

**ECONOMIC DEVELOPMENT, ENERGY,
AGRICULTURE, AND RECREATION COMMITTEE**
Council of the County of Maui

M I N U T E S

Council Chamber

February 3, 2015

CONVENE: 1:35 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Don S. Guzman, Chair
Councilmember Elle Cochran, Vice-Chair
Councilmember Don Couch
Councilmember Stacy Crivello
Councilmember Michael P. Victorino (left at 2:18 p.m.)

NON-VOTING MEMBERS

Councilmember Gladys C. Baisa (left at 2:43 p.m.)

EXCUSED: Councilmember Riki Hokama
Councilmember Mike White

STAFF: Sharon Brooks, Legislative Analyst
Pauline Martins, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via voice conference)

Denise Fernandez, Council Aide, Lanai Council Office (via voice conference)

Dawn Lono, Council Aide, Hana Council Office (via voice conference)

ADMIN.: Jerrie Sheppard, Deputy Corporation Counsel, Department of the Corporation Counsel

Teena Rasmussen, Director, Office of Economic Development

Kimberly Haueisen, Business Development Specialist, Office of Economic Development

Kaala Buenconsejo, Director, Department of Parks and Recreation

Guy Hironaka, Real Property Manager, Office of the Director, Department of Finance

OTHERS: Gerald Smith, Business Development Director, Maui Economic Business Development, Inc.

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Frank DeRego, Business Development Projects Director, High Tech
Maui, Maui Economic Development Board, Inc.
Jessica Matsumoto
Vicki Pillar
Plus (4) other people

PRESS: *Akaku Maui Community Television, Inc.*

CHAIR GUZMAN: . . . (*gavel*) . . . Welcome to the Economic Development, Energy, Agriculture, Recreation Committee. I'm Don Guzman, the Chair of the Committee. I welcome you here today. Before we begin, may I ask everyone to please silence your cell phones. I'd like to introduce our Members and our non-voting Members. We have Gladys Baisa, who's our non-voting Member. Thank you for joining us.

COUNCILMEMBER BAISA: Good afternoon.

CHAIR GUZMAN: And we have our Vice-Chair of the Committee, Elle Cochran.

VICE-CHAIR COCHRAN: Aloha, Chair.

CHAIR GUZMAN: We have our Member Don Couch.

COUNCILMEMBER COUCH: Aloha and good afternoon, Chair.

CHAIR GUZMAN: Member Stacy Crivello.

COUNCILMEMBER CRIVELLO: Aloha, Chair.

CHAIR GUZMAN: And Member Michael Victorino.

COUNCILMEMBER VICTORINO: Aloha, Chair.

CHAIR GUZMAN: Thank you. And for our Administration, we have the Office of Economic Development Director Teena Rasmussen.

MS. RASMUSSEN: Aloha.

CHAIR GUZMAN: And we also have the, for Corporation Counsel, Jerrie Sheppard. Thank you. And also we have Kim Hau Eisen, who is the Business Development Specialist in OED. Our Staff today we have Sharon Brooks, who is our Legislative Analyst and Pauline Martins is our Secretary. Before we begin, I'd like to check in with our District Offices. On Lanai District Office, are you there?

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

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CHAIR GUZMAN: Thank you. And on Molokai District Office, are you there?

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

CHAIR GUZMAN: Thank you. And on Hana District Office, are you there?

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

CHAIR GUZMAN: Thank you. Good afternoon, ladies. And we'll go ahead and I'll give a brief explanation before we start our testimony. Before you, if you want to testify, please sign up at the lobby. The testimony will be limited to the items on today's agenda. You will be limited at three minutes and as Chair, I will allow one minute in addition to conclude. And so I'll go ahead and ask for the first testifier to be called upon.

. . . BEGIN PUBLIC TESTIMONY . . .

MS. BROOKS: The first testifier will be Frank DeRego, followed by Jessica Matsumoto.

MR. DeREGO: Aloha, Chair Guzman and Members of the Committee. I am Frank DeRego, Jr., Director of Business Development Projects at Maui Economic Development Board. I am here to testify on EAR-1(1) of the agenda, Presentations by the Office of Economic Development. I would like to thank all of the Members of the Committee for taking this time and opportunity to review and discuss the Economic Development Revolving Fund Program, which MEDB believes is an important part of Maui County's Economic Development toolbox. The goal of any incentive program is to increase the County's tax space, create jobs and stimulate the economy by encouraging new business activities or expansion of existing business activities. When the Council crafted the original legislation, it was with an eye to providing flexibility in attaining these goals. The Council also approved the thorough process by which businesses were approved for funding, thereby mitigating risk substantially. As you all know, one of the big challenges in business is capital formation. Working capital allows businesses to reinvest in people and improve its operations. The program as it is presently configured allows for that type of outside investment, while ensuring businesses have solid roots in Maui County. Attracting outside investment is often crucial for businesses in the technology sector, which is known for its high wage potential. That being said, the strength of the current EDRF Program is again in its flexibility. Thus needed infusions of capital could also be made available through loans that are structured to advantage a business growth potential. As the Council continues its deliberations, I am sure other ideas will surface to expand the menu of economic development incentive options being tried in other municipalities, including such strategies as tax abatements. However no matter what the tool, these strategies must be carefully developed, structured and implemented to reduce financial exposure and legal risks. MEDB understands the County officials must keep faith with our citizens

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in the expenditure of public funds, and we appreciate that the philosophy and practice of economic development incentives is a subject that deserves thorough and reasoned discussion. MEDB thanks you for having this discussion and hopes the Council will continue to see the merits of these types of programs which are practiced with increasing frequency at all levels of government, Federal, State and local. Mahalo.

CHAIR GUZMAN: Thank you. Members, any follow-up questions? Seeing none, thank you very much for your testimony.

MS. BROOKS: The next testifier is Jessica Matsumoto, followed by Vicki Pillar.

MS. MATSUMOTO: Hello. Good afternoon. My name is Jessica Matsumoto and my company is Matsumoto Studio and we were a part of the inaugural Made in Maui County Festival. My sister and I are both graphic designers and together, we design stationery and paper goods. I'd like to thank you very much for sponsoring the festival and for putting in so much time and effort in making it a successful event. I'm a strong proponent of the Made in Maui brand. I take pride in the fact that all my products are printed locally on Maui and make sure it is clearly identified on my products. After graduating from college on the mainland, it has always been my dream to own a design company. I have done a few smaller craft fairs and festivals on Maui and even participated in the Made in Hawaii Festival last year or...oh, yeah, last year on Oahu. However since the Made in Maui Festival, I have had more orders and inquiries than ever before. One of the larger accounts that I have acquired through the festival is TJ Maxx. I have filled a few orders for the TJ Maxx Hawaii stores, but I am now in the process of filling an order for the TJ Maxx, Marshalls and Home Goods stores on the mainland. Without the festival, I would not have had the opportunity to gain exposure and make these contacts. Again, I would like to thank you so much for your sponsorship and support. I believe it's a beneficial event for Maui and hope that it will be continued for many years to come. Thanks.

CHAIR GUZMAN: Thank you. Members, any follow-up questions to clarify? Seeing none, thank you very much, Ms. Matsumoto.

MS. BROOKS: The next testifier will be Vicki Pillar or Pillar.

MS. PILLAR: Pillar

MS. BROOKS: Pillar.

MS. PILLAR: Aloha. My name is Vicki Pillar and I represent a company called Wiki Enterprises. We manufacture all of our products right here on Maui and our product is Moku Pua. It means, island flower. We are a all-natural body care and fragrance company. We are located at the Maui Tropical Plantation. And first and foremost, I would like to, not only for our company, but all the other companies and vendors that were at the Made in Maui County Festival, give a gracious thank you to the Council for

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the support, the, that you enabled us to as small businesses have this opportunity for the Made in Maui County Festival. We hope it continues. We have a lot of, we had a lot of public interest in hopes that it will continue. As a result for our business, personally, we received several new wholesale accounts, and many of the residents who had never heard of us or knew that we were at the Maui Tropical Plantation found out about us, and our sales were quite successful and we are very thankful. I brought today a brochure about our company and some gifts for you to enjoy.

CHAIR GUZMAN: Thank you. Members, any follow-up questions to clarify? Seeing none, thank you very much, Ms. Pillar.

MS. PILLAR: Aloha.

MS. BROOKS: There are no further testifiers in the Chamber.

CHAIR GUZMAN: Okay. I will turn to our District Offices. Ms. Lono, in Hana, is anybody wishing to testify?

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

CHAIR GUZMAN: Ms. Fernandez, in Lanai, is anyone wishing to testify?

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

CHAIR GUZMAN: And Ms. Alcon in Molokai, anyone wishing to testify?

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

CHAIR GUZMAN: Thank you very much, ladies. Is there anyone wishing to testify in the gallery? Seeing none, Members, without objections, I'd like to close public testimony.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR GUZMAN: Thank you. Public testimony is now closed.

. . . END OF PUBLIC TESTIMONY . . .

EAR-1(1) COMMITTEE'S PRIORITIES AND PROCEDURES; PRESENTATION OR DISCUSSION ON MATTERS WITHIN THE COMMITTEE'S SUBJECT-MATTER JURISDICTION (PRESENTATIONS BY THE OFFICE OF ECONOMIC DEVELOPMENT)

CHAIR GUZMAN: Moving on today's agenda item. Excuse me. Let me get the agenda. Okay. EAR-1(1), Presentations by the Office of Economic Development, pursuant to

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Rule 7(B) of the Rules of the Council, Committee intends to accept presentations from the Mayor's Office of Economic Development on Made in Maui County Festival, the Economic Development Revolving Fund Program, and the Office of Economics first four-year report on its plans and activities. Members, the Committee will receive these presentations and no legislative action will be taken on this item today. I'd like to introduce the Director of OED, Teena Rasmussen, and as well as her Business Development Specialist, Kim Hauelsen, to present the first presentation regarding the Made in Maui Festival.

. . . BEGIN PRESENTATION . . .

MS. RASMUSSEN: Okay. Thank you so much, Chair Guzman, Members. Thank you for letting us be in front of you today. We just wanted to give you a quick results presentation on the Made in Maui County Festival, and thank you to our, a couple of, there were companies that came in this morning, we really appreciate that and we really appreciate your testimony. And theirs is just two of many, many, many stories like that that came out of the festival. As you know, this was the first ever and we also had 12 companies that we brought over from Molokai. We gave those companies a \$500 stipend to help defray their costs of shipping and staying over here and getting over here, the transportation and so forth. We also solicited companies in Lanai. We went over there a couple times and did presentations. But unfortunately this year, we did not get any, although I've been assured that next year we, you know, after they heard the results, that they, there were several that were interested in coming this coming year. So we wanted to start our presentation by just giving you a, a short video that was done as a kind of a little collage video of the event. So I'd like to start with that. Thank you.

