

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

April 8, 2015

Council Chamber

CONVENE: 10:03 a.m.

PRESENT:

Councilmember Mike White, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Don Couch, Member
Councilmember Stacy Crivello, Member (out 4:32 p.m.)
Councilmember Don S. Guzman, Member

EXCUSED: VOTING MEMBERS:

Councilmember Riki Hokama, Chair
Councilmember Michael P. Victorino, Member

STAFF:

Michele Yoshimura, Legislative Analyst
Mark Pigao, Legislative Analyst
Jordan Molina, Legislative Analyst
Yvette Bouthillier, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)

Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)

Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.:

Sananda Baz, Budget Director, Office of the Mayor
Clarence Kenui, Captain, Department of Police
Kaala Buenconsejo, Director, Department of Parks and Recreation
William Spence, Director, Department of Planning
Jo Anne Johnson Winer, Director, Department of Transportation
Marc Iwao Takamori, Deputy Director, Department of Transportation
David Goode, Director, Department of Public Works
Scott Teruya, Administrator, Real Property Tax Division, Department of Finance
Kyle K. Ginoza, Director, Department of Environmental Management
David Taylor, Director, Department of Water Supply
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

PRESS:

Akaku: Maui Community Television, Inc.

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ITEM BF-1: PROPOSED FISCAL YEAR 2016 BUDGET FOR THE COUNTY OF MAUI (CC 15-41)

VICE-CHAIR WHITE: . . .*(gavel)*. . . This meeting of the Budget and Finance Committee will come to order, and Members, today we are covering Appendix B which outlines all of our rates and fees. There should be some good discussions by the number of people that have shown up to testify, I don't think there has been much understanding of the public of the increases that are included in the budget. So hopefully folks will start contacting us after listening or watching Akaku today. Members, we will start by letting everyone know that today we have joining us our Vice-Chair, I'm sorry our Committee Chair is on the mainland on a NACo trip and will be returning later in the week. We have Mr. Carroll with us this morning.

COUNCILMEMBER CARROLL: Good morning, Chair.

VICE-CHAIR WHITE: Good morning. We have Ms. Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

VICE-CHAIR WHITE: Good morning, and Ms. Cochran.

COUNCILMEMBER COCHRAN: Aloha, Chair.

VICE-CHAIR WHITE: Aloha. Mr. Couch.

COUNCILMEMBER COUCH: Good morning, Chair.

VICE-CHAIR WHITE: Good morning. Ms. Crivello.

COUNCILMEMBER CRIVELLO: Aloha, Chair.

VICE-CHAIR WHITE: Aloha. And Mr. Guzman.

COUNCILMEMBER GUZMAN: Good morning, Chair.

VICE-CHAIR WHITE: Good morning and excused in addition to the Chair is our Member from Wailuku Mike Victorino. And I want to start off by welcoming back our Budget Chair, I mean --

COUNCILMEMBER COUCH: Budget Chair . . .*(laughter)*. . .

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VICE-CHAIR WHITE: --Budget Director. Hey, it's the 3rd day, that's close enough. I mean he has as much to do with the budget as all of us do, in fact much more, Sandy Baz whose been recuperating so it's nice to see you back.

MR. BAZ: Yeah. Aloha everybody. Thank you.

VICE-CHAIR WHITE: I'll state for the record he doesn't have quite the spring in his step that we're use to but I'm sure that'll return in rather short order. Pardon?

COUNCILMEMBER BAISA: He'll look worse this afternoon.

COUNCILMEMBER COUCH: Yeah.

VICE-CHAIR WHITE: For those of you who couldn't hear that, Mother Baisa was mentioning he'll look a lot worse by the time we get to the afternoon portion of the schedule. So with that we'll begin public testimony and it does not appear that we have anyone here to testify in the Chambers about all the rates and fees that we're responsible for reviewing and agreeing to. So we'll go first to Hana to check with the District Office there, Dawn do you have any testifiers this morning?

MS. LONO: Good morning, Chair. This is Dawn Lono at the Hana Office and there is no one waiting to testify.

VICE-CHAIR WHITE: Thank you, Dawn. We'll go to Denise on Lanai, anyone there to testify?

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

VICE-CHAIR WHITE: Thank you, Denise. And Ella, thank you for your hospitality last night. Do you have anyone there to testify?

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

VICE-CHAIR WHITE: Thank you very much ladies. And since there's no one has come to the Chambers in the meantime without objection, the Chair would like to close public testimony.

COUNCILMEMBERS: No objections.

VICE-CHAIR WHITE: Okay. Public testimony is closed. Members we've got quite a few rates and fees to go through. And I'll just it open up for Mr. Baz to make some opening comments if you'd like to and welcome back.

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MR. BAZ: Thank you, Mr. Chair. Good morning, Members, happy to be back. So the Committee Chair has set an order for us to go through the rates and fees and I guess no real opening comments. I will be making the, my initial budget presentation that we missed last week I'll be making that on the 13th, to talk about in general all of the overview, budget overview, revenues and that kind of items, so we'll get through today based on the rates and fees that were presented. Any questions you might have I can, you know we can work on, you know, what those proposed increases or changes to the revenue would mean to, increases to the rates would mean to revenue as well, so if I and you just heard me mis-say a word so if you hear me do that once in awhile I apologize, I'm still trying to catch up.

VICE-CHAIR WHITE: Okay. Thank you very much.

APPENDIX B RATES AND FEES

VICE-CHAIR WHITE: Members if you will turn to Page 1, there's no changes in the rates but I think it's important to point out the changes in the valuations. You'll note there the new values for each of the classifications is in the underlined blue and the old values in red as you know. Just to I'll just run down the percentage changes in each of the categories. Residential has increased by 12 percent. Apartment values have increased by 13.4 percent. Commercial values are way ahead of all other classifications with an increase of 50 percent, and again we need to take into consideration that this doesn't mean that all the values in that classification have or the individual values have increased. We don't know to what degree some of the new commercial parcels around the airport and in Kahului have added in value to that classification. But as we go through the process of determining whether we need to increase or decrease the rates, we should be asking those questions to find out what the impact is on the owners in those classifications. Industrial has gone up by 14.6 percent, Agriculture 7.2, Conservation 4.8, Hotel and Resort 5.8, Time Share has gone up 11.2 percent, Homeowners has gone up 17 percent. Again we don't know how much of that is through added units versus increase in specific values. And the Commercialized Residential has gone up about 10 percent. So any questions for the Administration on Page 1?

MR. BAZ: Mr. Chair.

VICE-CHAIR WHITE: Yeah.

MR. BAZ: I might note that on April 20th right after the certification of real property values, we will have a very in-depth discussion and presentation on all of the percentages, and items and values and rates . . . *(inaudible)* . . . all day is scheduled just for that item so.

VICE-CHAIR WHITE: And I recall that, that presentation includes the number of units in each --

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MR. BAZ: Yes.

VICE-CHAIR WHITE: --classification. I don't remember seeing the previous year's number of units so maybe you could ask the real property tax folks to provide us with the number of units in the previous tax year.

MR. BAZ: Sure. I believe he has that, at least what it may display is the change and the current one so it should be available, no problem.

VICE-CHAIR WHITE: Okay.

MR. BAZ: Yeah.

VICE-CHAIR WHITE: Thank you. Members, the next change is on Page 17 and that's simply a change in the copying costs for maps. The larger the map you want the more you're gonna pay. So increases the charge for a sheet size of 22 inches by 36 inches from a \$1 to \$3. And then it adds an increase fee for something per square foot that's larger than that. So any questions for the Administration on that item? You might want to mark these pages as we go through them so that you can get back to them easily when we get to that point in the discussions later in the budget. No questions? Okay. The next change is on Page 18 and maybe you can explain that, Mr. Director.

MR. BAZ: Yeah. Mr. Chair, the Real Property Tax Administrator was going to be here like I said based on the schedule that the Chair had presented to the Administration of the order of these reviews, but the portal administrative fee, let me get to that page so I can...

VICE-CHAIR WHITE: Yeah. Basically what it says while the Director is looking it up is service charge for electronically record each hold harmless agreement with the State Bureau of Conveyances \$3 plus cost of recording fee established by the State Bureau of Conveyances. So, it appears that we're adding \$3 to that, the basic Board of Conveyance fee, is that?

MR. BAZ: Yes. So, Mr. Chair, our Real Property Tax Assessment office assists the citizens of our community who are requiring hold harmless agreements from the Development Service Administration permits for various reasons, and it's since we have an existing relationship with the Bureau of Conveyances to assist our citizens in a speedy, expeditious filing of these hold harmless agreements. Yeah we have been processing them and eating the cost, and so we wanted to be able to charge, many people would be very, very happy to pay a fee to do it, because it saves them a couple months' worth of time if we can do it electronically. So this is basically for us to recoup the cost of something we're basically doing already that people have been very supportive of actually paying the fee on, it's a minimal fee and saves them quite a bit of time.

VICE-CHAIR WHITE: Okay, so he's coming a little later?

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MR. BAZ: Yes.

VICE-CHAIR WHITE: 'Cause I just got a message that I'm not following the script.

MR. BAZ: Yeah. They were suggested in Item No. 7, Department No. 7 over here.

VICE-CHAIR WHITE: Yeah. I just found, the order for all of you is we will be doing the Budget Office changes, then go to Police Department, and then Parks, Planning, Transportation, and Finance, then Department of Transportation, DEM and then Department of Environmental Management and then the Water Supply.

MR. MOLINA: Mr. Chair?

VICE-CHAIR WHITE: Yes?

MR. MOLINA: The first one is actually Police Department followed by Parks. That's a seven at the top.

VICE-CHAIR WHITE: Okay, I can't even read my staff's instructions properly. So, okay. We are starting with Number 1. And so we'll move to Page, the next Page 19. So whichever one of you would like to begin.

MR. BAZ: Thank you, Mr. Chair. The proposed additions in rates and fees relating to the alarm system registration fees and false alarm response service charges are based on the implementation of Chapter 8.34 by this Council on false alarms. And we have here Captain Kenui to discuss the actual implementation of it from the Police Department's side of things.

VICE-CHAIR WHITE: Thank you. Captain Kenui do you have anything to add?

DEPARTMENT OF POLICE

MR. KENUI: No. I'll just take questions, Chair.

VICE-CHAIR WHITE: Okay. Members, questions? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. I guess the question for the Captain would be, do you get more false alarms at businesses than you do at residential? It's implied in this fee structure but I just wanted to double check.

MR. KENUI: Yeah definitely.

COUNCILMEMBER COUCH: So it's mainly the businesses that you get the?

MR. KENUI: Right.

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COUNCILMEMBER COUCH: Okay. 'Cause um, alright. Then that, that's a little bit more understandable is the way why they did this. Okay, thank you.

VICE-CHAIR WHITE: Okay. Other questions, Members? Mr. Guzman. I'll...

COUNCILMEMBER GUZMAN: Just a minute, Chair. I have a, I didn't have breakfast this morning and I have a little bit of food in my mouth. But I have a question.

VICE-CHAIR WHITE: Let me ask some questions while you finish your breakfast. My recollection is that the Code change created a, an alarms systems fund and this is more a question for Mr. Baz, so has that fund been set up somewhere and should that be the reference instead of?

MR. BAZ: Mr. Chair, you know I apologize I have not been following this false alarm Code implementation until it was presented in our rates and fees, let me review that --

VICE-CHAIR WHITE: Okay.

MR. BAZ: --and I'll get back to you. But no, to answer your question there was no special fund created.

COUNCILMEMBER GUZMAN: Yes, there was.

MR. BAZ: Oh, I mean not in this budget presentation, yeah.

COUNCILMEMBER GUZMAN: Oh, I'm sorry, no.

VICE-CHAIR WHITE: So you're saying from a fiscal standpoint the fund has not yet been set up?

MR. BAZ: Correct.

VICE-CHAIR WHITE: Okay. But is it correct to assume that it will be set up?

MR. BAZ: If that's, yeah, let me review the Code real quick.

VICE-CHAIR WHITE: Okay. Thank you.

COUNCILMEMBER GUZMAN: Chair?

VICE-CHAIR WHITE: And then do you have any estimate of how many...

COUNCILMEMBER COCHRAN: Chair?

COUNCILMEMBER BAISA: It's okay.

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COUNCILMEMBER COCHRAN: Oh, sorry.

MR. MOLINA: Mr. Chair?

COUNCILMEMBER BAISA: I can wait.

VICE-CHAIR WHITE: Pardon?

COUNCILMEMBER BAISA: I can wait.

MR. MOLINA: Mr. Chair?

VICE-CHAIR WHITE: How many registrants do you expect to have?

MR. KENUI: You know we have about 26 alarm companies who provide service to the County, to get them to tell us how many clients they have has been real difficult so.

VICE-CHAIR WHITE: Yeah.

MR. KENUI: But we're on average approximately little between six and seven thousand alarm calls every year, so I couldn't tell you but you know, there's a lot of companies.

VICE-CHAIR WHITE: Okay. Thank you.

MR. MOLINA: Mr. Chair?

VICE-CHAIR WHITE: Mr. Guzman followed...yes.

MR. MOLINA: Just to note that the revisions to Chapter 8.34 are not online in Municode, so you'd have to pull the Ordinance 1457. Thank you.

VICE-CHAIR WHITE: Okay good, thank you for that reference. Mr. Guzman followed by Ms. Baisa.

COUNCILMEMBER GUZMAN: Thank you, Chair. I was the Member that introduced that ordinance and I believe helped draft it. On the, it's going online at the end of this month, implementation, I believe.

MR. KENUI: We had requested that Corp. Counsel file an extension --

COUNCILMEMBER GUZMAN: Oh, file an extension.

MR. KENUI: --to give us more --

COUNCILMEMBER GUZMAN: Oh yeah.

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MR. KENUI: --time. We're in the process of getting a RFP together to hire somebody to administer this ordinance.

COUNCILMEMBER GUZMAN: Is there a, without having to go into executive session, is there any, can you monitor that, Corp. Counsel? Is there a reason why there needs to be an extension?

MR. KENUI: Yeah. We just not ready.

COUNCILMEMBER GUZMAN: Oh you're just not ready, okay. And it's my understanding that the fees collected on the registration portion will go into the fund, the alarm system fund.

MR. KENUI: Right

COUNCILMEMBER GUZMAN: In accordance with the ordinance.

MR. KENUI: Correct.

COUNCILMEMBER GUZMAN: Okay. Thank you.

MR. BAZ: Yeah. Thank you, Mr. Chair. Yeah, 8.34.023 is the alarm system fund where it's established as a special fund, and so once we develop this then we'll be creating it and putting it into our Appendix A where it discusses the special funds. Thank you.

VICE-CHAIR WHITE: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. I'm kinda wondering where the proposed fees came from. You know is there some rational nexus that we used in order to start with 25 and 50? Are we comparing it to what other people charge or do other counties do this or anyway is it just a good guess?

VICE-CHAIR WHITE: I believe this was patterned after Honolulu wasn't it, Mr. Guzman, do you recall what the.

COUNCILMEMBER GUZMAN: Yes, Chair. We actually took the portions of the fees from Honolulu and also from I believe the, I guess, what was it, the assistant chief Tom also provided information from other jurisdictions, and so we just incorporated the average and that's where we came up with the fees.

VICE-CHAIR WHITE: Okay. Thank you. Ms. Baisa, any?

COUNCILMEMBER BAISA: No I you know we're almost required to have some kind of a rational nexus so I wondered where the proposal came from. Thank you.

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VICE-CHAIR WHITE: Any further questions for the Department? So, Mr. Baz, have you had any way to estimate any revenues or there's probably nothing included in this year's budget for...

MR. BAZ: That's correct, Mr. Chair, and we did not include any estimated revenues in this year's budget based on this rate, fee.

VICE-CHAIR WHITE: Okay. Thank you. 'Kay, moving down the page to camping permits.

MR. BAZ: Thank you, Mr. Chair. We have the Director of Parks and Recreation, Mr. Kaala Buenconsejo here to represent the Parks Department and their requested changes.

VICE-CHAIR WHITE: Members, you'll see on the bottom of Page 19, the camping permits, and followed by significant amount of changes on the, on Page 20. Mr. Buenconsejo, welcome this morning.

DEPARTMENT OF PARKS AND RECREATION

MR. BUENCONSEJO: Chair, good morning, thank you.

VICE-CHAIR WHITE: Provide whatever opening remarks you'd like to make.

MR. BUENCONSEJO: Perfect. Councilmembers, good morning. The Department would just like to reiterate although there are some changes highlighted there in the blue, due to our current permitting and our Code revisions that we are currently transitioning to we will not be implementing any changes. So the change fees will not be changing with this current budget. When our ordinance, our Code revisions have been completed, it will go before Council and will then if need be do an amendment to the fees at that time. So we'll take any questions. Thank you, Chair.

VICE-CHAIR WHITE: So these are, could you restate that? Are you saying that these proposed changes are actually not going to take effect in this year's budget? Because we have to change the ordinance first?

MR. BUENCONSEJO: Chair. Yes, so there will be no dollar amount changes, we'll continue with the current fee structure. And during our Code revisions which we're going through currently with the Parks Department, at that point in time, we'll implement if there are any fee changes to dollar amounts, we will present that to the Council for review.

MR. BAZ: Mr. Chair. If I --

VICE-CHAIR WHITE: Yes.

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MR. BAZ: --explain. Okay. So it's specifically related to the bottom of Page 19, you'll see that there is a slight reduction in the Friday, Sunday holiday camping fee for permits for residents and that's just to make it consistent. The rest of the changes on Pages 20, 21, yeah, 20 and 21 are really just changes to the description of the type of permits that the Department of Parks and Recreation issues. Typically you guys know there're Type 1, Type, 2, Type 2R, Type 2C, Type 3, Type 5, you know all these kind of different types, and what the Parks Department did was go through and review those and provide more descriptive and accurate names to those different types of permits as to the actual functions of the permittees. So while you might see, like for gymnasiums in the first one on Page 20, 21 there the, 20 I guess, the numbers are changed but it's really just if you look at it changing the columns that they're in, where the actual number where it used to be two is now, says community class and, you know, the Type 2 was zero, community class is four but a Type 2R which is an event which is co-sponsored which would, used to be a Type 2, it is the zero. So I apologize it's kinda hard to look at that on the table like this, but if you follow through each one of those lines, you'll see that the fees didn't actually change, we're not increasing any of the fees, it's just the types that changed and the way the Ramseyered version shows, it makes it a little bit difficult to see that.

VICE-CHAIR WHITE: Thank you. Yeah, I can see that now that you've pointed it out, but boy, it looked like you guys were making some wholesale changes. 'Kay, Members, any questions on Page 20? Mr. Couch.

COUNCILMEMBER COUCH: Thank you. I know we were asking either last year or the year before about potential increases in the fees for the facilities due to a continuing request from a former park employee but also someone who thinks, he's retired now but thinks that it's time to bring the fees up. Are you doing, is that part of your study as well? And then you're gonna deal with it? My only concern is if we do increase fees, we probably want to do it in a gradual, 'cause I think the Department tried to do it back in 2000 and a huge increase at the time and there was huge backlashes on that.

MR. BUENCONSEJO: Chair?

VICE-CHAIR WHITE: Go ahead.

MR. BUENCONSEJO: Yeah. Council, so yes, that is part of the on-going process at the parks as well as the assessment reaching out and re-categorizing and renaming some of the permit processes. So yeah, so we definitely will take that into consideration as far as gradually implementing the fee structure changes.

COUNCILMEMBER BAISA: Chair?

VICE-CHAIR WHITE: Ms. Baisa.

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COUNCILMEMBER BAISA: Yeah, I want to weigh in on that, too, and I want to support what Mr. Couch is saying. You know the use of these parks and camps and all these things are so important to our families, and it's usually our families that can least afford and this is a way of taking their families out for recreation. And I remember when you know we were young parents, we took our kids to the beach, it cost us nothing just to pack up whatever food we had and go to the beach, and I see a lot of local families on the weekends. These beaches are just crowded with all these people and so I agree, Mr. Buenconsejo, let's inch it up carefully, because these are the people that can least afford many of them. Thank you.

VICE-CHAIR WHITE: Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. I just, just to give you an update on I know that fees and deposits schedule and the rates were referred to my Committee during the last budget session. We did take up the matter and agenda'd it, and I believe it was in my Committee twice, and the Department came forward and said they were not ready to present due to the fact that they were still working on I believe the permitting process. But there has been movement in my Committee to try to get the Department to move on it, so or act on it but I can send so many letters and you know how it goes. Thank you, Chair.

VICE-CHAIR WHITE: Thank you. Yeah, I would just reiterate that this is something that we've been looking at for quite some time, and then we had discussions regarding the golf fund and we do charge, we do generate a significant amount of revenue that we charge folks that want to play golf. So I understand Ms. Baisa and Mr. Couch's sensitivities in this area, at the same time, I think we need to keep the pressure on the Department to make changes where changes are appropriate, because, you know, the Department spends a considerable amount of money operating the parks and all the facilities that we do. And where we are utilizing, where we're setting aside a specific part of a park or a facility and keeping others out, I think it's appropriate for us to be charging at least a portion of what it costs us to operate. So I think we need to keep the pressure on the Department to come up with some solutions, and we, I think we want to keep the majority of park use free, but we want to make sure that we're also recapturing some of the costs for things that we're providing at a very low cost at this point. So no further questions on --

COUNCILMEMBER COCHRAN: So Chair?

VICE-CHAIR WHITE: --Page 20. Yes.

COUNCILMEMBER COCHRAN: Sorry, Chair.

VICE-CHAIR WHITE: I'm sorry, Ms. Cochran.

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COUNCILMEMBER COCHRAN: So overall then we're not changing fees at all? On all three of these pages notated under parks today, or is it just that one page about camping permits?

VICE-CHAIR WHITE: It's the following page, Page 20, there're no changes other than in title --

COUNCILMEMBER COCHRAN: Yeah.

VICE-CHAIR WHITE: --they're just moving numbers from one column to another.

MR. MOLINA: Mr. Chair?

COUNCILMEMBER COCHRAN: What are?

VICE-CHAIR WHITE: Let...

COUNCILMEMBER COCHRAN: Okay well, we have the red and the blues so what does that, doesn't that mean we're minus'ing the red bracketed numbers and adding the blue numbers and some of these are jumping from \$10 to \$50.

VICE-CHAIR WHITE: What's happening is they're actually just changing columns, so where you see for example on gymnasiums with air conditioning in the fourth, or no, the fifth column there's a blue 200, if you look to the --

COUNCILMEMBER COCHRAN: Yes.

VICE-CHAIR WHITE: --column on the left, there's a red bracket around the 200, so basically we're just moving, it is a bit confusing we're moving that 200 from one column to another, so we're just changing the name of the charge as opposed to actually changing the amount of the charge.

COUNCILMEMBER COCHRAN: Okay. So we're, okay, that column should just be gone.

VICE-CHAIR WHITE: So to Mr. Buenconsejo, to Ms. Cochran's question are there changes other than that on the following pages?

MR. BUENCONSEJO: Chair, just to reiterate so no, there won't be any changes to the fees currently. And to answer the question as well brought up from Mr. Guzman, the Department is desperately getting those numbers for you folks. Over the decades there was basically no history of how we can pull it, which is part of that new system that we're trying to transform into the ACTIVE Res is hopefully with that we can go and transfer everything into that system and then have an accountable tracking system per unit, per park, per community center. So we are getting to that point. Thank you.

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VICE-CHAIR WHITE: Okay. Thank you. I'm sorry, Staff, you had a comment?

MR. MOLINA: Yeah. On Page 20 under ball field lights, on Page 21 under that last row of fee changes, there was just a couple switches that weren't, that didn't hold, so there's under ball field lights that \$2 increase for the in the second column should be zero and also on that last line, they just didn't transfer correctly.

MR. BAZ: The, excuse me, Chair the \$2 came from the third column and moved to the second column, and the \$10 came from the fifth column and moved to the third column.

COUNCILMEMBER COUCH: Not under ball fields?

VICE-CHAIR WHITE: Yeah, not under ball fields.

MR. BAZ: Ball field with lights?

COUNCILMEMBER COUCH: No, ball fields.

MR. BAZ: Oh, just ball fields?

VICE-CHAIR WHITE: Yeah, it's about six lines up from the bottom.

MR. BAZ: Ten, five, oh I see. Yeah. Not so not the ball field with lights, but just the ball fields? Yeah looks like that \$2, you're correct, Staff.

