

# **BUDGET AND FINANCE COMMITTEE**

**Council of the County of Maui**

## **MINUTES**

**March 11, 2014**

**Council Chamber**

**CONVENE:** 1:35 p.m.

**PRESENT:** Councilmember Mike White, Chair  
Councilmember G. Riki Hokama, Vice-Chair  
Councilmember Elle Cochran, Member  
Councilmember Donald G. Couch, Jr., Member  
Councilmember Don S. Guzman, Member

**EXCUSED:** VOTING MEMBERS:  
Councilmember Gladys C. Baisa, Member  
Councilmember Robert Carroll, Member  
Councilmember Stacy Crivello, Member  
Councilmember Michael P. Victorino, Member

**STAFF:** Michele Yoshimura, Legislative Analyst  
Chancy Hopper, Legislative Analyst  
Jordan Molina, Legislative Analyst  
Yvette Bouthillier, 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.:** Sananda Baz, Budget Director, Office of the Mayor  
Brianna L. Savage, Deputy Director, Department of Parks and Recreation (BF-101)  
Jo-Ann Ridao, Director, Department of Housing and Human Concerns (BF-93, BF-103)  
Deborah Arendale, Executive, Office on Aging, Department of Housing and Human Concerns (BF-103)  
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the audience:

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

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Mark Walker, Deputy Director, Department of Finance (BF-93)  
Edward S. Kushi, First Deputy Corporation Counsel, Department of the  
Corporation Counsel (BF-93)

**OTHERS:** Jennifer Livingston, Playground Committee Chair, Haiku Community Association  
(BF-101)  
Dave Billings, Nexus for Affordable Housing, Inc.  
Others (6)

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

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CHAIR WHITE: . . .*(gavel)*. . . This meeting of the Budget and Finance Committee will please come to order. And I'd like to recognize the following Members who are here with us today. We have our Vice-Chair of the Committee, Riki Hokama.

VICE-CHAIR HOKAMA: Chairman.

CHAIR WHITE: And Members Elle Cochran.

COUNCILMEMBER COCHRAN: Aloha, Chair.

CHAIR WHITE: Don Couch.

COUNCILMEMBER COUCH: Good afternoon, Chair.

CHAIR WHITE: And Don Guzman.

COUNCILMEMBER GUZMAN: Good afternoon, Chair.

CHAIR WHITE: Aloha. And excused are Members Carroll, Crivello, Baisa, and Victorino. So, Members, just a reminder that we have . . . since we have bare quorum, please do not leave the Chambers, except during recess. And this afternoon we have Committee Secretary, Yvette Bouthillier; Michele Yoshimura, Chancy Hopper, and Jordan Molina, as our Legislative Analysts; and Jeffrey Ueoka from Corp. Counsel; Sandy Baz from Budget Office, Budget Director.

MR. BAZ: Aloha.

CHAIR WHITE: And for the first item on our agenda, we have Brianna Savage, welcome. Okay, Members, we'll move into public testimony and without objection we'll call our first testifier here in the Chambers and that will be Jennifer Livingston testifying on BF 101.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

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

MS. LIVINGSTON: Am I on?

CHAIR WHITE: Yes, you are.

MS. LIVINGSTON: Okay. My name is Jennifer Livingston. I'm the Playground Chair for the Haiku Community Association. Just to give you a brief history, the playground was originally built by the community about ten years ago, and through a unfortunate set of circumstance that involved the lack of funding and a changing of hands between people maintaining it, it was allowed to fall into disrepair, and it was closed. The community came together and decided that we actually really want our playground open and have been working closely with the County to...with Parks to make that happen. The Haiku Community Association is prepared to utilize the grant that's been offered to the best of its ability to get the playground open again. We've been working really hard to make some really great plans to make that happen. We've had lots of really great work days and things are already moving forward to get that playground reopened. So, I'm here to answer any questions that you might have on behalf of the HCA and on behalf of the Playground Committee. I think something to keep in mind as you think about this is that the cost to the County to reopen the playground as it is, is much, much more than the cost for the HCA to do it. The HCA can take advantage of volunteer labor and volunteer time. I can guarantee you in order to get that playground reopened in a timely manner in such a way that I'm not sure the County would be able to on the budget of 150. So, that's it. Do you have any questions?

CHAIR WHITE: Thank you, Ms. Livingston. Members, any questions for the testifier? Seeing none, thank you very much.

MS. LIVINGSTON: Thank you.

CHAIR WHITE: And our next testifier here in the Chambers is Dave Billings testifying on BF-93.

MR. BILLINGS: Honorable Chair and Council members, or Committee members, I apologize. I just wanted to let you know that I'm here to answer any questions you may have about the Ocean View Affordable Housing Project and I'm here for open questions.

CHAIR WHITE: Okay, thank you. Members, any questions for Mr. Billings at this point? Seeing none, thank you very much. If you'll be here as a resource we would appreciate it. Thank you. Okay, Members, we don't have any further testifiers here in the Chambers. We'll go to Hana first. Dawn, do you have any testifiers in Hana?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

MS. LONO: Good afternoon. This is Dawn Lono at the Hana Office and I have no one waiting to testify.

CHAIR WHITE: Thank you very much. We'll go to Lanai. Denise, do you have any testifiers there?

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

CHAIR WHITE: Thank you. And Ella on Molokai?

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

CHAIR WHITE: Thank you. Is there anyone else in the Chambers this afternoon who would like to offer testimony? Seeing none, without objections we'll close testimony for the day.

COUNCIL MEMBERS: No objections.

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

**ITEM NO. 101: AMENDING FY 2014 BUDGET: DEPARTMENT OF  
PARKS AND RECREATION (KALAKUPUA  
PLAYGROUND) (CC 14-44)**

CHAIR WHITE: Okay. Members, we have three items on the agenda today and we'll start with BF-101, Amending Fiscal Year 2014 Budget: Department of Parks and Recreation (Kalakupua Playground). And the three members are here to assist us from the Administration. And the Committee is in receipt of County Communication 14-44, from the Budget Director, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2014 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO THE DEPARTMENT OF PARKS AND RECREATION, ADMINISTRATION PROGRAM; PAIA-HAIKU COMMUNITY PLAN AREA, PARKS AND RECREATION, KALAKUPUA PLAYGROUND; TOTAL OPERATING APPROPRIATIONS; AND TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS". The purpose of the bill is to amend the Fiscal Year 2014 Budget, first by adding a \$150,000 appropriation to the Department of Parks and Recreation, Administration Program, for a grant entitled Grant to Haiku Community Association for Kalakupua Playground; and secondly, deleting in the Capital

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

Improvement Project appropriation the same amount of \$150,000. So basically, Members, this is just switching a Capital Improvement Project appropriation to one that is a grant. And as Ms. Livingston mentioned, this is something that we see as a good move, because the Community Association is willing to step in and provide the upgrades, and we feel that we'll be able to move the project along and get the improvements completed at a lower cost than have the County try to do it on their own. So with that, Ms. Savage, would you like to offer additional comments?