UNIDENTIFIED SPEAKER: . . . *(Chants In Hawaiian)* . . .

UNIDENTIFIED SPEAKER: Let the Festival begin.

MS. PAMELA TUMPAP: This all got started back about a year ago when we took 18 vendors from Maui to the Made in Hawaii Festival, and from that experience, we said, you know what, we need to come home, we need to bring this event to Maui and we need to do it for all of our product vendors, all of our local product vendors. And so from that, this idea was born.

MAYOR ALAN ARAKAWA: Thank you very much. I think that the real accolade needs to go to all of our small businesses that are here that are working so hard to put together such a great affair. You know, with all of the vendors that are here, 130 some odd vendors, still 40 other vendors were on the waiting list. So it just goes to show how much talent we have here on Maui and how much opportunity we have to be able to grow a lot of our products.

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MS. RASMUSSEN: Whereas I just want to express my gratitude to the Maui County Council and all of the Councilmen who are here and who have come this afternoon. We so appreciate their support.

COUNCILMEMBER BAISA: Teena and your group, you've done an outstanding job. It's been fun to go to the booths and see the wide range of stuff. Maui is amazing. I am so proud to be a leader in this community. It's easy to be a leader when you got a tremendous amount of people that are wonderful, propping you up all the time.

MS. TUMPAP: We promote the fact that people have local hands and local hearts that make quality products with aloha. Due to all the signage, advertising, many of the services, we needed to put this event on, so small businesses in Maui County have benefited by this economic initiative.

COUNCILMEMBER COUCH: It's great to have this many people out here, just Maui Made products, and hopefully, you know, a lot of people come through with the buyers and gets out throughout the country and the world.

MS. TUMPAP: Hope you continue to meet with the vendors, hear their stories, get to know them and enjoy these amazing products just in time for the holidays.

UNIDENTIFIED SPEAKER: I try to represent the culture. I put everything that I got into my work. I wait 'til the piece speaks to me. You grab something of mine, you feel the mana. There's spiritual energy in there. Like I said, I try to give the people the very best. I give them me.

UNIDENTIFIED SPEAKER: Cindy, so what did you seem to find today?

CINDY: I was looking specifically for food products that we could add to our local website and so I got a sample pack of everything from Joy's Place to try out. We want to make that connection and provide, not just to the visitors, but to people who are here that don't realize how many fantastic products are made here on Maui.

MAYOR ARAKAWA: Thank you very much for making Maui the best place in the world to live.

CHAIR GUZMAN: Alright.

COUNCILMEMBER VICTORINO: Very nice. Very nice.

MS. RASMUSSEN: Alright, so, on to...so as you know, we had many great sponsors and a lot of them, you know, came in, and they not knowing what this was going to be like, you know, first year event, you're not really sure, so we really appreciate those that took a leap and came out and supported us in this first year. And that's a list of our sponsors. The next slide is a list of all of the organizations that served and brought

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people to our Committee, so we actually had members of all of these organizations serving on our Planning Committee. And then these are our Committee Members, so you can see we had a nice cross section of people from all those organizations, and we had just a fantastic committee that worked for actually nine months to bring this first event. You know, during a first event, you have to build everything from scratch. You know, every single form, every single, you know, the website, all of the little nuances of how we were going to, you know, decide on vendors and so forth, so everything had to be built from scratch, so we're happy to say that that's all in place now. And these were all of the volunteer organizations that had some part to play in the festival, so we used, for instance, you know, Teens on Call helped us with the parking lot at the college, and we had the Boy Scouts that kept, came at the end of the event and helped the vendors load up their things after they were, you know, tired after a day-and-a-half of event, so all these organizations really helped us and some of them gave in-kind food for the volunteers so they could eat when they didn't really have time to go into the food truck lines and so forth, so we really are appreciative of all of these organizations. We did a survey of all the vendors and we asked them, one of the questions we asked them was, we wanted to find out how large of a company they were. And so as you can see, we had a really nice cross section. So their gross annual revenue, we had a little bit over 30 percent that grossed only between one and ten thousand. But then you go up to the top there and it was little under 10 percent that have actually, they grossed over \$500,000. So you can see and then everything in between there. So we had all kinds of sizes of companies represented at the festival. Another thing we asked them was what your sales were for the day and how many units were sold. So if you go on the left side of the graph, we show our sales that, and added all up, they were over \$300,000 for the day for all the vendors. And then the units sold as you go across, we...in fact we know that the 1,200, 1,300 units that were sold happened to be Kanemitsu Bakery, the Molokai bread company.

CHAIR GUZMAN: Wow.

MS. RASMUSSEN: Over a hundred cases of bread came in and they sold out, I think, by two o'clock, so. These are just some of the basic statistics. We had 9,400 attendees. That was the combination of the festival day and the 300 people that came to the buyers' event the day before. We are estimating approximately 35 percent were visitors. How we calculated this was that if you remember, when you walked in, you got a little slip of paper to sign up for prize drawings and they had to fill out the entire slip of paper in order for us to enter them as, for prize drawings. And so we took those and we looked at the, you know, the addresses on those papers and that's how, and we randomly checked piles of, we had just huge piles of these drawing slips and so we took the whole bin and then we randomly checked them and that's how we came out with the 35 percent figure. They, all of the companies closed about 180 wholesale accounts, new wholesale accounts that they gained. They have over 1,070 leads to follow up on from the festival and the sales again and then we had over 100 volunteers that were helping. And now we've had two of our companies testify and then I'm going to give the mike to Kim, and Kim, I just want to thank while I'm here because Kim was

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really the coordinator for the festival. She did so much in the way of training our companies. She went to Molokai several times. She did training sessions here on Maui. I think between the vendor training and the initial meetings, we had probably over 15 meetings and then at least two to three training sessions on Molokai. She did such an amazing job with the vendors and I think she knows every single one of them personally now because she's helped every one of them. So I just can't thank her enough for what she did. And so I'm going to turn it over to her. She's going to tell you just a couple quick other stories that came out of the festival.

MS. HAUEISEN: Thank you, Teena. Okay. And thank you guys for coming and testify. It was great to hear from you specifically because I can talk about you, but it's better when people get to hear your story from you. And Moku Pua didn't mention one of the things. They're now opening a manufacturing plant over in Kahului to fill some of these orders because they've outgrown their own space and they have so many orders to fill and they're going to do some private labeling, so I'm very excited for you guys. And Matsumoto Studios, oh, my goodness, I mean, she was so shy at first and now, now look at her. She's doing great. Maui Closet Company was one of those companies that didn't have any orders at all from the Made in Maui County Festival, so I just made a few phone calls because they had over 65 leads to follow up on and I just gave her a quick call and I said, so, Debbie, how's it going? You know, how did the Made in Maui County Festival help you? And she was elated. They were still following up on their leads, but they had appointments with over half of them that they went out on and they closed 70 percent of those so, very excited for their company. They definitely had a great day. It's definitely going to add to their bottom line this year. And Maui Nui Wear is just one of those companies, they were brand new. They had seen the Maui, Made in Maui County Festival application. They thought, oh, maybe I should try. She was a physicist from Treks and she worked in high tech and when Treks moved off island, she said, I don't want to move, so she decided she would try her beach bags and it was a hit and she did a remarkable job and she's not moving. She's one of those kamaaina come home to Treks and she doesn't want to leave, so she made a company and it's doing quite well and thanks to the Made in Maui County Festival, she's in all kinds of stores.

MS. RASMUSSEN: So that's again, just a few of the stories that have come out and I'm sure you'll hear more. In fact, the *Star Advertiser*, just a little bit over a week ago ran another story on one of our companies that they had just picked out of that great catalog that we produced for the day, and a lot of people have kept that catalog and they're using it as a reference we know when they want to buy local products so. I just wanna, we're gonna show one last, shorter video that was made by our own Jamie Kane in the Mayor's Office, with a single camera and herself. She went around and she shot this. But from our office, I just want to thank the Council for their support and believing in us when we brought this to the Council and said for our Small Business Promotion Fund, that we wanted to be fed up so that we could produce this festival, so we really appreciate it. We'll be back again next year, but it was a financial success. The County put in what we had anticipated to put it. We had revenue at

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the gate. We brought in \$24,000 at the gate with the head fee and then we also had of course all of the vendor revenue as well and then the sponsor revenue. So all totaled, we did very well. The County of course will, I think, you know, always need to be a part of this festival, but I think the return is huge for our County because of all of these different companies and how it's raising their capacity to do more, employ more people, send more products out. And when you have a company like Matsumoto Studios, who has an opportunity to export their product to the mainland, how exciting is that? They're bringing money back into Hawaii that was not here before, so we're so excited for them. So here's the last little video clip and then we can move on to our next subject.

The Made in Maui Festival was the brain child of our Mayor's Office of Economic Development. We wanted a place that could showcase all of the very diverse array of products that our islands create and that is what we accomplished at the Maui Arts and Cultural Center on November 8th with 130 vendors, 7 food trucks, all in one place on the MACC for people to enjoy. During the course of our planning, we were hoping that we could get about 6,000 people to show up. We were so thrilled to see that we had attendance of 9,109 people and we were just thrilled with the community support and the way that people came out even on a rainy day. It was just so exciting for the vendors. They sold so much of their product in one day. They were just really amazed. They got some new leads, some new wholesale accounts when we had the buyers' event on Friday afternoon, and many of them had to go back to their warehouses and their businesses and restock and we still had vendors that sold out at maybe two or three o'clock in the afternoon, so I think overall the comments have been very favorable. They've been very happy with it. People are wanting us to have it again next year and make it an annual event. We are so grateful for everyone rallying around this festival and really helping us showcase our locally made products. We just could not be happier with the outcome and we just want to thank the whole entire community.

. . . END PRESENTATION . . .

CHAIR GUZMAN: Very good. Members, do you have any questions or statements or comments? Ms. Crivello.

COUNCILMEMBER CRIVELLO: Thank you, Chair. I would on behalf of my island, Molokai, and as well as all of Maui County, I want to extend my congratulations and thank you for this event, and I've had only positive remarks and comments from the vendors that participated. And you know, I think you've empowered these vendors as well as others to go ahead and make some sort of decision as to their entrepreneurship and sharing their talents, so thank you and...thank you for your encouraging training process for our Molokai people. Thank you very much.

CHAIR GUZMAN: Thank you. Member Couch.

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COUNCILMEMBER COUCH: Thank you, Mr. Chair. And thank you, guys, it was a fabulous event. I went to both days and I wanted to just, had you, have you guys gotten any kind of comments about things that you could improve on, on that one?