VICE-CHAIR WHITE: Okay. Good catch, Staff.

MR. MOLINA: Yeah. So we'll note those changes and also another comment regarding the terms being used. The Code has not been revised yet so all the type, the activity type terms are codified but the permit terms are not codified and so that Code reference 1304030 is not consistent.

VICE-CHAIR WHITE: Okay, so that will have to be something that the Department brings up with...would that'd be in Mr. Guzman's Committee, Mr. Molina?

MR. MOLINA: Yeah, at which time the Code gets revised I think it would be appropriate to then revise the fee schedule.

VICE-CHAIR WHITE: Okay. Thank you and then...

COUNCILMEMBER COUCH: Mr. Chair?0.

VICE-CHAIR WHITE: Yes?

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COUNCILMEMBER COUCH: Along that, those lines then do we make these changes now and hope that before July 1st we get the Code changed from the Committee or --

VICE-CHAIR WHITE: Yeah, that's something we'll have to discuss because it --

COUNCILMEMBER COUCH: --prior to us voting on it?

VICE-CHAIR WHITE: --may not make any sense to make any changes now until the Code is --

COUNCILMEMBER COUCH: Right.

VICE-CHAIR WHITE: --consistent, then this could be a budget amendment.

COUNCILMEMBER COUCH: Okay. Thanks

VICE-CHAIR WHITE: Thank you. And, Mr. Molina, you've also noted with some circles on the top of Page 21 facilities not otherwise described in this table.

MR. MOLINA: Yeah, Mr. Chair. Same, similar where just...where they were switching the amounts in the columns didn't exactly align so like in the first column, they have a change on there, the governmental, whereas in all the other categories there was no change. So I believe that should still remain at zero.

VICE-CHAIR WHITE: Okay. So, Department, you want us to keep that consistent or?

MR. BUENCONSEJO: Yes, Chair.

VICE-CHAIR WHITE: Okay. Thank you. Members, just a reminder, I just recalled a conversation I had with the folks from Akaku this morning to keep a favorable distance from your microphone when speaking, we're causing them challenges. I know I'm the worst offender so they want us to keep a hand's distance away from the microphone. Okay. And then moving down the page --

COUNCILMEMBER COUCH: Which page?

VICE-CHAIR WHITE: --we are...on Page 21, there's a deletion of significant chapters or verbiage, Department.

MR. BUENCONSEJO: Chair, are you referring to the red, the types of permits?

VICE-CHAIR WHITE: Yes.

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MR. BUENCONSEJO: Okay. So those are the types that we have, Types I, II, III, IV and V and then 2R and everything else. So those are the name changes that eventually with the Code revisions those Types Is, IIs, IIIs, IVs and Vs would be transferring into the other names that Mr. Baz had mentioned: government, general use, co-sponsored and there forth; so those are the current names as we are using right now. Just basically on a number reference compared to a name reference.

VICE-CHAIR WHITE: Okay. So as Staff has noted the new terms that you've placed in here are not recognized in the Code so it'll require a Code change.

MR. BUENCONSEJO: Yes.

VICE-CHAIR WHITE: Thank you. Members, questions?

COUNCILMEMBER GUZMAN: Chair. Just real quick.

VICE-CHAIR WHITE: Mr. Guzman.

COUNCILMEMBER GUZMAN: I know that the revision is in Corp. Counsel's, right? The Code revisions, that's what was updated to me...

MR. BUENCONSEJO: Chair, yes, we're still going back and forth with Corp. Counsel. Yes we're still in review, we're still doing some edits with that, so there was some minor...in gathering everybody together to go through the revisions and the Code revisions, it was a lot so we keep going back and forth; but Corp. Counsel does have a copy as well. Yes.

COUNCILMEMBER GUZMAN: Thanks.

VICE-CHAIR WHITE: Okay, any further questions on Page 21? Moving to the bottom of Page 22 --

COUNCILMEMBER COUCH: Yeah.

VICE-CHAIR WHITE: --Maui Invitational Basketball Tournament shows a change from \$5,000 to \$4,800, the only challenge with that is that the contract that we just entered into Staff has pointed out that the contract says, for the term of this agreement the annual rental fee for the use of premises for the activities shall be \$5,000. And so we're reducing it from \$5,000 to \$4,800 which seems inconsistent with the agreement.

MR. BUENCONSEJO: So Chair, I can follow up on that. Again, if the contract was written at the \$5,000, I don't want to assume but I would think that's the rate they would pay. So again that change in the blue hasn't really been implemented currently anyway so we still would stick to the \$5,000 on the lease agreement.

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VICE-CHAIR WHITE: Well, the question is should we, it doesn't seem that we should be changing that at all --

MR. BUENCONSEJO: Yeah, true.

VICE-CHAIR WHITE: --in this year's --

MR. BUENCONSEJO: I'll make note of that.

VICE-CHAIR WHITE: --rates and fees.

MR. BUENCONSEJO: Thank you.

VICE-CHAIR WHITE: Okay. Yeah if you could just confirm to us that, that is in fact the \$5,000 should be the rate.

MR. BUENCONSEJO: Okay.

VICE-CHAIR WHITE: Okay. I believe that does it for Parks --

MR. BAZ: Mr. Chair, Page 23.

VICE-CHAIR WHITE: I just have one more before we get to Planning on the upper part of Page 23, Members. If the Department could please review that with us.

MR. BAZ: The Golden Baseball League has been non-existent.

MR. BUENCONSEJO: Chair, so that Golden Baseball League is no longer in existence. So currently right now that wouldn't pertain to any changes.

VICE-CHAIR WHITE: And then there's a new fee schedule for adult recreation programs and leagues which is all new. Were there fees for these practices before?

MR. BUENCONSEJO: So, Chair depending on the type of league if it was our County-sponsored run leagues to the recreation there is no fee. But if there is a private per se league going on then there is a fee. These particular ones are our recreation fees from our Department, but again until we implement the Code revisions and changes this is also part of that permit changes and process with the fees structure change.

VICE-CHAIR WHITE: Okay so these are new fees, not existing fees?

MR. BUENCONSEJO: Yes, Chair.

VICE-CHAIR WHITE: Okay. Members, any questions on that? Just for the public's understanding, adult recreation programs/leagues and we'll have to make sure that

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this is clearly spelled out. The Director is saying that the...if it is a County-sponsored league, there are no fees; so for things that are not County-sponsored there's a fee of a per game fee for softball of \$20.00, basketball \$25.00, volleyball \$10.00, kickball \$20.00, baseball \$20.00 and other sports/activities \$20.00 so.

COUNCILMEMBER COUCH: Mr. Chair.

VICE-CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Those fees especially on outdoor courts are only if people have permits? If they want permits? Otherwise if there it's an unpermitted time anybody can go out there and play, right?

MR. BUENCONSEJO: Chair. Ideally for our playing fields, it has to be permitted and our true playing fields would be of course the baseball stadium, football stadium, the Little League fields. Ideally they have to be permitted if it's going to be an organized run game.

COUNCILMEMBER COUCH: Right, organized, right.

MR. BUENCONSEJO: Yeah.

COUNCILMEMBER COUCH: So if it's a pickup basketball game and you know, you get 20 guys that want to kinda play around, that's fine, they don't need to get a permit unless the court is already permitted? Right?

MR. BUENCONSEJO: Chair, yes, so basketball, kickball, if you have a bunch of guys going to the park and playing, by all means it's an open space, but anytime it becomes an organized sport it will have to be permitted.

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

VICE-CHAIR WHITE: Okay, any further questions on that? Ms. Baisa.

COUNCILMEMBER BAISA: I'm gonna ask a question and show how much I know about sports. But if there's a bunch of guys playing on the field and somebody who has signed up for a permit shows up, how is that handled? Are they gonna fight about I not going 'cause I'm here first?

MR. BUENCONSEJO: Chair, so ideally the situation with that is you know for one, we do have our contact numbers for the permittee holders, there is a contact number to go forth with. And ideally yes, you know, we don't want any confrontation obviously; but if you have the permit, you have the use of the field. So at that point in time we hope that the permittee would call the Department, we always do have somebody on call and they would come down and then again enforce the permit use.

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COUNCILMEMBER BAISA: Okay, I can just see a bunch of guys scrapping about we were here first and I don't care if you have a paper, but like I said, I don't get in the middle of it but I do know how things work. Thanks.

VICE-CHAIR WHITE: Yeah, very good perception. Okay. Any further questions for this section? Any other questions for Parks before we release Mr. Buenconsejo? Okay with that, we want to thank you, Mr. Buenconsejo, and we'll move on to Planning and you're off the hook unless you have any closing remarks.

MR. BUENCONSEJO: No, Chair, just thank you for the time and again the Department is aware of the fee structures, trying to be sustainable as much as we can for the facilities. Again our big issue again will be CORA, I think that's where definite revenue generating source will come from and we'll get to that event after the budget session.

VICE-CHAIR WHITE: Okay.

COUNCILMEMBER COUCH: Mr. Chair, I do have a question.

VICE-CHAIR WHITE: Yes, Mr. Couch.

COUNCILMEMBER COUCH: And I thank Member Cochran for jogging my memory on this one. You do have other sports and activities, and usually it looks like everything's all the same price for the most part for the same type of field. Question I have is why is soccer not listed and there's also a big push for rugby now too. Are you just going to lump that all under other sports? And the fact that you have kickball on there which I know it's an adult, no, kickball is not soccer. It's just that I'm curious why you haven't broken that out, 'cause soccer is huge here and rugby is picking up and kickball is coming up but it's not that.

MR. BUENCONSEJO: Chair?

VICE-CHAIR WHITE: Go ahead.

MR. BUENCONSEJO: That's from Page 23 you're looking at over --

COUNCILMEMBER COUCH: Yeah.

MR. BUENCONSEJO: --there, so I was just told as well I may have misspoken as well. Those are the ref charges for the refs on that particular sporting event --

COUNCILMEMBERS: Oh.

MR. BUENCONSEJO: --that if the County has to provide refs, those are the ref fees so that was my mistake on that one. For soccer and some of the other leagues, they do have their own --

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VICE-CHAIR WHITE: Their own.

MR. BUENCONSEJO: --same as football, MIL will provide their own refs and not coming from a County, officiated from our recreation department. So that would be that and again soccer, a lot of them I do notice that a lot of the, for the younger kids, it's the older kids that are actually ref'ing, the flags. So again just to reiterate on that one.

COUNCILMEMBER COUCH: So then maybe we would want to add that in there, somewhere.

VICE-CHAIR WHITE: I think that it --

COUNCILMEMBER BAISA: Yeah.

COUNCILMEMBER COCHRAN: Yeah.

VICE-CHAIR WHITE: --would certainly help when --

COUNCILMEMBER COUCH: Yeah.

VICE-CHAIR WHITE: --somebody --

COUNCILMEMBER COCHRAN: Help us.

VICE-CHAIR WHITE: --who is unknowing takes a look at the rates and fees.

COUNCILMEMBER COUCH: Right. Thanks.

VICE-CHAIR WHITE: Makes a big difference to say that it's a referee fee. Okay. Any other questions for Mr. Buenconsejo? Seeing none, thank you very much. And joining us next will be our Planning Director, Will Spence.

DEPARTMENT OF PLANNING

MR. SPENCE: Good morning, Mr. Chairman.

VICE-CHAIR WHITE: Good morning. Please feel free to provide whatever opening remarks you'd like to make.

MR. SPENCE: Okay. I'm not sure if the Committee would like to go through you know table by table or.

VICE-CHAIR WHITE: I think we'd like to go page by page.

MR. SPENCE: Okay, starting on, Members, starting on Page 23, Table A, this is the fee schedule where a public hearing is required and actually the actual numbers start on

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Page 24. The only change to Table A for proposed change for this year is an additional public hearing notice of \$550. Sometimes we've had a couple instances where perhaps an applicant has not provided adequate notice, and under certain sections of the Code, the Planning Department, you know the applicant is supposed to notify the neighbors within 500 feet or whatever the particular section of the Code says and then the Planning Director is supposed to publish in the paper a notice of public hearing. Okay, on occasion applicants do not provide the required notice to all the neighbors within 500 feet or you know as otherwise required by the section of the Code, and so then the Planning Department is stuck re-noticing in the paper. We will cancel the public hearing and then re-notice again in the paper. That's an additional expense that the Planning Department bears so we're proposing that we be able to charge the applicant for that.

VICE-CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Back on 23 you're just adding Planning Commission Rules of Practice and Procedures 12-, you're just noting what the, you know what this is for the rule changes.

MR. SPENCE: Right.

COUNCILMEMBER COUCH: I mean the fees. Sorry.

MR. SPENCE: This is just the first part of this table is just the listing of authority is where --

COUNCILMEMBER COUCH: Gotcha.

MR. SPENCE: --things are required to hold a public hearing. Under the Maui Planning Commission Rules, we're changing zoning, conditional permit, community plan amendment, et cetera.

COUNCILMEMBER COUCH: Okay. So then I noticed on Page 24 at the top that you talk about shoreline setback rules, again you're listing the location and then you're pulling out \$150 'cause it looks like it was in the wrong place.

MR. SPENCE: That's correct.

COUNCILMEMBER COUCH: The fee was in the wrong place. Okay.

MR. SPENCE: That's just that's sort of like a typo. It's being replaced, that's going to be included within all that this whole table that requires public hearing. I'm not sure why that was ever separated out for the Molokai Planning Commission but it was. We were just correcting that to make the table consistent.

COUNCILMEMBER COUCH: Okay. And then are we only talking Table A right now or can we go to Table B?

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VICE-CHAIR WHITE: Why don't you go through the explanation of the changes, just it's three pages of changes so I think it's best if you just go ahead and finish your review of the range of changes --

MR. SPENCE: Okay.

VICE-CHAIR WHITE: --that we're discussing and then we'll go back and open it up for questions.

MR. SPENCE: Okay. Table B is for applications which do not require a public hearing, in other words, these are administrative permits and they could include things like minor SMA permits, landscaping approvals, signage, plans, et cetera. And the proposed change is that instead of providing evaluation just because of the processing of these is basically the same, it takes the same amount of time, et cetera, it's just a to charge a flat fee of \$165 rather than trying to go through and get evaluation on each of those. The and then the additional review if somebody wants to come in and change something of a previous permit or make changes to an application, again that would be \$165 And I still think, I think those are actually quite reasonable rates as they are. The going to Page 25, there's no changes proposed for B&B permits or short term rentals or signs, et cetera until you get down to near the bottom of the page, landscape planning approvals, that was basically that moved over into the flat fee of \$165. Going on to Page 26, there's a, or actually bottom of 25, exceptions to fees and on to Page 26. I don't know if the Chair would want me to ask now but I do have some questions on the intent of Council as to these exceptions. Would you rather go over the numbers first, Mr. Chairman?

VICE-CHAIR WHITE: Yeah, let's go ahead and go over the numbers.

MR. SPENCE: I'm sorry.

VICE-CHAIR WHITE: You're on Page 26?

MR. SPENCE: Yes.

VICE-CHAIR WHITE: Yeah, if you could just go over the rationale for the increases.

MR. SPENCE: The, we have exceptions to these rate fees, one of them is that if you're filing for multiple applications at once, we charge full price for the first application and then we give a 50 percent discount for subsequent applications. For instance, if there, if somebody files for a landscape planting application and applies for signage and an SMA assessment all at once we would charge for the first one and then each one of the other ones receive a 50 percent discount. My question is what if all of those are after-the-fact permits? The following exception, I mean it's really clear if those are new permits and nothing has been built yet, but in the next exception it says after-the-fact permit assessment fees, the minimum fee is a \$1,000, so if we're processing multiple

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after-the-fact permits, does that 50 percent discount on those multiples apply? Or is it simply a \$1,000 per after-the-fact application? And as in previous years, we've had some discussion that after-the-fact fees are because after-the-fact permits will require some additional processing, so it's more of a cost recovery thing, it's not supposed to be punitive. Our interpretation has been that the after-the-fact fees it's a \$1,000 minimum for each one and the 50 percent doesn't apply. So I was gonna ask clarification from the Council for that. There's some question whether it's the, the after-the-fact is the application fee plus the \$1,000, and then the third question will be does the Planning Director have discretion to lower those fees if needed? I don't see where I do have that discretion, but since the Council sets this budget, I thought to ask the intent of the Council. Thank you, Mr. Chairman, those are my comments and questions.

VICE-CHAIR WHITE: Thank you. Members, let's start at the beginning which is on Page 23. The change showing Maui Planning Commission Rules of Practice and Procedures. Do you recall when these rules were put into place?

MR. SPENCE: The rules have been in place, we've had administrative rules since the Planning Commission has been in place and has just been they've been amended over time. So I think the last amendments were possibly two, three years ago.

VICE-CHAIR WHITE: Okay.

MR. SPENCE: So they're current and we will be proposing other changes to the rules. But...

VICE-CHAIR WHITE: Okay. Members, questions on Page 24? Mr. Couch.

COUNCILMEMBER COUCH: Thank you. So the Table B fee schedule, it's your opinion that it just should be a flat \$165 and that would help you guys, your processing better or, because I'm a little hesitant you know if something's value 0 to \$10,000, that's a huge increase \$55 to \$165.

MR. SPENCE: I believe the \$165 is still a pretty small, whether a project or a permit costs nothing or whether it costs over \$125,000, because it's an administrative fee or permit, it still takes about the same amount of time to process. So it's the \$165, that may, you know that's roughly three times the amount of the \$55 that something originally cost, but \$165 is still a pretty reasonable rate and we're still not recovering--

COUNCILMEMBER COUCH: Right.

MR. SPENCE: --the actual amount that it costs the County to process them.

COUNCILMEMBER COUCH: Okay. And where does the shoreline setback fees, where do they appear? I don't know that I can find them.

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MR. SPENCE: This is a shoreline setback determination that would fall, that would, that's not a public hearing item just to determine the shoreline, that would be administrative so that would fall under the \$165. If they're seeking a variance, a shoreline setback variance, that would be a public hearing item and that would depend on the valuation and that would be under Table A.

COUNCILMEMBER COUCH: And I guess, okay, so that just it doesn't matter whether it's shoreline setback variation, variance or any, okay. All of that's all lumped into the same thing, alright. Thank you.

MR. SPENCE: Yeah. It just depends whether a public hearing is required or not.

COUNCILMEMBER COCHRAN: Mr. Chair?

VICE-CHAIR WHITE: Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And so thanks for being here, Director. For the same section where you're just doing a flat rate for this, what's the average valuation of the project or the? 'Cause I think that \$110 jump, I, you know I hear Mr. Couch's from zero to ten, I mean if it's a \$500 project and you know a \$200 project, it's gonna cost them just as much to. I mean is that never happens or I'm just kinda curious what the average valuations are that come across your desk.

MR. SPENCE: I don't think we've ever calculated an average, there's probably a, I'm just pulling a number out of the air, we probably process 500 permits every year that would fall under this, three to five hundred. It just at the time the application comes up, they work with the applicant to come up with that valuation and charge accordingly. This would certainly make it a little bit easier for staff just to charge a straight \$165. If you really need that average --

COUNCILMEMBER COCHRAN: Yeah well.

MR. SPENCE: --we could probably come up with that.

COUNCILMEMBER COCHRAN: No, but I'm just wondering if that's a steep price for someone...a lot of your permits are coming in at \$300 and then \$165 of it is just to process the permit. That's quite a huge charge, you know I mean but if it's average \$10,000, \$50,000 whatever then alright I can see it's not so drastic of an amount, but that was just my reasoning for that question, Chair, but I don't need it I'm just but.

VICE-CHAIR WHITE: Alright, I think it's a very valid question 'cause I think, you know I'm looking at this range of rates, it might be appropriate to have to blend the two lower rates \$55 and \$110 and do a, into some rate other than the \$165, but maybe you can take a look at that and get back to us whether that would be acceptable.

MR. SPENCE: Could you repeat that, Mr. Chairman.

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VICE-CHAIR WHITE: If, we have right now, we have the \$155 I mean I'm sorry the \$55 for things up to \$10,000 and then \$110 from \$10,000 to \$125,000, there may be some blending of the \$55 and the \$110 that say let's just say for anything under \$125,000, it's \$90 and then it goes from there to the \$165.

MR. SPENCE: Okay. We can certainly look at that and just...

VICE-CHAIR WHITE: 'Cause I agree if it's a small value project, it's tough to feel like they should be paying the same rate as somebody with a \$500,000 valued project.

MR. SPENCE: I understand that perspective, it just, it still costs the Department the same amount of money to process a \$50 project or a \$125,000 project. If, under this we get a set of plans, we review it, we enter it into the County database, it's still roughly the same amount of time, and so and we're still not, we are not recovering the cost, the actual cost it takes to process these permits.

COUNCILMEMBER COCHRAN: Right.

MR. SPENCE: But that's and I mean that just by way of information, I don't, you know I'm not being argumentative.

COUNCILMEMBER COCHRAN: I understand.

VICE-CHAIR WHITE: We know you're not argumentative.

MR. SPENCE: Okay. Thank you, Mr. Chairman

COUNCILMEMBER COCHRAN: But, Chair, I'm just trying I don't want to avoid people from not wanting to come in.

MR. SPENCE: Right.

COUNCILMEMBER COCHRAN: And then we start having illegal things and then on and on it goes, 'cause it's one of those things where if you, it's kinda like our, you know the whole rubbish thing, it's like if you start charging more, they're just gonna dump it on the side of road 'cause they don't want to come in and bring it and do the rate thing.

VICE-CHAIR WHITE: I think the other costs that needs to be considered in this is what is the cost born by the applicant to get everything put together that the Planning Department requires. I've shared with you guys before in other discussions, you know when you go in for an SMA permit, I know this is not necessarily at that level, when you go into for an SMA permit, you've got to provide a significant amount of studies, and drawings, and so on and it's all for the public's protection and it's all stuff that we should be doing, but to put it in perspective for a 14-unit addition to our Plantation Inn in Lahaina, we're in the process now for 26, 28 months and the cost is over

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\$180,000 for what we're responsible for providing to the Commission for them to make their decision whether we can even proceed or not. So this has nothing to do with, we don't have working drawings, we're not ready to go to bid, there's a whole another year of design work and permitting work before we can actually build anything. So you know while, you know when we've had this discussion in the past, we've never felt that the Department needs to recover all the costs. So anyway we'll, if any of you want to weigh in what might be fair, it might be fair just to leave the \$55 rate for those from 0 to 125 and then go to 165 over that, but anyway I'm just throwing that out. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Are you done with that?

COUNCILMEMBER COCHRAN: Done ranting?

COUNCILMEMBER COUCH: No, it's not a rant, it's a dissertation.

VICE-CHAIR WHITE: It wasn't...

COUNCILMEMBER COUCH: I just want to move on to the next...

VICE-CHAIR WHITE: It didn't get to the level of venting –

COUNCILMEMBER COUCH: Yeah.

VICE-CHAIR WHITE: --but I'm...as I showed the other day when others were ranting and I said I won't, I fell into it in the end. So I'm sorry, go ahead.

COUNCILMEMBER COUCH: So I was gonna move on to Page 26 if...

COUNCILMEMBER COCHRAN: Okay, you want to move on.

VICE-CHAIR WHITE: I still had --

COUNCILMEMBER COUCH: Oh, okay.

VICE-CHAIR WHITE: --one question on Page 24, the requirement for the \$550 additional public hearing notice, what is your actual cost for posting that public hearing notice in *The Maui News*?

MR. SPENCE: I can find out and get that to you.

VICE-CHAIR WHITE: Okay.

MR. SPENCE: I know it's substantive.

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VICE-CHAIR WHITE: Oh, I'm sure it is, we all have paid for things in *The Maui News*. And then the other question I had in general is that we, during the audit it was mentioned about the special fund that was at a balance of about \$3.6 million. Are these the fees that generated that fund or where did those fees come from?

COUNCILMEMBER COUCH: That was my question.

COUNCILMEMBER BAISA: Me, too.

VICE-CHAIR WHITE: Oh. Sorry.

UNIDENTIFIED SPEAKER: That was our question . . . *(inaudible)* . . .

MR. SPENCE: Yeah, Mr. Chairman, I believe that, I believe that's where those funds came from, it was over gosh a period of like 15 years or something, I'll double check on that too.