MS. SAVAGE: Thank you, Chair. Yeah, just to echo the sentiments. We have met quite a few times with the Haiku Community Association and just talking through what some of the different options were, what was the best way to make the repairs? But then also looking at more of, you know, long-term maintenance agreements, because this structure was initially done with the community, and in conjunction, and the maintenance was initially being maintained as well by the community as well. So, we were just looking and brainstorming those different possibilities and this came up as being one of the best ways to try to utilize those monies. The initial cost estimates that we had to fix the full surfacing for this play structure would be around \$375,000. And just again through more in-depth conversation, we believe that through more of a partnership and by allowing these monies to be issued out in a grant we would be able to accomplish that for much less.

CHAIR WHITE: Thank you. Members, questions for the Administration? Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. I'm interested to know more about the maintenance agreement. Is this structure...it's going to be County-owned structure, correct? And so, at some point you had mentioned that there's going to be a maintenance agreement between the County and the Association. How is that structured?

MR. UEOKA: If I may, Chair?

CHAIR WHITE: Please proceed.

MR. UEOKA: Thank you. It is County property. It will be County-owned playground. The manufacturer, I believe, supplied us with a maintenance guideline book. It's this rather lengthy pamphlet and essentially the group has agreed to follow that pamphlet for...as maintenance guidelines for years to come. So, that's what they've agreed to at this point. So, that's how the maintenance and they'll sign a maintenance agreement with us.

COUNCILMEMBER GUZMAN: So, follow up, Chair.

CHAIR WHITE: Sure.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

COUNCILMEMBER GUZMAN: So, is the 150,000, is that to cover the maintenance as well as the building of the structure?

MR. UEOKA: My understanding is the 150,000 will barely, if even cover all of the construction and rehabilitation of the structure. And, I think, they're putting in a padded ground underneath there. The Director can probably or Deputy can probably tell you better.

MS. SAVAGE: So, there's a fall surfacing that's needed under the entire playground structure. That in itself was estimated at around 375,000 if the County were to go out to bid for that based on the square footage of the area. There's also some structural reinforcement that needs to be done to the actual playground itself and those were in the range of around 30...30 to 40 thousand dollars. So, this money would strictly just go towards working with, you know, contractors and making the repairs that are needed for the playground. It wouldn't factor into maintenance, long-term maintenance of the facility.

COUNCILMEMBER GUZMAN: So, Chair, I guess, my question would be on the maintenance agreement, are we entering into such a service fee later on that the Association will charge us for the maintenance, or are we going to keep granting them a certain amount every year to maintain the playground?

CHAIR WHITE: I would assume that we would approach this similar to what we did when we reopened the Paia Bypass. We put monies in the Public Works Budget for Teens on Call to provide the maintenance in return for a payment of, I believe, \$10,000 a year. So, it saved the County money and gave Teens on Call some assistance. So, that agreement is not yet in place and probably won't be until we're closer to a point where the project is close to completion.

COUNCILMEMBER GUZMAN: Great, great. I think this is headed in the right direction. I think it's foreseeably successful. I think this is something that should be going on for future parks. We should be forming these cooperations with associations...community associations. It's a good step in the right direction. I applaud the Department as well as the Finance Department in coming up with this type of situation. Thank you.

CHAIR WHITE: Members, other questions?

VICE-CHAIR HOKAMA: Chairman?

CHAIR WHITE: Yes, Mr. Hokama.

VICE-CHAIR HOKAMA: So, who does the County go after if there's nonperformance?

CHAIR WHITE: Go ahead.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

MR. UEOKA: The County would go after, I believe, the group would be the Haiku Community Association or we would just take over the maintenance of the facility ourselves.

VICE-CHAIR HOKAMA: So, have you made it clear to this group, this volunteers, that they have financial and legal liabilities and responsibilities to perform?

MR. UEOKA: They are aware of the liabilities of maintaining it and they are maintaining liability insurance for that. As far as the...from a financial aspect, we haven't completed the maintenance agreement, but being that they're...they'd be volunteer services we weren't sure if we were gonna put in the language where the County can perform the work and send the bill. And I don't know if they'd be open to that either.

VICE-CHAIR HOKAMA: Well \_\_\_\_\_, you asking me to grant public money to a group and if it doesn't perform I gotta...I would need to appropriate more public money to take care a public project that's already funded with public money. Is that what I'm being told?

MR. UEOKA: They would be...the grant agreement requires them to complete the improvements. But as far as the maintenance, which we haven't fully discussed yet, yeah, it might be a County responsibility to maintain the County property moving forward. There's no true guarantee or there's no contract I should say between the Community Association and the County for maintenance. It's more of a volunteer type agreement.

VICE-CHAIR HOKAMA: Is this already an ongoing practice, Counselor?

MR. UEOKA: I believe in certain areas the County does have maintenance agreements with, I believe, Wailea. The Wailea Community Association or one of those groups having to do with the hotels maintains the streets, I believe, out there, the street trees.

VICE-CHAIR HOKAMA: And then we...there's a transaction later where the County gives them funds for the service?

MR. UEOKA: I don't believe we pay for their services at all.

VICE-CHAIR HOKAMA: So, they acting as agents on our behalf and if something happens it's on our dime and our liability insurance?

MR. UEOKA: I believe they carry liability insurance and the County is indemnified with Wailea. And this one would be the same way for insurance--an indemnification.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

VICE-CHAIR HOKAMA: And this is clear with the Haiku Association? They understand the legal, what they willing to sign and be on the hook for?

MR. UEOKA: I guess, I can't say what they understand but it was...it will be in the agreement and it was in the draft.

VICE-CHAIR HOKAMA: Okay, because once signed...it's my job to protect the County, okay. So, if I have to go after them then that's the way it's going to be, but I would like them to know what they're agreeing to. Okay, thank you, Counselor.

CHAIR WHITE: Yeah, the Chair's understanding is that they're aware of what they're taking on, and this is a playground that was initially constructed mostly with community funds as opposed to County. So, I think, they know well what they're getting into. And if you look at it from a different perspective, had the County decided to put in the playground itself ten years ago and had provided the maintenance we may not have been here. But, I think, this is moving in an appropriate direction as a test case. And we do have other areas where we're subcontracting park maintenance and other through Imua Rehab and other organizations. So, I don't think this...

VICE-CHAIR HOKAMA: I had a slightly different experience with Lanai, Chairman, so, I bring it up. Thank you.

CHAIR WHITE: Okay, thank you. Members, other questions? Seeing none, the Chair is ready to make his recommendation.

COUNCILMEMBER COCHRAN: Recommendation.

CHAIR WHITE: Okay, the Chair would entertain a motion to recommend passage of the proposed bill on first reading; and the filing of County Communication 14-44; in addition to allowing staff to make non-substantive revisions.

VICE-CHAIR HOKAMA: So move.

COUNCILMEMBER COUCH: Second.