MS. RASMUSSEN: Thanks for asking that because we do have a list of things. Number one on the list is we thought of everything inside the MACC, but we kind of forgot about traffic and even though we had the parking lot being attended to, we just did not anticipate the amount of traffic. And so I immediately went and met with MPD after the event and they said, you know, it's just merely a matter of all of us sitting down and creating a traffic plan and a parking plan. There was actually I think enough parking, but the traffic was just really just out of control. So we will work on that. And then another thing is that we want, we need to have more food trucks. The food lines were way too long. So we're gonna probably double the amount of food trucks. We're going to be able, we're going to, from that drone shot, the MACC has asked to have a copy of that because they're going to identify other possible spaces for tents that we could put up more tents, so if any other spaces we can come up with because as you know, we had a wait list. But I don't think a wait list is a bad thing. I think that to keep this event fresh and keep it competitive and keep the vendors, you know, upping their game as far as their displays, I think that's a good thing so. Those are probably the two major things. Can you think of others that were? That was the major things.

COUNCILMEMBER COUCH: Mr. Chair, follow up?

CHAIR GUZMAN: Yes, sure.

COUNCILMEMBER COUCH: The one thing that might have affected your parking was the, you had the Swap Meet across and they wouldn't let anybody park on that side, so maybe coordinating a time when the Swap Meet isn't there -- I don't know how to do that or do a shuttle.

MS. RASMUSSEN: They, we had permission from the college to use the lot, but unfortunately the Swap Meet put their sign out that said that other people couldn't park there so we have to work that little glitch out.

COUNCILMEMBER COUCH: Okay. Yeah. Other than that, it was a really good event so thank you and congratulations.

MS. RASMUSSEN: Thank you.

CHAIR GUZMAN: Any other members...Member Baisa, thank you.

COUNCILMEMBER BAISA: Thank you very much, Chair and thank you, Ms. Rasmussen for being here this afternoon and for the wonderful visuals. It was an incredible event

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and I think that, you know, we've seen the results of it. For me, it's important because, you know, we have always been involved in encouraging entrepreneurship, but once you get the entrepreneur going, how do you get them to market? And you have found an unusual way to do it. And I think that this is just wonderful because it will encourage others to use their talents and to try to supplement their income. You know, life is hard here and it's very expensive. And so if we can find ways for our families to do crafting or whatever it is they do at home and supplement their income and hopefully, who knows, all of us have the possibility as an entrepreneur to hit the big time. You know, I've had the opportunity to see a couple of, in fact, three that I know very well who started with their backyard in their garage, you know, that turned into mega, mega businesses. And so the potential is there and you're giving folks that opportunity. And so I'm really happy to see us spending our County money this way. I think it's excellent and I wish you all the best and let's figure out how to make it an annual and bigger event. Thank you very much.

MS. RASMUSSEN: Thank you. Thank you so much and I want to have Kim talk about one last thing because getting to entrepreneurship and how do you take them to the next level. We had a gentleman that came on Friday at, to the buyers' event and he is an export expert out of Honolulu and he exports goods to Japan. And he went around the festival and identified multiple companies that he felt would be good to take these trade shows in Japan which are Foodex and the Tokyo Gift Show. And so I'm going to let Kim tell you about the training session that we just had two weeks ago and the companies that are going to go from our festival to one or the other of those Japan shows.

COUNCILMEMBER BAISA: Great.

MS. HAUEISEN: So DBEDT is the one that is funding and kind of spearheading that whole event over, the two events, the Foodex and the International Gift Show in Tokyo. So Foodex is from March 3rd through the 6th and they're taking seven businesses from Maui County over to that event, so I am going to go support that event in Tokyo and learn as much as I can with the whole, you know, they, the whole omiyage and the, you know, what they expect. But one of the things they said was that the vendors get three feet of space. So our smallest space was six feet. And our vendors were freaking out because, you know, how am I going to fit all my stuff in six feet. Well, if you go to Tokyo, you get three if you're lucky and if you're going with this group, you're probably sharing that three feet of space, so how are you gonna display your stuff? So that's one of the things. We spent a lot of time with the vendors here on their display because truth be told, folks came into my office to pick up some products to put on TV, the news, you know, when we were doing some different promotional things, and the folks that were on TV would come in and they would pick things that were eye level or above. They never picked anything if they had to look down, so their eye level or above. So you have to figure out where your buyer's height is, you know, for your display, to make it the best you can. So the same thing's going to happen in Japan. You gotta go up. You can't go wide. You gotta go tall. So it's just really exciting. So

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DBEDT is putting together Team Hawaii again and then this, because of the Made in Maui County Festival, they saw that the Maui vendors are kind of a step above some of the other counties in Hawaii and they're giving us a bigger space in the Tokyo Gift Show. So they were trying to meet with some of these vendors here on Maui and they didn't have anybody for their training session, so I just put it out to the Made in Maui County folks and we filled the room pretty much overnight, so pretty excited that some of these folks are going to have an opportunity to show their stuff over in Tokyo.

COUNCILMEMBER BAISA: Great. Thank you.

CHAIR GUZMAN: Is there any other Members, questions or comments?

VICE-CHAIR COCHRAN: Chair?

CHAIR GUZMAN: Yeah, Ms. Cochran.

VICE-CHAIR COCHRAN: Thank you. And it was yeah, a very awesome event and just the array of talent and skills and wonderful products we have in Maui County is quite overwhelming and exciting to see. But I think the Maui Nui Wear, Kauai Waller is her name, I believe, and I've known her wee high, since she's definitely made it. But just for this Tokyo event though, she is very fluent in Japanese, just so you folks know, reads, writes, speaks so I think...

UNIDENTIFIED SPEAKER: ...*(Inaudible)*...

VICE-CHAIR COCHRAN: Oh, okay, excellent. So get her involved...

MS. HAUEISEN: She would be fantastic.

VICE-CHAIR COCHRAN: That's right. So just wanted, just a tidbit of information that I know her personally and I'm excited for her, but excited for the event and looking forward to another annual event. Thank you, Chair.

CHAIR GUZMAN: Thank you. Mr. Victorino, you have any comments or questions?

COUNCILMEMBER VICTORINO: Well, unfortunately, this was scheduled while I had to go off to a conference. I've always gotten that trouble with all these events, but that's life. But I understand from the comments I received and what I read, it was well received by the community at large, and the visitor industry, I think, wants to get more involved from what Terryl and what's her name, Lisa Paulson was talking to me about, saying that they really believe this is another opportunity to expand the horizons, not just here, but elsewhere in the nation and in foreign, as you say, in Japan right now. So look forward to next year. Try not to, try call me first so that we can. No, it doesn't make a difference. But you know, it just seems that way, I just get so hurt every time

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I turn around I want to attend and oh, here I go, going off to a conference again. Sorry. But anyhow, job well done, congratulations to all of you.

MS. RASMUSSEN: Thank you. And we do have the date picked. It's the weekend after Halloween again, it's going to be on November 7th, I think, this year is, yeah the Saturday, the 7th. And so the buyers' event will be on the 6th, so put that on your calendar, Mr. Victorino.

COUNCILMEMBER VICTORINO: I gotta see what conference I have on the 7th, okay, I'll check, I'll get back to you. Thank you. Thank you.

CHAIR GUZMAN: Thank you. Any other comments or questions? I just wanted to add my accolades to the office, always well done. Anytime that you put something forth, it comes out gold. One of the things that I notice is the name, Made in Maui, that type of branding. Anything that is attached to that wording, Made in Maui, it could be something that is very lucrative in terms of marketing, yeah. So my questions is, after this success, what are the next steps in, I guess, in your office's perspective to market it internationally or for the mainland in terms of going forward? Yeah. I mean, I like the idea of the whole catalog and the directory system and using the terminology, Made in Maui, kind of making it, these are the companies that we want to promote or export in terms of goods and services. Is there a next level of moving this from just a festival to something more than just a festival?

MS. RASMUSSEN: Well, I want to just make a note that the Maui Chamber of Commerce was our partner in this and the primary reason was because they, the Maui Chamber of Commerce owns the Made in Maui official brand and but we made it very clear that all companies could come. They didn't have to be a part of the brand name program. But just going forward to answer your question about how do we build the capacity for our companies. That is, that's gonna be a big part of the follow-on work for this, because it's not about just that one day or that two-day event. It's about the follow-on work and how these companies keep building and how they grow. So I think that our plan is to do things like this to train them for the Tokyo shows, to train them for exporting to the mainland, hook them up with large chain stores that might buy their products, keep the information coming in. The visitor industry, I think, sees how much fun the visitors had at this event, so I think that they will definitely promote it. We will, we are so grateful that the airport allowed us to put banners up at the airport and pass out rack cards at the airport for this event. So it's just a, you know, it's an event that everyone can get behind, you know, and so we will just keep that follow-on work going and we will be working with all of our business development partners who are part of our committee to keep exploring ideas and how to do that, yeah, so.

CHAIR GUZMAN: Okay. Thank you. Thank you for...

MS. RASMUSSEN: And I want to just, make one more thank you to Linn Nishikawa and Associates who did, who when we put the RFP out for the marketing contract, they

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won the contract, they did a fantastic job as you can see by that report that gives you all of the postings and the listings and the press releases and everything that we managed to get any of the 40-some thousand impressions, our Tweets, I mean, it was phenomenal what they were able to do so and with a honestly quite a small budget that we gave them and they leveraged that into what you see that there in front of you in the report so. The report will also be on our OED website, the PDF file will be posted so the public can see it.

CHAIR GUZMAN: Thank you. Also, I had another question. On the Small Business Promotional Fund, how much of it was appropriated to the Made in Maui Festival?

MS. RASMUSSEN: Okay. So all total, the County put in approximately \$75,000 to this and we actually crossed into two Fiscal Years, because we had to let the marketing contract out in Fiscal Year '14 so that they could get started and then, the rest of it came in Fiscal Year '15. But all total about 75,000.

CHAIR GUZMAN: Seventy-five thousand. And will that increase in the next Fiscal Year?

MS. RASMUSSEN: We may have to because we spread it among two Fiscal Years and this year we're gonna have to do it in one Fiscal Year, so that's the juggling. Yeah. We'll probably will need to have it increased a little bit, but.

CHAIR GUZMAN: Okay. Thank you. Also, you mentioned training. Is that an on-going thing and what's involved in the training, just for the constituents to know more information that you could give to the general public. You know, if you're an entrepreneur and you need more training, who do they go to? I mean, what programs are set up in your office that could provide this type of training? What are the training?

MS. HAUEISEN: So basically, we started off with some information sessions for vendors that are interested in participating, what it would take to be a vendor in this show, and we kind of went through the application process because it has a, it mirrors the Made in Hawaii Festival, so they have to be 51 percent Made in Hawaii with their headquarters somewhere in Maui County. So we explained all of that. Then we bring them back and have other training sessions on how to be the most successful you can at the event. So the training we were alluding to in this presentation was basically around making the Made in Maui County Festival the best event that we could. But if anybody ever has questions or wants to expand their business, we can certainly put them in touch with other training, you know, social media...there's a whole range of things that are happening in Maui County so we would partner with a lot of the business development folks within Maui County, so we kinda try to direct them to where things are already happening and if they are not happening, then we take it on.