VICE-CHAIR WHITE: Maybe it's a question for Mr. Baz, the, there are, if there was \$3.6 million in a fund, is it separate for the, are there two separate funds or more in the Planning Department into which these fees drop?

MR. BAZ: I'm yeah, Mr. Chair, I'd have to get back to you, I believe there was a number of the fees dropped directly into the General Fund, and then there was this other special trusted agency account. It wasn't necessarily a special fund, it was just a trusted agency account with the understanding from, this is from my recollection that from an understanding that the funds were paid as a deposit or as a reimbursement for costs, I don't believe there was a special fund set up.

VICE-CHAIR WHITE: Isn't there a revolving fund for some of the recapture?

MR. BAZ: I believe DSA has a revolving fund, Fire has a revolving fund for permits. I don't believe the Planning Department has a revolving fund. I'd have to double check.

VICE-CHAIR WHITE: Okay. Thank you.

COUNCILMEMBER COUCH: Following up on that question.

VICE-CHAIR WHITE: Please, go ahead.

COUNCILMEMBER COUCH: What were they, you know they were putting money into it but what authority do they have to take out or what was it supposed to be used for to withdraw from as opposed to just moving it all to the General Fund?

MR. BAZ: Mr. Chair, I can answer that question in general of a trusted agency account. They are a trusted agency account are not special funds necessarily, they are generally a trust account where we receive revenue or we receive, I don't say revenue, we receive

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money and on either on behalf of somebody else or as a deposit for the parks facilities and different things like that, right, where we're gonna have to end up paying, theoretically we're paying that money back to somebody. The, another example of the trusted agency account is the money we receive for doing like commercial driver's licenses where it's a State function that we do it on behalf of the State, the State pays our so we take all of the money and we keep a portion of it based on the grant revenue section and then we pay out the rest of it to the State. So that money isn't really ours, it's, it, we're just holding it temporarily and that's really what that is supposed to be for.

COUNCILMEMBER COUCH: Which is understandable, however, I believe that money that was in that fund was transferred to General Fund; so --

MR. BAZ: Yes, so...

COUNCILMEMBER COUCH: --we were holding it for somebody or, and he said it was over the course of 15 years so?

MR. BAZ: That's where I'd want to bring in the Finance Director who was intimately involved with the auditors on that. I believe it was a recommendation from the auditor to recognize that as revenue to the General Fund, because of the determination of the original source of the funds wasn't necessarily a deposit, it was a fee that was charged. And so we can't go back 15 years and figure out why the accounting system administrator at the time said this is the index code and sub-object code you put these deposits in these monies into, but it's been cleared up since then and that's so to we, to recognize the funds that are in that the way that the auditor recommended, it was actually posted into the General Fund as revenue, miscellaneous revenue.

COUNCILMEMBER COUCH: Okay. That makes sense.

VICE-CHAIR WHITE: Is it, Mr. Baz, would it be correct to say that the monies that are received are if you're applying for a permit, you're required to pay certain fees. If you decide not to proceed with that process then those fees need to be returned, so it makes some sense to me that these fees would have had to go into an account so that if you needed to return the fees there was an accounting of them being received, and then if you proceed with the plans and the review then those funds should have been recognized as being transferred to the General Fund at that time because there's no longer a need for you to pay them back

MR. BAZ: Yeah.

VICE-CHAIR WHITE: Is that possibly what might have happened?

MR. BAZ: That's possible. Yeah like I said I can go back and determine exactly why. We do provide refunds to people out of other, you know, without having to put it into a trusted agency account prior to you know when we receive the fee and they decide not

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to, to do it, we provide them refunds. And it's not necessarily from a trusted agency account. So yeah I, but that in speculation that's a possibility.

VICE-CHAIR WHITE: Okay. Thank you.

MR. SPENCE: Mr. Chairman --

COUNCILMEMBER COUCH: Mr. Chair?

MR. SPENCE: --for clarification.

VICE-CHAIR WHITE: Yeah.

MR. SPENCE: If we receive an application and we go through a significant amount of processing like we'll have a short term rental apply and then it sits for year and we request information, we review the documents, we request information, and that information is not forthcoming or an applicant, we, if we have to close the application or if an applicant withdraws, we generally do not we refund their money. We refund money when we find out that no, they didn't need to apply for something or they paid the wrong fees, they paid higher than what was you know called for. We're glad to refund money when it is, when that's justified, but as a general rule, if we engage in some kind of processing we do not refund that.

VICE-CHAIR WHITE: Okay. Thank you. Thank you for that explanation. Members, further questions? Mr. Couch.

COUNCILMEMBER COUCH: Yeah one last on that one and then I have another one on another page. Is there and it may be, Mr. Baz too that answers this, are there any more funds being put into that account anymore, or is that closed down and that object codes gone and index code has gone?

MR. BAZ: We'd have to verify that with the Finance Department. I don't, I'm not sure.

COUNCILMEMBER COUCH: But to your knowledge, Mr. Spence, having only been there for eight months but still I had never heard of that fund. So I'm not sure if Mr. Spence even knew about it until then.

MR. SPENCE: No, we didn't know about it, it came to our attention and we're like, we have \$3.6 million? We'd sorta like to keep that. No, we can't do that so.

COUNCILMEMBER COUCH: Okay.

MR. SPENCE: No, it came as a little surprise to us as well.

MR. BAZ: Yeah, Mr. Chair, the Finance Department instructs the departments on what index code, sub-object code to use for deposit of funds received so. And I mean it's

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based on you know information received from the department but they are the ones that control that.

COUNCILMEMBER COUCH: Okay.

VICE-CHAIR WHITE: Thank you, Mr. Baz.

COUNCILMEMBER COUCH: That's it for that subject for me, but I do have another on Page 26 whenever --

VICE-CHAIR WHITE: Fine.

COUNCILMEMBER COUCH: --you get there. Okay. You talked about, Mr. Spence, the whole 50 percent of the second application as long as they're being processed at the same time, and you had some questions on the after-the-fact permit. Would you be amenable to adding language at the end of the first sentence at the top of the page where it says, extend process at the same time as the first application except for after-the-fact permits?

MR. SPENCE: If that's a, the way that the Council wants to go, Committee wants to go, we would appreciate that.

COUNCILMEMBER COUCH: Would that, I mean is that...

MR. SPENCE: Yes, that would help.

COUNCILMEMBER COUCH: Okay. And now...

MR. SPENCE: My only comment on that is sometimes and I'm bringing this out to be, you know, fully transparent, sometimes after-the-fact fees are for really small things. Somebody called in and asked just, I don't know it must be a ground-mounted, air-conditioning unit was installed without any permits, they're coming in for SMA, you know, it's an after-the-fact, it's \$1,000 for a relatively small, you know, kind of permit that would normally just be exempt. But you know and then we have instances also where there are people come in for, I mean it's a matter of doing business coming in for after-the-fact.

COUNCILMEMBER COUCH: And I guess and maybe we need to talk about this further in Committee, but I would think somehow we could leave it up to the discretion of the either the Planning, the BVA or the Planning Director. When it, I mean there are two huge differences like you said \$1,000 for somebody not knowing that you had to put a pad down or get a permit to put a pad down versus somebody who has a course of doing business saying I'm gonna just build it and I'll pay for it after-the-fact later.

MR. SPENCE: If they get caught.

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COUNCILMEMBER COUCH: If they get caught. So maybe that's something we should probably bring up further either in a different Budget and Finance Committee or Policy or even the Planning Committee.

VICE-CHAIR WHITE: Well the after-the-fact permit issue is a more significant issue now that we have heard from the Real Property Tax Assessment Director, that their change detection review indicates something like --

COUNCILMEMBER COUCH: A lot.

VICE-CHAIR WHITE: --twenty something thousand --

COUNCILMEMBER COUCH: Yes.

VICE-CHAIR WHITE: --potential problems with things not being permitted or at least not being recorded properly whether they were permitted or not.

COUNCILMEMBER COUCH: Yeah, you're gonna get those notices, Mr. Spence.

MR. SPENCE: Great. So we want the \$1,000 for all of us?

COUNCILMEMBER COUCH: So should we just do this at a either I don't know what Committee...

VICE-CHAIR WHITE: Well I think your suggestion makes sense and I think we should have Staff pass it on to the Chair of the Committee for his consideration. Because it does make sense that we treat after-the-fact permits separately and make it clear that it's separate. You have further questions?

COUNCILMEMBER COUCH: No, I, if the Department and the Committee wants to go with that language, I was gonna ask Corp. Counsel as he walks away, if that's the place to put that language, it would be at the end of that sentence?

VICE-CHAIR WHITE: He was playing Candy Crush.

COUNCILMEMBER COUCH: Yeah, I know he was.

VICE-CHAIR WHITE: Okay. While he's trying to determine that...

COUNCILMEMBER COUCH: 'Kay. Yeah.

VICE-CHAIR WHITE: Well, I guess my next question might be for him too.

MR. UEOKA: Chair?

VICE-CHAIR WHITE: Yes.

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MR. UEOKA: I think it would be appropriate enough to put it at the end of that sentence.

VICE-CHAIR WHITE: Pardon?

MR. UEOKA: It would be appropriate enough --

VICE-CHAIR WHITE: Okay.

MR. UEOKA: --to put it at the end of that sentence. Thank you.

VICE-CHAIR WHITE: So does "appropriate enough" translate into correct?

MR. UEOKA: It's acceptable, there may be better ways to achieve that purpose but it's acceptable. Thank you.

VICE-CHAIR WHITE: Okay. And Mr. Couch, any further questions? I had a question for the Director. The calculation for after-the-fact permits says a minimum fee of \$1,000 plus up to 50 percent of project valuation as determined by the Director. Do you, is there a problem or do you find pushback on the 50 percent of value or are the values as you stated all is very low, and what happens if somebody comes in with you know values of \$250,000 for something they've built on their ag property that and without anyone knowing?

MR. SPENCE: I we look at it on a case-by-case basis on what was constructed. If it's, you know if it's a minor addition, somebody built a lanai onto their property and they needed an SMA assessment, we will charge them \$1,000 just flat. If something is really onerous, we will look at the, you know, we'll start looking at the percentage or how and because the fees are they're supposed to be fees and they're supposed to help cover the cost of actually processing the permit. If it's quite extensive then we'll start looking at the percentage, the, I think at some point we've gone up to 30 percent but it's rare, we don't go much past that.

VICE-CHAIR WHITE: Okay. And then this is for Corp. Counsel, the Charter says that we cannot charge penalties of over a \$1,000 and so that has been translated into a \$1,000 per day, so is the Department within the range of reality with respect to charging a percentage of value? Let's say somebody built something worth \$200,000 five years ago, are they within their range of operating without challenge from a Charter perspective if they were to say, well your charge is \$100,000 because it's 50 percent of value and if it's been there for five years that's less than \$1,000 a day. Corp. Counsel?

MR. UEOKA: Thank you, Chair. I believe the distinction is between a fee versus a fine or a penalty. This is essentially a regulatory fee, so it wouldn't fall under the Charter restriction on, I believe you said, penalties or fines. Thank you.

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VICE-CHAIR WHITE: Okay. So you're, are you saying that the 50 percent of project valuation is acceptable?

MR. UEOKA: As a fee? Potentially yes.

VICE-CHAIR WHITE: And to Ms. Baisa's point, do we have to have a rational nexus?

MR. UEOKA: I...

VICE-CHAIR WHITE: When it smells more like a penalty than a fee. A fee is generally to recapture a cost.

MR. UEOKA: Actually I was just reading a case on that. It's a regulatory fee which has different conditions on it, and I believe Courts have ruled that regulatory fees can be used to I guess also prevent certain behavior. So but however, this the way it sounds like Mr. Spence is actually assessing this fee is basing it on his Department's costs for the project and review and everything.

VICE-CHAIR WHITE: I'd like our Staff to generate a letter to Corp. Counsel that my concern is that with the change in detection software that we're implying, or applying with the real property tax, we're likely to have significantly more after-the-fact permits coming down the road, so I'd like to be absolutely certain that what we're doing is within the purview that we're allowed by Charter. So Staff, if you could just send a request to Corp. Counsel to validate how we should approach this. Corp. Counsel.

MR. UEOKA: Thank you, Chair. Just to make it clear, it's up to 50 percent of project valuation, just so it's clear.

VICE-CHAIR WHITE: Right.

MR. UEOKA: Thank you.

VICE-CHAIR WHITE: Thank you. Further questions on this, Members?

COUNCILMEMBER COCHRAN: Chair?

VICE-CHAIR WHITE: Ms. Cochran.

COUNCILMEMBER COCHRAN: Well, not on the after-the-fact but just below the other two changes, the Special Management Area appeal of Director's decision goes from \$55 to 550. And then the one, number four, the petition to intervene also has a big jump, and so just, is this just to recoup costs of these processes?

MR. SPENCE: Yeah.

VICE-CHAIR WHITE: Director?

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COUNCILMEMBER COCHRAN: Is that what the big jump is?

MR. SPENCE: Yes. Thank you, Member Cochran, I missed those in my opening remarks. Both of those, there is a significant amount of work whenever we get a petition to intervene or an appeal of a Director's decision. And this is also two, there's twofold, one, it's a whole lot of work to process these, there's papers go back and forth and attorneys are involved, et cetera. But also to, we occasionally get frivolous appeals, people who don't really, they just say I don't like this and they just appeal and so they pay \$50. You know that's really nothing, parts, so part of this is to say okay, am I really serious about this appeal? Is this something that important to me that I'll put out \$550? Or am I just gonna hold up the works because I can and write a check for 50? So it's dual-purpose proposal.

COUNCILMEMBER COCHRAN: Okay. Thank you. I guess --

VICE-CHAIR WHITE: ...*(inaudible)*...

COUNCILMEMBER COCHRAN: --sorry --

VICE-CHAIR WHITE: Yeah.

COUNCILMEMBER COCHRAN: --real quick--I guess the petition to intervene, I guess that's what you're kinda saying some people just I just don't like it you know and, but I think also other people who have the right and have strong reasons, \$550 could be a huge chunk, you know for, and unless they have an organized group and backup with attorneys and who knows what. But if it's something that's totally legit and it's just a homeowner whatever on some kuleana land and something's going on or what, you know they just want to speak out and they gotta cough up 550, that's so I mean, Chair, I understand but then again I just, I guess we'll just have to see how it goes. And we have the right to I suppose adjust it if need be but you know, just trying to think it through.

VICE-CHAIR WHITE: Yeah, I agree with your concern. The reality is that both of these issues are a huge amount of work for the Department, so these don't even begin to reflect the cost recaptured like in some of the other areas, and I think with most appeals or petitions to intervene, there's enough passion there that you know the groups in many cases whether it's the developer or somebody else intervening, you know, they're gonna spend lots of money on lawyers to do some of this work. And so the actual fee to file is probably a fairly small number in comparison to what --

MR. SPENCE: Yeah.

VICE-CHAIR WHITE: --they're willing to spend, and you know when you're filing to intervene, you've got a lot of passion and you're gonna get, you're gonna find the money. And so I think their perspective on stopping the purely frivolous ones, I'm not

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sure this is going to stop anything, but at least it might recover some of the costs that is involved in the Department's efforts.

COUNCILMEMBER COCHRAN: Okay. Thank you.

VICE-CHAIR WHITE: I believe unless there are other questions on this page, we've come to the end of the review of Planning. You have any closing remarks that you'd like to provide?

MR. SPENCE: Yes, Mr. Chairman, a couple of things: one, going back up to the ATF fees is, for clarification, is that \$1,000 minimum in all cases, or would the Director have the ability to waive or reduce fees in the case of hardship or disproportional to the size of the project?

COUNCILMEMBER COUCH: Mr. Chair?

VICE-CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: I believe we were discussing whether or not we should have this whole discussion in somebody's Committee and we weren't sure which Committee. I mean if you're willing to have it now, that's fine, but I think that's a longer discussion and maybe some potential law changes.

MR. SPENCE: Okay.

VICE-CHAIR WHITE: Well the reason I think there's some urgency to this.

COUNCILMEMBER COUCH: Okay.

VICE-CHAIR WHITE: And I wouldn't, I would not recommend sending it to a Committee because of what the Real Property Tax Division has uncovered.

COUNCILMEMBER COUCH: Right.

VICE-CHAIR WHITE: We're likely to have a significant number so if the Director and the body feels that we should make some adjustments, I really think we need to make it during this Budget cycle. That doesn't mean we have to solve it today but it means that we need to, you know --

COUNCILMEMBER COUCH: Schedule some time to have it set up.

VICE-CHAIR WHITE: --since this is your in many respects, completely under the purview of your Committee, I'm sure the Chair would appreciate it if you would take the time to have discussions with the Department to the extent appropriate to come up with a recommendation that could be put into the rates and fees --

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COUNCILMEMBER COUCH: Sure.

VICE-CHAIR WHITE: --by the time we're finishing up the budget.

COUNCILMEMBER COUCH: Is that during our budget sessions or?

VICE-CHAIR WHITE: Absolutely. You know when the meetings are over, you guys all get to go home, the Staff and the Chair in particular are sticking around, so, and I'm sure Mr. Spence would much rather have some clarity if he's going to be hit with a lot more of these after-the-fact permit requests, and the public deserves clarity as well. Okay, anything else?

MR. SPENCE: Thank you, Mr. Chairman.

VICE-CHAIR WHITE: Thank you. Members, we'll move next to our Department of Transportation, and we'll at least get to, get through some of the discussion before we break for lunch but I'm sure these discussions are never short. And let's see what page are we on? Staff, do you have the page number? I had it earlier.

MR. MOLINA: We're discussing the fuel tax which starts on Page 27.

VICE-CHAIR WHITE: Buses.

MR. BAZ: Yeah, this is just the bus fare, Page 28, Chair.

MR. MOLINA: Excuse me. I'm reading it wrong, too.

VICE-CHAIR WHITE: Okay, Members, turn to Page 28 and I'd like to welcome Ms. Johnson Winer and Mr. Takamori joining us now for this presentation. Please provide any opening remarks you'd like to make.

DEPARTMENT OF TRANSPORTATION

MS. JOHNSON WINER: Thank you, Chair White and also Members of the Budget Committee. You're only going to notice just very small changes, and the first change is that you will not see the disabled fixed route fare any longer. We had a total of 75 individuals that had applied for the ADA fixed route pass for the entire calendar year. We are unable to track how many passes that resulted in, but even assuming that every single person bought every single month, it's still not a lot of passes, I think it was somewhere around 900 passes, that would have been in total sold. We have been getting however a number of requests for disabled, and you know fare assistance people wanting discounted passes for disabled, we do offer our regular paratransit passes and our monthly passes to people with disabilities. But in addition this year, you will note that we added a section where it kinda mirrors a program that we had proposed, but we felt that with MEO's capability and how well they had handled the

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basic administration of the other passes, we wanted to do a low-income fare assistance. The money will still come back to the County of Maui but it will help with the \$15 a month subsidy for a person that wants to purchase an all systems pass. And particularly the disabled people wanted some kind of assistance where they could access every single aspect of transportation, not just the fixed or not just paratransit. So we are offering that so what I will do is I will have my Deputy though go through any specifics, if you have questions or how the fares will be actually or this program will be administered. So thank you, Mr. Chair.

VICE-CHAIR WHITE: Thank you very much. Mr. Takamori?

MR. TAKAMORI: Good morning, Chair White and Councilmembers. Basically I'm gonna go over the low-income fare assistance program that we will be working with MEO on. So as of right now proposed in this year's or in 2016 Fiscal Year's budget under Human Services Transportation is gonna be funds for \$50,000. That's what we're looking at setting aside for this low-income fare-assistance program. What we're trying to do with this program is basically, our fare structure, we have passes that are for a discounted passes for seniors who are 55 years or older as well as passes for students with valid school IDs. So what's happening is that we're seeing the middle section who aren't, people who are not seniors and who are not students that aren't able to afford to purchase a monthly bus pass. And that current monthly bus pass would be a general boarding, general monthly bus pass for \$45. So we working with MEO, we kinda came up with this idea where to, for people who are low-income they can fill out an application with MEO, they would be, they would have income verification to make sure that they meet the Federal guidelines of low-income status, and they will be able to get a \$15 subsidy. So in essence, they would be able to purchase a general pass for \$30 instead of \$45. And so this program that we're doing will be handled by MEO, people will submit their applications to MEO, income verification will be done by MEO, and passes will be purchased by MEO, so we can limit any abuse of this subsidy.

VICE-CHAIR WHITE: Okay. Members, questions. I saw three hands go up at the same time. I'll just start down here with Ms. Baisa.

COUNCILMEMBER BAISA: Well, thank you very much. I, of course, am very in support of the idea of having some kind of accommodation for people that can't pay. And I have to say I just want to in general say, you know as I travel more and more late at night now because we're out later, I see the busses are quite full, busses heading Upcountry, and I think that's wonderful 'cause it you know we always tell people it's gonna take time for this ridership to pick up and we're seeing it. It's really wonderful to see how many people are using the bus, and I think it's a wonderful alternative for people that cannot have a car, so I just want to say that, I think this is good. I have a question and I got into this, this morning 'cause I was looking into something else. I had seen on the front page of the paper about the Health Connector and how people were getting in trouble with IRS. And I had referred many people so I was kind of concerned about oh my God, am I putting them in some kind of trouble with the IRS by telling them to go, because then later on the subsidy was reported as additional

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income, so now these people are in trouble and having to pay additional taxes, but it was clarified for me by the folks at the Health Connector, because I called I didn't want to put people in trouble by telling them you know go and get a reduced fee and then later on they run into trouble with IRS, I don't want to be that person. But what came with that was a lesson just this morning, was about if you qualify because of income and your income changes, somehow either you have to take responsibility for letting the people that gave you the break know, and if you don't well sorry, you're gonna get penalized by IRS, it's your responsibility to say when I got this, I was making \$500 a month and now I got a job and I'm making \$2,000 a month so really I'm not qualified for this anymore. So in regards to this program, I want to know how long is the certification good and how are we gonna monitor that there's no abuse of this thing? 'Cause they qualify when they come, but are they gonna be required to report, is there going to be an annual certification, how we gonna deal with it? I do want to do it but I want to make sure that you know we get a handle on it.

MR. TAKAMORI: Chair, basically yes, there would be a annual recertification, so every year if this program continues to move forward, every year they would have to reapply for this program. As well as for the \$15 subsidy, we don't actually give the applicant any cash.

COUNCILMEMBER BAISA: I understand.

MR. TAKAMORI: Yeah, it's basically internal accounting where MEO will then feed us back the \$15.

COUNCILMEMBER BAISA: No, that's good, you know we want to make, we want to help people that really need help. But I think it's important that they take responsibility for letting us know so that if they don't qualify, someone else can get money 'cause \$15,000 you may run out of it, or you may need more money or whatever so we want to make sure. You know because I've been in this business for so long, I'm always accused of you know people are taking advantage, so let's try to build in some safeguards so that we help people we really want to help and the people that figure out how to scam it are stopped. But I think it's a wonderful idea, thank you.

VICE-CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: Thank you. So I'm assuming from your discussion and kind of from the language here that this is just for the general boarding passes only, right? You may want to put that in there because if somebody's 55 or older or you know a paratransit person say oh it looks like I can get low-income assistance and get \$15 off my \$30 one. So just, I would just to make it clear, say this is for general boarding pass only. Even though it does say you gotta pay \$30 and all that, just.

MR. TAKAMORI: Chair, we can update that language in this but in when we actually create the program with MEO, that will be all stated in our what the program's about, what the rules are, and what we expect I guess of the applicant.

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COUNCILMEMBER COUCH: Thank you.

VICE-CHAIR WHITE: Okay. Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. So you guys are, the Department is deleting the persons with physician's certified disabilities, that category, that's correct? So on the general boarding pass, when you're including low-income fare assistance, are you recapturing the, I'm assuming the people with disabilities that are under 55? But what if --

MR. TAKAMORI: Who are not students now.

COUNCILMEMBER GUZMAN: --they don't qualify under the assistance program?

MR. TAKAMORI: Basic...

COUNCILMEMBER GUZMAN: Do you see what I'm saying?

MR. TAKAMORI: Correct.

COUNCILMEMBER GUZMAN: You could under the persons with physician's certified disabilities all you needed is a physician's certification that you're, you have a disability. And if you're under 55 then this will apply. And then when you're going to the low-income, what if you are disabled level but you aren't at a low-income level? And what is, what are you recapturing that? Or you just letting that category or that target group left alone or something like that?

