

# **BUDGET AND FINANCE COMMITTEE**

**Council of the County of Maui**

## **MINUTES**

**June 30, 2015**

### **Council Chamber**

**CONVENE:** 9:00 a.m.

**PRESENT:** Councilmember Riki Hokama, Chair  
Councilmember Mike White, Vice-Chair  
Councilmember Gladys C. Baisa, Member (out 11:11 a.m.)  
Councilmember Robert Carroll, Member  
Councilmember Elle Cochran, Member (in 9:01 a.m.)  
Councilmember Don Couch, Member  
Councilmember Stacy Crivello, Member  
Councilmember Michael P. Victorino, Member (out 9:02 a.m.)

**EXCUSED:** VOTING MEMBERS:  
Councilmember Don S. Guzman, Member

**STAFF:** Michele Yoshimura, 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  
Mark Walker, Deputy Director of Finance, Department of Finance  
Joseph Pontanilla, Community Development Block Grant Program  
Manager (BF-2(1))  
Agnes Hayashi, Executive Assistant II, Department of Management (BF-2(1))  
Jeffrey A. Murray, Fire Chief, Department of Fire and Public Safety (BF-2(1))  
Jo-Ann Ridao, Director, Department of Housing and Human Concerns (BF-2(1))  
Michael Miyamoto, Deputy Director, Department of Environmental  
Management (BF-53(2) and BF-53(4))  
Michael Ratte, Solid Waste Division Chief, Department of Environmental  
Management (BF-53(2) and BF-53(4))  
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation  
Counsel

**OTHERS:** **Item BF-2(1):** Kekoa Puhi, Captain, Department of Fire and Public Safety (via telephone conference bridge)

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Kaulana Kino, Captain, Department of Fire and Public Safety (via telephone conference bridge)  
John Rosa, Fire Fighter III, Department of Fire and Public Safety (via telephone conference bridge)  
Noa John Horner, Fire Fighter I, Department of Fire and Public Safety (via telephone conference bridge)  
Zhantell Dudoit Lindo (via telephone conference bridge)  
Henry Lindo, Jr., Captain, Department of Fire and Public Safety (via telephone conference bridge)  
Jay Duquette, Fire Fighter I, Department of Fire and Public Safety (via telephone conference bridge)  
Larry Rawlins, Jr., Fire Fighter III, Department of Fire and Public Safety (via telephone conference bridge)  
Bruce Uhu  
Others (6)

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

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CHAIR HOKAMA: . . . *(gavel)*. . . The Council's Committee on Budget and Finance shall come to order. This is our regular meeting of Tuesday, June 30, 2015. Present we have our Vice-Chairman, Mr. White, present.

VICE-CHAIR WHITE: Good morning, Chair.

CHAIR HOKAMA: Good morning. And we have our Committee Members, Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: Good morning, Mr. Carroll. Ms. Baisa.

COUNCILMEMBER BAISA: Good morning.

CHAIR HOKAMA: Good morning. Mr. Couch.

COUNCILMEMBER COUCH: Good morning.

CHAIR HOKAMA: Good morning. Ms. Crivello.

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR HOKAMA: And, Mr. Victorino.

COUNCILMEMBER VICTORINO: Aloha and good morning, Chair.

CHAIR HOKAMA: Ms. Cochran will be joining us and Mr. Guzman is excused. We shall be taking up three items this morning. So we shall take public testimony prior to the

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Committee going on to each agendized item. So in the Chambers do we have any requests for testimony please?

MS. BOUTHILLIER: No.

CHAIR HOKAMA: Okay. We have none, no requests in the Chambers. We'll go to Hana Office. Is there anyone wishing to provide testimony, Ms. Lono? Hana Office, Dawn, Ms. Lono, anyone wishing to provide testimony? Lanai Office, Ms. Fernandez, anyone wishing to provide testimony? Do we have connection? Okay, we'll take a short recess to reestablish connection. . . .(gavel). . .

RECESS: 9:02 a.m.  
RECONVENE: 9:18 a.m.