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CHAIR GUZMAN: Very good. So the OED Office is a very good source for any new entrepreneurial wanting to start a business or expand their business. So that being said, if there's no other...oh, Mr. Couch?

COUNCILMEMBER COUCH: Thank you. You brought up a good question. So you're saying that it was 75,000 combined, the two. So when you say you're gonna ask for a little bit more, does that just because, it's not so much, you're still gonna want 75,000 for the event, it's just in one year?

UNIDENTIFIED SPEAKER: That's correct.

COUNCILMEMBER COUCH: Okay. The other question I have is, is that 75 net or gross because you said you got about 25,000 from the gate receipts.

MS. RASMUSSEN: Yeah. That, no, that was just what the County put into it. Okay. But there was revenue and, you know, there was sponsor revenue. There was gate revenue. But the MACC's charges for instance, you know, were, I mean, we took up the entire MACC for two, almost two-and-a-half days. We had a huge amount of staff from the MACC. We had to have overnight security because we had all that, all those things out, so we also held the buyers' event reception and you know, all of those things are rolled into it. I left unfortunately, the actual expense and revenue sheet on my desk back at the office, but anyway, that was, yeah, there was a lot more income and revenue and expenses, more expenses than just the 75,000, yeah.

COUNCILMEMBER COUCH: So that 25K that came back didn't go into the 75,000 that...

MS. RASMUSSEN: No. No. No. So that was the net of what the County put in was 75, but then all the other revenue covered other expenses. The expenses were much greater than 75,000.

COUNCILMEMBER COUCH: Okay.

MS. RASMUSSEN: Yeah. Yeah.

COUNCILMEMBER COUCH: If we can get a copy of that? That would be...

MS. RASMUSSEN: Yeah, yes, and I apologize. I forgot to bring that over so.

CHAIR GUZMAN: Thank you, Mr. Couch --

COUNCILMEMBER COUCH: Thank you.

CHAIR GUZMAN: --for raising that question. We'll follow up with a letter and then if you could provide that information, that would be very well taken. So is, any other questions regarding this subject matter? Seeing none, so we'll go ahead and move

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forward to the next subject, which is the Economic Development Revolving Fund Program. Members, we've had various discussions with this item throughout the year and I believe one of the resolutions is in Budget and Finance Committee, so we would like to explore further in terms of the Economic Revolving Fund and the processes of it and receive a presentation from the Office of Economic Development. We also have, let's see, Greg --

UNIDENTIFIED SPEAKER: Gerry.

CHAIR GUZMAN: --Gerry.

UNIDENTIFIED SPEAKER: Smith.

CHAIR GUZMAN: Smith.

MR. SMITH: Aloha, Chair. Aloha, Members.

CHAIR GUZMAN: You may...

UNIDENTIFIED SPEAKER: MEDB.

CHAIR GUZMAN: And he's with MEDB. Thank you.

. . . BEGIN PRESENTATION . . .

MS. RASMUSSEN: Okay. So thank you. So today, we're only going to talk about the program itself. We're not talking about the projects that we brought to you before. This is from the last time we were before you, Chair White had asked us, Budget Chair White at that time, had asked us to do some research on what other locales were doing in the, you know, in the realm of economic incentives for businesses. And so we enlisted MEDB to help us with that research and so we're going to give you some of the results today. We're not gonna read through all of this stuff 'cause we've given you a detailed PowerPoint, but we're going to go through kind of the major points. And remember that one of the issues was the grant versus loan issue. You know that came up many times as we discussed these projects and so we want to explore that a little bit more today with what we found out there across the country. And we had to dive, you know, it took a lot of time to find all these, you know, locations, because this kind of economic data, is...it's in all kinds of forms and it's not very readily accessible, and so Gerry actually made phone calls and talked to a lot of economic development folks around the country so. So we're just gonna kinda run through this if we could go to the first slide. So the objectives of a program for incentivizing business is really to encourage investment that wouldn't already happen in your location and then also to leverage public funding with outside private investment. Clearly, we want to have new job opportunities and we want to have preferably living wage jobs. We want to

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expand our tax base, so you want to expand the tax base not only through employment, but also through property tax and use taxes and so forth, the businesses would use. And then you want to improve the general business climate. You want to show successful County businesses and the positive impact they're making. You want to encourage people to invest in certain locations on the island like for instance, Wailuku, you know, places that are under-utilized. And then the last thing you're trying to achieve, of course, is that economic multiplier effect, so when you have locally made products, locally produced products, you know, the money circulates in your own economy. It's not like when you're buying fuel, you're sending the money offshore or if when you're buying so many of our goods that we purchase at the big box stores, the money goes offshore. But you're trying to encourage these companies to produce things here and create the jobs here. So one of the things, we'll go to the next one, so we did a, we had a slide on each of these locations, but we did this aggregate slide, so it shows our Maui County Economic Development Revolving Fund across the top and then it shows how other funds around the country kind of match up with that. So it shows the, some of the criteria going across the top and then how we match up. Every single one of these locations does have grant programs, actual grant, outright grant programs and three of them, as you can see, require the matching funds for the grants. And I'm gonna let Gerry just jump in here when he wants to because, you know, he did so much of this research so.

MR. SMITH: Let's go back _____.

MS. RASMUSSEN: Go ahead.

MR. SMITH: I just wanted to point out that there are two states, two counties and then two cities, so it's not just, all different types of municipalities are participating in this type of program.

MS. RASMUSSEN: The next slide is the, probably the best data we found was from the state of Florida. State of Florida had actually done a survey of every single one of their cities and counties and asked what kind of economic development incentives they gave. And so the next slide covers Florida and it's all of their counties and cities and this is the breakout of 81 percent of what they gave out was in the form of actual grants. One percent was actual loans. Training programs, .1 percent and tax abatement, which would mean giving breaks on property tax or other taxes that are within that city and county, 18 percent. And that really comes back to the business in a way in the form of cash because it's cash they didn't have to lay out. And so as you can see, they had a total of 234 businesses that received incentives and the average incentive per business was \$163,000. So you know, when you look at the entire state of Florida, Maui County, you know, was...I mean, we felt that with the kind of program that we were, the kind of projects that we had brought to you, we kinda fit right into this, you know, this model right here. You want to add anything?

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MR. SMITH: Just that I realize that a lot of these counties are bigger than Maui County, sorry, realize a lot of these counties are bigger than Maui County, but we also looked at counties with equal size. And I think the average or at least two of the counties that were the closest to Maui County were 492 and 450 thousand dollars of grants in 2014.

MS. RASMUSSEN: Yeah. Okay. The next slide shows you the Texas Enterprise Fund. I'm gonna let Gerry talk about this.

MR. SMITH: This is by far the largest of the funds that we looked at and perhaps it's best just to look at the outcomes here, but this fund has been around since 2003 and has awarded \$575 million and has encouraged \$24 billion in capital investment. Again, this is on a very large scale. There were 10 grants that were awarded for greater than \$10 million. The largest was 50 million, companies like Toyota, Apple. And then, I think as we go through these, I'm not sure I want to go through each of these in detail unless there're some questions that arrive -- arise from each one of 'em, but the outcomes are important and obviously as you go from state to county to city, the dollar amounts shrink dramatically. And again when you're talking about states, you're talking about very large companies that are competing for business for, Toyota is a great example that Texas recently convinced to move to their state. So Broward County's in Florida, St. Lucie County's in Florida, Florida seemed to be very helpful in terms of providing any sort of data that we asked for. And then, I don't know if anybody has any questions of these, you want to wait 'til the end, but then the next two are Portland, Maine; Middleburg Heights, Ohio and again the dollar amounts go significantly down, but the concept remains the same. You want me to talk about this one, too?

MS. RASMUSSEN: Okay. Yeah and then go...

MR. SMITH: And then, so we've been talking about grants, but there are other types of incentives that other municipalities or states do. New York is probably one of the most, I'll say, famous because they've had television commercials that have been on the air for the last several months. You may have had heard of it, Start-Up New York. And they're not doing grants. When you do a grant, you're receiving revenue and then you're disbursing it as a grant with a tax abatement. What you're simply doing is not collecting the tax revenue and that's the incentive to the company. And so again, it's not a grant program; however, you don't have to pay corporate business tax, corporate sales tax, corporate property tax, corporate state income tax or even employees for the company don't have to pay state income tax and this lasts for ten years. So that's to entice businesses to come to, come from out of state.

MS. RASMUSSEN: And I don't know if you followed what was happening in New York, but prior to them starting this, Start-Up New York, they had virtually, they were losing their companies by the dozens, because they had basically raised taxes so high that their companies were fleeing the state of New York and they had to stop the tide and

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so they came up with this program. And now, I think that's definitely stopped the tide and they're working to get these companies back so.

MR. SMITH: The outcomes on this are interesting. There're 73 businesses that are participated so far with commitments to create 2,400 new jobs and invest more than \$104 million throughout the state that would not have been there before.

MS. RASMUSSEN: Okay. So the next slide goes into if you just had an outright loan program, you know, what would be your advantages and disadvantages. So clearly, you know, the money comes back. That's an advantage. And there's some interest income, of course, if you give an interest rated loan and then of course, the funds can be loaned out again. The disadvantages are and Gerry will go into this a little further, he actually had some conversations with these locations regarding loans. There's a decreased incentive as far as the businesses go because interest rates are so low right now, there are competitive loan programs readily available to businesses for the most part, SBA, USDA, even banks. And then of course, a loan still represents debt to the company. Collateral is very difficult for government to manage and that's one of the primary reasons why our own Finance Director was not happy about developing a loan program for the EDRF. For the, for, actually for the last three reasons, collateral is difficult for government to manage. If a company doesn't pay their loan and let's say it's a restaurant, what are you, what is the government gonna do with a restaurant on their books, you know, they're gonna own it at that point. Secondly, the loan programs require administration costs and so of course, the government entity is going to have to pick up those administration costs. And then the long repayment schedule that you would be giving out in terms, you know, does reduce the amount of funds available so you have to be very patient and wait for those funds to come back in, and so that actually diminishes the bang for the buck that you could get if you gave a grant and make it a matching grant and then you could double it and get instantaneous infusion into your economy. Anything else?

MR. SMITH: Just that the, there were some that did both, grants and loans, but typically the loans were for companies that could not get bank loans or to fill a gap between what a bank would actually finance and what they actually needed to, for business operations.

MS. RASMUSSEN: And then they said that it wasn't ...*(inaudible)*...

MR. SMITH: Well, the people that I talked to which were typically the people that were in charge of these funds and managing these funds felt that the incentive as a loan just wasn't as great as a grant to a business. It wasn't as attractive and not as successful, although, there certainly are some benefits to a loan program.