MR. TAKAMORI: Chair. Basically yes, we would pretty much recapture, I would say we actually have the statistics of all 75 people that applied for the persons with disability for fixed route. And we do ask for their household income in the survey part and by looking at what was provided, I would say all 75 are, would meet that criteria.

COUNCILMEMBER GUZMAN: Would meet the low-income --

MR. TAKAMORI: Yes.

COUNCILMEMBER GUZMAN: --criteria? Okay.

MR. TAKAMORI: So unless they lied in this program then.

COUNCILMEMBER GUZMAN: So they're covered? Okay, very good. Thank you, Chair.

MR. BAZ: Mr. Chair, I'd also like --

VICE-CHAIR WHITE: Mr. Baz?

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MR. BAZ: --to note something because I had similar questions when we were proposing this and wanting to make sure that persons with disabilities weren't going to be negatively impacted. And one advantage of this is that with the current structure Fiscal Year '15's fare structure, the persons with disabilities don't have the ability to use a pass on the paratransit system. So if they buy a \$30 pass, it's for the fixed route system and then on a daily basis they would have to pay \$4 if they're using the paratransit system. This general boarding pass, it would allow them to use that for all of the systems. So it does then create a pass that's available to them for use on any of the systems and that was a request of the constituents as well.

VICE-CHAIR WHITE: Other questions, Members? Ms. Cochran?

COUNCILMEMBER COCHRAN: Chair, not so much on the changes but just wanting a follow-up comment about the advertisement permit fee and how that's going, that's sort of a new thing that we implemented, and if there's, you know, yeah, some comments, what have we generated, how has it been working out?

MS. JOHNSON WINER: You're talking about the --

COUNCILMEMBER COCHRAN: The signage in the busses.

MS. JOHNSON WINER: --the nonprofit which generates no income? Oh, okay.

COUNCILMEMBER COCHRAN: The \$25 per card, per month advertising.

MS. JOHNSON WINER: Yeah and right now we have had very few people take advantage of that because mainly people, you know they just the rack cards. We did have something additional proposed on I think it was in Councilmember Couch's Committee when we were talking you know and it may have been past times about advertising in busses in general. And one of the things that we did discuss and we sent forward I believe for drafting to Corporation Counsel is to change the actual ordinance to allow us to vend out, similar to City and County of Honolulu and allow them to do some of the new advertising media which would be some of them have audio visual, where they have small screens in the busses, that to me is working in other jurisdictions. We have sort of and it's, I'm not pointing fingers at Corp. Counsel, but I know that there were some issues originally about repealing certain aspects of it and then having the authority I guess of our Department have the discretion to go out to bid on it. But we've sort of proposed it as a pilot project to see if it would work, so most of the individuals have not approached us though to put in the rack cards because you know they just don't want to pay. Now I think we have a total if we're putting it in our fixed route busses, about 64 buses, so if you add up 24 times 60 per month, you know and it's just a rack card that's co-mingled with all of the other nonprofit advertisements, it didn't seem too attractive to them. So, you know, sad to say, we haven't really been marketing ourselves, we would be looking at an outside entity to do meaningful marketing and probably using a different venue, allowing the

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rack cards for the nonprofits to stay but then possibly going the route of doing more of the current media advertising, you know which would be in some kind of audio visual and that's what City and County's doing. So we've kinda been watching what they've been doing. So if we can get this through and get it drafted by Corp. Counsel and the Administration thinks that we've you know answered those questions properly then we would be proposing that to the Council, an actual ordinance change.

COUNCILMEMBER COCHRAN: Okay well very good, I mean they have a captured audience you know on this area so might as well be educating or yeah, doing some...so thank you, looking forward to add it.

MS. JOHNSON WINER: Thank you.

COUNCILMEMBER COCHRAN: Too bad Corp. Counsel's not here to ask where is that in his Department. But oh, here he comes.

VICE-CHAIR WHITE: He's on his way back.

COUNCILMEMBER COCHRAN: He ran away.

MS. JOHNSON WINER: He was not the one drafting it.

COUNCILMEMBER COCHRAN: Oh, okay.

MR. UEOKA: Chair, if I may.

VICE-CHAIR WHITE: Please.

MR. UEOKA: No, I don't know where it is but I can follow up.

COUNCILMEMBER COCHRAN: Oh, okay.

MR. UEOKA: Thank you.

COUNCILMEMBER COCHRAN: Thank you very much, Mr. Ueoka.

VICE-CHAIR WHITE: 'Kay. Other questions, Members? One of the questions that I had was the Code specifically requires us to have a fare for disabled passengers. So I don't know whether that means in using the specific term, but do you feel that this your current proposal follows the Code with respect to the requirement to having disabled or a rate for persons with disabilities?

MS. JOHNSON WINER: Yes. And because that section of the Code we kind of went over it beforehand. Because we had not had a fully fledged paratransit operation at the time, we do have the daily as well as the monthly passes made available, and those are discounted actually so we feel in combination with offering this low-income fare

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assistance as well as the current passes that are available to paratransit even though it doesn't say disabled paratransit, you must be disabled, that we felt satisfied it.

VICE-CHAIR WHITE: I believe it says a specific rate, there is established a person with disability identification card and disability bus pass fare.

MS. JOHNSON WINER: And we do have that. That's in paratransit.

VICE-CHAIR WHITE: Okay. Then the other question for Corp. Counsel, does the does 11.03.010A authorize the Department to create student fares? It seems somewhat broad but I just want to be sure that it's broad enough. The Code also doesn't specifically recognize passengers 55 and older either. So I just want to be sure that we're not putting something in here that is not supported by the Code.

MR. UEOKA: Thank you, Chair. I believe the Code is worded broadly enough to allow the Council through its rates and fee structure to establish applicable fares. I don't think it's limiting you as to the different I guess categories you want to create for various fares. Thank you.

VICE-CHAIR WHITE: Okay. Thank you. And to what degree have you taken this new fare structure out to the public?

MS. JOHNSON WINER: We have our paratransit advisory group has actually been getting the word out. We also are going to be having a forum, a riders' forum which is going to be actually right after budget finishes. But we have discussed with many of the people in the disabled community. One of the things that we were reluctant to do because so often you know I talked about fare assistance in the past, I talked about it ad nauseam for years, but what ended up happening was it was never adopted and so people would get their hopes up and then you know have it kinda dashed. But if the Council is supportive of this and particularly the way that we structured it with MEO, I think at that point just through meetings like this, there will be a much greater awareness, but for all of the people that I have spoken with, they're very supportive of doing this kind of I guess fare assistance. There are some people that are not disabled too that look at this and they're supportive, because not everybody necessarily that's disabled is low-income and for those individuals they really do not mind paying even a little bit more if they're not eligible for this fare assistance.

VICE-CHAIR WHITE: Another question I have, Corp. Counsel, there's no low-income fare enabling ordinance, so based on your comment a couple of minutes ago, it appears that we would have the flexibility to establish that fare? I know it's not a fare but it's a practice.

MR. UEOKA: I believe so. If you establish it in the rates and fees section of the ordinance, I believe the current section in the Maui County Code does allow for you guys to set applicable fares or rates.

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VICE-CHAIR WHITE: Okay.

MR. UEOKA: Thank you.

VICE-CHAIR WHITE: And I'm still having a little difficulty with the accounting of establishing a fund to draw down the \$15 for each individual, as basically we're establishing a \$45 fare and then assistance of \$15, so we're setting aside money to go to MEO to pay back to you all, unless I'm missing something, isn't it, wouldn't we accomplish the same thing if we just established a low-income fare of \$30?

MS. JOHNSON WINER: You know it's easier I believe structurally to do it within a grant. We had discussed this with Administration as well, and we don't currently have sufficient staff to be able to administer this. MEO has been doing through their qualification process, they do a lot of other I guess it would be income-targeted qualifications. So they're very familiar with doing it, and this is probably more of a pilot project to see how many people actually take advantage of it. We would also gather some statistical information from doing this, but it's not really setting aside a fund because it's a section of their grant, and if the monies are not utilized fully, let's say only \$10,000 might be accessed, the money would be returned to the County because MEO would not be accessing it, and that's kinda the way that we've done their grant in the past.

VICE-CHAIR WHITE: Yeah, I understand the process but isn't it the same as asking MEO to be the one who determine who qualifies, and then just giving them the \$30 rate instead of doing the grant?

MS. JOHNSON WINER: We're going to work with MEO, the income qualifications just follow the standard low-income criteria established by the Federal Government. So it's not something new that we're creating. Because our pass structure is so complex already, to offer one more pass, it, already many of the people who call us, they ask for these different rates and passes, and to do one more, to produce it, it just, you know it did not seem to really be a good direction for us to go. So that's why we proposed it as a pilot project in a subsidy as opposed to creating yet another pass.

VICE-CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: I understand your question and it seems to make sense that you have a general boarding pass even though it says \$45 on there if they have the qualifications that MEO has verified and have something from them then they can go buy the pass, the \$45 pass for only \$30. So I would think that would be the way to go as opposed to giving money to somebody and then have them give it back to you. Just say you're okay, and if somebody who has this little card goes to buy a \$45 pass, they get it for \$30.

VICE-CHAIR WHITE: Just get a discount.

COUNCILMEMBER COUCH: Yeah.

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VICE-CHAIR WHITE: It's not a different pass.

COUNCILMEMBER COUCH: Right, it's the same pass, same piece of paper it's just a discount. I would think that would be a much...

MS. JOHNSON WINER: We can take a look at that, we're happy to do it.

COUNCILMEMBER COUCH: Yeah.

MS. JOHNSON WINER: We thought from this perspective, you know it would be easier to track because we also ask for other information you know which I mean our Department can do that.

COUNCILMEMBER COUCH: Yeah.

MS. JOHNSON WINER: But I'd prefer that MEO because they've been doing this for awhile, they have the expertise to do it.

COUNCILMEMBER COUCH: What we're saying is, is that they, MEO qualifies them as low-income and gives them a letter, a card, something to then if they have that card, they go to you and say I want a bus pass and get a \$15 discount. I think that's what Mr. White is talking about, not a separate pass that says 'cause I'm sure they wouldn't want to be giving a pass out saying, oh I'm low-income.

VICE-CHAIR WHITE: Yeah. There's another little challenge is that we're taking General Fund money --

COUNCILMEMBER COUCH: Right.

VICE-CHAIR WHITE: --and giving it to MEO, then pay back the Highway Fund.

COUNCILMEMBER COUCH: Yeah. That's the other part that might be...

VICE-CHAIR WHITE: So I...

COUNCILMEMBER COUCH: I understand what you're trying...

VICE-CHAIR WHITE: I think we're really agreeing with what you want to do in the end, it's just that it's --

COUNCILMEMBER COUCH: The way you do it.

VICE-CHAIR WHITE: --it's a convoluted way of doing it. We're just saying yeah, if you don't have the correct pass or you don't have the ability to do the qualifying that MEO does, we all agree with that. We agree with the concept, but I think it's crisper to me that let

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them authorize and then they just get a discount off of an existing pass, you're not creating a different pass.

COUNCILMEMBER COUCH: And I'm guessing that it would be a lot easier for both the County and MEO to not have to deal with receiving a grant, then tracking the grant and coming back to you and the County has to do the index codes, the Finance Department has to go all over the place and you guys have to go all over the place. It's just that okay, MEO has approved these folks as being low-income, \$15 off the fare. I seem, I think that would be a lot less bureaucracy in make work in my opinion.

VICE-CHAIR WHITE: And I think knowing the Chair, he would have a problem giving General Fund money to MEO to come back in the Highway Fund. So I think we can accomplish the same thing that the Department wants to accomplish --

COUNCILMEMBER COUCH: Right.

VICE-CHAIR WHITE: --in a slightly different fashion.

MR. TAKAMORI: Mr. Chair.

VICE-CHAIR WHITE: Yes.

MR. TAKAMORI: I do have a question. Right now we have it set aside where we would allocate \$50,000 so we do have a cap. So I'm not sure if you guys would allow us to then set a certain cap so if we can only give out so many subsidies. So as of right now with a \$50,000 budget for the subsidy, that would give us around 3,333 subsidies and if you divide that by 12 months, that's roughly 278 subsidies in a month. So I mean it, we're kinda having it where it's a little bit more limited than just having the subsidy where it potentially it could grow out more than \$50,000.

VICE-CHAIR WHITE: I don't have a problem with you capping the number of discounts you give, but I just, I just am not comfortable with setting aside General Fund monies for the process. Ms. Baisa, you?

COUNCILMEMBER BAISA: I think for a pilot program, Chair, let's try it out, set a cap and see where it goes, and if it turns into you know something else then that's why we have the budget amendment process. But I think it would be good to start it and see what happens and I think the idea of the cap is good.

VICE-CHAIR WHITE: Cap on the number of discounts.

COUNCILMEMBER BAISA: On the number. Yes.

VICE-CHAIR WHITE: Yeah. Okay. Members, how many, Mr. Couch, go ahead.

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COUNCILMEMBER COUCH: This is a different subject on this and it should be . . .*(inaudible)* . . .

VICE-CHAIR WHITE: The question for the body at this point is we're ten minutes past our lunch break, and I don't know how many of you have commitments that you need to get to. If we can wrap up the Department of Transportation in the next ten minutes and everybody's --

COUNCILMEMBER BAISA: I have none.

VICE-CHAIR WHITE: --happy to do that then we'll keep going.

COUNCILMEMBER BAISA: Yes.

COUNCILMEMBER COUCH: Yep, that's fine.

VICE-CHAIR WHITE: And you're okay with a shorter lunch? Mr. Carroll?

COUNCILMEMBER COUCH: Thirty seconds. Thirty second question and I'm done.

VICE-CHAIR WHITE: Okay. Mr. Couch.

COUNCILMEMBER COUCH: The only thing that people have come up here and talked to us about was you know they, if they have a paratransit pass, they would like to occasionally go on the fixed if they can, if they feel mobile enough, can they do that now? Or is it 'cause I remember in the past, no, they couldn't, they can only go on, if they got the paratransit pass it's only for paratransit. Can they now go on the fixed as well as paratransit with a paratransit pass?

MR. TAKAMORI: Yes. Yes and no. So yes, in the sense that if they're not a senior or not a student, they qualify for the subsidy and so it'll be yes. However right now in our fare structure because we have it set where seniors on fixed route pay \$25 whereas seniors on paratransit pay \$30 those passes don't allow you to go between two services. So if we were to consolidate those passes then it would make it where then seniors would be able to go on both, fixed route or paratransit. So the only concern there is if we were to consolidate the senior passes then it would either most likely what would happen would be the fixed route people that pay \$25 would be bumped up to \$30 or vice versa.

COUNCILMEMBER COUCH: Well, I would think the guys that pay \$30 could go on a \$25 route. But I'm not, it's you know.

VICE-CHAIR WHITE: It does seem a little inconsistent.

COUNCILMEMBER COUCH: Yep.

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MR. BAZ: And Mr. Chair the Department did actually request that, the Mayor didn't feel increasing the fixed route from \$25 to \$30 was prudent so that's why he didn't propose it, but the Department did actually request that exact change. So it's up to this body if you'd want to consolidate it and make it \$25.

COUNCILMEMBER COUCH: Yeah exactly or we could . . .*(inaudible)*. . . \$25

MR. BAZ: . . .*(inaudible)*. . . we'd have to look at the revenue loss possibly but you know.

MR. TAKAMORI: If you, oh, Mr. Chair?

VICE-CHAIR WHITE: Yes.

MR. TAKAMORI: If you were to increase the \$25 to \$30 for the fixed route, based on the average number of passes we sell for fixed route seniors that would increase the revenue by around \$40,000.

VICE-CHAIR WHITE: Okay. Thank you. Members, any further questions? Actually Staff reminded me that the Department of Transportation is going to be back this afternoon anyway. The next item is Fuel Tax so they're gonna be here for that discussion as well. So I think we'll break for lunch and be back here at 1:30, and we'll start off with just Department of Transportation. If you have any questions that you think of during lunch, we'll start with them, and if there are none then we'll move into the discussion of the fuel tax. With that, we are in recess until 1:30. . . .*(gavel)*. . .

RECESS: 12:10 p.m.
RECONVENE: 1:34 p.m.

VICE-CHAIR WHITE: . . .*(gavel)*. . . This meeting of the Budget and Finance Committee will come back to order, and Members, we finished up most of our discussions with the Department of Transportation, but they are available now to provide some calculation which we requested that they provide us over lunch or calculate during lunch and provide us here in the Chambers. And so what they've provided is what the result is if we combine all the rates at 30 so in other words taking the one \$25 rate up to 30, he gave us that number before, I think that was the \$40,000 you mentioned earlier right, Mr. Takamori?

MR. TAKAMORI: Yes.

VICE-CHAIR WHITE: And then what he's calculated in addition to that is what would happen if we reduced the two \$30 rates to \$25. So, Mr. Takamori, if you could share that with the group and thank you for doing that during lunch for us.

MR. TAKAMORI: Sure, no problem. Yes, so if we were to consolidate the senior and student passes and bring it all down to \$25 that would, we would lose a revenue of approximately \$19,000.

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VICE-CHAIR WHITE: Okay. So if we just to clarify if we move the 55 years and older up by \$5 we would gain \$40,000, by changing the other down to the same rate as the 55 year and older we would be giving up \$19,000. Members, questions or comments on that? Mr. Couch.

COUNCILMEMBER COUCH: Comments is that seems to be the safest and most straightforward way to go, just one pass, we're done with it in my humble opinion. That, the \$25 'cause we're losing \$19,000 on a \$7 million loss already. I know that, I know you don't want to lose any more money. We're subsidizing at \$7.4 million so \$7.41 million might not be too much of a difference in my opinion.

VICE-CHAIR WHITE: Mr. Takamori, can you give us your perspective on that?

MR. TAKAMORI: Sure. Mr. Chair, the, if we were to consider moving it down, consolidating it down to \$25 then our low-income fare assistance would then, our subsidy would then increase to \$20 and would pay a fare balance of 25 so that would also affect that program.

VICE-CHAIR WHITE: It would increase the discount we were providing them?

MR. TAKAMORI: Correct.

VICE-CHAIR WHITE: Ms. Baisa.

COUNCILMEMBER BAISA: Chair, as much as I like the idea of you know trying to do what we're trying to do which is to help a group, help all the groups and make it less cumbersome, I'm concerned about losing revenue. You know unfortunately transportation although it's the number one most valued service, it is expensive and it may not be the place where we want to scrimp, I don't know, maybe we feel that it's worth putting that because the people what they do with that transportation, many of them go to work, many of them go to school, many of them it's life activities that they participate in as well as recreation or whatever people need to do with transportation. I know that you know we're in the mode where we have to think about how we're going to continue to pay for transportation, and you know it's not just us, it's everybody in the entire world I guess that's dealing with it, definitely in the nation. So I'm kinda afraid if we're gonna broaden it and the loss is greater, but if we do it, I can live with it because I realize the benefit. Sometimes you have to look at cost benefit. Thank you.

VICE-CHAIR WHITE: Yeah. I feel similar to you that it would be very simple for us to have a blend, have just one rate. Like you, I'm not terribly excited about giving up revenues when we're looking for money to cover expenses, and hopefully between now and the time we have to make any final decisions on this, we can get some input from the public as to whether they would look forward to us providing a blended rate and making things easier for the Department. The Department I believe you all recommended, I think Mr. Baz said you recommended the \$30 rate across the board.

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MR. TAKAMORI: Mr. Chair. Yes, yes we did and part of the reason why is we're just going back to what it was pre when the economy went down, so it was \$30 before we went and broke it out to \$25.

VICE-CHAIR WHITE: So if we were to ask you what the cost per rider is what would that amount to? If you were to compare it with a monthly pass. I know it's not going to be apples to apples but.

MS. JOHNSON WINER: We're looking it up right now.

MR. TAKAMORI: Mr. Chair, for the fixed route system, we calculate the actual cost per passenger is approximately \$3.14.

VICE-CHAIR WHITE: Per ___?

MR. TAKAMORI: Per trip.

VICE-CHAIR WHITE: Per trip. So a \$30 pass buys you unlimited trips, is that right?

MR. TAKAMORI: Yes.

VICE-CHAIR WHITE: Okay. So no matter how we slice it, it's a significant subsidy already. So to your point, I'll let you make your point. Ms. Baisa.

COUNCILMEMBER BAISA: Well, you know I'm continuing to look at this thing it's so difficult you know when you get torn up in looking at both sides of an issue that you can argue on both sides. You know I can argue on both sides and you know give everybody the deal, but let's call a spade a spade. We have elderly people today who are not poor and they can afford to pay a little more. You know when we started all of this social benefits that we started here in the County, 'cause I was there when it all began. We were looking at pensioners from the agriculture workers.

VICE-CHAIR WHITE: Right.

COUNCILMEMBER BAISA: And they were retiring with benefits like \$50 a month and famous one that I knew for many, many years and I won't say his name I was shocked to find out that being the prominent person he was that he was making \$100 pension. And so you know these are the people that a lot of these benefits were created to take care because they really, really were suffering. Well today, we have a blend, we have seniors that are okay, they have pensions and investments, and retirements and things and we have pensions that are still you know struggling. The other night on TV we saw the lady that was looking for a house and I couldn't believe she was living on \$800 worth of social security, that's the only money she has. You know a person living on that kind of income, anything we can do for them makes a big difference, having to buy a bus pass they don't have money, it's between eating and do I ride the

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bus. So when we do these kinds of things, for me, the goal for me is help the person who cannot pay, who is a choice between eating dog food or not eating or paying for my bus. So when we blend these things altogether, which group are we trying to benefit? And you know a lot of the persons with disabilities are also in this mess, they're on very small disability payments, trying to pay for rent and you know everything that they need. So there's poor and there's poor so that's what I wrestle with.

VICE-CHAIR WHITE: Yeah. This is just kind of a random thought. We have if we were to establish the \$30 fares for those, the three groups at the bottom, and the \$45 fare for the general, and we were to take the Department's low-income concept and we basically give vouchers or I don't know how you and once they're qualified they have the ability to get the discount. So that way if you're in the general population and you're low-income you get a \$15 coupon against the \$45. If you're in the disabled or senior and you're low-income you get the same \$15 but it's off the \$30 price.

COUNCILMEMBER BAISA: Chair, the problem with that is again and they already are addressing it is you have to have somebody determine eligibility. And you know I've been involved in that for many, many years and that's paper intensive, you have to interview people, you have to make them fill out forms, and you have to give eligibility, and you have to recertify to be careful that you know they don't continue to get it if they don't want it. You know there were people receiving as you hear this nightmares, people receiving social security that have been dead for 20 years. You know 'cause nobody ever reported and then finally they get caught. So I think that it may the best and cleanest way but it will involve more certification. And while we pay that upfront because we're gonna have to pay MEO to do it, they cannot just keep on adding and adding and adding, they need staff to do it. We'll save money on the back end because you going be targeting it to the people that you really want to help.

VICE-CHAIR WHITE: Yep.

COUNCILMEMBER BAISA: You know I've heard the disabled community every time they come, they explain how hard it is for them to pay that \$4, they cannot.

VICE-CHAIR WHITE: Yeah. Well, you know this business as well as anybody in this room.

COUNCILMEMBER BAISA: Yeah and so you know I want to target it to the people that need the help, and I want transportation available because it is a lifeline to everything.

VICE-CHAIR WHITE: Right. Well I think this, I think we've got the mix of things.

COUNCILMEMBER BAISA: Maybe we should work it out.

VICE-CHAIR WHITE: During the lunch break Staff one of the Staff brought up the suggestion that we have a lot of the people in the community that are already potentially already qualified. If you're at Ka Hale A Ke Ola, if you're at Family Life

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Center, Moana Gardens, there're areas where, like I buy bus passes, the commuter bus passes in bulk and I resell them to my employees and do a I just take it out of their paycheck. And we could do the same thing with those folks, and if you're there, you're certified. There's no process that MEO has to go through. So I think there's ways that we can make this happen, we also have a lot of disability advocates that could readily provide the same certification, so I think if the Department is up for it, I would appreciate them taking another look at this and coming back to us with what they feel the impact might be of trying to do a little bit more for the folks that really need it. But increasing the rate structure, you know going to a \$30 rate structure across the board, and maybe to afford it, it needs to be a little higher than \$30, I don't know but I think I tend to agree with the Department in their original direction if we can take care of the folks that can't afford it. So, Department.