CHAIR WHITE: It's been moved by Mr. Hokama, seconded by Mr. Couch, that we pass the bill as earlier read. Any further discussion, Members? Seeing none, all those in favor, please signify by saying aye.

COUNCIL MEMBERS: Aye.



**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

CHAIR WHITE: Those opposed, say no. Measure passes with five ayes, zero noes, and four excused, Members Carroll, Crivello, Baisa, and Victorino. Thank you, Members. And thank you, Ms. Savage.

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

**NOES:       None.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:       Councilmembers Baisa, Carroll, Crivello, and Victorino.**

**MOTION CARRIED.**

**ACTION:     FIRST READING of bill and FILING of communication by C.R.**

**ITEM NO. 93: AMENDING FY 2014 BUDGET: DEPARTMENT OF HOUSING AND HUMAN CONCERNS, HOUSING PROGRAM (CC 13-397)**

CHAIR WHITE: We'll move on to Item BF-93, title of the item is Amending Fiscal Year 2014 Budget: Department of Housing and Human Concerns, Housing Program. And joining us is Ms. Jo-Ann Ridao, Housing and Human Concerns Director. The Committee is in receipt of County Communication 13-397, from the Budget Director, transmitting a proposed bill entitled A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2014 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF HOUSING AND HUMAN CONCERNS, HOUSING PROGRAM; TOTAL OPERATING APPROPRIATIONS; AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS). The purpose of the proposed bill is to amend the Fiscal Year 2014 Budget by first increasing the estimated revenue for Special Assessments by \$1,485,000; and adding an appropriation in the same amount for the Department of Housing and Human Concerns, Housing Program, Grant to Nexus for Affordable Housing, Inc. The grantee intends to use the funds to purchase a 12-unit apartment complex at Imi Place, Wailuku, Maui. And we are also, Members, in receipt of a Certification of Additional Revenues

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

for Fiscal Year 2014, dated December 13, 2013 [sic]. And with that, Ms. Ridao, would you like to provide opening comments?

MS. RIDAO: I don't have very much to say, Chair, except that this is a 12-unit apartment complex, and the purpose of the purchase is to provide affordable rentals in perpetuity for families in the 51 percent to 120 percent income category. I think everybody initially got an introduction to as to where the facilities...the facility is located up in Sand Hills near all of the area where we have all of the apartments, next to Imi Ikena. So, as Mr. Billings indicated, he is here today and willing to answer any questions the Committee may have.

CHAIR WHITE: Okay, Members, any questions for the Department? Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, I would ask either Director or maybe the Deputy assigned to the Department, it is still my position that we owe those employees...from those that initially agreed and executed this document, that that's what the housing needs to go for. And so have, what is your current position, Mr. Ueoka?

MR. UEOKA: Thank you, Chair. After the last meeting, Mr. Hokama, we did do some further research into these agreements. We checked with the Planning Department and they did not have any of the records from the SMA Permit from back in 19 probably 83, 84. They looked at all the TMKs. They searched the, I guess, whatever they have in storage and they weren't able to find anything in regards to the SMA Permit for this project. We further looked at the document and we're of the opinion that it can be used for just Countywide employee housing based on when you look at the requirement set forth in the, I believe, is the third WHEREAS. It talks about you can either (a) provide employee housing; (b) dedicate to the County sufficient acreage; or (c) in lieu of units or land, provide an assessment to the County. So, it's money provided to the County. When we looked at that, together with the rest of the document, we feel it was just for Countywide housing, not necessarily specifically for the employees of Seibu or its successors and assigns.

VICE-CHAIR HOKAMA: Well, thank you for your opinion. I don't agree. 'Cause for me, I lived through that era. I know what the County's position was. And it's bullkaka, man. But you guys trying to convince this Committee today is for the employees of that property that entered and got the Zoning and SMA approval period. So, you know, you guys can keep trying, but I going tell you now I'm not going to support it. And I happily will take you guys to Court on this one myself. I don't agree with it. It's to me very clear this was supposed to be for the employees of that company that got that Zoning, and got that approval period. It's supposed to be either in that Zone or in the Central Maui. And if, you know, I granted, Counselor, you weren't around that time, you being a little younger, okay, but I was around. And that is why we have the Housing Policy what it is today because of situations like this agreement and how we had nonperformance by

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

various people that was supposed to take care employee housing in the first place. Okay, so, I no need to have this issue more confused with another non-Hawaiian company coming in and trying to explain to me how they going take care my need for affordable housing. This is about employee housing to me. And that's why in the past the Code had hotel employee housing. The ratio was 1 to 4 hotel rooms per unit. I find it interesting, timing, players, facts, and who gets what out of this proposed transaction. And I can tell you now, Chairman, I'm not going to support it. I going be upfront with you. I know there's only five of us, so if I don't agree, it's a dead thing this afternoon. And I going be upfront with you, Chairman, I won't support it today.

CHAIR WHITE: Okay, thank you, Mr. Hokama. Mr. Guzman.

COUNCILMEMBER GUZMAN: I think, Mr. Hokama may have a point. Corporation Counsel mentioned that on the third WHEREAS, it says that they're following alternatives. So, does that mean that you guys are relying on Subsection (c) in lieu of units or land, provide an assessment to the County in the amount of 1.5 mil per hotel room? So, you're just saying that we're accepting the money and we're not having to build for its employees? Because on the next page, I'm trying to find your rationale here, your justification, it's not connecting with me. On the NOW, THEREFORE, on Page 2, Subsection 1, it has the wording SHI agrees to make available to its employees for lease. So, can you restate the nexus again because I'm not following where you're going with this?

MR. UEOKA: Mr. Chair, thank you. That agreement that the September 30, 1983 was cancelled out by the July 18, 1984 agreement. And the 1984 agreement talks about SHI shall donate to the County the sum of \$456,000 and later on mentioned where it was clear in the 1983 agreement for, you know, its employees. In the 1984 agreement, it talks about, you know, for employees in the Central Maui area. So, but, you know, of course, it's just an opinion.

COUNCILMEMBER GUZMAN: Thank you for that clarification.

CHAIR WHITE: Members, we've also provided you with a copy of the property information from the Real Property Tax website, which is this copy. And we've also provided you with a copy of the Request for Proposal and the copy of the application, which is the same document after the RFP in case you wanted to take a look at that. My understanding, Director, is that the RFP was published on September 8<sup>th</sup> and required a response by October 11<sup>th</sup>, which is a little less than five weeks. Is that correct?

MS. RIDAO: I believe that is correct, Chair.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

CHAIR WHITE: And then one of the other questions that I had was that the purpose of the RFP was to provide funding for either a construction or, I guess, for a lack of a different word, a rehabilitation of an existing structure. And yet on Page 2 of the RFP, just above the bold lettering, deadline for submitting proposal applications, it says that the acquisition and/or construction of the project must start within six months of commitment of funding. Is that something you think is achievable for new construction? I know you've taken many projects through the construction of the design and construction process. So, my concern is that we've ended up with just one applicant and it seems that that's a very tight time frame in which to go through design and permitting if we're interested in construction.