MS. RASMUSSEN: And then finally, just to kind of summarize, so our grants and tax abatements are the primary tools that we found in this research that are used across the country. Import substitution where the dollars stay in Maui County, so clearly

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you're trying to build businesses that would hopefully stem the tide of having to import a lot of these goods, and then there's the economic multiplier effect, by having the company locate here, having the jobs here and the money turns over many times within the community. And then again, if you do couple it with matching funds, for instance a grant program, then you do bring the private investment immediately to the County and it can be deployed immediately with the use of the grant. And lastly, we want to give you just some statistics. I've given this program to you many, many times, but I wanted to encapsulate it here. The Small Business Revitalization Grant Program is a matching grant program that is already in existence in our County. It was specifically designed for Lanai, Molokai and Hana, which are our most economically disadvantaged communities and we have given out so far, \$72,000 in grant funds. Those companies had to match that with 40 percent. We gave them 60 percent. They had to match it with 40. And we have given out awards to 18 different companies and they're listed here. And you also have an addendum sheet that more fully describes their projects and also the amount of the grant award so you can look at that at your own leisure. But this has been a really effective program. I know that Councilman Crivello, Councilman Carroll and Hokama have supported this program, and they know that those companies that have received have benefited by that so. So that's kind of what we wanted to explain and show you today and so if you have any questions...welcome the questions.

CHAIR GUZMAN: Thank you for the presentation. Members, do you have any follow-up questions? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair and thank you for the, you know, the education on incentive programs. You know, you were looking at different locations and different size counties versus different size cities and states and whatnot, I'm not sure where Broward County is in Florida, but do you have any places in here that are tourist-based economies that are giving out grants like this?

MR. SMITH: Well, yes, I'm not sure exactly where Broward County is, but obviously Miami Dade is one of them that's tourist.

COUNCILMEMBER COUCH: Okay. I think Orlando is in _____.

MS. RASMUSSEN: And Orlando.

MR. SMITH: That's a good example.

COUNCILMEMBER COUCH: Okay.

MS. RASMUSSEN: We're, the, if any of you would like to have the Florida study, it's I don't know, 15, 16 pages, but it does list by county, by location, all of those statistics for Florida so.

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COUNCILMEMBER COUCH: Okay.

MS. RASMUSSEN: We could forward it to you if you'd like that.

COUNCILMEMBER COUCH: Yeah. Please.

CHAIR GUZMAN: Yes, Ms. Crivello.

COUNCILMEMBER CRIVELLO: Thank you, Chair. Thank you. I have a question. Just wondering if you've done any participation or collaboration with Hawaii State DBEDT because they do research, they also do loans as well as the, I believe they have a community-based economic development advisory which I was once part of and we used to provide grants and then it actually ended up going back to loans under the Department of Agriculture as well as the parent DBEDT. So I'm wondering if they, you've done any kind of research with our own state office as to what's available, how they handle their grants, how they handle their loans and as well as if I recall, there were, it was also a revolving fund. I don't know if it's still that way because this is a couple years ago, but I was, I just received that there was a \$25,000 monies that was gonna be available. But there's also a loan process and not a complete grant so you may want to try, you know, so I'm wondering, did you by any chance look within our own State?

MR. SMITH: Within our own state, yes. MEO does micro loans, which is similar to...

MS. RASMUSSEN: This...

MR. SMITH: I'm trying to think, yeah, I'm not, I forget which one it was. It wasn't Ohio; it was...it was one of the cities. They do that sort of thing in addition to grants and so by all means, there's other, there's other types of incentives out there and I'd be happy to look further with DBEDT.

COUNCILMEMBER CRIVELLO: Chair?

CHAIR GUZMAN: Yes.

COUNCILMEMBER CRIVELLO: And I think and most of our, I think all of our counties are recognized as a easy or what we call an enterprise zone where there, we get exemption if your business qualifies and certified as...

MS. RASMUSSEN: Yes.

MR. SMITH: That's true.

COUNCILMEMBER CRIVELLO: Yeah and that's another incentive where I think where so many years you're exempt from the GET.

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MR. SMITH: That's correct.

MS. RASMUSSEN: Yeah. Seven years.

COUNCILMEMBER CRIVELLO: Yeah.

MR. SMITH: All of Maui County is an enterprise zone.

COUNCILMEMBER CRIVELLO: Right. Right. So I'm just suggesting that.

MS. RASMUSSEN: Almost.

MR. SMITH: Almost?

MS. RASMUSSEN: Almost.

COUNCILMEMBER CRIVELLO: I think DBEDT, they can offer us a lot of information, too, within the State, what's available.

MS. RASMUSSEN: The, I know the Department of Agriculture has a State loan program for farmers and actually the Legislature, I think, their intention is to put more money into that State loan fund for this year, and it's also a very low interest rate loan. And then DBEDT, I am not familiar with any business, direct to business DBEDT loans, but we can certainly ask, but I'm not familiar with any program. And then of course the EZ zone, we do administrate the EZ zone incentive program out of our office for Maui County. And you know this gets to the heart of what we are going to be working on as, you have to have more than one tool in your toolbox and Frank DeRego mentioned that in his testimony. We're going to be meeting with all of our business development alliance partners and working to create a package of tools that the County of Maui might use that crosses over, you know, multiple things, because it's not what might be good for one may not be good for another and you have to have multiple things that you can apply. And so I think that a more holistic approach to it rather than just a shot here and a shot there, might be the better way. And so we're gonna be looking at that and hopefully sometime later in the year, come back to you with some kind of a package approach to economic development tools and incentives.

CHAIR GUZMAN: Yes, Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. You heard the, some of the concerns we had over the last set of proposals and granting money to businesses, is it your thought that it would be start-ups or people who are in process and are showing that they're going to be around for a while, so is willing to invest in them to increase the business? I can see a little bit of both. I think one of 'em was a start-up software company that

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we were talking about. So what's your, the philosophy there and I know it's ultimately up to us, but in your mind, what is the philosophy for that?

MS. RASMUSSEN: Well, you know, that's why I think you have to have an approach from both sides because clearly, there's businesses that you might want to attract here and if they come on knocking on your doorstep, it would certainly be nice to offer them some kind of incentive. That software company was a perfect example. They were partnering up with a local company here. They wanted to do the first phase, which was five jobs, but it could have led to 80 jobs. That company has already located that, the majority of that project. They are still using the local company, but the majority of the projects went to Costa Rica, so we lost, you know, we lost that, but we really feel that you've gotta have both. So you need something for your strong businesses on the island that want to go, you know, and expand and do another project. I mean, they're here. They're employing people already. You trust them. You know them. Start-ups are a little more risky because, you know, they haven't been here, you don't know them maybe, but maybe you really want to entice them. Just like we enticed the film industry to come in and do a film by giving 'em a 25 percent production credit. You know, you've gotta have all these tools at your disposal, so I would say we need to have something that we can apply to a lot of different scenarios and not just pigeon-hole our self into one scenario.

COUNCILMEMBER COUCH: Okay. And I think you saw our concern, too, is you've got taxpayer money that we're giving to a business. We need some way to say, look, there is going to be a return on this investment, you've talked to these different locations, have you gotten from them, you know, gosh, it's brought in, I know you saw in one of these, it brought in 24 million or whatever in actual hard dollars and that's something we have to, we as a group here have to tell our constituents, hey, you know, yeah, we're giving the Rasmussen company, you know, 50,000 or \$100,000, but they're gonna bring back in, you know, \$500,000 in economic return. We need to be able to give that to our constituents, because right now they're saying, why are you paying so much for a software start-up company --

MS. RASMUSSEN: Yes.

COUNCILMEMBER COUCH: --or whatever.

MS. RASMUSSEN: Benchmarks...

MR. SMITH: Yes, there's two sides. There's, the one side is requiring matching funds so immediately and just using round numbers, if you have a \$100,000 investment, you're immediately getting \$250,000 back into your economy immediately. And then the second's a little more, it's a tougher calculation to say that when you have ten new jobs that you're increasing your taxes, your property taxes, the person hopefully buys a house, the person's buying a house from a realtor, who's making money there and spending his money at the grocery store, and the guy, who's stacking the shelves at

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the grocery store is buying tomatoes from a farm, I mean, it's a difficult process to quantify.

MS. RASMUSSEN: But...

MR. SMITH: And --

MS. RASMUSSEN: --we all know that it's there, you know.

COUNCILMEMBER COUCH: Well, but the other part of that, too, is unfortunately or fortunately, depends on how you look at it, the County only gets property tax.

MS. RASMUSSEN: Right, right.

COUNCILMEMBER COUCH: So people can go out start buying stuff all over the place, but we don't see a direct benefit from that. We do see that they, yeah, they're still gonna live here and they're still gonna pay their property tax, but if they're a homeowner, they don't pay very much. So it's one of those things where we have to be able to really justify a million dollars that we're gonna be giving out to all these different entities that we're gonna get a couple million or three or four million back. I can see, you know, a couple of those, about three of 'em were pretty straight forward that, yes, they're hiring 10, maybe 80 people was one, they're gonna hire more people and sell product outside of the State, which brings money back, outside money back into the State is a huge --

MS. RASMUSSEN: Right.

COUNCILMEMBER COUCH: --economic benefit, and the more we get of that saying people bringing money in as opposed to circulating money, re-circulating money around through the County, that's kind of where I envisioned if we're gonna spend that money, it should bring in outside money so.

MS. RASMUSSEN: Yeah. And we can talk about those parameters and, you know, clearly, export, a company that exports is, you know that's exactly the kind of thing because that is new money coming in. A company that produces something here that we import and so you have import substitution, you know, that's important as well. Living wage jobs is important. There's all kinds of benchmarks you can put into these projects, you know, living wage jobs, how many living wage jobs. If they say that they're gonna create ten, then, you have to hold their feet to the fire, and make sure they created those ten. And you have to, you know, so you create those benchmarks, you know, whatever you come up with for each case.

COUNCILMEMBER COUCH: And that, Mr. Chair, is the point is if we, 'cause some of those amounts were significant. If we give that much and they don't create the ten jobs, then what? They gotta pay it back or we just _____ it's a bad gamble?

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MR. SMITH: That's what the other places did.

MS. RASMUSSEN: Yeah.

MR. SMITH: They had stringent requirements --

COUNCILMEMBER COUCH: So it was a grant?

MR. SMITH: --_____ contract. Yes.

COUNCILMEMBER COUCH: But if they didn't follow through on what they said they were gonna do, then they owed it back?

MS. RASMUSSEN: Yeah.

MR. SMITH: That's correct.

COUNCILMEMBER COUCH: How does that, I mean, that's fine, that's sort of a semi-loan, semi-grant. How does that work with their other funding? Is it considered a loan or is it considered grant and hoping that they don't...