CHAIR HOKAMA: . . .(gavel). . . Let's get back to work. This is the Budget and Finance Committee. We shall take testimony. You have three minutes to give your testimony as presented on the agenda. You do not have one minute to conclude as posted by the agenda. You may speak on any of the three items. If you have something specific please direct your comments to the specific component. We'll start with Hana at this time. So, Hana Office, if you would call your first testifier please.

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

MS. YOSHIMURA: Only Molokai's connected.

CHAIR HOKAMA: Oh, Molokai Office, Ms. Alcon, call your first --

MS. ALCON: Yes?

CHAIR HOKAMA: --testifier.

MS. ALCON: Okay. The first testifier is Kekoa Puhi.

MR. PUHI: Good morning, Committee Members. Thank you again for hearing our concerns on this particular issue. Today I'm addressing the need for the replacement apparatus for Engine 9 which is the Hoolehua District. I'm in favor of granting these monies or allotting these monies due to the fact that this particular engine is an off-road capable vehicle. Just taking into effect that and I stress that the wear and tear of the vehicle does every time you take it off-road. If you ever did four-wheeling you'd understand the stresses that deal with that. This particular engine serves basically one-half of the island, close to one-half of the island. Most of those roads are dirt roads except for the County roads that and the State roads that are...and whenever they go out to do some preplanning a lot of times they have to go off-road down these new homestead areas

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where the roads are unimproved. So just driving around and doing familiarization with this particular vehicle puts a lot of wear and tear on it. In addition, the apparatus is coming up on its tenth year of life in service. Presently our Department tried to get a new apparatus within that timeframe or just at that timeframe and the time period to get all these monies allotted usually takes one to two years, maybe longer. So by the time this truck gets switched out, it may be if not for this particular purpose or fiscal year that we're talking about it may not get switched out for another two to three years, maybe longer which puts additional stresses and strains on that vehicle. If that vehicle were to have to be repaired for a long time, we actually have one apparatus, a relief apparatus on Molokai right now but that is not off-road capable. So that would delay responses to the unimproved areas for that particular district. That apparatus also is a backup for all other districts, Kaunakakai area, East End area, \_\_\_\_\_. Anytime the off-road capabilities are needed, that apparatus along with Engine 12 are the apparatus would have to go and take care of those particular situations. I understand there's some other monies to be allotted and I just want you guys to know that I know the Lanai Community Center's up for some monies and if this truck does not get approved I would like to put my support behind that Lanai Community Center. Although I hope that give improvement and safety considerations for that island. In closing, I just want to say if you can find the monies or approve the monies for this particular apparatus, the people on Molokai would greatly appreciate it. Thank you for your time. Any questions?

CHAIR HOKAMA: Okay. Thank you. Next testifier.

MR. PUHI: Okay. Thank you.

MS. ALCON: The next testifier is Captain Kaulana Kino.

MR. KINO: Good morning, esteemed Councilmembers. Thank you very much for affording me the time to speak. My name is Kaulana Kino, I'm the first watch Captain at Engine 9 Hoolehua Fire Station and I would like to speak in overwhelming support of the new engine. District 9, the area that this new apparatus would cover, in my estimation along with Lanai is without a doubt the most challenging topographic response area in our County. Some of the reasons are, include steep elevation changes in terrain including banks, climbs, and descents of upwards of 30 degrees. The topography in the area includes paved and dirt roads, light, medium, and heavy brush terrain, gravel, and rock as mentioned by Cap. Puhi. This truck, its tremendous off-road capabilities are paramount to the district that it serves. With the next fully staffed engine which is Engine 4, eight miles away this truck really defines the old adage of trying to accomplish more for less. If you look at current examples, for example the brush fires on Honolulu recently, a five-acre brush fire in Honolulu would have at least ten staffed engines if not more. On Maui that would be about four or five engines. On Molokai, we would be maxed out at two engines and the \_\_\_\_ has identified that two staffed engines and a tanker can sufficiently cover a two-acre wild land fire. So again this demonstrates the County asking Molokai to do more with less. District 9 itself covers approximately 75,000 acres including 115 square miles. But as mentioned before, Engine 4 is designed as more of a roadway apparatus and is not