MS. RIDAO: Chair, as far as construction is concerned, yeah, I mean, it would seem that it would be difficult to accomplish acquisition and construction. However, if someone already had the property, and had the plans, and had all of the permitting, and ready to construct, it would be achievable.

CHAIR WHITE: Okay, I guess, the other question that, I think, we need to be asking ourselves is in this particular instance we have 12 units that are currently in a relatively low rent range. Is that... would that be correct?

MS. RIDAO: I would say, yeah, affordable rental, yes.

CHAIR WHITE: And are they all occupied or is partially vacant?

MS. RIDAO: I'm pretty sure they are all occupied.

CHAIR WHITE: So, the question I would ask myself, and I'm sure others might as well, is if we are taking Seibu's grant all we're doing is turning 12 units as opposed to adding 12 more units to the supply of affordable rentals. Can you share with us why you're feeling that this is the best way to make use of these funds?

MS. RIDAO: First of all, Chair, I don't believe that with \$1.4 million we can acquire land, do all of the architect and engineering work for a new project, and create 12 units with 1.4 million. The reason that I felt this was an appropriate use of the funds was that I go to the various websites daily and I look at *The Maui News* daily. Currently, you cannot find an apartment for under 1,100, \$1,200. That is the minimum rent that is out there currently. So, being able to keep units in affordability is very important to maintaining affordable housing. If someone else were to purchase this property, someone that is in it strictly to make money, the rent would not be affordable. It would probably be \$1,200 a month, per unit.

CHAIR WHITE: Okay. Members, other questions? Mr. Couch.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Going back to the agreement and maybe, Mr. Ueoka, you can correct me if I'm wrong, but it basically says, and I thought you mentioned that too, that this agreement supersedes the other one that's in the Page 2, NOW THEREFORE, Number 1. And that Number 4, it says that it's for connection with the construction of housing suitable for employees in the Central Maui area. So, it seems to be doing exactly what the new agreement. I mean, this project seems to be doing exactly what the new agreement is asking for. Is that your take on it as well? I mean, it seems like that's what you were saying, but, you know, I'm not a lawyer, but I'm reading this thing. This is what this bill is doing is doing exactly what it's being asked to do in the agreement.

MR. UEOKA: Mr. Couch, yes, we...our opinion is that the second agreement is much broader and it's a wider scope than the first agreement, which is specific to Seibu. And again, it's just an opinion.

COUNCILMEMBER COUCH: And then the Planning Commission made this agreement, right? That's who it is with? It didn't come through Council or the Administration? It's just with the Planning Commission and then the Mayor?

MR. UEOKA: I believe this was a SMA type requirement so it went through the Planning Commission and, I believe, the Mayor at the time.

COUNCILMEMBER COUCH: Yeah, Mayor Hannibal Tavares is the one who signed it, I guess. Yeah, Mr. Chair, it seems that, I know the concerns of Mr. Hokama and Mr. Guzman, but it seems that the second agreement that was made is pretty clear as to what can be done. And that this seems to fall right smack in the middle, except for possibly your concern about construction of new, but it doesn't really say new, it just construction of housing suitable for employees in the Central Maui area. So, I don't know. It would be interesting to hear your call on this, but it seems like everything's doing what it supposed to be doing.

CHAIR WHITE: And again, if you look at the first page the WHEREASes all relate to employee housing and requirement for employee housing. So, I'm not.

COUNCILMEMBER COUCH: Well that first that WHEREAS that you're talking about talks about what was there. And then pursuant to the foregoing, the County entered into an agreement and then after that they now agree that SHI can elect to contribute an amount equal to 1,500 per, now, therefore, the parties say that this agreement shall supersede the above-mentioned agreement, and then they're going to give 456,000, and that it's for construction of housing suitable for employees in the Central Maui area. So, I think, the first few WHEREASes is like our whereases, it's says okay here's the set up, and then

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

here's what happened, and then the THEREFORE is here's what you gotta do, in my opinion. Anyway, thank you, Mr. Chair.

CHAIR WHITE: Any further questions, Members? Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. I don't, probably not so much a question but, I guess, comments, and I always appreciate Mr. Hokama's historical, you know, past knowledge from having been there and seeing the evolution of what we have here today. And I recall when, you know, I worked at Maui Surf, and we had Hale Ohana was built specifically for employees, and I was one of them, and I had gotten housing there, and that was so helpful and needed. And, I think, it's still is. So, I see and that was about the era where the initial agreement was drafted. So, I think, all the hotels were kind of on that same process of creating housing for their hotel workers. And, you know, I mean, we're kind of trading out, back in the first agreement of 50 housing units, and now we're down to 12 and, you know, I understand cost wise, maybe that's all we...this type of money gets. But, you know, I also agree that it's meant to be for the employees and not to say that it won't go to somebody's employee, but affordably. But, you know, I think, the initial agreement. So, my question is, I guess, in the September 1983 agreement, and then the new July '84 that supersedes it, what had occurred in that ten months time to redraft a different agreement? I mean, it just...what had occurred there? I mean, you probably weren't even born, Mr. Ueoka.

MR. UEOKA: I'm not sure what happened, but they just changed which of the three options they wanted to follow. So, I'm not sure if it was a financial decision, a need-based decision. I, again, yeah, I wasn't there so I really...sorry, I don't know.

COUNCILMEMBER COCHRAN: Yeah, I mean, maybe just rhetorical but, you know, obviously something changed whether company decided or County decided we want it more general and broad and, you know. So, anyways, Chair, just my comments.

CHAIR WHITE: Well, you know, your comments are well taken. I went through planning for a project in 1991, which would have added a couple of hundred of rooms to a hotel. And I was much older than Mr. Ueoka at the time, by the way, and all of the discussion was employee housing. So, there was no change in the direction. I think, this agreement may be broad, but at the same time this is Makena's money, and it's a price of doing business here, but it's the employee housing monies have always been linked to the property providing the funds, so. Any additional questions? Mr. Couch.

COUNCILMEMBER COUCH: Sure. Thank you, Mr. Chair. And while I understand and you've had to do that as well, I want to remind Members about the Kiawe, I think, it was called the Kiawe Gardens...Terrace...Kiawe Terrace, in Kihei, where a hotel was required to build that and provide the housing for its employees and they couldn't fill it.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

They had to sell it eventually because they couldn't fill it with their employees. The employees didn't want to live there. So, there's two sides to the story 'cause that was a really nice, you know, a nice place for employee housing. It was close enough and they had a hard time filling it to the point where they had to eventually sell it. So, I'm just, you know, something to get, excuse me, affordable housing going. And rentals is what we've been screaming for a lot here on this floor saying look we need rentals and this is a potentially a good one for affordable rentals. So, whatever, I'll listen to your recommendation.

