBER WHITE: Okay.

MS. RIDAO: Yeah.

COUNCILMEMBER WHITE: And do you recall what the performance measures were that...you made a reference to there was a performance problem with the license. Do you know what they were supposed to have done?

MS. RIDAO: I'm not sure if the agreement spells out a specific, you know, that they have to perform in a specific amount of time. But when this was brought to our attention, we contacted Patty Nishiyama and through Zeke Kalua, who is now Mayor's Executive Assistant, kind of expressed to us that Lahaina Restoration would be interested, and in fact Theo has expressed interest. So that's where we are right now.

COUNCILMEMBER WHITE: And if Lahaina Restoration was interested, would the license or lease be reissued under them or would it stay with Tri-Isle?

MS. RIDAO: Okay, at our initial meeting, I explained to everyone in the room that usually when you go after a grant, possession of the property is very important. So I think I tried to make that clear to Na Kupuna that if Lahaina Restoration is taking it over, they may have to be, hold the license or the lease in order to show proof that they have control of the site. I think Na Kupuna's main concern is that they have access to an office space, maybe space to have hula classes or meetings and that kind of thing. So if that's their wish, I think we can work it out. I think we can work it out where Lahaina Restoration would get the lease or the license, but we would have a separate agreement between Lahaina Restoration and Na Kupuna as to what kind of space Na Kupuna would get in this site.

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COUNCILMEMBER WHITE: What is the total square footage?

MS. RIDAO: I'm not...

COUNCILMEMBER WHITE: It's got two...

MS. RIDAO: Two floors.

COUNCILMEMBER WHITE: Two floors?

MS. RIDAO: Oh, three floors.

COUNCILMEMBER WHITE: Three floors.

MS. RIDAO: There's a basement and then a regular level and then an upper floor.

COUNCILMEMBER WHITE: Mr. Couch, do you recall...I'm sorry. Can I ask Mr. Couch if he recalls the square footage?

CHAIR CRIVELLO: Of course. Go ahead, Mr. Couch.

COUNCILMEMBER COUCH: Unfortunately I don't recall the square footage but there are three floors, the basement and the two floors. I couldn't recall what it was. It is, it should be in the license.

MS. RIDAO: The lot's square footage is like nearly 16,000. It's 15,808 square feet.

CHAIR CRIVELLO: That's the lot?

COUNCILMEMBER WHITE: Yeah.

MS. RIDAO: The lot, yeah.

COUNCILMEMBER WHITE: As you go through this process, I think it would be important to get a sense of what the renovation costs might be. I think, I would agree with you that it's probably not moved forward because Na Kupuna doesn't have the resources to move it. I do believe that Lahaina Restoration has the reputation for being able to move on things and I know they've been pretty effective at raising funds. So I think it's, it would be a good marriage if you could, if you put that together, but at the same time we really have to look at how we can get that place renovated.

MS. RIDAO: Right. I totally agree.

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COUNCILMEMBER WHITE: Whether it's with them or with some other entity, I'm not sure I want to just look at just one way to do this. It may be necessary or appropriate for you to also look at other entities that could end up helping Na Kupuna but in a way that's putting the building to maybe a different use, just restoration because 16,000 square feet is a lot and I know Lahaina Restoration's already got, you know, all the other structures that they're occupying space in so.

MS. RIDAO: Well, Na Kupuna seemed very, very comfortable with working with Lahaina Restoration so I think that's a good thing. I do know that there are some preliminary drawings in the file for restoration but, you know, we all know what goes into restoration once they get into the building. So I agree with you. I think that Lahaina Restoration is probably the best entity on the island that can deal with restorations. Yeah.

COUNCILMEMBER WHITE: But it, Chair, it may require some private funding, private, you know, some deal that involves private money that results in some of it being leased out as office space. So I, you know, I, this may have to be a creative resurrection of this. My recollection is that this is back when we were doing licenses and not leases.

MS. RIDAO: I think that's correct.

COUNCILMEMBER WHITE: But now I think we're, we've gotten over the license issue and we're doing leases, you know... anyway. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair, and to answer Ms. Cochran's question and confirm what Mr. White just said, yeah, this was at a time when the current, at that time, the current Corp. Counsel said no, it has to be subdivided in order to be a lease, but we have known this Corp. Counsel has said no, as long as you have metes and bounds, it can be a lease. So that was the reason for the license at the time. If you look, it's a 25 year license, which typically we only do about five or ten years on a license, so that was a weird hybrid that we had to put up with, and, you know, as the saying goes, the road to a certain place is paved with good intentions and I know Auntie Patty really wanted to work on this and she had some drive, but she also did have to be prodded all the time I was there. So okay where are you now on this? Where are you now on this? So with that prodding gone for four years, I don't know what happened and I don't know what has happened in the other three years here, but there was talk with Mr. Freeland at the time for Lahaina Restoration Foundation working on it, because he was the last manager there too. But now he's gone and Theo's inside, in there now, and it still would be, as Mr. White says, a really good project for them, and certainly if a private organization that maybe is well known for its Hawaiian hospitality would be interested in doing that, that might be a good thing too so, but yeah. It is going to take a lot. Having toured that place, it's in need of a lot of work. And plus there's a lot of stuff, there's really neat stuff in there that needs to be restored, you know, not demolished or anything like that. Have different, you know, just save those things. Like on the inside of the safe door there's each manager of the building has signed on the post their tenure if you will. So it's kind of cool, some really neat stuff in there.