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capable to traverse off-road terrain the same as Engine 9 does. So Engine 9 definitely fills an important niche of being a type one engine company, essentially responsible for filling all off-road capabilities to the entire island. But looking at a normal engine working life, the accepted industry standard is approximately ten years. This apparatus is asked to do way more than what the accepted industry standard is. With a manufacture date of December 2005, this truck is several months away from being ten-years old and again highlight what Cap. Puhi mentioned when you look at speccing the truck, purchase, build, and delivery, we'd be looking at another couple of years which would put . . .(inaudible) . . . 15 years. So to speak more to the specifics regarding this apparatus, it does have corrosion damage to the frame and to main structure components. The foam system is also damaged due to age which has made several wild land fires of recently challenging because while Engine 9 can access those off-road locations, no foam means that we'd have to extend longer hose \_\_\_\_ off of Engine 4 from roadways locations. So when you do that, that also extends the time that now two of our apparatus are committed to an incident leaving the entire island to be covered by our remaining crew which is Engine 12 which is a two-man crew, trying to cover . . .(inaudible) . . . incidents that should be handled by a fully staffed engine company. It is also important to point out the Deputy Chief Shimada had implemented a tremendous apparatus maintenance program that is cutting edge within our Department. Engine 9's twin truck which is Engine 11 has currently been in the shop for the last few months with major problems and this goes to show the tremendous wear that these trucks are placed under. So it's not what . . .(inaudible) . . . as much a maintenance of, it's not much, as much an issue of maintenance upkeep but just that the great toll that we ask of these trucks. So again we'd like to thank you for your continued support in helping us with those tools to keep our community safe. And again the highlight, the majority of the district that this truck would serve --

MS. YOSHIMURA: Three minutes.

MR. KINO: --is classified as low income. So the entire community of Molokai really benefits from the support of this project. And I thank you for your time. Any questions?

CHAIR HOKAMA: Okay. Next.

MR. KINO: Thank you very much.

MS. ALCON: Our next testifier is Fire Fighter III, John Rosa.

MR. ROSA: Good morning, John Rosa, Engine 9. This morning I'll be speaking on behalf of Greg Jenkins' testimony. Aloha, Chair Hokama, Member Crivello, and Members of Budget and Finance Committee. My name is Greg Jenkins and I am the Captain of Engine 9 on B watch. I'm testifying today in support of Fire Chief Jeff Murray's application for CDBG funds for replacement of the Hoolehua Pumper \_\_\_\_ Engine 9. . . .(inaudible) . . . Engine 9 has served our community well over its approximate ten-year life. . . .(inaudible) . . . Engine 9 it's unique in that it is a wild land urban interface four-wheel drive engine, one of two on Molokai and one of five Countywide.

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Off-road engines such as Engine 9 experience a great amount of different types of wear and tear as compared to pavement oriented engines. Almost 100 percent of Engine 9's district requires an off-road capability which has taken its toll on existing Engine 9. Reasons that I support the replacement of Engine 9 are as follows; corrosion on . . .(inaudible) . . . structural members, stress from . . .(inaudible) . . . engine and . . .(inaudible) . . . problems . . .(inaudible) . . . past routine . . .(inaudible) . . . and maintenance such as engine overhaul and routine overuse of transmission while pumping at wild land fires, fire pump overhaul need, firefighting compressed air foam system and class A foam system has failed and needs to be overhauled or replaced leaving existing Engine 9 at this time with no class foam capability to fight fires. Emergency use electrical problems such as tank water level gauge system . . .(inaudible) . . . being inoperable. Long story short, for existing Engine 9 to be overhauled and restored to acceptable working conditions it would require several months for our mechanics to complete such a project including shipping the apparatus to Maui. Such an overhaul effort for existing Engine 9 would need to be balanced with all other . . .(inaudible) . . . apparatus repair and maintenance needs Countywide. It would also require the Hoolehua District and Molokai Engine to have a critical emergency response resource to be provided by an older release apparatus that has no off-road capability and no class A foam for a significant amount of time. In conclusion, I recognize the Maui County Council's critical role in maintaining Maui County's including Molokai's Fire Emergency Response capabilities and a responsible . . .(inaudible) . . . through funding appropriations such as apparatus replacement. The Council's funding support for needed apparatus replacement directly impacts community and fire fighter safety in a positive way. The CDBG funding requested to replace existing Engine 9 is discretionary and from a source that does not impact the County's general revenues. Molokai qualifies for CDBG funding, fire apparatus is an approved use for a CDBG funding and the entire population of Molokai will be positively benefitted from this project. I request that the Budget and Finance Committee continue to support MFD's mission in community and fire fighter safety by supporting Chief's CDBG application to replace the Hoolehua pumper Engine 9. Mahalo.