CHAIR WHITE: Well of one of the, you know, to Ms. Ridao's point, we couldn't build something this size for this amount of money. But if you look at the various projects that we've been involved in and we generally contribute somewhere in the neighborhood of a \$100,000 per unit for new property. So, you know, this is a number that's fairly close but we're ending up with a...we're not ending up with new units. We're ending up with things that are going to be in roughly the same rental arena as they are now unless these apartments are currently being rented at significantly higher. Do you know what they're renting at now?

MS. RIDAO: I don't know the rent, Chair, except that, I believe, they are reasonable. It's not in the 1,200 or 1,300 category.

CHAIR WHITE: Yeah, my recollection was back in 2009, the rentals were in the neighborhood of 650 to 850. So, they're probably not significantly higher than that now. Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. Oh, by the way, 1984, I was 14 years old. Anyways, in --

CHAIR WHITE: Whippersnappers.

COUNCILMEMBER GUZMAN: --just hearing my colleagues discuss this as well as Corporation Counsel, to me, it...you have two competing arguments and it could go either way. So, I would suggest that we play in the middle ground. Is there a right of first refusal to offer the employees, and they have a right of first refusal if they don't want it then it would go the general employees? Is that in place? And if so, I would be more comfortable about going forward with this. But, if not, I have a very hard time not playing that middle road. I mean, I guess, it is in the middle road but it's somewhat vague.

CHAIR WHITE: I believe, Ms. Ridao, said that she was able to do that.

COUNCILMEMBER GUZMAN: How is that?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

MS. RIDAO: I'm sure we could do it, except that everybody needs to understand that we gotta fall within the income guidelines. So, if an employee were offered...it would probably have to be a line staff not management staff that would be able to qualify income-wise. But I'm sure we can do that.

COUNCILMEMBER GUZMAN: Okay, thank you, Chair.

CHAIR WHITE: Mr. Hokama.

VICE-CHAIR HOKAMA: I thought that was a great question by Mr. Guzman and I appreciated the Director's response. So, I'm a little bit open now. You know, my position is for those employees or successor entities' employees first. So, we have a proposal. Why wouldn't the County buy the property and hire a management company? Isn't that what was part of the game plan for the land we bought in Kulamalu? We went and bought. We moving forward to get a consecration. I thought our plan was to then look at a management company to potentially operate for us. So, why wouldn't we do the same thing here? Why do I need another outside entity? I can go without that. We've already made a decision on another project to go the other management route. So what's good for that one could be good for this one too in my perspective, Chairman.

MS. RIDAO: Chair, if I may?

CHAIR WHITE: Yes.

MS. RIDAO: You know, in all of the...well not like we doing a lot of development, but in the work that we are doing, it's always kind of a long-term plan that the County is not in the business to manage housing or to own housing. The plan for Kulamalu, the long-range plan, not the immediate plan, is to see how it goes with a management company. And if it's going well then we, as a County, may want to look at that and see if we should sell it to develop another project. I think, we're on the right track. I think, we're doing well with the Kulamalu plans as it's coming out. So, I don't see the County actually owning housing property. I think, private entities and private management firms do a much better job.

CHAIR WHITE: Mr. Guzman.

COUNCILMEMBER GUZMAN: No.

CHAIR WHITE: Oh, okay.

MS. RIDAO: Yeah, the County sold, remember the County sold Luana Gardens, which was a big project.



**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

CHAIR WHITE: Other questions, Members? Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. How did you come up with that...this particular property? Is that just was included in the RFP? No, on, yeah, the location of 514 Imi Place?

MS. RIDAO: As Imi Ikena was in construction, this property came up for sale. I think, the owner preferred not to be living there because Imi Ikena added more units to the area.

COUNCILMEMBER GUZMAN: I have no further questions at that. I need to contemplate what she said.

CHAIR WHITE: Other questions, Members? The Chair has a couple of questions for Mr. Billings. Without objection, the Chair would like to call Mr. Billings forward.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you. Maybe you can share with us how you came about finding the 514 Imi Place property.

MR. BILLINGS: As we were going through our community meetings and working with the neighbors, we were developing Imi Ikena project, it had become aware to us that this...the current owners wanted to sell their property knowing that we were building the Imi Ikena project there and increasing the number of units. The sellers are getting up in age and, you know, they live onsite and have been self-managing and self-maintaining the property, and they have expressed that they're tired, they're like they're kind of done with the whole thing, and they'd be willing to sell their property. And from our standpoint in our history of developing affordable housing, even 28 units is somewhat small. Twelve units is very small and so the efficiencies of putting them together from a management perspective, it makes sense to us because we're managing right across the street. We can much more efficiently manage and we have the systems in place in terms of the compliance monitoring, the annual certifications, the reporting, and all that. And so, we felt that this was a good opportunity to increase our foothold per se in the affordable housing in the community.

CHAIR WHITE: So, in your application or in the RFP, it states that the County of Maui has approximately \$1.4 million in County funds to put towards this project. It's striking to the Chair that the negotiated price for the purchase exactly matches the amount of money that's in the actual fund even though what you were made aware of by virtue of the RFP was 1.4 million as opposed to 1.485. Can you explain to us how you came to know about the 1.485 number?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

MR. BILLINGS: There was a clarification requested and so we updated the financials of that.

CHAIR WHITE: So how did the negotiations take place?

MR. BILLINGS: On the purchase of the property?

CHAIR WHITE: Right.

MR. BILLINGS: Well as with any real estate transaction, you have price and terms. And when we were discussing the potential of purchasing the property, we explained that, you know, for us to develop affordable housing, we layer funding and it takes a period of time to do that. And so, we weren't really able to negotiate a great purchase price on that in return for getting time to figure out how to put the funding together. And so, we came to an agreement that the seller was willing to sell and that we felt if we could layer funding and put, you know, permanent debt, equity from our group, and either County or State or Federal resources, put it together that we could create another affordable housing opportunity in perpetuity that would be more cost effective than building new construction. And I'd be happy to discuss the process and timing and costs associated with new construction. We felt this was a much more effective way of creating more units.

CHAIR WHITE: I guess, the Chair is just a little uncomfortable when the purchase...the negotiated purchase price exactly equals what's in the fund. You know, we see this in so many capital projects that because we have to put things out, that funds just seem to be completely used up. But that I understand your...

MR. BILLINGS: I think it's happenstance. I have no idea where the dollar amount of the savings funds came. Our negotiated price was not related to that whatsoever.

CHAIR WHITE: Okay. Okay, Members, other questions? Mr. Guzman.

COUNCILMEMBER GUZMAN: Chair? Thank you. Just some clarification. I don't know if the Department can clarify it or the applicant on the RFP went out. When did that go out?

CHAIR WHITE: September 8th?

COUNCILMEMBER GUZMAN: September 8th of...

CHAIR WHITE: The deadline was October 11th, I believe.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

COUNCILMEMBER GUZMAN: Oh, so, okay, September 8th of last year?

CHAIR WHITE: Correct.

COUNCILMEMBER GUZMAN: Okay, and then, I guess, what would you call it, the winning bidder? Is that how... what's the terminology?

CHAIR WHITE: I guess, the question is I'm not aware that we had any other applicants. I believe, this was the only applicant.