MS. JOHNSON WINER: Mr. Chair, we're happy to do that. I just want to clarify one thing, the way that we had proposed it and the way that because the disabled community was principally the one arena that we had not satisfied their needs in accordance with what they were requesting which was a disabled pass. We came up with the concept of the low-income which would also incorporate the ability for people to purchase that \$45 monthly pass for only \$30. So I think a dollar a day if somebody travels on the bus every day, a dollar a day is really you know not that bad. And because we also get much like you purchase the commuter passes for your employees, many of the agencies where it serves communities that you know whether it's Mental Health Kokua or some of the other programs, they come and they actually make up the difference. So I think some of those individuals have fallen to the really low-income category through the social service programs and the generosity of the Council in funding those nonprofits, they're coming in and they're also helping those individuals who cannot purchase those. I know the hospital comes in for vouchers as well, I don't know given their current situation that they're gonna be able to continue to do that, but our concept was not to offer any discounts on the \$30 pass only on the \$45 all-system pass.

VICE-CHAIR WHITE: Okay. Well...

MS. JOHNSON WINER: And we can come back to you --

VICE-CHAIR WHITE: Yeah.

MS. JOHNSON WINER: --with the way that it might operate.

VICE-CHAIR WHITE: Okay. Thank you. Members, we've got lots more to discuss this afternoon so with unless there's some burning questions, I think we should probably move into the other transportation issues, gas tax and so forth. They'll be sticking around for that. Any burning questions? Seeing none, okay. Mr. Goode, if you'll be good to join us, good enough to join us. And Members, the Highway Fund fuel tax issues are on Page 27 if you haven't found it already. Welcome back, Mr. Goode.

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MR. GOODE: Thank you.

VICE-CHAIR WHITE: Give us your opening remarks, I would appreciate it.

DEPARTMENT OF PUBLIC WORKS

MR. GOODE: Alright. Good afternoon, Vice-Chair, Chair today and Members of the Committee. David Goode here, Department of Public Works, and I'll be talking about proposed changes in the fuel tax and vehicle weight tax. And I'd like to start by way of background for the Highway Fund. Again reviewing its revenue sources, the revenue sources we can start with transportation on the bus is a revenue source to the Highway Fund of about \$2.5 million, that's our smallest revenue source for the fund. Then Maui Electric pays a franchise tax of 2½ percent of their gross revenues which is about \$10.6 million per year. And that's by State law, that's the highest we can charge for that. And then there's the fuel tax which is currently 16 cents per gallon of gas for Maui County and we're proposing to go to 18 cents. And we're also proposing that biodiesel pay its fair share, biodiesel has been zero cents for County gas tax for many years. State law allows that to be, biodiesel to be charged at half the rate of regular gasoline so if we're going to go to 18 cents with gas tax, the highest we can go with biodiesel is 9 cents per State law. So gas tax represents about \$10.5 million last fiscal year, under this proposed arrangement it would be about \$11.8 million per year. And then the vehicle weight tax is what some folks refer as registration fee when you register your vehicle every year, there's a State fee and there's a County fee. I actually don't recall the State fee, but I know it's about half the total bill, so it's about equivalent to our charge, and the vehicle weight tax last year was about 17 million and under its proposed change in general for most vehicles it would go from 2¾ cents per pound to 3 cents per pound so it's under a 10 percent increase. When I was here on Monday night, we talked about the nature of these revenue sources and you know the need to work on our roads to manage our roadway system, and the dilemmas that we're facing is that you know Maui Electric revenue has been flat to declining last few years, meaning that revenue source for us is flat to declining. The bus fares are basically flat unless you change that significantly, and the gas tax is a cents per gallon charge, so the question really is how many gallons do we sell every year, does it go up or go down? And then the vehicle charged is per vehicle, so even if that car sits in the garage all year long, it's still charged and so you need to know like how many vehicles are out there in Maui County. And of course with the fuel tax, you know it's cents per gallon, the number of gallons being sold per car is declining every year as cars get more fuel efficient, we have more electric vehicles, et cetera, or as more people take the bus, all that stuff adds up. So what I did was I took a look at all that for Maui County, there's some interesting things to kind of keep in the back of your mind as we go through this, and one is that the number of vehicles has increased about 3 percent per year for the last 15 years. It varies a little bit. But if you go back 15 years ago, you look at the numbers as of 2013, per DBEDT, it's about 3 percent per year, so that's compounded 3 percent per year and there's no sign of that abating. Interestingly the annual miles driven per vehicle is almost exactly the same as it was

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12 or 15 years ago, it's about 8,864 miles according to DBEDT. So we have more cars, they're driving all about the same number of miles, so the total number of miles driven is up maybe 3 percent per year. But the number of gallons sold of gasoline per vehicle has gone down significantly, down 25 percent in the last 12 years or about 2.3 percent per year less gas being used per vehicle which is a good thing. People won't argue with that but that's our source of revenue to fix the roads. On top of all this, the Federal Government initiated what they called their CAFE standards, you may have heard about that. It's the corporate average fuel economy, I think it's an agreement, not a law, but basically the major manufacturers of automobiles have all agreed that their fleet miles per gallon is going to go up every year, and according to their standards by 2025, they'll be about 50 percent increase in miles per gallon across their fleet. Now if we all drove new cars, that'd be instant, but the average vehicle on the road is about 11 years old, so it takes time for all of this to be incorporated, but if you throw it all together and run some numbers on it, it ends up being about 1.5 percent per year average increase in all the cars we have on island per year. So anyway throwing all this together, basically means we have more cars, getting better mileage so that our gas tax actually revenues theoretically would go down if all those numbers stayed basically the same. We'd get less money per year, and yet the average cost to repair roads, this is from a national study called by Parsons Brinckerhoff's Highway Construction Cost Index has increased 64 percent over the last 11 years or compounded 4¼ percent. So the average cost to fix things on the road, labor, materials, et cetera is increasing at 4 percent per year. So for revenue side all things being equal, cars getting more fuel efficient, our revenues are going down in general or may be increasing like 2 percent, I should say 2 percent increase, 'cause if the number of vehicles keeps increasing at 3 percent we do collect the weight tax. But in general we're increasing around 2 percent and our costs at least on the construction side are up 4 percent and as you're all well aware of with collective bargaining agreements and all that, that's about 2 or 3 percent. So we're, we have less and less funds available to fix the roads. So the gas tax is one that I think nationally a lot of jurisdictions are looking at, it is the one of the best systems, it is a pay as you use system, the more you use the more you pay. You know if you drive 8,800 miles per year and you get 25 miles per gallon, you only pay like \$50. You actually don't pay that much to fix the roads but we have a lot of vehicles so it adds up. But for us to I think maintain the roads, the quality that folks want and with declining revenue sources even as we squeeze our budgets here and get better efficiencies over there, you know we're still at a, we're going backwards. So that's why a lot of agencies, states, counties, cities are looking to nudge up the gas tax until a better system can come along. So for us we thought the 16 to 18 cents per gallon represents about a little over 10 percent increase, that number hasn't changed for years, I'd say at least what, seven years maybe, something like that.

MR. BAZ: Excuse me. Just for your reference, Members, in 2004 the fuel tax was increased to 18 cents, and then in 2007 it was decreased from 18 cents down to 16 cents so we're basically kind of just restoring the pre-recession level.

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MR. GOODE: Thanks for that, Sandy. So that's what we're looking at, Chair, and that's the numbers that's what driving, pun intended, driving the results. Thank you.

VICE-CHAIR WHITE: Anything else to add, Mr. Baz?

MR. BAZ: I, no, Mr. Goode did an excellent job describing in detail the analysis that he worked on, and he and I have discussed and have been discussing for a couple of years now, understanding that you know the Highway Fund you know we want to maintain its self-sufficiency. You know, it is right now a self-sufficient fund and we want to maintain that self-sufficiency, so driving, you know revenues to meet that is important for the Administration, and again we did want to balance out the increases not just in fuel tax but also in the weight tax so that there was a I don't want to say fairness but a little bit more consistency in the vehicles that are using our roads and the wear and tear that's provided so that there's some coverage on those costs. So that's why the two are proposed to be raised.

VICE-CHAIR WHITE: Okay. Thank you. Members, questions? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair and I want to preface this with the fact that I have been driving two hybrids so that's where I'm coming from. Now I'm driving a plugin hybrid so we've been getting, I'm around 70 miles to the gallon now so that's what I'm prefacing these remarks with. Your, Mr. Goode, you were reading my notes again, the \$56.32 a year average is what everybody is paying, everybody who buys gas is paying for the roads. That's not a, you know I was thinking it was in the \$300 or \$400 a year but that's not very much at all. So I don't have too much of an issue with the raising of the tax, but I do have an issue that the people who do have hybrids or full-on electric vehicles aren't paying their fair share because they, usually those cars are heavier because of the batteries and so therefore adding more wear and tear to the road. So my thought would be is that we leave if at all possible the motor vehicle weight tax the same for gasoline engines. Now if you have a hybrid, then you go to this rate, and if you have an electric vehicle, you go a little bit higher. I know that's a dis-incentive to do electrical vehicles and hybrids but you know it is a use tax. The only reason that we even have a gas tax is because that's the, was at one time the easiest way to say hey, you're using, if you're using gas, you're driving on our roads essentially. But now we're gonna start getting liquid natural gas cars maybe sometime, hydrogen cars sometime, a whole bunch of different types of cars driving on the roads and not paying for the roads other than maybe the vehicle weight tax, so potentially have a tiered rate for the weight tax that might be a little bit more equitable. Or the other things that we've heard at NACo and whatnot is a per mile tax. But that also says use you gotta pull off the gas tax except for maybe the five cents for, that we use for the bus system, right? I believe its five cents that is supposed to go to the bus system. But either way, if we say alright, you get so much per miles, and we can figure it out maybe if you do a penny a mile, that's \$88 a year average. The concern there would be if you do it once a year, you know every time you register, here's my old odometer reading, here's my new odometer reading, here's what I gotta pay for use of the roads. That's gonna be a hit of an extra \$88 to \$150, depends on

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how much you drive a year on your registration fee. People are already concerned about the registration fee, so I'm wondering if and we probably should have Mr. Vila here, if there's a way you can do if you want to do it like GET, if you think you're gonna be driving a lot then maybe you can come in once a month and say here's my odometer reading, I want to pay this month's tax, or once a quarter, or once a, you know twice a year kinda thing as opposed to getting that big hit in a year. Is that something that, I know that's not in your purview but if that might help if, the Highway Fund, make it a little bit more equitable is a miles driven kinda thing?

MR. GOODE: Yeah.

VICE-CHAIR WHITE: Go ahead.

MR. GOODE: Thank you, Chair, Mr. Couch. The miles driven is definitely something that's being already tested in Oregon. Oregon has a pilot program where people can volunteer to have their car participate in the program which means they have to disclose exactly what their odometer says, there are folks obviously that are concerned with privacy rights, basically everyone's gonna be looking at their, at that, and I think they're charging like a penny and a half per mile or something like that.

VICE-CHAIR WHITE: That's even more.

MR. GOODE: Yeah so. So the Western DOTs, state DOTs which Hawaii's a member is working with Oregon and monitoring it. So I've had some discussions with DOT in Honolulu about how this program, how we can try to jump on the bandwagon, and so they're now that Oregon's just kicked it off, they're gonna monitor and see how it goes and see what comes out of Oregon as something to perhaps bring in to Hawaii. One advantage we have is we have a safety, annual safety check, so the annual safety check's an opportunity to --

VICE-CHAIR WHITE: Right.

MR. GOODE: --look at the odometer, and of course we hope they're not tampered with but it is an opportunity to see if that might work here. So all I can say there's a movement going on and it's being tested in Oregon but it's probably premature to try to do it here. As relates to electric vehicles which don't use any gas at all, I did a, I did talk to Mr. Vila and we have 467 registered electric vehicles as of July 1 of last year.

UNIDENTIFIED SPEAKER: How much?

MR. GOODE: Four hundred sixty-seven as of July I think it was of last year. And so it would probably be worth having him come at some point if you want to continue this discussion. He did say 'cause I asked him, I said can we tax them differently, and he felt that would be difficult based on the way their systems are set up at this time. But you could have that discussion with him. But assuming they're not powered by solar vehicles, they're electric, they're plugging in, so they're buying more electricity of which

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we get 2.5 percent of the revenue from Maui Electric, right? So we are collecting more on the electric side assuming it's not PV. So in that case again if they drove 8,864 miles per year at 40 cents per kilowatt hour, they would actually be paying us \$26.59 in additional Maui Electric fees, so that would have to be incorporated into this perhaps. But anyway at any rate with electric vehicles, we're only talking about 467 vehicles out of, does anyone want to venture a guess how many vehicles are registered in Maui County? You'd be surprised, 193,610 --

COUNCILMEMBER BAISA: More than people.

MR. GOODE: --as of 2013. So we're probably over 200,000 now. So okay, you know trying to track down 500 vehicles and how we tax them differently out of 200,000 cars is probably something, I felt is something we could put to the back burner for now while we try to develop a better system but those are the raw numbers.

COUNCILMEMBER COUCH: Mr. Chair, using those numbers he just gave me and I'm gonna redo it again, but on electric vehicles if they're doing an average of 8,800 miles a year, I just used 8,800 not 8864 we're losing \$658,000 a year in fuel tax revenue...8,800 maybe I did it wrong, no, maybe I didn't divide by the --

MR. GOODE: Fifty cents

COUNCILMEMBER COUCH: --miles per gallon. Just miles driven times...you're right, it's miles, I forgot to do the miles per gallon, sorry. But it's still a lot of money that we're losing on that, that it might be worth taking a look at a way to fix that.

MR. BAZ: Thank you. Mr. Chair?

VICE-CHAIR WHITE: Yes.

MR. BAZ: The ability for us to impose a weight tax is authorized in Hawaii Revised Statutes 249-13 is the determination of the rate, but 249 is the chapter. And that we'd have to, you know I was just discussing very briefly with Corporation Counsel here a review 'cause they're fairly specific in what we charge, and we'd have to look and see if we can specifically create a rate for electric vehicles or other type of vehicles. They discuss the weight level and differences, you know and that's why we have the two rates for over a certain weight or commercial and under for the non-commercial items.

VICE-CHAIR WHITE: Thank you. Ms. Baisa.

COUNCILMEMBER BAISA: Thank you, Chair. It sounds like this is a bigger debate than about gas tax. You know we recently attended the energy conference and of course I participated in the IRP and have been watching the problem with the electric company and their loss of revenues because of PVs. I mean I'm guilty, we have a PV system and we saw our bill go from almost \$300 a month to \$18 or \$19 a month, and how do they get the revenue to do the transmission and the, you know, maintenance of the lines.

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We're running into the story here, we're gonna encourage people to go electric or renewable energy, and we get less gas tax, but we still have to maintain the roads. So it sounds like, you know, this shift to green is wonderful, but there's gonna be some money associated with it and who's gonna pay it? Is it gonna come out in gas tax? Is it gonna come out in weight tax? Is it gonna be a use fee that we say okay, everybody has to pay so much to pay for the road? I think this is a bigger dilemma and I agree with you, Mr. Goode, this probably requires more study and more in-depth looking at. How do we take care of our streets if we're going to continue to decrease our revenues? Also we all know that the price of gas right now is wonderful and we're all happy with it, but I'm not living in any, you know, craziness or Camelot, it's gonna go up again, and so we increase the gas tax now, nobody's gonna cry too much because it's two cents and we're used to paying a lot more, but when we go back to almost \$5 a gallon then it becomes significant. So this is not an easy decision but you know we all know, all of us Members know that one of the biggest things we get asked by our constituents is about roads. They don't like potholes, they don't like poorly maintained streets, they want adequate roads, and why don't we have a stoplight here and why don't we have a dip over there or whatever bump or whatever it is they want, the lump or a bump, and we have to pay for it. So this is much more than talking about the two cents, but I think immediately we have to decide on the gas tax, 'cause we don't have a whole lot of time to get into all of the, this big energy debate. Even the people that are in the energy business are deeply involved in debate and cannot figure out what to do. Every day I receive all these emails of informative papers and whatever that people are trying to work on it to solve the problem.

MR. BAZ: And Mr. Chair, thank you, and Member Baisa, that's what we, what the Mayor proposed is, you know, with the parameters that we have currently how to deal with it, there're definitely many different options we'd like to pursue and we have had some of those discussions, but you're right, we have to deal with it, what's in front of us right now and so that's what we're proposing. So thank you.

COUNCILMEMBER COCHRAN: Chair.

VICE-CHAIR WHITE: Yes. Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you. And just real briefly 'cause I, we got a lot to cover. But I think this and I want to concur, needs further in depth discussion but especially with Mr. Vila here and I think or is he? And I think it's usage so we need to like somehow set aside 'cause we got electric and who knows one day PV and all this, I mean it's the usage of these roads, the road system and how is that going to be paid for, and obviously we can't, it's not the taxation on the fuel source itself is not gonna be the sole answer. And so I mean I think that's why there's toll booths on the mainland that help assist with payment of that bridge that you're crossing over and stuff, I'm not saying put a toll booth at the Pali Tunnel but 'cause I have to drive through it every day, but I mean, you know, it has to be some type and for me, I talk to a lot of people with old classic cars, myself having a few of 'em, and so we still gotta pay that vehicle weight tax but that vehicle is not on the road on a daily basis. Your

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classic car drivers are only out on weekends or a holiday or you know that is not being used as frequently as their everyday cars, so but yet you pay that price, and I've had people ask, I think Big Island has some type of system, and I spoke to Mr. Vila about this, so I think these type of concerns that I hear over and over, I would like to get addressed and it is in conjunction with, you know, a lot more people at the table and a further in-depth discussion. For me personally though, I just if anybody can answer the trailer, the taxation on a trailer itself, how does that, is that by weight too? 'Cause it doesn't really break it down, it says, you know, vehicles of a certain poundage above or below and then non-commercial or commercial, but when you have a trailer and it's not used commercially, I had to register as a commercial trailer and it's \$108 for this thing that, so I don't there's no deciphering how this, it's just a trailer's a trailer is a trailer, but for me that's not true.

MR. BAZ: Mr. Chair from my understanding, Ms. Cochran, the, there's a form that you can get at the DMV to certify that it's you're not using that trailer as a commercial vehicle, and if you sign that I know, I had to do it for my truck, and I believe that it's the same thing for trailers, and then once you do that, it would fall into the lower category.

COUNCILMEMBER COCHRAN: Okay. I'll double check but I was not given that option anyways I guess.

MR. BAZ: Okay.

COUNCILMEMBER COCHRAN: When I registered.

MR. BAZ: Okay.

COUNCILMEMBER COCHRAN: So anyhow okay. Thank you. Just comments, Chair, thank you. No questions.

VICE-CHAIR WHITE: Yep. Thank you. Other questions, Members? You know one of the other things that we're dealing with is that not only has the gas tax not been increased, but over the years, we have been putting more and more of the gas or the highway funds towards the transit system. So funds that use, would otherwise be readily available for road maintenance are now being put into the transit system and, you know, for a very good purpose, but the reality is that it's reduced the amount of revenues available for road repairs. Mr. Couch.

COUNCILMEMBER COUCH: Sort of I think and I don't know if Mr. Goode remembers or not, but I seem to think around 2003, 2004, a five cent per gallon was put on, a tax that used to be 13 cents and it went up to 18 cents, and that five cents was specifically for the bus system. Now we're definitely using way more than that for the bus system out of the General Fund but I think that's what that extra five cents was for.

VICE-CHAIR WHITE: Mr. Baz.

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MR. BAZ: Mr. Chair, thank you again, and Member Couch, I was sitting on the other side of the railing at that point and I remember that discussion intently, because the money for MEO was held out based on that increase and it was in Fiscal Year 2004's deliberations. So that was 2003 when Council was reviewing that, and you're right, it was, it went from 13 cents to 18 cents to assist in developing a transportation system. The obviously you know that's kinda been lost in the last few years or I guess since then I should say in the actual allocation of that five cents if you wanted to do it specifically and only, but that's yeah, that you're right that was the discussion back in 2003.

VICE-CHAIR WHITE: Mr. Goode, you had mentioned the fuel tax, the revenue generated by the fuel tax was, did you say \$10.5 million?

MR. GOODE: For this fiscal year, it was projected to be \$10.5, last I saw we were real close to that, trending towards that, and then this year it'll be 11.8 with the 18 cents.

VICE-CHAIR WHITE: For the Fiscal Year 2016?

MR. GOODE: Sixteen, I'm sorry.

VICE-CHAIR WHITE: Okay.

MR. GOODE: Yeah.

VICE-CHAIR WHITE: And the weight tax was \$17 million?

MR. GOODE: Seventeen million last year, \$19 million proposed FY '16.

VICE-CHAIR WHITE: Okay. And just by rough calculation, it looks as though on average the gasoline tax increase of two cents would result in a cost of approximately \$8 to \$10 per vehicle? Based on your \$8,800, I just used 20 miles per gallon.

MR. GOODE: Yeah. If you used 20 miles per gallon it would be 440 gallons. Yeah, so that would be \$8.80.

VICE-CHAIR WHITE: Yeah. And then the increase in the vehicle weight tax would be an additional \$10, so any car is looking at a \$20 or \$18 to \$20 increase per year. And I'd also like to point out on Oahu compared to our commercial rate is \$4 I'm sorry 4.36 cents, Honolulu is at 5 and our proposal at 3 cents compares to Honolulu who is at 4 cents. So any further questions? Oh I'm sorry, Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And so this Highway Fund the different generators to wit like public, the franchise taxes, we have control, we don't have control over what the franchise taxes are, that's a State, we don't determine that, right?

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MR. GOODE: No, you do. Mr. Chair Ms. Cochran, no, you do determine that. I'm pretty sure and State law says that it's up to 2½ percent and we're already charging 2½ percent.

COUNCILMEMBER COCHRAN: Okay, so we go to the max, I mean they put the limit, I guess the cap and we can determine up to that –

MR. GOODE: Right.

COUNCILMEMBER COCHRAN: --on the County level. Okay and so hearing about MECO declining because of other types of usage, more renewable being added here and there, NextEra I guess has been pushing for LNG type usage. So once that occurs, will we be able to do a taxation on that type of energy, fuel? How does that?

MR. GOODE: I believe and I have to double check, it's either, we either paying on the gross revenues of Maui Electric, so whatever they're using as a source whether it's fuel or I mean diesel or LNG, it's their revenue side.

COUNCILMEMBER COCHRAN: Oh.

MR. GOODE: And I don't, but it may be without the fuel surcharge, and that is something that I'd have to look into, so as the fuel surcharge varies over time, but our revenue source is pretty consistent.

COUNCILMEMBER COCHRAN: Or vehicles turn to it? You know I know there's busses that run on it and things so...

MR. GOODE: There is on the, if you look at the actual fuel tax, well, I talked about biodiesel but there's also a rate for ethanol, methanol and liquefied petroleum gas.

COUNCILMEMBER COUCH: That's not LNG.

COUNCILMEMBER COCHRAN: Is that what LNG is?

COUNCILMEMBER COUCH: No.

MR. BAZ: LPG.

MR. GOODE: So that's I guess LPG, yeah. So if there's LNG, we'd have to incorporate it.

COUNCILMEMBER COCHRAN: Okay. And then the scope of how the funds are used is that determined by us? 'Cause...

MR. GOODE: No, I think in HRS states what we can use it for.

COUNCILMEMBER COCHRAN: Okay.

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MR. GOODE: So we try to keep it on the roads. Roads and transit.

COUNCILMEMBER COCHRAN: Right.

MR. BAZ: Right yeah the Highway Fund is, authorization is created by HRS and we do have County Code, but it mirrors the HRS requirement of what the uses of those funds are for.

COUNCILMEMBER COCHRAN: Oh okay. And so the Lahaina flood control is considered a storm drain or what, how does that fit into the uses?

MR. GOODE: That would be, that would generally be a General Fund activity.

COUNCILMEMBER COCHRAN: But I thought on our Monday discussion highway funds were used.

MR. GOODE: We use it, well, we, part of our maintenance is by our highways personnel, but our, the Highway Fund also has a small influx of General Funds to account for the fact that we, the highways personnel who are paid by Highway Fund also do some General Fund work so that's the way that works.