MS. RASMUSSEN: I think every case is going to be different, but you can build that contract to say, you know, anything that you want it to say. I mean, you know, when you're talking about economic incentives to businesses, you're talking about crafting it in a way that the County wants to craft it. So whatever the County's goals and objectives are, that's what you incentivize. You don't incentivize something that you already have. You know, like you wouldn't incentivize, you know, I don't know, another tourism-related activity necessarily because we have, you know, tons of those. You want to incentivize something that we don't have. So you know, that's why we, you know, we put parameters in the program and so forth, so we can just keep, you know, we can keep fine-tuning that, but you know, I don't want to, we don't want to lock ourselves into such a small box, you know, that it's not effective.

CHAIR GUZMAN: I think that's something that, you know, if your office can look into in the other jurisdictions in which they, I'm not sure how they're being able to do that, put conditions on grants because to me, that's a big no-no. You don't put conditions on grants, but and therefore, you can't call it a grant, but maybe our Corporation Counsel can give us an opinion whether we can do that here and maybe gather more information on just the other jurisdictions on in terms of them being able to do that. That might be something that could, to have that condition, that if they don't follow through, then the money needs to be repaid, could be something that is, you know, comfortable enough for the general public to accept or even the Councilmembers. I'm just trying to think out loud at this point, but maybe we need to look into that as well, just to see if that's another component that we can utilize.

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MS. RASMUSSEN: Well, I remember one of the conditions we put on it is a match and it, you know, and it was so they immediately had to come to the table with a 100 percent match, so they had their own money into it and you can craft it so that you could get this much of a payout for this period of time, and then if you make your employee count or whatever, then you get the next, you know, the next payout. You could craft it any way you wanted to but, you know, the whole idea is to keep the program flexible and to give us more tools to work with. And I think that we could really make a dent, you know, in trying to incentivize some of the kinds of industry that we would like here.

CHAIR GUZMAN: Ms. Cochran.

VICE-CHAIR COCHRAN: Thank you, Chair. And I'm trying to figure out the revolving part of this and, you know, usually it comes in and the money gets either paid back or I see that it's there to incentivize and to drum up more business and make that whole economic world go around, but I'm looking at Item B and it's a revolving fund, Council appropriations, so that would be strictly taxpayer dollars that we would appropriate into this fund and any monies donated to the County. So what types of monies would that be? Says it here in the ordinance itself, 3.81.030, Item B?

MS. RASMUSSEN: Well, the revolving fund was, our Budget Director, I believe read you the State statute and that says, basically, there's a couple ways that you can look at a revolving fund. One is that it rolls over from budget year to budget year and it does not disappear. So you appropriated that fund about three years ago and that money is still there. It did not expire at the end of the budget year. Okay. So that is one definition of revolving. The other was a State statute that came out that basically said, you have a fund and it's called a revolving fund, you can draw down that fund and the government can put more into it and the fund doesn't disappear, but it doesn't mean that it has to be a loan out of that. It can be a grant or a loan and he did read the State statute on that, so the funds could be expended in any manner and the government can also put more money into that fund, so it can be fees collected, I mean, that may be what they're referring to, donated. It could be fees collected or whatever but so, that's really where revolving, you're not locked into a loan program, just by the term, revolving and we've determined that several times so.

VICE-CHAIR COCHRAN: Okay. And so are you looking to give us some revisions to this ordinance, because it kind of sounds like you really are highlighting pretty much the pros of having grants versus loans or is that kinda...

MS. RASMUSSEN: We actually like this ordinance exactly the way it is because it's completely flexible. It gives us the possibility of doing all and so, we like the way it's worded. We don't necessarily want to change the ordinance at all. In fact, we'd rather that it's not changed because we like the flexibility of it, but that being said, we don't want to bring any more projects to you if they're gonna languish because, as you

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know, we don't have an end to that process right now and it started back in April, so that is definitely not the way we want to do business and so we'd like to leave the ordinance, you know, as flexible as possible.

VICE-CHAIR COCHRAN: And it looks like it will expire June 30, 2016, unless we enact it once again so.

CHAIR GUZMAN: That's correct.

VICE-CHAIR COCHRAN: Thank you, Chair.

CHAIR GUZMAN: You're welcome. Any other questions from the Members? Mr. Couch.

COUNCILMEMBER COUCH: Yeah. Thank you, Mr. Chair. You mentioned that you don't have an end to this process or that the process that you, that we had last year, what do you mean by that?

MS. RASMUSSEN: Because it's sitting in Budget Committee without a vote.

COUNCILMEMBER COUCH: Oh, I see. So you're waiting on us to say, yes or no on that. Okay. We, there is something in here that we probably could put in that if it's stuck in Committee or whatever, then it automatically goes away potentially, Mr. Chair. I don't know if that is a concern.

CHAIR GUZMAN: Yeah, that, for me, it is a concern because you have various investors, businesses that have gone through the application process and some of them were conditioned on loans from the banks and for the matching portion of the grant and so those loan, those offers of the loans may not be even in existence yet or still today. So, you know, that's just not a good way to do business, you know. If we're really serious about investing in our economics in Maui, we should act like business, like a business, you know, and deal like a business, not as a government entity that takes five years to make a decision. I mean if there's something that we need to do in terms of investing in our businesses, then, let's do it. Let's not sit around and contemplate about it. We've already gone this far. I think we can fine-tune it more for future applications and processes and get more information from the other jurisdictions. It's interesting to find out how the other jurisdictions handled public sentiment, you know, like reactions in terms of using government money to give to private entities to expand their businesses and what were the justifications that were used by some of the representatives, you know. It would be interesting to find out that type of information and apply it here, possibly. But I think the biggest hurdle and I think most of our Members face is the constituents saying, okay, why are we giving government taxpayer money to private businesses that compete with other private businesses, why is the special treatment, you know, and shouldn't we be building roads, shouldn't we be looking after the environment. There're so many other factors, but I think in the whole spectrum of things, you know, and I'm getting on my soap

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opera, soapbox, is that we need the businesses. Businesses help support government and the communities, and I think maybe Ms. Rasmussen would if you want to say anything further about how the whole, I call it the Circle of Life, you know. We can't do government without businesses and certainly, nonprofits and human resource entities cannot do business without government and government can't do it without the businesses, you know. So I think it's all inter-connected somehow and we've got to find a way to bridge that gap in terms of education and specifically defining or educating people on the economic multiplier effect because that is where the gain comes back to us. And that is a hard concept to convey to people and if maybe we can, maybe come up with some kind of strategy in defining that or quantifying it, it would be easier for our Members to take to the constituents and explain to them why these investment funds work, and so that's all I can say at this point. Do you have anything else to add before we move to the next subject matter?

MS. RASMUSSEN: Well, I just want to thank you for letting us have this discussion because I think it will be ongoing and I think government's job is to always look and balance across this community and to try to deploy funds where needed. But just as you know, you couldn't deploy, yes, we have lots of roads that need to be paved, but you wouldn't put the entire government coffers into road pavement, because then you would be leaving out social services. And if you put all your money in social services, you would be leaving out something else, you know, so you have to go across the board, this is what you do in the budget process, but what we're asking is don't forget about business because that is what gives you your economy. No matter what you say and no matter what happens out there, business is where your economy starts from, from the payrolls they give, to the goods and services they provide, business is where it starts and so you can't ignore that. And so we're just trying to help create a business-friendly attitude and a set of tools that we can use to incentivize business on our islands, on our three islands within our County and give us a little bit of an advantage if we have these people that come in and say, hey, I'm interested in doing our business here. As MEDB knows, they've talked to many of them and they don't have to dive very deep and they just find out, it's just too expensive and that's sad, you know, because there are some really good businesses we could attract so. Anyway, thank you.

. . . END PRESENTATION . . .

CHAIR GUZMAN: Okay. Thank you. So we'll go ahead and ask the office if you guys can continue the research and we'll have you back at another time to present further. I know this is an ongoing process and maybe we can fine-tune at this stage. So I'm gonna go move forward to the next subject matter which is your first four-year report on its plans and activities.

MS. RASMUSSEN: And it's not my intention to go through this at all. I, we just wanted to make mention, we've given you a four-year report. This is pretty much all of our major

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accomplishments in the last four years and with some, a few pictures scattered here and there, and so we just wanted to make mention that we've given it to you and I hope you do take the time to look it over, and it will also be posted on our OED website for the public to see. I want to just, one thing I want to highlight is that we have spent an extraordinary amount of time in our Department, trying to change the way that we give grants out and one of the things is performance metrics and bringing these organizations to the realization that they need to be accountable to the County and the taxpayers. And so I have outlined two pages, three pages, actually of the kinds of things we've done in the area of grants management, and I hope you'll maybe read that particularly because it's taken us a lot of time, but we have created performance dashboards for these companies, excuse me, these organizations that they'll need to give us data every single year into that dashboard, so we can see the progress of this organization. And so I think it's going to really help us see how well these funds are working, and it's gonna also show these organizations that they need to be more accountable to the County and the taxpayers.

CHAIR GUZMAN: Thank you. Members, do you have any questions in regards to the report before your analysis on their, on OED's plans and activities? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Just a real quick, you're doing this dashboard or required metrics and outcomes, is it possible we can get a, you know, Mr. Chair, I guess, a copy of that annually or just to take a look and keep track of that, probably before Budget every year?

CHAIR GUZMAN: Oh, that would be great.

COUNCILMEMBER COUCH: Yeah.

MS. RASMUSSEN: Yeah.

CHAIR GUZMAN: Yeah, if, would you mind?

MS. RASMUSSEN: Well, that actually is our intentions so keep in mind, every single dashboard is customized for that organization. So my intention in this year, they're just putting their first data points in, so you're only, you know, some of them have just created their dashboards with this new grant, so we have a complete dashboard for the Maui Visitors Bureau, so we can show you and I think I actually gave it to you last year. So there're some organizations that have the historical data and they can fill in more than one year, but our intention is that they will always have five years of data, so the ones that are just starting only have one year of data now and going forward, they'll keep adding. But yes, it's our intention that as we go into Budget, that I would give you a copy of each organization's dashboard. And we're only requiring it of the line item grantees and the proviso grantees, the ones that typically get money year after year. We're not doing it on just the one-up kind of grant, you know, programs so.

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CHAIR GUZMAN: Okay. We'll follow up with that, Mr. Couch.

COUNCILMEMBER COUCH: Thank you.

CHAIR GUZMAN: Any other questions?

VICE-CHAIR COCHRAN: Chair?

CHAIR GUZMAN: Ms. Cochran.

VICE-CHAIR COCHRAN: Thank you, Chair. And in regards to the agricultural successes page, in, it says that we have June 30th of 2015 to expend the State funds on the Kula Ag Park purchase, so are we on track with that?