COUNCILMEMBER GUZMAN: Oh, they were the only applicant?

MS. RIDAO: That is correct.

COUNCILMEMBER GUZMAN: Okay, so, you mentioned that you heard about the property at 514 Imi Place at a community meeting. When was that community meeting?

MR. BILLINGS: Gosh, that would have been back in 2009. I think, they were, they had mentioned that they wanted to sell their place. And so, we looked at properties all around the area and either they were too big, or they're condominiums, or it didn't fit the model to be able to work.

COUNCILMEMBER GUZMAN: So, you discovered that the owners were willing to sell that particular property in 2009. Did you have an intention to purchase that property during that time period?

MR. BILLINGS: We...yes, because we wanted to increase our...again, from a management perspective it's easier to manage more units than less 'cause we have cost efficiencies. So, we were looking at the potential for doing that and we've been continuously looking around the islands for other opportunities for developing affordable housing.

COUNCILMEMBER GUZMAN: Okay, and at what point did you finally decide that you were going to move forward and attempt to purchase it...purchase that property?

MR. BILLINGS: Gosh. It was some time after that. It was, I think, during the timing of beginning construction on the other property, 'cause we felt that, you know, with that going forward we would be present here like and have a foothold to be able to continue to do more projects. If that project didn't go forward then it's more difficult to manage, again 12 units would be more difficult than just 28, and putting them together makes it more efficient.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

COUNCILMEMBER GUZMAN: So, let me rephrase that to...more of a direct question. When did you, time period wise, decide that that was property that you were going to purchase or negotiate with? Or rather when did you decide that that would be part your RFP...that would be the particular property?

MR. BILLINGS: For the RFP?

COUNCILMEMBER GUZMAN: Yes.

MR. BILLINGS: Well I guess that's a two-part question. We, I think, the contract on that property was in 2011 or 2012. I apologize. I don't have the exact date off the top of my head.

CHAIR WHITE: I'm sorry, but are you referring to Imi Ikena?

MR. BILLINGS: No, I think, he was referring to 514, correct?

COUNCILMEMBER GUZMAN: Yeah, 514 Imi Place. Is that?

MR. BILLINGS: Yeah, I think, that it was either 2011 or 2012.

COUNCILMEMBER GUZMAN: Okay.

MR. BILLINGS: And when the RFP came out, we felt that this would be appropriate. We can use the funds to create affordable housing in perpetuity at an affordable level even below what the RFP had requested.

COUNCILMEMBER GUZMAN: Did you have any communication from any County personnel informing you about a potential RFP coming out?

MR. BILLINGS: Just when it got published.

COUNCILMEMBER GUZMAN: That's how you found out about the RFP?

MR. BILLINGS: Yeah, we're on a list so when RFPs come out, we get notified.

COUNCILMEMBER GUZMAN: I have no further questions.

CHAIR WHITE: Mr. Billings, you mentioned that you were looking at the property in 2011 and 2012. When was Imi Ikena completed?

MR. BILLINGS: We completed Imi Ikena...first families moved in over Thanksgiving 2013.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

CHAIR WHITE: Okay, so just recently then?

MR. BILLINGS: Yeah.

CHAIR WHITE: Okay. And you said you became aware of this other property at the same time as you were going through the initial meetings back in two thousand --

MR. BILLINGS: Nine.

CHAIR WHITE: --nine?

MR. BILLINGS: Yeah, I believe, it was 2009. I tried to assess the community and the properties around there.

CHAIR WHITE: Okay. Members, other questions?

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you. And thank you, Mr. Billings. So, you are Nexus Affordable Housing, Inc.?

MR. BILLINGS: I'm the representative for Nexus for Affordable Housing, Inc.

COUNCILMEMBER COCHRAN: And so, you folks...that you purchase properties?

MR. BILLINGS: Yes.

COUNCILMEMBER COCHRAN: And then this particular one will be managed by EAH and not yourselves?

MR. BILLINGS: Nexus is involved in management of their affordable housing projects in the mainland. And in this particular instance, we have on my side we've been...we were working with EAH on Imi Ikena. And from a management perspective, it makes most sense for us to work together again because efficiencies with the management across the street. It's a lot less expensive to have them manage right there 'cause they're already in the community. They're right there in the neighborhood. The management is right there to manage the property right there. And that's to make the economics of affordable housing work. I mean, it's --

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

COUNCILMEMBER COCHRAN: Right.

MR. BILLINGS: --it's a dream.

COUNCILMEMBER COCHRAN: Right. And but I...EAH, I think, they do purchases also?  
Or are they just in the business of managing affordable?

MR. BILLINGS: They have two arms. They have both arms. They do their own projects as well and development and management. And they typically...their projects that they do are what are called tax credit deals, like how we structured Imi Ikena with tax credits. And they're typically much larger.

COUNCILMEMBER COCHRAN: Okay.

MR. BILLINGS: I mean a small project like this it's not like you make a bunch of money from it. I mean this is out of goodwill we're trying to do this thing.

COUNCILMEMBER COCHRAN: Thank you.

MR. BILLINGS: You're welcome.

COUNCILMEMBER COCHRAN: And maybe the next question, Chair, is for Department. But Mr. Billings mentioned that he's on a list that is given, I guess, these RFP notices. So, I just for Department, or Budget, whoever, we have such a list? And like, if so, how many people? I mean, 'cause I'm surprised that we just one proposal. And if we have a laundry list of people then who are they and what happened?

MR. BAZ: Mr. Chair?

CHAIR WHITE: Go ahead.

MR. BAZ: Good afternoon, Members. So, the procurement...the Chief Procurement Officer, the Department of Finance, has...maintains a list of anybody who wants to sign up for any bids that go out. These are bids for construction of services, or excuse me, for construction or services or different things like that. So, anybody has the option to opt in to those mailings lists. It's how information gets sent out to anybody who's interested in that type of activity. If you go on the website, you can sign up for all kinds of stuff. As the Budget Director, I sign up for everything so that I know what's going on.

CHAIR WHITE: So, as a follow-up to that. How many entities would have received this RFP?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

MR. BAZ: Yeah, Mr. Chair, I guess, we could check with the IT Services and see if they have a list. But it's an opt in service so you self-enroll on the County's website for notices. I mean, we could ask them to see how many people are signed up for that particular type of notice, I guess.

CHAIR WHITE: Okay. Any further questions for Mr. Billings? Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. Mr. Billings, how many years have you been in the industry?

MR. BILLINGS: I've been in affordable housing for 17 years.

COUNCILMEMBER GUZMAN: Seventeen years. And is your company, I guess, in terms of unit sizes, are you...do you usually take this type of unit size to construct? What is your minimum that, you know, average size that you usually construct or repair or you deal with?