COUNCILMEMBER COCHRAN: Okay. Okay, thank you, Chair.

VICE-CHAIR WHITE: While you were talking about the, or after you spoke about the electric vehicles charging, I texted my brother to find out how much his calculation per mile is, and he said it's at full MECO rate it would be around ten cents, ten cents per mile.

COUNCILMEMBER COUCH: What?

VICE-CHAIR WHITE: But that most of his, well, he said that's just a, he said that's a very wild and quick calculation so he may be wrong. But he charges his using his PV so that doesn't go through MECO at all, so we're not even getting 20, we're not even getting our 2 percent out of that.

MR. GOODE: Correct.

VICE-CHAIR WHITE: So that's another challenge.

MR. GOODE: So he must drive around at night.

VICE-CHAIR WHITE: He charges, yeah.

MR. GOODE: Night owl.

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VICE-CHAIR WHITE: Yeah, we're currently spending about of the transportation money, we're also spending about \$2.6 million just on the paratransit system as well, so that's another issue that came with the transit system and another significant cost. If we were to take the percentage of the gas tax at five cents, it's about 20 probably about 30 cents or 30 percent of the gas tax is collected --

COUNCILMEMBER COUCH: \$3.28 million.

VICE-CHAIR WHITE: on behalf of transit, pardon?

COUNCILMEMBER COUCH: \$3.28 million.

VICE-CHAIR WHITE: Yeah. So if you look at that, at what we're collecting for transit, it's about 30, it's about a third of what we're spending on transit. So that's another thing to keep in mind. Members, do you have any other burning issues, or do you feel you have enough information to work on between now and the time we have to make decisions? Okay. Thank you very much --

MR. GOODE: Alright.

VICE-CHAIR WHITE: --Mr. Goode.

MR. GOODE: Thank you.

VICE-CHAIR WHITE: And...

MR. BAZ: Mr. Chair?

VICE-CHAIR WHITE: Yeah.

MR. BAZ: Since we have Mr. Teruya here and this should be a fairly quick item, do you want to review that --

VICE-CHAIR WHITE: Yeah. Let's do that --

MR. BAZ: --before we get into Environmental Management?

VICE-CHAIR WHITE: Yeah.

MR. BAZ: Thank you. So Members, we're going to be reviewing Page 17 and 18 regarding the reproduction charges and the portal administration fee that we had discussed earlier today, and the proposal came to the Mayor from Finance Department, Real Property Tax Administration, Real Property Assessment Division, excuse me, and Mr. Scott Teruya is here to discuss those requests. If Members want to, I don't know if you, Chair, if you want to take a short break or if everybody's ready.

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COUNCILMEMBER COUCH: Page 18, right?

MR. BAZ: Correct, 17 is the reproduction charges and 18 is the portal administrative fee.

COUNCILMEMBER COUCH: Gotcha. Thank you.

VICE-CHAIR WHITE: Members I don't think we need to take a break to look at this. I think Mr. Teruya's probably gonna walk us through it so. Mr. Teruya.

DEPARTMENT OF FINANCE

MR. TERUYA: Hi. Good afternoon, Chair and Members. On Page 17, I believe are just the printing costs of our large tax maps that the public comes in and the charge of the 22 x 36 paper at \$3. Our machines are very, very expensive, I think they last maybe five to ten years but probably \$17,000 to \$20,000 for this big scale machines. And I think the staff was just letting us know that how expensive not only the paper is but the printing, and the printer itself and the ink, so we just moved it up a little bit, I think it was 50 cents. I think number 5 on Page 17. And on Page 18, it says the fee for portal administrative fee, the only question I have is initially when we initially put this in the budget rates and fee schedule it was primarily to address the hold harmless agreements. These would be for like after-the-fact permits that people take maybe for construction that didn't have a permit, they're holding the County harmless. I believe the fee or the time it was taking to record documents at the Bureau, some people were saying it was three to six months. So what happened was Director Agsalog had asked me to find a way to try to do them electronically with the Bureau of Conveyances. Over the last two years we were working with eHawaii.gov and we have a contract which was passed out to you folks and basically what it is, is a \$3 fee to record it electronically through my office. And what it will be, it'll, we would be, it's just a pass-through, so it'd be the cost that they're charging us but ultimately we're collecting it from the taxpayer, so that would be a recording that we would go through our office and go through the Bureau and it would probably be about a 24-hour turnaround time, so that's quite significant for the hold harmless agreements. But what I'm asking is that maybe we could strike the words "hold harmless agreements" and change that with "document". I'll defer to Corp. Counsel because what we're trying to do also is we've been working with the Bureau of Conveyances and they've been very supportive of us recording our documents electronically as long as it's not conveying documents. So what we've been trying to do is the collection section with treasury does a lot of liens for a lot of properties that are delinquent. I believe they may be about 200 to 300 maybe even 400 a year. So we would be able to electronically file those liens, we can also electronic file the release of liens. We're gonna, if the Ag Bill ever passes, we're gonna be able to do the ag dedications electronically. And in the future hopefully all maybe County permits or leases we're gonna be able to file those electronically. So this is a very big advancement I think for us to go paperless and be able to do it through our office to record with the Bureau of Conveyances. So, Chair, the \$3 is a fee that is in the statement of work or the

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contract with it says a recording with DLNR Bureau of Conveyances, so that is a non-refundable fee for the taxpayer. If the County was to be recording liens, they're gonna charge us 50 cents so all those are in the documents. For any questions, I'd be happy to take them, Chair.

VICE-CHAIR WHITE: Well, I think you just answered the big question. The big question was whether we should be limiting this to hold harmless agreements or broadening it. So you just provided us the wording that I think all of us were thinking about. Any questions, Members? I think this is a great move in a direction that we need to go so if there are no questions, thank you very much. Okay with that, Members, we will move into the next section which is the Department of Environmental Management and that is --

UNIDENTIFIED SPEAKER: Twenty-nine?

VICE-CHAIR WHITE: --Page 29. Mr. Ginoza, why don't you proceed with your opening remarks.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

MR. GINOZA : Thank you.

VICE-CHAIR WHITE: Thank you for joining us.

MR. GINOZA: Thank you, Chair and thank you, Committee Members. We will start with the Sewer Fund. The Sewer Fund you'll notice we're asking for a 5 percent rate increase which we haven't had a rate increase for the past five years, and that's because we've been able to install PV, install more energy-efficient equipment, and we've kinda come to the end of the efficiency improvements we could. And so this year we're asking for a 5 percent increase with Sewer Fund and the wastewater rates. Regarding Solid Waste, we are also asking for a rate increase in the tipping fees to try to reduce the subsidy that's required from the General Fund to work towards being self-sufficient over the next, within the next decade. We can go into it in further detail but that's kind of the general overview of the rate structure for those two Divisions.

VICE-CHAIR WHITE: Could you pull your microphone up a little bit?

MR. GINOZA: Sorry.

VICE-CHAIR WHITE: 'Kay. Questions for the Department, Members? Did you guys eat too much lunch today? I see a couple of nodding heads. How do our rates compare to the other counties? Do you know?

MR. GINOZA: I don't know offhand, sorry.

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VICE-CHAIR WHITE: Okay. And are you comfortable that this is going to allow you to cover all of your operating costs and CIP program?

MR. GINOZA: Yes.

VICE-CHAIR WHITE: Ms. Baisa.

COUNCILMEMBER BAISA: Chair, for the sake of the viewing public, can we kind of tell people what the difference would be --

MR. GINOZA: Sure.

COUNCILMEMBER BAISA: -- in money.

MR. GINOZA: Specifically as far as what a monthly bill --

COUNCILMEMBER BAISA: Yes.

MR. GINOZA: --would change. So for the, for a residential household which you know we charge a base charge and then up to 9,000 gallons of usage, there's a cap, and right now the cap, the monthly cap is \$58.45. So if you have a single-family household, the max you'd pay is \$58.45. With this rate increase, it would be \$61.65 so roughly \$3, little over \$3 more per month.

COUNCILMEMBER BAISA: Thank you, Chair, I think that's important because you know we have the documents in front of us but a lot of them are just watching.

VICE-CHAIR WHITE: Sure. Yep. Thank you for that, Ms. Baisa.

MR. BAZ: Mr. Chair?

VICE-CHAIR WHITE: Yeah.

MR. BAZ: City and County of Honolulu I looked up their sewer fees, they have a base charge of \$68.39 as for Fiscal Year 2015, I didn't look at what their proposed rate is but currently it's \$68.39, where ours, our base is \$27.90 and then the per 1,000 gallon charge is \$4.08 as compared to what we're proposing is \$3.75.

VICE-CHAIR WHITE: Okay. Thank you. So their base charge is considerably higher than ours.

MR. BAZ: Yes.

VICE-CHAIR WHITE: Yeah, I have the rates for Kauai, or Hawaii County, appear to be about \$27. So very close to what ours are. And Kauai is for 2015, it looks like the base charge is \$60 for a single family and \$50 for multi-family. So we're pretty much in

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line with the other neighbor island counties. 'Kay. Questions, Members?
Mr. Guzman.

COUNCILMEMBER GUZMAN: Thanks, Chair. I have a question on the residential home, residential care homes, it's dramatically more than any other category by \$3.87 is the difference, why is that, is there? See the change there? It's almost like they're, well, like in my district there's a lot of residential care homes, there's a lot of Filipinos that take care of the elderly and get paid for it but I'm just wondering why this is --

UNIDENTIFIED SPEAKER: True.

COUNCILMEMBER GUZMAN: --much higher than the rest.

MR. GINOZA: Mr. Chair?

VICE-CHAIR WHITE: Yes. Go ahead.

MR. GINOZA: So really the comparison is between the \$61.65 that I'd mentioned versus the \$90.50, because you know they, for a care home they're likely to be over the 9,000 minimum, no, 9,000 gallons of monthly water usage. And so for say in Kahului if you have a care home comprising of you know 10 bedrooms or 15 bedrooms they would be charged \$90 a month --

UNIDENTIFIED SPEAKER: Right.

MR. GINOZA: --\$90.50 a month for that entire dwelling unit versus you know say your household if you have four people in your household, you'd be charged \$61.65. So we take into account the fact that they, there's more usage with a residential care home than a single-family dwelling. So that's where it's captured.

COUNCILMEMBER GUZMAN: Okay. I guess my other follow-up question would be how do you determine whether it's a, is it whether it's a residential care home or versus a house with seven, eight bedrooms and?

MR. GINOZA: I, Mr. Chair?

VICE-CHAIR WHITE: Go ahead.

MR. GINOZA: I believe it's through the permitting process of --

COUNCILMEMBER GUZMAN: Permitting process.

MR. GINOZA: --getting the residential care home, I don't know if it's a Special Use Permit or a conditional, whatever it is, we provide comment and we note it during the permitting process. I believe that's how we get notification that a residential care home is actually in operation and would be charged in that manner.

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COUNCILMEMBER GUZMAN: Okay. Thank you.

VICE-CHAIR WHITE: That does bring up an interesting question, how do we determine that that is a, you view that as a more costly customer to take care of rather than a big family? I don't know that there's a rational nexus for charging that much more, maybe you can help us understand that.

MR. GINOZA: I'm not, I think it's because it's a greater usage because it's more of a kinda nursing home situation. But I'm not sure how that was derived, I mean I, we just, I just kinda look at the delta of what is currently versus I mean it's a across-the-board 5 percent, but exactly I mean the usage is based on, I mean the rate structure is based on the usage, and based on Code of Federal Regulations, we have to charge by user class, appropriate, their appropriate share of the costs and fees.

VICE-CHAIR WHITE: Ms. Baisa.

COUNCILMEMBER BAISA: I find this very interesting. I think both sides of the spectrum might be looked at for use. You know if you had a whole lot of infants probably use a lot more water and generate a lot more stuff. I think equal to the residential care home, it's interesting that we only looking at one end here. But I do understand that you know there probably is an increased use but then like you say what if you have 12, 15 people living in the house and we know this is not unusual, we hear it all the time about four families living in one house these days.

VICE-CHAIR WHITE: Right.

COUNCILMEMBER BAISA: So this is an interesting situation.

VICE-CHAIR WHITE: Because this is a flat rate, correct?

COUNCILMEMBER BAISA: Yeah.

MR. GINOZA: Mr. Chairman, if I may. Former Wastewater Division Chief Dave Taylor is here and he recalls a discussion in previous budget sessions --

COUNCILMEMBER BAISA: Good.

MR. GINOZA: --on this and...

VICE-CHAIR WHITE: Without objection, we'll have...

COUNCILMEMBER BAISA: No objection.

MR. GINOZA: Thank you.

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MR. TAYLOR: Thank you, Mr. Chair. Dave Taylor, Director of Water Supply, former Wastewater Chief. A number of years ago, there was a rate study in wastewater that looked at not just volume but for lack of better term, density of the wastewater. And it and there was a cost allocation based on how much water was in there versus how much solids is in there from other, you know from various types of uses. And so the costs were allocated because it costs a lot more to process dirtier sewage than cleaner, and so that's where the original ratios of some of these different categories came from, so it was a combination of not just volume but how much of the water had waste in it, human waste in it versus how much of the water was just you know water. Because that directly influences the amount of the costs of the treatment plants themselves which are not just processing water, they're processing the actual solid material. So that was the original basis for why these different categories had different rates. So I just wanted to share that, because I think that's the root of the question that I heard being asked.

VICE-CHAIR WHITE: Maybe you can shed some light on flat rate, no, I think that's relatively self-explanatory. Did you have a follow-up question, Ms. Baisa?

COUNCILMEMBER BAISA: Yeah, for Mr. Taylor. This is a very interesting discussion we're having after lunch. However, you heard my comment about other people who or other groups that might be also creating a lot of waste, was that looked at? We only looked at the elderly, did we look at kids or daycare homes where they have a whole bunch of kids?

MR. TAYLOR: I don't remember the details, I remember that literally there were I believe there were samples taken of various types of uses that went to the lab, they were analyzed and there was you know just some basic criteria of solids content versus water content from various uses, but I don't know that it got broken down into you know hundreds of samples. I can't imagine it was that, I don't remember the details of it, but that was the basis of the original ratios between types of users.

COUNCILMEMBER BAISA: You know like I said, I can understand the idea that we might want to look at people that are generating maybe more solid waste, but yeah, well, now we're getting off the subject here. But you know there may be other groups that we're not looking at more than just adult residential care homes.

MR. TAYLOR: And this was a study done long before I was Wastewater Chief, I mean I remember it happening when I was staff, but I, it was so long ago even I don't remember who did it or how it was done. I just remember that was the basis of it.

COUNCILMEMBER BAISA: Oh maybe time, Chair, to look at another study.

VICE-CHAIR WHITE: Well, do you recall the discussion that led to a special rate for Haliimaile?

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MR. TAYLOR: Yeah, Haliimaile is a place where the treatment pond is owned by Maui Land and Pine, but the collection system is run by the County, and so there's a special rate because the County doesn't treat their sewage, it just transfers it to the Maui Land and Pine treatment pond.

VICE-CHAIR WHITE: Okay. So they're just paying the County share?

MR. TAYLOR: That's correct.

VICE-CHAIR WHITE: Okay. Good. Okay, any other questions on these rates, Members?

MR. GINOZA: I actually do have a little bit of history to on the pricing for the residential care home. A number of years ago, we used to charge them at the commercial rate which gave them a quite exorbitant sewer fee. So instead we created this particular rate class which is a flat rate.

VICE-CHAIR WHITE: Oh, so you basically flattened it?

MR. GINOZA: Yes.

VICE-CHAIR WHITE: Yeah. Okay, that makes sense because of the usage. Okay. Any questions on Page 29, Members? Questions on Page 30? Maybe you could walk us through the rationale for the increases for the pumping and the septic disposal and so forth.

MR. GINOZA: We actually no longer do cesspool pumping or septic tank pumping. You may recall one or two years ago, highway, we use to pay on the order of I figure it was \$10,000 to \$15,000 from Sewer Fund to Highway Fund where highways had a pumper truck, one on Makawao and one in Molokai, to address any resident who would want to get their cesspool or septic tank pumped. But what we found was I think it was like Fiscal '11 or '12, we had a total of five pumps for Makawao and three pumps for Molokai, and yet we were paying on the order of you know over \$10,000 for that program which highways no longer wanted to do, because the equipment was quite old, and so rather than replace that equipment at that time and continue a service which was very underutilized, we actually got, zeroed it out in our operations budget, but we keep it here because we haven't yet changed the County Code where it says if the County does cesspool or septic tank pumping, it should be a certain rate. So this rate is kind of a phantom rate because we don't do it anymore. So I mean we should really get rid of it for the cesspool and septic tank pumping.

VICE-CHAIR WHITE: So that would be all, that entire section?

MR. GINOZA: Yes.

VICE-CHAIR WHITE: Correct?

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MR. GINOZA: 3471 we wouldn't utilize.

VICE-CHAIR WHITE: Yeah. And then private septic disposal, you don't do either, right?

MR. GINOZA: This is where they actually come to our plant, so for instance --

VICE-CHAIR WHITE: Oh I see, okay.

MR. GINOZA: --VIP or one of those comes to our plant and/or the for instance, Wailuku Pump Station, they, every time they dump, we charge them based on that.

VICE-CHAIR WHITE: Okay. And then the fees for reclaimed water are the next section?

MR. GINOZA: So regarding the reclaimed water service, that one we're trying to recover more of or trying to reduce the subsidy that's required for that program. Overall for the last five years, we've spent on the order of about \$3.1 million a year for that program and gotten revenue of about \$480,000 which is really on the order of about a 85 percent subsidy. And so we're looking at trying to recover some of those costs because we haven't had a rate increase on this as well for the last five years which would be more in line with, you know, getting toward the revenue, getting closer to the cost for this resource.

VICE-CHAIR WHITE: Members, questions on the, on those rates? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Yeah, you say you're only getting about \$480,000 is that more for the all other users or agriculture?

MR. GINOZA: So the, oh, Chair, may I?

VICE-CHAIR WHITE: Yes.

MR. GINOZA: So if you look at the breakdown between the three rate classes, there's major agricultural which there's only one user currently that utilizes that rate, that's Haleakala Ranch, and that represents less than 1 percent of the usage and so it's very little. The second rate class which is basically other agricultural are places like Monsanto, Vetiver - the grass, and then golf courses. That comprises on the order of 60 percent of the usage and roughly 25 percent of the revenue. And the all other users category which is the third category is for hotels, resorts, commercial establishments, and parks, that comprises about 39 percent of the usage but about 75 percent of the revenue. So we're trying, what we're basically doing is right now we're collecting a blended average of roughly 65 cents per 1,000 gallons, and it would go up to 82 cents per 1,000 gallons, versus if you calculate what the O&M, operations and maintenance costs plus the CIP for the, basically the advanced treatment and the distribution system for reclaimed water, it's on the order of \$2.96 --

VICE-CHAIR WHITE: Okay, I have...

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MR. GINOZA: --so it's about a \$3 per 1,000 gallon cost for us, and instead of just getting 65 cents per 1,000 gallons, we're hoping to get roughly 82 cents per 1,000 gallons with this rate increase. So it still would require a significant subsidy by the rest of the sewer users.

COUNCILMEMBER COUCH: So you're saying that the most usage, the most gallons used are the middle category?

MR. GINOZA: Yes.

COUNCILMEMBER COUCH: Okay. So potentially upping that just a little bit more might help recover more?

MR. GINOZA: Yes and the thought was that because we haven't increased in awhile, we didn't want to give a rate shock, but we hope to gradually over time get it so that the revenues more closely match the costs. I mean if you look at DWS Ag water rates, I mean it's significant more that what we charge of 65 cents per 1,000 currently. And so you know we feel like if we kinda reduce that difference, we'd be able to capture more of the costs or reduce the subsidy in that manner.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

VICE-CHAIR WHITE: Ms. Baisa.

COUNCILMEMBER BAISA: I'm want to ask a question that was asked of me 'cause I want to make sure it's answered correctly. Somebody asked me as a small farmer, an ag user, could I get R-1 water and haul it in, can I use it on my farm?

MR. GINOZA: Yes.

COUNCILMEMBER BAISA: The answer is yes?

MR. GINOZA: Yes, they could use it for their farm.

COUNCILMEMBER BAISA: And they could get it?

MR. GINOZA: The difficulty for R-1 usage is that our distribution system is not as expansive as our sewer system, and so that's really what's limited the use of expand or the expansion of R-1 water. You know, I don't think it would, I think it would be cost prohibitive for your friend to bring a water tanker, try to fill it up and then take it somewhere, because we have places where people get water for like dust control or other uses, but I think he or she would not want to be hauling each time, but rather would wait for the opportunity if we get our expansion of the distribution system. But that has been I mean in other discussions our primary concern about or hindrance with utilizing more recycled water. But what you'll see in this when we get into the

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CIP section, we are trying to expand that distribution system for R-1 to be able to utilize more water. Unfortunately for your friend, it's really to help get Kaanapali Resorts the recycled water, not if he or she's Upcountry or other places --

COUNCILMEMBER BAISA: Yeah.

MR. GINOZA: --the water they would need.

COUNCILMEMBER BAISA: I think people are looking at these kinds of things as we talk about, you know, not having water, water shortage --

MR. GINOZA: Sure.

COUNCILMEMBER BAISA: --you know recycling water and those kinds of things, people are beginning to look at options and saying well if that water is there, couldn't we use it? And then we won't be using potable water. So I think it's gonna lend itself to a lot of discussion and I thought it was, I thought we should ask the question because then they know.

VICE-CHAIR WHITE: Right.

COUNCILMEMBER BAISA: Thank you.

VICE-CHAIR WHITE: Thank you. Mr. Couch.

COUNCILMEMBER COUCH: To follow up on that, isn't there an issue with farms using, certain farms using R-1 water that for instance I believe leafy vegetables aren't allow to use R-1?

MR. UEOKA: Chair?

VICE-CHAIR WHITE: Yeah.

MR. UEOKA: Thank you. I don't believe that's a question for the Department of Environmental Management. It's probably --

COUNCILMEMBER COUCH: I mean they can sell it to anybody?

MR. UEOKA: It's I think the Director stated it'd be made available but as far as food, health, safety --

COUNCILMEMBER COUCH: That's not our concern.

MR. UEOKA: --I'm not sure if that would be...

MR. GINOZA: It is part of the DOH rules what types of uses there are for agriculture.

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COUNCILMEMBER COUCH: But you don't care.

MR. GINOZA: I don't want to misspeak, I know leafy greens is one of those that I thought was counterintuitive that you could use it but maybe you cannot. But it is in our Department of Health rules.

COUNCILMEMBER BAISA: Chair?

MR. GINOZA: We don't enforce it

VICE-CHAIR WHITE: Ms. Cochran.

COUNCILMEMBER COCHRAN: Chair, just a question for clarification in regards to on Page 30 at the top, the surcharges, and it's stating like some poundage of solids and what it cost for extra, doesn't sound pretty, but just what does that pertain to and I don't know, can you clarify what it is?

MR. GINOZA: Sure. So those two measures of suspended solids and the other one is BOD, biochemical oxygen demand, those are kind of measures of how dirty the wastewater is.

COUNCILMEMBER COCHRAN: As Mr. Taylor was...

MR. GINOZA: As Mr. Taylor mentioned.

COUNCILMEMBER COCHRAN: Right.

MR. GINOZA: And so if we were to have a discharger that was a lot dirtier than normal, say some kind of industrial facility or something come along, this provides us the opportunity to charge for that added concentration of the discharge that they have. But to get to your question, we don't charge anybody for this currently. There are no users that fall under this surcharge for the BOD or suspended solids, these rate structures.

COUNCILMEMBER COCHRAN: Okay. So like high peak tourist season at a hotel during the winter doesn't fall, you know --

MR. GINOZA: No.

COUNCILMEMBER COCHRAN: --you got more people, more users more, okay.

COUNCILMEMBER COUCH: More what?

COUNCILMEMBER COCHRAN: SSD, SSs, suspended solids.

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MR. GINOZA: I mean before we used to use it for cruise ships but not. But yeah, it's not a matter of the tourist, would be, I mean it's based on the usage. So, you know, we would look at it when a new use like in the building permit process or in the permitting process, if there's something that we feel might trigger something then we'll test and see if they fall under this criteria.

COUNCILMEMBER COCHRAN: Okay. Thank you.

MR. GINOZA: Thank you.