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CHAIR CRIVELLO: So, would anyone, Members or Department, has there been any improvements to the building since the license was issued? No. Okay. Mr. White?

COUNCILMEMBER WHITE: And that's one of the reasons why I'm a little bit concerned even with getting Lahaina Restoration involved, because the need for renovation I think becomes more and more important with every passing day, because for a building to sit for seven years or I don't know how long it's been vacant, way more than that, there's a lot of work that's going to have to be done there, and possibly some of it may be irretrievable, and so that's where even Lahaina Restoration may not be able to pull this off. So I think we need to approach this with eyes wide open and possibly look at involving something along the lines of, you know, a County concession. We've had these discussions before where if this is a piece of real estate that is of value from a cultural preservation or a historic preservation standpoint, then I think it's worth moving in that direction, but it may need to be funded by other sources, and instead of the County leasing it for a dollar, maybe we lease it for a little bit more than that.

CHAIR CRIVELLO: Alright. Mr. Couch?

COUNCILMEMBER COUCH: Thank you. Just out of curiosity with Ms. Ridao, it still is a license to them because it was a 25 year license or if you pulled the license?

MS. RIDAO: We have not pulled the license.

COUNCILMEMBER COUCH: So they still have the license?

MS. RIDAO: Yes.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR CRIVELLO: Any more questions or comments?

VICE-CHAIR COCHRAN: Chair?

CHAIR CRIVELLO: Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you, and yeah, I mean I'm very happy for the discussion and it's something that I drive by almost every day up Lahainaluna Road and see it just dilapidated and boarded up and busted windows and what have you. So it is a shame at this point but I'm...you know, I'm looking forward to having an entity of whoever or a collaboration of entities to go ahead and, you know, renovate and restore and all that and preserve. You know, Mr. Couch and I were just talking on the side and like the courthouse got restored, Agawa house is being restored, the smokestack and Seaman's Hospital. You know, Rotary did the library, Lahaina Library. So, I mean, there are entities that perhaps if they know that they would step up and willing to help out on the privatized basis. So anyhow, or I can turn it into a park and use park



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assessment fees and something but anyways. No, looking forward to seeing it being restored or preserved. Thank you.

**CHAIR CRIVELLO:** Department, I think for one way in trying to, I guess, leverage funding would us or the Tri-Isle people to work towards designating, having it designated as a historic site, whether it's just within the State or Federally, and then the restoration would involve specialized contractors that can do that to get it restored to its original. I know we did a project on Molokai that was under the care of our Kupuna but came to a time that they could not keep it up and it was just, it just deteriorated, and it cost over a million dollars funding that we had to raise and today it's restored, you know, and well utilized by the community. So I think...and it's designated as a historic site, at least from the State level, so at that point we were able to leverage funding, you know, somehow or other. So if we can have those kinds of consideration and still continue the dialogue, I think, with Na Kupuna O Maui and as well as Tri-Isle and Lahaina Restoration or other entities that may be supportive of the objective, what we would like to see, like you say, valuable history of Lahaina be told with living structures, yeah. So any other questions, Members, or comments? I appreciate your time. I appreciate the quorum and the conversation and discussion. Ms. Ridao, thank you very much. Go home, take your shot of...your jigger and lemon and honey and thank you, Mr. Murai. Since there is no legislation to consider, with no objection, I'd like to defer this item.

**COUNCIL MEMBERS:** No objections.

**COUNCILMEMBERS VOICED NO OBJECTIONS.** (Excused: RC, DSG, and MPV)

**ACTION: DEFER PENDING FURTHER DISCUSSION.**

**CHAIR CRIVELLO:** There being no further business, I'd like to call an adjournment to this meeting. Mahalo. . . .(gavel). . .

**ADJOURN:** 3:44 p.m.

APPROVED:

  
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STACY CRIVELLO, CHAIR  
Housing, Human Services, and Transportation  
Committee

hht:min:140206:kr

Transcribed by: Kekai Robinson

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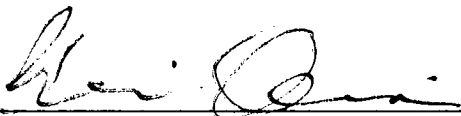
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**CERTIFICATE**

I, Kekai R. Robinson, 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 this 27th day of February, 2014, Wailuku, Maui, Hawaii.

  
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Kekai R. Robinson