CHAIR HOKAMA: Okay. Next.

MS. ALCON: Chair, shall I continue? Okay. Our next testifier is Fire Fighter I, Noa John Horner.

MR. HORNER: Good morning. My name is Noa John Horner. I am a fire fighter working out of Hoolehua Fire Station and have had the opportunity to work on . . .(inaudible) . . . since she was . . .(inaudible) . . . I am here today to support the funding request for our replacement pumper for . . .(inaudible) . . . Though District 9 covers Hoolehua, Mauna Loa, Kalae, Kualapuu, and Kaluakoi areas we have also been called to assist with our surrounding districts. In short, all apparatus on Molokai is expected to cover island-wide. Our truck has been designed for off-road capabilities, \_\_\_\_\_ has seen rough terrain in its years of service. This has put a lot of strain on our truck through the years and in recent times we have taken her off island, offline for repairs and

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maintenance more frequently. I thank you for your consideration of our request for funding as we have also confirmed our eligibility for funding. Thank you.

CHAIR HOKAMA: Next.

MS. ALCON: Our next testifier is Zhantell Dudoit Lindo.

MS. LINDO: Aloha and thank you for all of your hard work. I'm here today to support the request for acquisition of a pumper for the Hoolehua, Mauna Loa, Kalae, Kualapuu, and Ke Nani Kai communities of central and West Molokai. I'm just going to state the facts. This application does meet the criteria to warrant such funding. Under the eligibility activities it does meet requirement 24 CFR 570.201(c) which is public facilities and improvements. It does offer support and benefit for objective 24 CFR 570.208(a)(1)(i) the area benefit activities where at least 51 percent of the residents have . . . *(inaudible)*. . . community are low to moderate income. The project satisfies Goal PF-3, the acquire public safety equipment apparatus to benefit low and moderate-income communities. Aside from that, the area in which it services has a high percentage of seniors and kupuna of which this station responds to first many times and a lot of times are our first and only line of defense in natural disasters in that area. They also have one of the largest areas of open land and fire hazards on our island and they are responsible for over 5,800 people or residents in this community. The community . . . *(inaudible)*. . . as a member of the incident management . . . *(inaudible)*. . . Molokai and the Emergency Operating Committee I just want to support the Department in all of their efforts. They continue to . . . *(inaudible)*. . . a necessary part of all of our needs and necessities during a disaster and doing so many other things aside and beyond just fighting fires. So thank you very much for your time and your consideration.

MS. ALCON: Our next testifier is Captain Henry Lindo Senior, Jr. sorry.

MR. LINDO: Good morning Council. My name is Henry Lindo Jr., Captain at Kaunakakai Fire Station and, you know, thanks for allowing us the chance to testify. And, you know, this is one of those things you going here everybody say about the needs and all that but we understand this island. We're an island with poor people, low-income people, in the island they get plenty Hawaiians in this place and the amount of equipment that we have on this island is not sufficient for big things but we do with what we get yeah. I'm so proud of our Department, our members, our Chief for backing up and supporting something like this. Man, you know, this is one of those things that we come before you guys every single time for, for ask for this kind stuff and what we're asking for is totally your support of the people of this island yeah, the people of this community because I tell you one thing, something going happen and it's always who they're going to point the finger at when something bad happens yeah? And we can blame everything, we can blame the bad equipment . . . *(inaudible)*. . . it comes down to some of the decisions that, and the hard decisions that we got to make that people in the Council, the people who work in Administration, their decisions reflect on what they believe, yeah? So me I'm a person who believes in moral standards, who believes in what is right and what is the good thing for everybody and I

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believe as a Department we fulfill that role, especially through the CDBG grants with making sure that all the, you know, the T's are crossed and the I's are dotted to make sure that the funding that we received, everything was tracked and that it was being used the best . . . *(inaudible)*. . . the community that we provide for. So all we asking you continually is for your support for make sure that something like this does happen. That we receive the funding for a new truck, yeah, you look at 'em, oh, it's only ten-years old but look at the terrain and the territory that this truck is used for. So we thank you for your support. We thank you for your time. We thank you for your consideration. But most of all thank you for what you do for the people or . . . *(inaudible)*. . . Whatever you do please, please, please, support this Department in the way that we need to go. We the best in not only this State but in this nation. So thank you again. Aloha. God bless.