VICE-CHAIR WHITE: Mr. Couch, was that a?

COUNCILMEMBER COUCH: Nope.

VICE-CHAIR WHITE: Oh okay. I saw your hand move and didn't know whether you wanted to ask another question. I think you know the challenge for me with the charges for the recycled water is that you want to create an incentive for people to use it, and I think the Department is probably reached a reasonable balance between the, you know the subsidy on the other users is because they're responsible, or we as a County are responsible for diverting as much of the treated water as possible. So it's appropriate for all users to pick up part of the tab. And at the same time, we want to have an incentive for people to take the recycled water and use it so.

COUNCILMEMBER COCHRAN: Chair. Real quick.

VICE-CHAIR WHITE: Yes, Ms. Cochran.

COUNCILMEMBER COCHRAN: Sorry, in closing. So we no longer do the cesspool septic pumping anymore, you mentioned?

MR. GINOZA: Nope.

COUNCILMEMBER COCHRAN: And so was that what the vac truck would do? A, that equipment is that what that does?

MR. GINOZA: In our equipment?

COUNCILMEMBER COCHRAN: Right in your --

MR. GINOZA: No that --

COUNCILMEMBER COCHRAN: -- equipment base.

MR. GINOZA: --it's for our collection system. So when there's an issue at like one of our pump stations or it's for our own purposes within the collection system of the County of Maui. So that's what that vac truck is for.

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COUNCILMEMBER COCHRAN: Oh, okay.

MR. GINOZA: It wouldn't be to reinstate the cesspool program that we haven't had for a couple of years.

COUNCILMEMBER COCHRAN: Okay. Chair, I just --

VICE-CHAIR WHITE: It's to help clear lines.

COUNCILMEMBER COCHRAN: --right. Okay. I just asked 'cause if we were, if that was for it then it was just sitting, I just wanted to know what are we doing with it.

VICE-CHAIR WHITE: Yep. No. Good question.

COUNCILMEMBER COCHRAN: Let's sell it to somebody or I don't know. Thank you, Chair.

VICE-CHAIR WHITE: Okay, any further questions on wastewater fees or Sewer Fund fees? If not, we'll take a ten-minute break and then move into the next section which is Solid Waste. So we'll be in recess, please be back I'm gonna say in ten minutes, be here before 3:15. . . .(gavel). . .

RECESS: 3:01 p.m.
RECONVENE: 3:19 p.m.

VICE-CHAIR WHITE: . . .(gavel). . . This meeting of the Budget and Finance Committee will come back to order. And Members, we are on the Solid Waste portion of the rates and fees which you can find on Page 31. So with that, opening remarks, Director.

MR. GINOZA: Sure, so we are asking for a slight increase in the tipping fees for municipal solid waste, and we added three categories which is in response to what happened a couple months ago where we had to take in some construction and demolition waste. So we feel that some of that waste if adequately segregated in the future, we could actually utilize for landfilling purposes or for recycling for other construction use. So we'd like to add those other tip fees so that we have that flexibility to accept that and utilize that in our landfill. Thank you.

VICE-CHAIR WHITE: Okay, Members, questions? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Ginoza, just wanted to double check that the difference between the 3¼ cents per pound for clean earthen material/concrete rubble and the 2 cents per pound for clean earthen material/concrete rubble, one says no protruding rebar and one says no rebar, so it's essentially with rebar and without rebar as long as the rebar is not sticking out, yeah?

MR. GINOZA: Yes, because. May I?

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VICE-CHAIR WHITE: Yeah.

MR. GINOZA: So yes it's if we don't have the protruding rebar then and it's earthen material then it's likely we could utilize it for cover material and not have to take earthen material from elsewhere to save on that cost. So that's why we segregate; otherwise, if there is protruding rebar, we'd have to do a little bit more work in order to try to recycle that. So that's why we have two rate classes there.

COUNCILMEMBER COUCH: So if there is protruding rebar, you just don't take it or you take it as regular refuse?

MR. GINOZA: It would be as regular refuse.

COUNCILMEMBER COUCH: Okay.

MR. GINOZA: It would be at the MSW rate which is the first --

COUNCILMEMBER COUCH: Yep.

MR. GINOZA: --charge.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

VICE-CHAIR WHITE: So are you, I'm sorry, I'm a little confused. Are you suggesting that if there's no protruding rebar but there is rebar that you can still use it for cover material?

MR. GINOZA: So I think I misspoke. So if there's no rebar --

VICE-CHAIR WHITE: Right if it comes in at the no rebar, you can use for cover.

MR. GINOZA: --then we use for cover material. If there is rebar in it there'd be some processing to be able to try to crush it more --

VICE-CHAIR WHITE: Right.

MR. GINOZA: --recycle for aggregate and try to take out the rebar.

VICE-CHAIR WHITE: Right.

MR. GINOZA: And if it's protruding rebar and more problematic then we would just landfill it and it would fall under the Municipal Solid Waste rate.

VICE-CHAIR WHITE: Right. Okay.

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MR. GINOZA: I apologize.

VICE-CHAIR WHITE: No, I don't know whether you misspoke or I misheard, but thank you for that. What is the status --

COUNCILMEMBER COCHRAN: Chair?

VICE-CHAIR WHITE: --of the construction landfill currently? Are they back up and operating and with a long-term permit or what's the status as far as you know?

MR. GINOZA: So earlier, or about a month ago, they went to the Maui Planning Commission to receive a, basically an interpretation of their permit, and the Maui Planning Commission sided with them in their favor to allow them to continue operations. Unfortunately for the County, the operations that they are allowed to continue for may be on the order of like another year that you know they collect material depending on how development goes obviously. And so we're concerned that in absence of another private construction demolition landfill, we would be accepting it. So we kinda had a early taste, like kind of night and day from one day to the next of what it would be with a sudden influx of construction demolition material. And we foresee in the next year or so, we would have that same issue arise, and so we have been working with various private entities to see if they will indeed develop an alternate site or a new construction demolition landfill. Unfortunately up to now, there is no eminent private enterprise that will seamlessly take on construction and demolition waste after the Maalaea demolition construction landfill fills up. So it is something that is of utmost concern for the Department that we want to plan now to try to utilize, recycle, and further utilize materials that we can from the construction demolition sector. But at the same time, we are still facilitating private entity to, private entities to try to develop a private C&D landfill.

VICE-CHAIR WHITE: What was, what is the anticipated volume? What is the volume that would be diverted to the County landfill upon closure? Do you know what, I'm not, I know you may have had a surge, but I'm just wondering what the annual volume in cubic yards would be in comparison to what you guys are already dealing with.

MR. GINOZA: Sure. We expect on order of I think it was like 25 percent so roughly a 25 percent increase in tonnage. We get roughly 150, 160 thousand tons per year of municipal solid waste, and so we estimate on the order of another 40,000 tons roughly, it's hard to estimate but on the order of a quarter of the current tonnage in addition with C&D waste.

VICE-CHAIR WHITE: And do they keep track of what their tonnage is? Do they have a requirement to keep track of it?

MR. GINOZA: Yes. They do have reporting requirements to the Department of Health as part of their solid waste permit. And we have been in communication, we've gotten their records to try to figure out what is the composition of what they get in their loads to

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help us better understand what we might get, particularly when we got it, literally they closed one day, and we all of a sudden started getting it, so that's how we know it's roughly about 25 percent.

VICE-CHAIR WHITE: Okay but the 40,000 tons, is that from their records or from your, the short period of time that you were receiving their refuse?

MR. GINOZA: I believe it was partially our records but also looking at what they had given to DOH as part of their, I believe it's annual reports.

VICE-CHAIR WHITE: Okay. If you could just verify that tonnage --

MR. GINOZA: Sure.

VICE-CHAIR WHITE: --I'd appreciate that. And Members, any questions on the tipping fee? We always have that in the price per pound, what does that work out to in...

MR. GINOZA: Sure. The municipal solid waste which is the first one would be, sorry, \$80 per ton. The second one which is green waste would be \$20 per ton. The third one which is grease trap waste would be \$50 a ton, and the last one which is biosolids or sewage sludge is \$83 per ton. Oh and the next one is \$65 per ton for the clean earthen material with no protruding rebar. The next one is \$40 per ton for the clean earthen material, no rebar. And the last one \$10 per ton for non-HI5, non-ADF advanced disposal fee subsidized crushed glass which is two inch minus so of a particular size that is clean and non-contaminated.

VICE-CHAIR WHITE: Okay. Members, questions? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And...

VICE-CHAIR WHITE: Followed by Ms. Cochran, sorry.

COUNCILMEMBER COUCH: Okay. And while I, it is pretty easy to just multiply the number times 200, 2,000 why don't you just do it, I know we asked this a while back and I still haven't been completely satisfied with the answer, but why don't you just do it per ton since that's what you charge? You don't prorate, you charge on the even tons, right?

MR. GINOZA: I think we charge by the pound.

COUNCILMEMBER COUCH: You do charge by the pound?

MR. GINOZA: And so it is by the pound but when we discuss it in this kind of spectrum, it's a lot easier to talk dollar amounts. But I believe we, the scale is by the pound and so we charge by the pound.

COUNCILMEMBER COUCH: Okay.

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MR. GINOZA: So in the future if it would help, we could put it in parenthesis or...

COUNCILMEMBER COUCH: I mean it's easy to multiply it by two essentially and move a decimal over a couple of places.

MR. GINOZA: Yeah. Okay.

VICE-CHAIR WHITE: There you go. Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And sorry if I can backtrack to the reclaimed water connection fees, and there's no changes but I'm just West Maui thanks for the cheaper rate there, but why is that, \$82 for South Maui and \$33 for West Maui? It's just a really big difference. Is it just 'cause the distance to where it needs to get or...

MR. GINOZA: I apologize, I don't know offhand, I can find out.

COUNCILMEMBER COCHRAN: Oh. Okay.

MR. GINOZA: But I don't know the answer to that.

COUNCILMEMBER COUCH: West Maui....

MR. GINOZA: It's because we like you and we don't like Don.

COUNCILMEMBER COCHRAN: Alright. Cool man. Okay and I'm moving on then. Since we figured that one out. The clean earthen material that you're considering C&D clean earthen material, I mean isn't that construction basically construction waste such as drywall and pieces of wood and whatever you're gonna like a demolition job or this you know the what's left off a construction site, so I don't see that as earthen clean earthen material or how's that figured in?

MR. GINOZA: There's basically different types of what they would bring into a landfill. And so what happens is you know when they do site work, you'd have more earthen material that they'd have to get rid of, and so we don't take like for instance you know the dirt that from a site work, we wouldn't take it out, our landfill, we would take it but they wouldn't come to our landfill because the tip fee we charge for taking that kind of inert material would be much more than they could dump it at a C&D landfill. But they, if they have to get rid of inert dirt or I mean earthen material, they would take it to a C&D landfill, but a C&D landfill also would take drywall, wood, and other stuff. And so if you look at the rate structure even at a private C&D landfill, they do because you can utilize or repurpose earthen material versus drywall mixed with wood and other things, they give a reduced rate because you could repurpose that. And so similarly for us if we are able to get clean loads of earthen material we could utilize that for cover material.

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COUNCILMEMBER COCHRAN: Okay. Along with the concrete rubble you're saying here?

MR. GINOZA: The concrete rubble we're looking at possibly crushing it and providing it as aggregate, you know for another purpose. So we wouldn't utilize the \$65 tip fee one, the first Ramseyered one for earthen, sorry, for cover material, that would be more for recycling for the construction industry so kinda keeping that aside.

COUNCILMEMBER COCHRAN: Okay, well, I guess I thought I heard and maybe I didn't hear it right, but this was this is being introduced in future anticipation of the current Maalaea C&D landfill closure so this will help accommodate that, but you're saying your this isn't addressing that. You know 'cause I've been there, Jordan and I and we did a tour and we saw the type of items that are being brought in and yeah, things like screens and louver window panes, and that's I mean just a jumble of different things. So anyways, Chair, I just thought that's what I heard why this is kinda here and but then it's not, it's talking about dirt inert earthen and rubble.

MR. GINOZA: So what ends up happening, oh, oh sorry.

VICE-CHAIR WHITE: Go ahead.

MR. GINOZA: What ends up happening is what you see at the landfill is what they cannot repurpose or utilize further, so that's why you see all that junk at the landfill. But the earthen material and the rubble that they do receive, they are able to utilize or try to utilize in other areas by selling it to contractors and so forth. So what's left and actually landfilled is primarily that kind of motley variety of kind of junk that you see in the landfill but that is inert material.

COUNCILMEMBER COCHRAN: Okay. Very good.

MR. GINOZA: So we hope to kind of harvest as well if it's a clean load of dirt that we could as well utilize that in the landfill rather than get dirt from somewhere else.

COUNCILMEMBER COCHRAN: Okay. And are we now able to use glass as cover material?

MR. GINOZA: No, we're not. We're still, I mean Department of Health is, so if you look at this last category, we have not been able to get Department of Health to allow us to utilize crushed glass, because they don't feel that that's a recycling activity. And we get recycled, I mean glass to be recycled, and so as I think we mentioned in your Committee, what we would utilize this crushed glass for is kind of a leveling layer. You know when we have our municipal solid waste that we compact, there's still kind of some undulation in the trash so we have to kind of level it off before we put the six inches of cover material. And so if we get this crushed glass, we can then use that rather than earthen material before we actually put the dirt over it. And so we are still working trying to get Department of Health, they're, I think right now they're in the middle of a study to see if it will be worthwhile to utilize glass as cover material rather

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than ship it off to Oakland to get it recycled. So that's something that they're still looking at.

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

VICE-CHAIR WHITE: Director, what do you pay for cover material now per ton?

MR. GINOZA: I don't know the exact amount, it's somewhere on the order of \$6 or \$7 per yard I think.

VICE-CHAIR WHITE: How does that translate to ton? I thought the tonnage was --

MR. GINOZA: Maybe it is per ton.

VICE-CHAIR WHITE: --pretty close.

MR. GINOZA: Maybe it's \$6 or \$7 per ton. I know it's on that order and it's not like \$50 per ton. Maybe it's \$6 to \$7 per ton.

VICE-CHAIR WHITE: You guys know what, how the tonnage converts to yards? My recollection is about the same

MR. GINOZA: Yeah.

MR. BAZ: Mr. Chair, it's approximately 1,700 pounds of soil per ton, so if it's just dirt then it would be about 1,700 pounds, excuse me, not per ton, per yard. Yeah, it's about a ton a yard is probably pretty good.

VICE-CHAIR WHITE: Because it occurs to me that if we're gonna be able to use the earthen, the clean earthen material for cover, we may want to, we may not want to charge them \$40.00 to drop it off if we're paying for cover material.

COUNCILMEMBER COUCH: Well, they have to drop it off anyway.

VICE-CHAIR WHITE: Pardon?

COUNCILMEMBER COUCH: Wouldn't they have to drop it off anyway? I'm just wondering.

VICE-CHAIR WHITE: You're suggesting if, well, I guess that, yeah . . . *(inaudible)*. . .

COUNCILMEMBER COUCH: It would normally be...

VICE-CHAIR WHITE: --to take it but.

COUNCILMEMBER COUCH: Yeah, it would normally be the \$80 a ton so we're giving them a break. I would think.

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VICE-CHAIR WHITE: Yeah, but it's something that you know in some cases I guess they could spread it somewhere else. What is your average cost now for landfilling? I know you gave us a figure last year but I can't remember what it was.

MR. GINOZA: The, it's somewhere in the hundred, little over \$100, the weighted average for the County of Maui is about \$114 per ton and Central Maui's is like \$79 per ton.

VICE-CHAIR WHITE: Okay. If you could provide us those calculations I would appreciate it.

MR. GINOZA: Sure.

MR. MOLINA: Mr. Chair? Over here.

VICE-CHAIR WHITE: Who is that? Oh, sorry.

MR. MOLINA: Page 206 of the proposed budget has a breakdown of the cost per ton.

VICE-CHAIR WHITE: Oh, okay. Thank you. Members, other questions on Page 31? Mr. Couch.

COUNCILMEMBER COUCH: This is, I, it may be a kind of 31½ because it could fit on both sides of 31 and 32. Where in here would you be charging extra for the 3 Can Plan if you were to continue it on? I know that there was some talk about an extra charge for anybody participating in the 3 Can Plan. Where would that go? Probably Page 32 but it has to do with the recycling which you talked about in the other section here too.

MR. GINOZA: Sure. To me it would it would be in 3431 under the fees for refuse collection.

COUNCILMEMBER COUCH: Okay. When we get to that.

MR. GINOZA: Sure.

VICE-CHAIR WHITE: Well, we can go to the next page if you'd like.

MR. BAZ: Yeah and, Mr. Chair?

VICE-CHAIR WHITE: Yeah.

MR. BAZ: The proposal for the 3 Can Plan for a limited 3 Can Plan pilot extension, I believe was transmitted to Council and it would be under the section that Mr. Ginoza mentioned, 3431, Refuse Collection.

VICE-CHAIR WHITE: Okay. Mr. Ginoza, do you have anything to add? Anything to add to that 3 Can Plan since we're on that page anyway?

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MR. GINOZA: No. So for residential refuse collection for, we currently charge \$18 per month for the twice weekly service, and we're proposing increasing it to \$22 per month. We estimate the cost to be Countywide roughly \$40, just under \$42 per account, per month, so it is an attempt to try to reduce the General Fund subsidy that's required for this part of the program. So the going to \$22 a month and for Lanai which only has once-a-week pickup it would be half that.

VICE-CHAIR WHITE: So does that mean for areas on Maui that have once-a-month [sic] pickup, it should only be \$11 as well or \$9 currently?

MR. GINOZA: So for like the manual?

VICE-CHAIR WHITE: Yeah.

MR. GINOZA: No. Well, like on Maui, it's we give 'em six bags, I mean the manual is you're allotted six bags which is equivalent to two times a week. Your 96 gallon cart is equivalent of three bags, so because we have twice a week for automated for Maui, we charge basically \$18 per month currently for the six bags.

VICE-CHAIR WHITE: I'm sorry, is it automated on Lanai?

MR. GINOZA: Yes.

VICE-CHAIR WHITE: Okay.

MR. GINOZA: So they get basically half the service, and the manual has the full service just once a week.

VICE-CHAIR WHITE: Okay. Members, questions? Mr. Couch.

COUNCILMEMBER COUCH: Just I guess out of curiosity, as you might be aware that I'm being inundated with calls about 3 Can Plan. The question I have is how much more expensive is it per month, if you will, to do that since you're already got the same equipment, they already have their cans at this point, it's the same route, it's just doing something different with it at the end of the, after it gets put into the truck? I know you gave in an open meeting in Kihei about a \$70 a year more difference, has that number changed, A? And B, how did we run out of money I guess when it was all allocated for the full year?

MR. GINOZA: We did not run out of money for the 3 Can Plan. We, but that's part of our operations program that we're running short of, of funding. And so we just felt that why should the rest of the County pay for the service that only one portion of the County gets. I don't know offhand what that cost is for just continuing the service and not kinda back charging for the cost of the actual bin. I mean the bin cost is quite substantial.

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COUNCILMEMBER COUCH: Right. The bin cost is an upfront cost but then after that you bought those bins two years ago, three years ago, two years ago. And so now this next year it should be a certain amount, x amount of dollars per month more, is it because of a contract you say okay, I'm not gonna dump it in the landfill which doesn't cost us anything, I'm now delivering it to somebody else who is charging us per ton --

MR. GINOZA: Yes.

COUNCILMEMBER COUCH: --to, essentially a tipping fee.

MR. GINOZA: So we can provide that information of just what the broken-down operational costs for the continuation of the program. We provided it from the perspective that the County recover the cost including the bin cost that the rest of the community helped to subsidize.

COUNCILMEMBER COUCH: Okay. The bins, I see what you're saying, because the bins that, the brown bins everybody has, and those costs have been recovered for those?

MR. GINOZA: Not really because if you look at what it costs to provide the service is on the order of just over --

COUNCILMEMBER COUCH: Right.

MR. GINOZA: --\$40. We, you could say we don't recover the cost of the bins or we don't, we recover the cost of the bins but heavily, more heavily subsidize the collection. It's kind of hard to --

COUNCILMEMBER COUCH: Right.

MR. GINOZA: --allocate costs, but one way or the other, we as residents who subscribe to the service do not pay the full cost, so either the bins are subsidized, and/or the actual collection service.

COUNCILMEMBER COUCH: Okay.

MR. GINOZA: So we factored in all of those costs into what is the cost of service. Not what is the marginal cost based on the bins being kind of a sunk cost.

COUNCILMEMBER COUCH: And even more so is that people who live in multi-family homes, like myself, we don't get any trash service and still subsidize, help subsidize, and I don't have an issue with that per se or helping out the folks that want to do the 3 Can Plan 'cause it diverts from the landfill. I think, you know I think what is there 1,700 folks in the 3 Can Plan right now, and how many total accounts do you have 20,000?

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MR. GINOZA: There's 25,000 total but some of them are still manual so there's like I think 22,000 automated accounts.

COUNCILMEMBER COUCH: So if you spread out that little extra cost for the cans amongst everybody, it's only you know maybe a dollar, couple dollars a year. So for a benefit to the whole County for landfill diversion, I mean that's the whole idea is landfill diversion, right? So I'm just a little concerned and you know my constituents are concerned as well as to "A" why it got stopped and "B" how much more really is it, 'cause as you heard, they said that they'd be willing to pay more and you had said yeah well, it's \$70 a year and they worked it out to like \$5 or \$6 a month. But then I guess they got a letter saying oh no, it's really \$22 a month more. So I'm not sure what the number is and how you got to either of the numbers. So I think...

VICE-CHAIR WHITE: Yeah, there is a little bit of confusion because the budget amendment that was sent to us states \$22 per refuse collection unit per month for limited 3 Can Plan pilot extension. So that indicates that it's not an additional 22 it's 22 compared to 18.

COUNCILMEMBER COUCH: Right but the members or the people who got, who have the 3 Can Plan, they got a letter from the Department.

VICE-CHAIR WHITE: No I understand that, I think that's why there's confusion. Because the budget amendment that we were provided doesn't indicate that it's an additional \$22 per month.

COUNCILMEMBER COUCH: Right.

VICE-CHAIR WHITE: It indicates that its \$22 per month compared to \$18. Maybe one of you can explain which it is.

MR. BAZ: Mr. Chair.

VICE-CHAIR WHITE: Yes.

MR. BAZ: I apologize if there's any confusion in the budget amendment transmitted, but that is an additional \$22 charge. They pay a, the 18, currently \$18 a month refuse collection account fee, and then to participate in the limited extension of the pilot program would have been an additional \$22 per account. So for Fiscal Year '15 net paying \$40 per month.

COUNCILMEMBER COUCH: Which is a lot more than \$70.00 a year. So...

VICE-CHAIR WHITE: Yeah but I think we need to have somewhat of an accounting for...

COUNCILMEMBER COUCH: And that's what I'd like to ask if we could have a breakdown of the actual cost. I think we had a letter from another meeting.

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VICE-CHAIR WHITE: I'm thinking that this has a lot of similarities to our reuse of water. I mean the County has a responsibility to change what we do with the recycling of water, and similarly we want to be responsible and recycle. So if we're subsidizing the, you know if the rest of the users are subsidizing the reuse of the water, it's appropriate for the rest of the folks to assist with the subsidy of the recycling efforts. I wish Mr. oh. My concern is if we were to pass the budget amendment as provided to us, I think it would establish a \$22 collection per month the way it reads.

MR. BAZ: For that 3 Can Plan participant, correct. Yeah but they have to have a residential trash collection account to participate in the 3 Can Plan.

VICE-CHAIR WHITE: That's not clear at all --

MR. BAZ: Okay.

VICE-CHAIR WHITE: --with the amendment. It looks like there's you have an \$18 refuse collection unit per unit per month on the islands of Maui and Molokai. And you have a refuse collection unit per month on the island of Lanai. And then you have a 22 refuse collection unit so it's all refuse collection units, there's nothing that says you need to have one to have the other or that this is an additive amount.

MR. BAZ: Like I said, I apologize if there's any confusion, but it's an additional charge is the way it was proposed. And the Department did provide to my office a financial breakdown should we discuss that budget amendment or you know if later on you guys want to propose it.

VICE-CHAIR WHITE: Yeah, if you could provide that to the Committee, that would be helpful.