MR. BILLINGS: Well, I've done from an affordable for-sale perspective, I've done projects as small as 8 units up to 80-some units. And then when we're doing affordable rental projects, typically we layer financing with like Federal low-income housing tax credits, State funding, and also County funding. And because of the complications of putting those funding sources together and the costs associated with that with the legal and all the various things, typically, we look at 30-plus units to do that. And even at 30, it's challenging 'cause you don't get the efficiencies to spread the costs upon. So, this is on the smaller end of the scale for us. But we felt with having Imi Ikena there across the street, it made sense because of the efficiencies and it would actually help out both properties from an operational perspective.

COUNCILMEMBER GUZMAN: Okay, and in terms of what you've described and your experience, averaging two smaller units to large scale units, how often do you work in conjunction with the, with a government entity?

MR. BILLINGS: Always, except for for-sale product, yes, I apologize.

COUNCILMEMBER GUZMAN: Okay.

MR. BILLINGS: On the rental side always. We kind of like a public/private partnership.

COUNCILMEMBER GUZMAN: Okay, so you are very familiar with how RFPs are awarded and accepted and the procedures of RFPs?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

MR. BILLINGS: Try to be. We've responded to a number of RFPs over the years and, you know, or what are called NOFAs...Notice of Funding Availabilities. Yeah, that's how we put our projects together.

COUNCILMEMBER GUZMAN: And so in that process of RFPs in which you've stated that you're familiar with, you are also familiar with the terminology conflicts of interest. Are you aware of that type of terminology?

MR. BILLINGS: Conflicts of interest with?

COUNCILMEMBER GUZMAN: RFPs and?

MR. BILLINGS: Between what entities? I mean, I'm aware of the terms, yes.

COUNCILMEMBER GUZMAN: Yeah, you're aware of the terms of what conflicts of interest mean in regards to applying for an RFP, accepting an RFP, how it's awarded things and so forth, correct?

MR. BILLINGS: Yeah.

COUNCILMEMBER GUZMAN: Okay. So, in terms of the property at hand, subject matter, 514 Imi Place, do you feel in your professional opinion there is no conflict of interest?

MR. BILLINGS: With relation to what? We're trying to buy.

COUNCILMEMBER GUZMAN: The RFP proceeding of process, the awarding of it, anything? It's kind of a vague question but.

MR. BILLINGS: Yeah, I don't know. We were made aware of a Notice of Funding Availability and we applied for it.

COUNCILMEMBER GUZMAN: So, to your knowledge, you feel that there is no conflict of interest in any part of the process?

MR. BILLINGS: I would not think that there would be.

COUNCILMEMBER GUZMAN: You wouldn't...can you restate that? What did you say?

MR. BILLINGS: I don't think there is, no.

COUNCILMEMBER GUZMAN: Thank you, Chair.



**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

March 11, 2014

---

CHAIR WHITE: One other question I had for you, Mr. Billings. Are there tax credits or any kind of tax benefits for doing this type of housing project from either the Federal or State government? And if so, what form do they take and what are they worth in a project like this?

MR. BILLINGS: So, there are Federal low-income housing tax credits administered by the State, at HHFDC, at Hawaii Housing Finance Development Corp. And there are a number of criterion, which have to be met in order to qualify for the credits. And this project because of its size and without having local resources doesn't compete competitively for an allocation of those credits.

CHAIR WHITE: Okay, for this project there are no credits?

MR. BILLINGS: No. And we actually we did apply to the State and, you know, have tried to secure.

CHAIR WHITE: Yeah, you've mentioned that in the RFP. I was just wondering if there any Federal credits and any kind of tax credits.

MR. BILLINGS: No. And the other challenge is with a project this, again, this small, some might say it's a big project, but for projects this size, because the complications associated with the tax credits and the costs and everything, a tax credit investor who purchases the credits, like for Imi Ikena, who purchases that, there's kind of a minimum threshold of annual credits in order to entice the investor to purchase those credits. It's a complex process for them as well and as small as this is, it...to the third party equity investor, it was not a project that made sense for them.

CHAIR WHITE: Okay, thank you. Any other questions for Mr. Billings?

COUNCILMEMBER GUZMAN: Chair, I have no further questions. I just would request a recess just to use the restroom since we are. . .we're just bare quorum at this time.

CHAIR WHITE: Yeah, I did notice you stand up a minute ago. Thank you very much, Mr. Billings, and we'll be in recess until five minutes to three. Recess. . .*(gavel)*. . .

**RECESS: 2:43 p.m.**  
**RECONVENE: 2:55 p.m.**

CHAIR WHITE: . . .*(gavel)*. . . The Budget and Finance Committee meeting will come back to order, and we are continuing with our discussion on BF-93 regarding the grant of a million...almost a million five for a housing project. Members, any further discussion? We got to kind of a pausing point. Any further discussions?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

March 11, 2014

---

COUNCILMEMBER COUCH: Recommendation.

CHAIR WHITE: The Chair is feeling there's still some questions that I think needs some further research. So, the Chair's gonna recommend deferral at this point and hopefully we can bring it back at a time when we have a fuller complement of members. And so without objection, we'll defer.

COUNCIL MEMBERS: No objections.

**ACTION: DEFER pending further discussion.**

**ITEM NO. 103: AMENDING FY 2014 BUDGET: DEPARTMENT OF HOUSING AND HUMAN CONCERNS (AGING AND DISABILITY RESOURCE CENTER (ADRC) EXPANSION) (CC 14-45)**

CHAIR WHITE: Thank you. And we'll move onto our last item for today, which is BF-103, Amending Fiscal Year 2014 Budget: Department of Housing and Human Concerns (Aging and Disability Resource Center (ADRC) Expansion). And the Committee is in receipt of County Communication 14-45, from the Budget Director, transmitting a proposed bill entitled A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2014 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART 1, GRANT REVENUE – SCHEDULE OF GRANTS BY DEPARTMENTS AND PROGRAMS, DEPARTMENT OF HOUSING AND HUMAN CONCERNS (AGING AND DISABILITY RESOURCE CENTER (ADRC) EXPANSION). The purpose of the proposed bill is to amend the Fiscal Year Budget for 2014 by increasing the appropriation for the Aging and Disability Resource Center Expansion by \$383,576, and increasing the Limited Term Appointment equivalent personnel by two, from three LTAs to five LTAs. With that, Ms. Ridao, would you like to share opening remarks?

MS. RIDAO: Yes, Chair, just a short, short remarks. Just to let the Committee know that in the last three months Maui County Office on Aging has received approximately 50 eligible participant referrals. This represents approximately 400 percent increase in the number of new participants each month. The increase in the number of participants necessitates an increase in the number of staff members to serve new consumers. The State has appropriated an additional \$383,575 to assist Maui County in meeting the growing need. Accepting the funding and increasing the personnel will assist Maui County Office on Aging in meeting the growing need. This funding supports personnel, fringe benefits, office space, training, technology, supplies, conference participation, and necessary

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

travel. In addition, Chair, I do have the Division Head, Ms. Deborah Arendale, here with me today as well as her accountant.

CHAIR WHITE: Thank you. Members, questions for the Department? Mr. Hokama.

VICE-CHAIR HOKAMA: Director, can you tell us the referrals come from where? You mentioned the Department got 50 more additional referrals. Where does the referrals come from?