MS. RASMUSSEN: Yes. We are, we have been in negotiation on a piece of property that is right directly across from the Kula Ag Park. It's, the negotiation is getting difficult and complex and we're recently looking at some other property, but we have been in touch with Representative Kyle Yamashita and also the Department of Agriculture about those funds so. We're very well aware of the deadline and we're working as fast as we can. We actually had an appraisal done on this particular piece of property, but it's, I'll have to say it's getting complex.

VICE-CHAIR COCHRAN: Oh. Okay. Okay. Thanks, Chair.

CHAIR GUZMAN: Thank you. Any other questions from the Members? Seeing none, so, I just would like to thank the office for the well-prepared and presented presentations. It's been a wonderful last term working with you and I look forward to working with you in this next term. We'll go ahead and thank you and we'll excuse you, we'll dismiss you guys and have a wonderful weekend or no.

MS. RASMUSSEN: Not yet, yeah. Thank you so much. Thanks so much for your time. Thank you.

CHAIR GUZMAN: Thank you. Members, without any objections, I'd like to defer this item?

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR GUZMAN: Thank you.

ACTION: DEFER.

CHAIR GUZMAN: I'd like to take a five minute recess.

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RECESS: 3:10 p.m.

RECONVENE: 3:23 p.m.

CHAIR GUZMAN: . . . (*gavel*). . . The EAR Committee shall now reconvene.

**EAR-24 GRANT OF A UTILITY EASEMENT TO MAUI ELECTRIC COMPANY, LTD. AND
HAWAIIAN TELCOM, INC. (CC 14-276)**

CHAIR GUZMAN: Members, we're heading off to the next agenda item, EAR-24, Grant of a Utility Easement to Maui Electric Company, Ltd. and Hawaiian Telcom, Inc. The Committee is in receipt of the County Communication 14-276, from the Interim Director of Parks and Recreation, transmitting a proposed resolution entitled, Authorizing the Grant of a Utility Easement to Maui Electric Company, Limited, and Hawaiian Telcom, Inc., Pursuant to Chapter 3.44, of the Maui County Code, together with a utility easement. The purpose of the proposed resolution is to authorize the grant of a utility easement for power and communication lines to Maui Electric Company, Ltd., and Hawaiian Telcom, Inc., on a portion of County real property located at Waiehu, at the District of Wailuku, Maui, Hawaii; more specifically identified as TMK: (2) 3-3-001:001. The Committee may consider whether to recommend adoption of the proposed resolution with or without revisions, the Committee may also consider the filing of County Communication 14-276 and other related actions. Members, to appropriately evaluate this request for an easement, I feel that is more, that more information is needed. For that reason, I sent the newly appointed Director of Parks and Recreation asking him to detail a description of the kind and extent of the power and communication lines to be placed on the easement and for the responses to a number of my questions. We welcome for his first Committee meeting, Mr. Kaala Buenconsejo, Director of Parks and Recreation, is here to provide that information for us. Can you please introduce yourself?

MR. BUENCONSEJO: Hello, Chair Guzman. I'm Kaala Buenconsejo, Parks and Recreation Department Director.

CHAIR GUZMAN: Okay. Thank you. And you have any opening comments in terms of this grant?

MR. BUENCONSEJO: First of all, thank you, Chair Guzman, Councilmembers. Thank you for having us today. Basically here today to just discuss any concerns or questions that we can answer regarding Item EAR-24, you know, our apologies for not getting those questions up to the Departments before we got here, but we do have the answers that are, that need to be addressed as well as some concerns regarding what the easements are. The easements are actually already in place. They aren't new easements. So the easements are actually already there. During the purchase of the property back in 2012, there was no survey done when that was taken from the

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County or purchased from the County, and how this came about was the landowner around the property was in the process of subdividing his lot, and during that subdivision is when he did a survey and realized that those three easements were actually not on County, well, were not on his property and actually on County property. So that's where we come into this resolution of adopting it in a sense back to the, or over to the County, but the easements are already there with MECO and Hawaiian Telcom.

CHAIR GUZMAN: Okay. Members, do you have any questions? Ms. Crivello.

COUNCILMEMBER CRIVELLO: So which is the -- thank you for being here, and thank you, Chair -- my experience in, with being with the telecommunications companies is easements are provided where, you know, the poles are joint with the electric and the telephone company and cable, which is a norm. So what it is, we're just officially having this easement property, which is still identified as County, to legally turn over that piece of utility easement to these three companies, is that my understanding?

MR. BUENCONSEJO: Yes.

COUNCILMEMBER CRIVELLO: Yeah. Okay. So are we talking about three different utility easements or is it just one and it's because it's identified as three because you have electric, telephone and cable television purposes?

MR. BUENCONSEJO: It is actually three different easements, so categorized as UT-1, UT-2 and UT-3.

COUNCILMEMBER CRIVELLO: Oh, it is, but is it in the same...

MR. BUENCONSEJO: No.

COUNCILMEMBER CRIVELLO: It's different property...

MR. BUENCONSEJO: Different areas; however, they still fall into the County property line, but it's in three different areas. Two are pretty close. The first one is as you enter the property line. The other two are kinda wrapped around the corner of the site map.

COUNCILMEMBER CRIVELLO: Okay. So I note the correspondence and once we turn over the easement, I guess, Chair, we're not responsible for maintenance? It becomes that for the utility companies?

CHAIR GUZMAN: Yeah, that's what I was assuming as well, but according to the grant of the easement, the document itself, it says that the maintenance is on us, on the County. So I was gonna ask...

MR. BUENCONSEJO: It should be on them. It does...

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CHAIR GUZMAN: Is it on them?

MR. BUENCONSEJO: Yes.

COUNCILMEMBER CRIVELLO: I've never seen that.

MR. BUENCONSEJO: It falls back onto --

COUNCILMEMBER CRIVELLO: Yeah, yeah.

MR. BUENCONSEJO: --the grant.

CHAIR GUZMAN: Let me see that. That was one of my questions.

COUNCILMEMBER COUCH: Page 2, Mr. Chair.

CHAIR GUZMAN: Yeah. Right. Okay. Right here on Page 2, top of the page there, let's see, to be used for light and power communications and control circuits, together with the right (but not the obligation) to trim and keep trimmed any trees near said lines and equipment to a reasonable distance therefrom. So this to me it implies the County does the maintenance. Am I, do we have Corp. Counsel?

COUNCILMEMBER COUCH: Mr. Chair?

MR. BUENCONSEJO: Yeah. She's...

CHAIR GUZMAN: Yes, Mr. Couch.

COUNCILMEMBER COUCH: If you look at No. 1 down below on, and each Grantee does hereby covenant and agree with the Grantor for itself and not for the other that it will:
1. It will use due care and diligence in the installation, maintenance, repair and operation of said lines. So that seems like it would be...

CHAIR GUZMAN: Yeah, but those are the lines itself. I'm talking about the easement in its entirety, the surface, the vegetation that grows on the property.

COUNCILMEMBER CRIVELLO: So, Chair?

CHAIR GUZMAN: Yes. Yes. Ms. Crivello.

COUNCILMEMBER CRIVELLO: Maybe Corporation Counsel can express that for us and clarify it, but my recollection with my experience is the easement is the utility and the utility company is responsible for any vegetation as well as overhead trees over the lines or what-have-you.

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CHAIR GUZMAN: Yeah, I agree, too, but I don't see where it specifically says that in the grant itself, the easement. Maybe if Corporation Counsel could shed light on it. I would like to see more direct language that, not just language that seems to imply County maintenance of the property in...

MS. SHEPPARD: Are you asking what this document says or you're asking me that you want it changed?

CHAIR GUZMAN: No, I'm asking you --

VICE-CHAIR COCHRAN: Interpret it.

CHAIR GUZMAN: --both. Well, if it needs, what does it say in your analysis and if so, if it doesn't have a direct language in there, maybe we need to amend it.

MS. SHEPPARD: This grant, this grant of utility easement authorizes those companies to put in their poles, wires, guys, conduits and other appurtenances and equipment and to maintain those.

CHAIR GUZMAN: Correct.

MS. SHEPPARD: And then they have the right, but not the obligation to take any trimmings for any trees and it would be in their interest to maintain the trees trimmed so they don't interfere with their poles, wires, guys, et cetera. And they are to use due care and diligence in doing that kind of maintenance work. The property itself belongs to the County of Maui. We can't divest ourselves of the obligation to maintain our own property. I mean, we're not gonna start digging crevices underneath the poles that you know, kind of de-structure the property, so we're gonna maintain that part of it. That's the County's responsibility, but as far as them maintaining their easement to use their utility poles and things, that's the company's obligation and that's what this document says.

CHAIR GUZMAN: Yeah, I agree, but it's their right, but not the obligation.

MS. SHEPPARD: To trim the trees.

CHAIR GUZMAN: To trim. To trim and keep trimmed. So it's, to me, that's optional.

MS. SHEPPARD: It is optional, but again, a company is not gonna sacrifice their equipment.

CHAIR GUZMAN: Yeah, but I'm not gonna argue whether it's foreseeable that they wouldn't do it, but I just would ask that maybe the Members take a look at that language and see whether that is agreeable to have something as optional.

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MS. SHEPPARD: It's also that way because if the County decides we need to go in and...

CHAIR GUZMAN: Ms. Sheppard, please, respond when you're called upon.

MS. SHEPPARD: I'm sorry.

CHAIR GUZMAN: Thank you. Ms. Crivello.

COUNCILMEMBER CRIVELLO: So my question then to Corporation Counsel is when we turn over the easement rights, does that property of easement still belongs to the County or does it belong to the utility?

MS. SHEPPARD: It is the County's property. They have an easement to use it.

COUNCILMEMBER CRIVELLO: Okay. So does that in turn make us responsible for all easement properties throughout the County that we have to maintain?

MS. SHEPPARD: Basically if it's County property, yes. It's our obligation to maintain our own property. But when we grant an easement, the company who's getting the easement has that right and the obligation to maintain their own equipment and to access that equipment by the easement that we give them. Does that answer your question?

COUNCILMEMBER CRIVELLO: No.

CHAIR GUZMAN: Here's the scenario, Members, that may shed some light to this. There's a certain property near Waiehu Golf Course that has an easement there and it's in the gulch, and when we asked the Parks Department to clear it, they say it's on an easement. Now we ask MECO, clear it and they say it's the responsibility of the Parks. So I go to Fire Department and I say, this is a hazard and they say it's on an easement. So someone's not taking responsibility for something and I just want clear, written language on who is responsible for the vegetation on these easements. You know, no obligations, no options, you know. I, give me clear wording because I'm getting, you know, the left and right hand talking to each other and not talking to each other and I want some clarity. That's simply said. I don't know if any other Members...yes, Ms. Cochran.

VICE-CHAIR COCHRAN: Thank you, Chair. And so I need to find out, normally these kinds of things come through my Committee, so I'm just curious why it's in the Parks and Rec, so obviously this is on Park land?

CHAIR GUZMAN: Yes. It sounds...