COUNCILMEMBER COUCH: Yeah, because I mean that might be, it might be that I will want to do in my proposal and that whatever charge and extra line for the 3 Can Plan. And then potentially expanding it too.

VICE-CHAIR WHITE: Right.

COUNCILMEMBER COUCH: But I don't know when is a good time to talk about the 3 Can Plan. What happens after we pick it up? I don't know if that's for this discussion now or because that will help make my decision whether or not, well, if it just gets thrown away or if it costs us \$500 a ton.

VICE-CHAIR WHITE: Right now is the time --

COUNCILMEMBER COUCH: Okay.

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VICE-CHAIR WHITE: --for the discussion. And I think the, if you need additional information from the Department with which to make the decision when it comes time to putting this in the budget, then let the Staff know and we'll be happy to request whatever information is necessary.

COUNCILMEMBER COUCH: Okay.

VICE-CHAIR WHITE: But you know for me, I would like to know how the accounting was done to come up with the \$4 or the \$70 a year --

COUNCILMEMBER COUCH: Seventy dollars a year.

VICE-CHAIR WHITE: --and then what changed in the calculation to make it an additional \$22 per month which turns into, what's that about, \$260 a year, \$250.

MR. BAZ: Yeah, Mr. Chair I was not aware of a \$70 amount spoken, but the information that was given to me from the Department if I recollect correctly it actually balanced out to \$21.86 per month and so we had rounded it up to \$22. Yeah, we can get you that.

VICE-CHAIR WHITE: Yeah. But I think the, what I'm hearing from the community is we were told \$70, so it would be helpful if we could at least have a sense of how --

MR. BAZ: Right.

VICE-CHAIR WHITE: --somebody came up with that \$70 in comparison to the more recent calculation. And then again is that the total cost of...

COUNCILMEMBER COUCH: The total marginal cost I think that we...

VICE-CHAIR WHITE: Well the, but the question in my mind is with the regular service we have a \$42 cost per account and we're charging currently 18 proposed to go to 22. If in fact the cost is, if it's an additional cost of...

COUNCILMEMBER COUCH: Sixty-four dollars total.

VICE-CHAIR WHITE: Right, 64.

COUNCILMEMBER COUCH: Sixty-four total.

VICE-CHAIR WHITE: Then should it be, should they be paying, they're gonna be paying a higher percentage of the cost to service them than the rest of the folks on Maui. So anyway we'd just, we'd appreciate --

MR. GINOZA: Sure.

VICE-CHAIR WHITE: --a little more detail on the accounting for that. Mr. Couch.

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COUNCILMEMBER COUCH: And maybe you can do this off the top of your head right now, but once it's collected and driven off to whomever, what is the cost to the County for that per ton?

MR. GINOZA: Mr. Chair?

VICE-CHAIR WHITE: Go ahead.

MR. GINOZA: So right now for the mixed recyclables, so the blue bin, we get charged \$130 per ton. So we collect it, so we collect it as part of our two, you know instead of twice-a-week pickup of the blue, sorry, of the brown bin, it's once a week of the brown and then every other for the green and blue.

COUNCILMEMBER COUCH: So once a month for the blue mixed?

MR. GINOZA: Twice a month.

COUNCILMEMBER COUCH: Twice a month, right.

MR. GINOZA: And so the processing cost for that is \$130 per ton. And for the green one currently I believe it's zero, that they take the green waste for free, but that's only for the pilot. And our concern is that once there's additional volume or tonnage, that, that rate would not be sustained. Because part of the, part of what we have been engaging with the Department of Health about is how much we're able to take without having modifications to our composting operations. So for instance, we cannot take food waste currently without having a concrete slab and having it covered and to prevent odor and vector. So that's why we don't accept food waste which is a significant part of the waste stream that we would like to capture. So we're looking at kind of the pros and cons of doing the facility upgrade to be able to capture food waste versus just concentrating on green waste and missing a large portion of the waste stream.

COUNCILMEMBER COUCH: Oh, that opens up a . . . *(inaudible)*. . . questions. Why would you do an upgrade of the facility if we're going to this other project that's gonna take all that waste anyway?

MR. GINOZA: That's why we're not.

COUNCILMEMBER COUCH: Okay. Alright, I was confused. So do you know if I may, Mr. Chair?

VICE-CHAIR WHITE: Go ahead.

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COUNCILMEMBER COUCH: Do you know how many tons, alright, let me yeah, maybe how many tons of mixed waste that the blue cans per week or per month that pilot project generates?

MR. GINOZA: We do have it, I just --

COUNCILMEMBER COUCH: Okay.

MR. GINOZA: --I mean it's part of the documentation we provided to the Budget Director, I just don't have it in front of me. So we could provide that information.

COUNCILMEMBER COUCH: Yeah. I would like, I mean, as detailed as you can to find out really what the costs is --

MR. GINOZA: Sure.

COUNCILMEMBER COUCH: --above what the, what everybody, I mean as Mr. White said we're already getting subsidized \$22 a month, everybody is getting subsidized \$22 a month. I find it a bit hard to believe that it's actually \$44 a month more to do the recycling. It's \$22 a month more but it plus the \$22 subsidy, so I, you know I would really like a pretty good breakdown. Thank you.

VICE-CHAIR WHITE: Yeah and before you respond, I just did a quick calculation and the, at the current rate of \$18, it's a 43 percent charge to the customer. If we apply that same 43 percent charge to the \$64 of cost for the 3 Can Plan as you guys have detailed it, that would mean that the 3 Can Plan charge would be \$27.50 or thereabouts if we were given, if everyone was given the same level of charge based on cost. So and I think that's again, you know, it's a policy decision what we add as the charge, because in some respects the folks that are taking part in the recycling plan are helping the process more than the people who aren't. I'm not suggesting that they should get a bigger subsidy necessarily, but I think it's worth the effort to take a closer look at it.

COUNCILMEMBER COUCH: And thank you for those numbers, Mr. Chair, that kind of jives with the \$70 a year that there's a 43 percent, you know we're charging 43 percent of the actual costs. So if you do the actual like you said \$64 that's a reasonable amount.

MR. GINOZA: I think.

VICE-CHAIR WHITE: Go ahead.

MR. GINOZA: I think part of why we felt that they should pay the full cost is because when you look at just conventional MSW, municipal solid waste refuse collection, it is something that is like a necessity that you know everybody wants and would I mean and some people want to pay for, some people don't. And through and we're doing a survey now with some of the existing customers in some other areas to see how much

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people are willing to pay. And just from feedback we've received, people love the twice-a-week trash pickup and don't want to change their habits. Of course that's how human nature is and whether we want to make a policy this we, I mean you want to make a policy decision of forcing that habit on them, that's something that's beyond what we could propose. But that was kind of the rationale for there are many people who did not want to pay more to get less just trash service and a hybrid and pay more for a hybrid trash service. So that's I mean not everybody feels like that, I mean there are people who are willing to pay even more than the \$22 or whatever it is. But that's you know again something for you to decide for the community, and so I see both sides and I mean I see where you're coming from and it's a tough decision.

COUNCILMEMBER COUCH: And I agree, I mean I know people who you would think are the best, biggest environmentalists and they just throw all their stuff in the trash can and want their two times a week. And they won't take the time to go down and go to the drop box. Now I'm wondering if those same people would at least, you know, throw their mixed recyclables in the blue bin and the green waste in the green bin, because when you do that, you don't need the two cans, the two brown cans a week. Because a lot of that stuff especially up certainly in Maui Meadows that's all green waste. A lot of their stuff is a lot of green waste. Down in Kihei, I'm guessing it's little bit more half-half and they still don't fill up both their cans. So I don't know, I guess, Mr. Chair, we need to have the discussion and I don't know when or where that discussion should be. But like you said, the same with the water, the recycled water, it's, is it incumbent upon us to try and reduce the landfill now, do we force people to recycle if they don't want to recycle, I don't know.

VICE-CHAIR WHITE: Do you know how they handle it on Oahu? Because they've got a much more extensive 3 Can Plan spread than we do, right.

MR. GINOZA: Yes, they have it. It's pervasive through the...

VICE-CHAIR WHITE: You really don't have a choice, right?

MR. GINOZA: Yes. It's a system where it's all or nothing. Because for the municipality to run two trucks, one that would be just the brown cans and one that participates in the program, I mean it'd be double the cost for the collection for that particular day. So it really is an all-or-nothing proposition for a particular route.

COUNCILMEMBER COUCH: Right.

MR. GINOZA: And so what we've found which you know we'd like to do more education if you decide to bring it back, because what we've noticed is I believe the contamination was on the order of 20-something percent, meaning of what is going into the blue bin, 20-something percent of that was trash that we kind of pay twice 'cause we pay \$130 and then we end up landfilling it for free. So I know we did a lot more thorough analysis, you know, when coming with what the actual number was, and I take full responsibility for that \$70 number. What we did was kind of a quick and dirty

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calculation based on what was provided. Well, the Department, sorry, the Division did one, and then when we were getting to actually what are the costs and they really broke it down to what are the costs, that's what you see in the Budget Amendment. Another thing that caused the difference between the 70 and the 22 is having it islandwide versus just one part of the community. But it's something that you'll see in the analysis in the spreadsheet we'll provide.

VICE-CHAIR WHITE: Yeah, I think the important thing for me is that the two analyses are done using the same factors.

COUNCILMEMBER COUCH: Right.

VICE-CHAIR WHITE: You know the analysis of the cost for regular trash service and the analysis of the cost for the 3 Can Plan are using all the same elements.

MR. GINOZA: Yep.

COUNCILMEMBER COUCH: Because as I mentioned before, Mr. Chair, the only difference I can see in and correct me if I'm wrong, it's after it's collected is the only difference is where it goes. You're always doing the, you're using the same trucks, same route, same number of times a week, it's just different cans. And then on a brown day, you take it to the landfill, on a green day, you take it to the compost, on a blue day, you take it to whomever charges you \$130 a ton. Is that the only difference? That's where the difference starts to come in is after it's been picked up.

MR. GINOZA: There's also other cost factors such as like the education, the outreach, and we have a dedicated truck for this route that we cannot, that we don't use for other routes because we need it clean, they don't want trash.

COUNCILMEMBER COUCH: Oh so it's a different truck then?

MR. GINOZA: Yes.

COUNCILMEMBER COUCH: It's a completely different truck that comes on the green day --

MR. GINOZA: Yes.

COUNCILMEMBER COUCH: --and a different truck that comes on or the green --

MR. GINOZA: No it's one truck to do that service.

COUNCILMEMBER COUCH: Gotcha.

MR. GINOZA: We don't use that for say the trash day for something else.

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COUNCILMEMBER COUCH: Okay. And you do two days a week, right, now? So that same truck if you had two more routes, you could use that same truck, right?

MR. GINOZA: For the full week?

COUNCILMEMBER COUCH: If you were to expand 3 Can Plan to two more routes, you could use that truck the whole week and you wouldn't be sitting idle for the days that it doesn't go around.

MR. GINOZA: There's definitely economies of scale, I don't know the exact, how many makes it a full run versus --

COUNCILMEMBER COUCH: Right.

MR. GINOZA: --but you're right that because it's a small sample that we're applying the 3 Can Plan on, it would be more cost than if we expanded it islandwide or Countywide. But offhand I don't know what the, what kind of that sweet spot is of a full route for that dedicated truck.

COUNCILMEMBER COUCH: And you see our frustration too, I mean we have to come up with rates and fees by whenever, whatever date, and we have to have the discussion which means we're probably gonna have you in at another time for that. And then come up with our policy decision whether or not we want to expand, continue the existing one or whatever, so the sooner we get the...

VICE-CHAIR WHITE: Staff just mentioned that they're scheduled to come back on the 14th and so if the Department can bring those numbers.

COUNCILMEMBER COUCH: Prior if possible so we can have a chance to digest them when we're...

VICE-CHAIR WHITE: Oh no, no. But we can discuss it again on the 14th.

COUNCILMEMBER COUCH: Gotcha. Okay.

MR. GINOZA: So we could provide, we have the information readily available, we can provide that, and next week Tuesday is when our Department's operational budget will be discussed, and we can if the Chair would like discuss and break down the information that we do have.

VICE-CHAIR WHITE: Well, it'll be a different Chair.

MR. GINOZA: So you can convince the other guy to do it.

COUNCILMEMBER COUCH: Okay. Thank you. Thank you, Chair. I'm sorry for extending that but it's an important discussion to have.

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VICE-CHAIR WHITE: It is an important discussion and you know one of the things that you guys remember from our discussions last budget, was that we didn't increase the residential pickup rates because of the concern that people, there're already some people that don't pay it and take their trash to the, well, hopefully take their trash to the landfill. And we've all heard that when the rates were increased before, that people took just didn't take it, they just dumped it in the nearest cane field or down the nearest road that's not very well utilized. I don't think we're suffering from that right now and it's a little bit of a concern for me to increase rates as we discussed last year. And I look at the tipping fees somewhat similarly, not the same issue, but because we're so heavily subsidizing residential pickup for that reason, the subsidy in large part is coming from the transfer of General Funds to Solid Waste. But it's also there's also a level of subsidy coming from those who are paying the tipping fees, because it's all commercial folks, so it's all businesses, condos, hotels, et cetera that are paying for the majority of the landfilling cost, if not all of the landfilling cost. So to some degree they're subsidizing the residential pickup as well.

COUNCILMEMBER COUCH: Yeah.

VICE-CHAIR WHITE: And so at least the rationale that was used last year to leave the fees flat was that we don't want to risk the residential guys dumping on the side of the road, and since the others are already paying the lion's share of the landfilling, by not increasing the rates, we simply increase the transfer from General Funds. Well the General Funds are paid by all taxpayers and so it's just a different way of looking at it, we can raise the rates or we can leave them the same and just increase the transfer. I don't have any idea which direction the Chair is going to want to go on that, but that was the rationale that we used last year. Director, if you would, could you share with us the, I'm just wondering what degree, to what degree have we analyzed the value of the recyclable materials, you know we hear that like glass has very little value because it costs so much to ship. I don't know what the values are of the, you know cardboard and plastics and so forth. I'm assuming that when we contract for the recyclers to take these materials that we're calculating into the amount that we're paying at least a certain amount of recapture that they're able to generate out of the materials that they end up with. Do you, could you share with us what kind of analysis we go through on that?

MR. GINOZA: Sure. As you can imagine, the commodity pricing for the various recycled, recyclable material varies quite a bit. And from what I can tell from my understanding is that really China and really China drives the pricing for a number of the recyclable materials that we currently collect and send there or elsewhere. So for instance something like cardboard, you know back maybe I don't know five or ten years ago there's was really a big dip in cardboard where it was something \$5 or \$10 a ton was what they were paying, delivered to the destination, and you know at other times it's on the order of like \$120 a ton, and so there's quite a big swing depending on commodity prices and really depending on the demand from China. The way that we bid out the processing of the recyclables was to ensure that we had enough money to

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make it through the year and not be subject to such wide fluctuation and having to have to come to this Committee for budget amendment. We put the risk on the contractor as far the fluctuation of that, and as I mentioned, it's a \$130 per ton flat rate for that mixed recyclables. So we didn't, we didn't make it where it's we pay a certain percentage of or we pay for the costs of getting it to market and then we get a rebate for whatever that commodity proceeds would be. And so yes, glass is the least revenue we get of all the recyclable materials we get. And you know metals or even plastics are much higher, but as a blended rate we pay \$130, so in other words there is a net cost to the community of providing the service. I don't know if I answered your question but that's kind of the commodity values kinda go like this, and to kind of temper that for budgeting purposes we made it a flat rate.

VICE-CHAIR WHITE: Okay. Thank you. Members, other questions?

MR. BAZ: Mr. Chair.

VICE-CHAIR WHITE: Yes. Mr. Baz.

MR. BAZ: I feel the need to share information regarding the revenues for the Solid Waste Fund. The, when we presented, prepared this budget and presented the information here, the solid waste, Central Maui Landfill was receiving the C&D waste at the time, and we projected that based on the information given to us as actual revenue in the solid waste fund for Fiscal Year '16. It wasn't until I was monitoring the meeting the other day and they mentioned that they're no longer collecting that C&D waste that I found out that they're no longer collecting it. The projected revenue that we were expecting based on the rates and fees that we proposed was about \$2,730,000, so if we are not collecting that C&D waste, the revenues for Solid Waste Fund will be reduced by \$2,730,000.

VICE-CHAIR WHITE: That's a big chunk.

MR. BAZ: Which, yeah, which we're not currently collecting. So that's something that I mean we have to deal with now that the situation's changed.

COUNCILMEMBER COUCH: Mr. Chair?

VICE-CHAIR WHITE: Yes,

COUNCILMEMBER COUCH: Given that news, is that, have those numbers been factored in with the, I mean if you have this, if we come up with this cheaper rate here for C&D material or at least the, you know, for clean earthen material/concrete was that included in your analysis?

VICE-CHAIR WHITE: I'm sorry, Mr. Couch, we will get back to that. Ms. Cochran had asked to ask a question before.

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COUNCILMEMBER COUCH: Oh. Sorry.

COUNCILMEMBER COCHRAN: You can follow through. It's okay, Chair.

VICE-CHAIR WHITE: Okay.

COUNCILMEMBER COUCH: When you just made that announcement, is that supposing that we aren't going to get any more at all or will these numbers make it more enticing for them to come to us as opposed to the other location?

MR. BAZ: The \$2,730,000 is what total we projected with these proposed rates. I believe they're higher than the private C&D waste collector, our proposed rates are. So there would be no incentive to have people come all the way to the Central Maui Landfill to dispose instead of in Maalaea. So.

COUNCILMEMBER COUCH: Oops.

VICE-CHAIR WHITE: Okay. Ms. Cochran.

COUNCILMEMBER COCHRAN: Okay, I guess that brought up another question than what I was thinking of. So we, you just said we will not be getting C&D but we were so those figures are factored in. Is that --

MR. BAZ: Yes.

COUNCILMEMBER COCHRAN: --am I following thus far?

MR. BAZ: When, yeah, when we were preparing the budget, the information at the time was that we were collecting C&D waste and there was no projected end to that collection. It was assumed that we would be taking it on for quite awhile until they got their act together, so we included the revenue for the year based on that.

COUNCILMEMBER COCHRAN: Okay. And so it's sort of monies you were hoping to collect so that's kind of a scary way to budget, Chair, I mean you know it's like I mean we know what we're gonna receive through RPT and what have you and hopefully we'll get every penny. But --

MR. BAZ: Yeah. Mr. Chair.

COUNCILMEMBER COCHRAN: --\$2.7 million loss?

MR. BAZ: So Mr. Chairman, Member Cochran, yeah, the, generally real property tax is only thing we have certified and that we know that we're going to receive, everything else is estimated. We estimate how much fuel people are going to use, we estimate how much tonnage is going to be delivered to the landfill on a regular basis, so when we prepared the budget, that was the estimated numbers that were given to us, yeah.

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COUNCILMEMBER COCHRAN: Okay. And I guess what I was going to speak about prior to that coming up. It's jumping back to the recycling aspect of the budget and the new division that's being created is solely seems to be focusing on diversion type efforts, and here we are saying well, it's not, it's a low priority, it's you know a number four on our strategy list, and so I mean that'll come up when this Department comes back to us, Chair, when we get these figures that we're asking for about the 3 Can Plan and what have you, but that part just really boggles my mind and I know Chair Hokama and I were seeing eye to eye on this one. So I'm sure, I'm looking forward to further discussion, I know so is he, so be awaiting that day to come and hopefully we'll get some answers and more clarity on all this, just a comment, Chair. Thank you.

VICE-CHAIR WHITE: Thank you. Mr. Ginoza or Mr. Baz, whichever one of you can answer this. With the added revenues we're obviously if the cost to landfill is \$79 at Central Maui Landfill, does that mean that our costs are reduced by that \$79 per ton? And what tonnage was that revenue of \$2.7 million based on?

MR. GINOZA: I can answer the first part.

VICE-CHAIR WHITE: Okay.

MR. GINOZA: The \$79 was based not on having any C&D. That was based on our current operations for the, that was, I think it's in one of our performance measures. So that's as if we didn't get any C&D construction and demolition waste, and we're not able to get as long as Decoite's is open as a private C&D landfill, by our solid waste permit we don't accept, well, we cannot accept C&D waste.

VICE-CHAIR WHITE: Yeah, but no, my question is if you, if we put \$2.7 million of revenue in the budget then we also had additional costs involved, so what I'm asking for is for you guys to identify what costs are, what our cost reductions are with that removal of, so what I'm looking for is what was the tonnage based on or what was, what was the tonnage that that revenue was based on --

MR. GINOZA: Sure.

VICE-CHAIR WHITE: --and then what will it, you put I'm assuming you've put added cost into the budget to accommodate that --

MR. GINOZA: Okay.

VICE-CHAIR WHITE: --new source of stuff to landfill so what were the increases in cost? Not, I don't need that today --

MR. GINOZA: Chair, I understand.

VICE-CHAIR WHITE: --you can bring it later when you come back on the 14th.

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MR. BAZ: Yeah, Mr. Chair. We have that information readily available because this was a late add on to the Budget. And so my, so when we discuss the operations of the Department on I guess the 14th then we can bring that up.

VICE-CHAIR WHITE: And if you have it readily available if you can send it to the Committee ahead of time so that the Members who want to dig into it a little bit more can take a look at it.

MR. BAZ: Okay.

VICE-CHAIR WHITE: Other questions, Members?

COUNCILMEMBER COCHRAN: Chair?

VICE-CHAIR WHITE: Ms. Cochran.

COUNCILMEMBER COCHRAN: Just in closing real quick to close on the 3 Can Plan. I was trying to look it up but I know other, another municipality of sorts has been actually fining or you know putting a sticker on the bin saying warning, please separate your, you know your food waste from this whatever, so it's educating yes, but it's also giving fair warning, but as long as they're explained on how to and then they just kind of get a habit and learn how to. You know and then eventually if it just reoccurs then there's some type of, I mean you got to penalize somehow and say don't do this, otherwise pay the costs you know so I forget if it's San Francisco or...

MR. GINOZA: It's Seattle.

COUNCILMEMBER COCHRAN: Seattle.

MR. GINOZA: I think they charge a \$1 every time they see that you have food waste not in the compost --

COUNCILMEMBER COCHRAN: Something.

MR. GINOZA: --bin I mean the green waste bin.

COUNCILMEMBER COCHRAN: Yeah. So, I mean it's just a way to get people alert and aware. There's other places, you know, working on that too.

VICE-CHAIR WHITE: Right.

COUNCILMEMBER COCHRAN: So. Thank you.

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VICE-CHAIR WHITE: Well, if there are no further questions. I think at this hour and with Water coming up on Friday, if you all don't mind, we'll take up the water fee issues on Friday.

COUNCILMEMBER COCHRAN: No objections.

VICE-CHAIR WHITE: If the Chair of Water is in agreement, we'll...

COUNCILMEMBER BAISA: I have no objections.

VICE-CHAIR WHITE: Okay. So with that, Staff, do we have any announcements to make?

COUNCILMEMBER BAISA: Tomorrow.

COUNCILMEMBER COCHRAN: Yeah. Can we just state on the record what tomorrow is?

MS. YOSHIMURA: For tomorrow it's the Department of Housing and Human Concerns, their operational budget not including their grants, the Department of Liquor Control, and Civil Defense.

VICE-CHAIR WHITE: Okay. And Haiku tomorrow night.

COUNCILMEMBER BAISA: Go down that list again, please.

MS. YOSHIMURA: Sorry. That was Department of Housing and Human Concerns, Liquor Control, and Civil Defense.

COUNCILMEMBER BAISA: Thank you.

VICE-CHAIR WHITE: And then we go to Haiku tomorrow night.

COUNCILMEMBER BAISA: Thank you.

VICE-CHAIR WHITE: Okay, that doesn't sound like there's any objection to moving the Water to Friday. So with that, we'll adjourn. . . .(gavel). . .

ACTION: DEFER pending further discussion.

ADJOURN: 4:24 p.m.

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APPROVED:



RIKI HOKAMA, Chair
Budget and Finance Committee

bf:min:150408:cvk

Transcribed by: Cheryl von Kugler

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CERTIFICATE

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

DATED the 30th day of April, 2015, in Kihei, Hawaii

A handwritten signature in cursive script, appearing to read "Cheryl von Kugler", is written above a horizontal line.

Cheryl von Kugler