MS. RIDAO: Well first of all, lots of the referrals just come from people in the community. Otherwise, Hale Mahaolu, Hale Makua, all of the service providers, MEO, people that service the seniors will direct people to the Maui County Office on Aging.

VICE-CHAIR HOKAMA: Okay, and this money, this is State money, Federal money?

MS. RIDAO: It's State monies.

VICE-CHAIR HOKAMA: State monies? Okay, so they run by the same budget year as we do so that would be good.

MS. RIDAO: Yes.

VICE-CHAIR HOKAMA: Those additional two positions could you guys... what would be their like Clerk IIIs, are they Specialists IVs? Can you just give us an idea, please?

MS. RIDAO: I'm sure they're gonna be specialist type people, but Deb can answer that.

VICE-CHAIR HOKAMA: Thank you.

CHAIR WHITE: If you could just state your name for the record, Deborah.

MS. ARENDALE: Certainly, thank you, Chair. Deborah Arendale, Maui County Executive on Aging. Thank you, Member Hokama, for that question. These folks...one of them will be an Aging and Disabilities Service Specialist I position. The other will be an Operations Assistant for that branch because some of our folks will...well all of our folks have to do a variety of clerical tasks. So, the Operations Assistant would be put in place to answer some... answer telephone calls and then to be able to do some of those clerical tasks necessary for our documentation so that our specialists can focus on direct service rather than the clerical things needed to support our operations.

VICE-CHAIR HOKAMA: Would you...if you can help us understand. This is currently what I call warm positions. There's already bodies in place doing the work and we just need to

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

do this transfer, or this is a position that you would need to work with the Director, and then Personnel Services, and goes through a recruitment, and then filling of the positions?

MS. ARENDALE: Yes, recruitment and filling of the positions. We do have a current list for the Aging and Disabilities Services Specialist I that we could work off of. The Operations would be a new position.

VICE-CHAIR HOKAMA: Okay. You have some...hopefully some assurances that you're gonna continue to get this funding to run the program?

MS. ARENDALE: Yes, sir. Of course, nothing is positive. I can tell you however that in the Governor's base budget this year there was 1.4 million. The Legislators are...we put through a bill for 1.9 million and the Legislators actually wished to double that amount for the coming year and so.

VICE-CHAIR HOKAMA: And that's for 383-plus/minus thousand dollars would come from that?

MS. ARENDALE: No, sir. The 383,000 is actually last year's State appropriation that we just received. The Governor just released it. So, the 383 was from --

VICE-CHAIR HOKAMA: Last year?

MS. ARENDALE: Yes, sir.

VICE-CHAIR HOKAMA: Do you need to expend it completely by June 30th of this current year?

MS. ARENDALE: No, sir. It lasts until 2015, I believe, June 30, 2015.

VICE-CHAIR HOKAMA: Oh, so you have time to spend down and utilize it for your needs then?

MS. ARENDALE: Yes, sir.

VICE-CHAIR HOKAMA: Did you hustle this? If you did I would say great job, or did they just recognize the good work the County has been doing so?

MS. ARENDALE: We have a great reputation in the State right now. We are doing a bang-up job and all of the AAAs actually work together to show what an incredible job we're all doing in this State. But we are leading in the ADRC efforts.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

---

VICE-CHAIR HOKAMA: One last question and I thank you for what the Office of Aging does for our people. Is there things from this additional resources that Molokai, Lanai would have some --

MS. ARENDALE: Absolutely.

VICE-CHAIR HOKAMA: --program benefits or operational benefits?

MS. ARENDALE: Absolutely.

VICE-CHAIR HOKAMA: Okay, thank you very much, Ms. Arendale.

MS. ARENDALE: Yes, sir.

VICE-CHAIR HOKAMA: I'm done. Thank you, Chair.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And, thank you, Ms. Arendale, for being here. I guess to follow up on what Mr. Hokama was asking. The first line says subject to the availability of funds. When do we find out, especially if this is the Fiscal Year 2014 money?

MS. ARENDALE: We already have confirmation, sir, that these funds are --

COUNCILMEMBER COUCH: Okay.

MS. ARENDALE: --they have been released.

COUNCILMEMBER COUCH: And then for next year you're gonna hire two more LTAs, which just by the definition they know they're part, you know, they're limited term. But do you anticipate them...us receiving the same amount of funding to keep those extra two on?

MS. ARENDALE: I believe, we'll be receiving probably about double funding for next year.

COUNCILMEMBER COUCH: Oh, good. Okay, I just wanted to, you know, because it's only for a short amount of time, I was wondering if it was worth hiring the extra two people. But if you anticipate that it's going to continue on then.

MS. ARENDALE: I believe, you will be very pleased when you see the budget proposal for next year for Office on Aging.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

March 11, 2014

---

COUNCILMEMBER COUCH: Okay, thank you.

CHAIR WHITE: Other questions, Members? The question I had, Ms. Arendale, was why were the funds...what initiated the release of funds this time around?

MS. ARENDALE: That's a hard question to answer. You know, I'm sure you've been seeing in the newspaper that the Governor has been releasing a lot of funds lately. So, sometimes it takes about six months for the full release of funding for some of the things that have passed last year. So, they were just released. We actually started this process a few months ago. So, we've known for a couple of months we had the funds, so.

CHAIR WHITE: Okay, great. Any further questions, Members? Seeing none, the Chair is ready to make his recommendation.

COUNCIL MEMBERS: Recommendation?

CHAIR WHITE: The Chair will entertain a motion to recommend passage of the proposed bill on first reading; and the filing of County Communication 14-45; in addition to allowing staff to make nonsubstantive revisions.

VICE-CHAIR HOKAMA: So move.

COUNCILMEMBER COUCH: Second.

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

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say no. Measure passes, five ayes, zero noes, with the same four excused as the earlier bill.

<b>VOTE:</b>	<b>AYES:</b>	<b>Chair White, Vice-Chair Hokama, and Councilmembers Cochran, Couch, and Guzman.</b>
	<b>NOES:</b>	<b>None.</b>
	<b>ABSTAIN:</b>	<b>None.</b>

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**March 11, 2014**

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**ABSENT:           None.**

**EXC.:            Councilmembers Baisa, Carroll, Crivello, and  
Victorino.**

**MOTION CARRIED.**

**ACTION:        FIRST READING of proposed bill and FILING of  
communication by C.R.**

CHAIR WHITE: With that, Members, we are at the end of our agenda for today. So, the Budget and Finance Committee stands in recess, sorry, is adjourned. . . .(*gavel*). . .

ADJOURN:   3:07 p.m.

APPROVED:



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MIKE WHITE, Chair  
Budget and Finance Committee

bf:min: 140311:df

Transcribed by: Delfey Fernandez

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**


**March 11, 2014**

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CERTIFICATE

I, Delfey Fernandez, 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 4th day of April 2014, in Wailuku, Hawaii.

  
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Delfey Fernandez