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VICE-CHAIR COCHRAN: Okay. 'Cause I couldn't really decipher that from the exhibits at all. So I was like, well, does it say, park? It doesn't say, it's part of Waiehu Beach, I mean, it doesn't say anything here. I don't...

CHAIR GUZMAN: Department?

VICE-CHAIR COCHRAN: So I didn't realize it was parks...

MR. BUENCONSEJO: Yeah. It is park land. It was Public Works, I guess at one point, that there was a distinguish between Public Works and the Parks, but it is definitely park land, which is why it got to this. When it was purchased, it was purchased for, you know, to be developed as, not _____ nonprofit organization, but it's almost deemed strictly park land.

COUNCILMEMBER COUCH: Where is it, Mr. Chair?

CHAIR GUZMAN: Yeah, that's what I...Corporation Counsel, do you have any input on where the language is that indicates it's in parks?

MR. BUENCONSEJO: Chair?

CHAIR GUZMAN: Yes.

MR. BUENCONSEJO: I'm sorry. We also have Mr. Guy Hironaka, who does have little bit more information about the property itself, so he may be able to answer that question.

CHAIR GUZMAN: Members, without any objections, may I call...

COUNCILMEMBERS: No objections.

CHAIR GUZMAN: Thank you. Thank you. Can you please state your name for the record and your position?

MR. HIRONAKA: Guy Hironaka, Department of Finance, Real Property Manager. This property was acquired using Open Space Fund for conservation. It's a passive park lands.

CHAIR GUZMAN: Oh, passive park lands.

COUNCILMEMBER COUCH: Where? Where?

MR. HIRONAKA: This is the Paukukalo, the Kaehu Bay.

COUNCILMEMBER COUCH: Oh, the 60-some ...*(inaudible)*...

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MR. HIRONAKA: Yeah. ...*(Inaudible)*... but you know the one that we bought from trust from public lands.

COUNCILMEMBER COUCH: Thank you. Mr. Chair?

CHAIR GUZMAN: Yes, Mr. Couch.

COUNCILMEMBER COUCH: So you've had that conversation, I guess, with Departments and...

CHAIR GUZMAN: Yes. Yes. Yes. And when this came up, I wanted to see whether we can get a clear, a clarification in terms of who is responsible for the surface of the easements, not just the lines and the underground poles and...I wanted to get a clear-cut clarification. Ms. Cochran.

VICE-CHAIR COCHRAN: Thank you, Chair. Which is your number, your number one question in your transmittal and so are we to get responses to these four questions you had submitted?

CHAIR GUZMAN: Yeah. It was. I did give a deadline on it.

VICE-CHAIR COCHRAN: We can get answers.

MR. BUENCONSEJO: Yeah.

CHAIR GUZMAN: And apparently it wasn't responded to me earlier enough to get a, passed out to the Members, but let's hear maybe a verbal explanation as to some of the questions.

MR. BUENCONSEJO: So apologies for not getting that up here in time for the meeting, but regarding, going over the four questions. So the first question being who will be responsible for maintenance and the easements, again, based on the County easement, the utility companies would be responsible for that easement part of it, based on the documents that have been used on the County requirement for that so.

COUNCILMEMBER COUCH: Including the trees?

MR. BUENCONSEJO: Yeah. So as far, I mean, it's been doing, for the past years now, that's what's going on there to begin with. Again with the verbiage, we want to be changed, that can be done. Second question, in that question would be, who would be the benefit, well, what would be the benefit for the County? Realistically, there is no benefit for the County. There's no lease rent or anything like that, so as far as what the benefit is for the County purpose, there is no true benefit. Number three, what would be the cost to the County of the proposed grant? There is no cost. The utilities are currently on site already and have been over the years. And for number four,

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would the placement of utility lines on the designated real property impair the contiguous private properties? Again, those lines are already in place. So those are the answers to the four questions Chair Guzman sent down.

CHAIR GUZMAN: So I, is it my understanding that the private owner originally had easements set forth in their deeds conveyed to, the easement was conveyed to the utility, and then it was discovered later on that it's actually County property?

MR. BUENCONSEJO: Yes. To my understanding, so if anyone familiar, if you're familiar with that property, it's a fairly funky cut, per se, for what the County bought with the 63 acres. It's not a straight, square parcel, here you go and that's your parcel. Somewhere down the line when the homeowner did do the first initial part, they assumed that where they had the utilities, it was on their property line. Rather what was done to that fact of it being surveyed or what it really showed, at that time is where it was put. During their subdivision that they put in for recently is when they actually hired somebody to survey their land and is when they found that the easements were not actually in their property and in County property.

CHAIR GUZMAN: Okay. Is it possible to get a copy of the private owner's deeds to see how that was worded, the encumbrance of the easement?

UNIDENTIFIED SPEAKER: Yeah.

CHAIR GUZMAN: Whether the utility was responsible for the surface of the area or just the lines and was, if it was just the lines and equipment, was it thereafter optional like it is in ours?

MR. BUENCONSEJO: Okay. We can get...

CHAIR GUZMAN: Either obligated or not. That's what's in our easement grant.

MR. BUENCONSEJO: Okay.

CHAIR GUZMAN: Grant of easement.

MR. BUENCONSEJO: Okay. Yeah. We can research that and come back to you on that for sure.

CHAIR GUZMAN: Okay.

COUNCILMEMBER CRIVELLO: Chair, for clarification. So the utilities were on that property when we got that as an open space land or was it...so it was before?

MR. BUENCONSEJO: Yes, it was.

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COUNCILMEMBER CRIVELLO: Oh, okay.

CHAIR GUZMAN: I just wanted to see what was the original easement to the private owner, what the language said in there versus what our language is. Our language seems to be upon their, you know, whether they want to or not. They're not obligated to trim the trees or not. That's the language that I see. And so if we could do a little bit more research, I know this seems like a simple matter, but it's something that is somewhat related to other easements that some of our Members are dealing with as well, who is responsible for the maintenance of it, so I don't know whether that's for us, but. Okay. Members...oh, yeah.

COUNCILMEMBER CRIVELLO: Can I ask Corporation Counsel, is it the norm that we can prescribe such in the document that the utility companies will be responsible for the maintenance of the vegetation, is that kind of what we're looking for instead of saying that, I think, but not the, it says here, but not the obligation when we talk about the trees. Is that kind of what we're asking if that's possible if it's not in this document?

CHAIR GUZMAN: Corp. Counsel.

COUNCILMEMBER CRIVELLO: Is that a consideration?

MS. SHEPPARD: This is, I'm sorry, thank you. This is the standard language that we have been putting in easements --

COUNCILMEMBER CRIVELLO: I see.

MS. SHEPPARD: --for a long time.

COUNCILMEMBER CRIVELLO: Okay.

MS. SHEPPARD: If you want something more specific in a particular easement, we can certainly look into that.

COUNCILMEMBER CRIVELLO: Okay.

CHAIR GUZMAN: Okay.

COUNCILMEMBER CRIVELLO: Okay.

CHAIR GUZMAN: Are there, and so at this time, is there any other questions? Okay. I'm gonna to defer this matter at this time and hopefully that we can come up with some more information just to clarify some of the issues. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Just wanted to make sure that there, is there a time limit on this?

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CHAIR GUZMAN: Yeah. Let me ask that for the Department. Is there a time limit on this issue?

MR. BUENCONSEJO: I believe in reading _____, the time line was actually the 31st, but we did put in a, sorry, there was a, some kind of agreement to let them proceed until we figured if we're going to submit the resolution for the easement.

MR. HIRONAKA: Sorry. There's a right of entry agreement that the, that expires on December 31, 2015.

CHAIR GUZMAN: December 31st?

MR. HIRONAKA: Of this year.

CHAIR GUZMAN: Of this year? Okay. So you have the right of entry agreement. Okay.

MR. HIRONAKA: Right.

CHAIR GUZMAN: That should be sufficient.

MR. HIRONAKA: Yeah, we gave it to them in 2013 when they first discovered it.

CHAIR GUZMAN: Okay. Okay. Yeah, we're okay for the time being because they have a right of entry agreement in place until December 31st of 2015. So without any objections, Members, I will defer this matter.

VICE-CHAIR COCHRAN: Chair?

CHAIR GUZMAN: One more.

VICE-CHAIR COCHRAN: Sorry.

CHAIR GUZMAN: Ms. Cochran.

VICE-CHAIR COCHRAN: Oh. I'd like a better map just to get a clearer picture of exactly, you know, where. I mean, I know, Kaehu Bay and all those acreages that we have purchased, but it's still kinda foggy by looking at these three exhibits, that I don't...I'm not that familiar with that area.

CHAIR GUZMAN: Right.

VICE-CHAIR COCHRAN: So, I mean, if there's like a more zoomed out version and then we kinda hone in on exactly the roads and the corners and the, you know, angles of the property and what-have-you, but.

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CHAIR GUZMAN: Okay.

VICE-CHAIR COCHRAN: So anyway, just to clarify my mind exactly what we're talking about?

CHAIR GUZMAN: Okay. I'll...

VICE-CHAIR COCHRAN: I think I...sorry, and I think I understand your example and why you're questioning so hard, because this can set precedence for, you know, if we can correct it here in language, if this is just the standard, how the verbiage has always been, but yet we're running into issues as you have stated, then, there truly needs to be some type of, you know, adjustment --

CHAIR GUZMAN: Right. Right.

VICE-CHAIR COCHRAN: --done with the language so. Thank you, Chair.

CHAIR GUZMAN: Thank you. And I would request the Department, if you could provide maybe maps, more detailed maps, that would be great, greatly appreciated. So without any further ado, Members, without objections, I will defer this matter.

COUNCILMEMBERS No objections.

CHAIR GUZMAN: Thank you. And this will conclude our...wait. Mr. Couch.

COUNCILMEMBER COUCH: He's going to reply to your responses in writing, is that correct?

CHAIR GUZMAN: Yes. Yes. That's standard procedure, yes.

MR. BUENCONSEJO: Yeah. That was, yeah. We're getting there.

CHAIR GUZMAN: Okay. Thank you. So he will respond to all our questions that are presented on the floor and my Staff will also put that in writing and send that over so you'll have double communication there. Okay. Members, without any further ado, without objections, I will defer this matter.

ACTION: DEFER.

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CHAIR GUZMAN: And the EAR Committee is now adjourned. Thank you. . . . *(gavel)* . . .

ADJOURN: 3:46 p.m.

APPROVED BY:



DON S. GUZMAN, Chair
Economic Development, Energy,
Agriculture, and Recreation Committee

pc:min:150203

Transcribed by: Joanne Bista

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CERTIFICATE

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

DATED the 25th day of February, 2015, in Kahului, Hawaii

A handwritten signature in cursive script that reads "Joanne Bista". The signature is written in black ink and is positioned above a horizontal line.

Joanne Bista