MS. ALCON: Our next testifier is Jay Duquette.

MR. DUQUETTE: Aloha, ladies and gentlemen of the Council. Mahalo for hearing my testimony today. My name is Jay Duquette and I've been a fire fighter on Maui and Molokai for the last five years. I feel that, know that Hoolehua needs a new truck. I fully support putting CDBG funds towards this truck as I know that this will benefit our community which represents the demographic parameters in which these funds are meant. I fully understand there is some trepidation within the Council as to whether or not this really is a truly beneficial project for this community. Let me assure you from my own personal experience living and serving this community that it absolutely is, okay. We serve the people of this . . . *(inaudible)*. . . that are generally underserved and often left behind. This is an opportunity for us and for the Council and for the entire government of Maui County to serve the people, everybody on the island. We all understand the budget constraints in which these times call for and that's why CDBG money is so important to us. The improved operational capacity in which this new truck will possess will greatly improve our response capabilities to both fires, medicals, rescues, et cetera. The bottom line is we need these capabilities to be as effective as we can be, period. As Captain Kino mentioned, our staffing is limited and our responsibilities are no different than Maui, Honolulu, et cetera. This is why we depend on our apparatus to be top notch and right now in regards to Engine 9 or Hoolehua, this isn't the case, its ten-years old and needs to be replaced. Like some of the guys that came before me, you know, realize that some of the guys that live up there, there's a lot of off-roading stuff that happens in the truck, there's a lot of inaccessible places. People live up in the mountains and they get sick, they get injured like everybody else or the fires run up into the mountains and we've got to go up there. So we need this capability to get up there and to do our job, and so right now you guys are kind of holding that in your hands. And I just want to say that you know we appreciate what you guys do and, you know, please, please okay this grant and give us our funds. Mahalo.

MS. ALCON: Our next testifier is Fire Fighter III, Larry Rawlins, Jr.

MR. RAWLINS: Aloha, Councilmembers. First of all, our community, we really want to thank you guys for all the hard work and effort you guys have given us in the past and



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we ask you guys again to help support our efforts and \_\_\_ our new apparatus \_\_\_ Engine 9. Actually for our island of Molokai. I won't come from the, you know, a lot of you said about other things being provided, but I'm a, my main concern is that the maintenance and stuff of the truck that there's, we have no control because . . .(inaudible) . . truck is, the apparatus is working that. Engine 9's district is probably more than 50 to 60 percent off-road and they, you know, the roads are really bad in, you know, more than half of the areas that they go to. So coming from an inspector, I'm an inspector for the trucks too, and I see a lot of wear and tear on the truck, not because . . .(inaudible) . . the maintenance part, it's just because the trucks are being worked at a hard rate in bad conditions. So, you know, I . . .(inaudible) . . really ask for your guys support in trying to get us a new truck for our island . . .(inaudible) . . but for our whole island. And again Molokai we mahalo you folks. Thank you for your guys' time. Aloha.

MS. ALCON: Okay, that was our last testifier. Thank you very much.

CHAIR HOKAMA: Okay. We'll go to Lanai. We'll ask Ms. Fernandez, is there any Lanai resident wishing to provide testimony?

MS. YOSHIMURA: Denise?

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

CHAIR HOKAMA: Okay. Thank you. Tell them thank you for showing up and then you can transmit their testimony to us as soon as possible, Ms. Fernandez. Thank you. Hana Office, anyone wishing to provide testimony?

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

CHAIR HOKAMA: Thank you, Ms. Lono. In the chambers I have a Mr. Bruce Uhu who would like to share testimony with us. If you would come down and share your thoughts, Mr. Uhu. You have three minutes on the agenda item of your choice.

MR. UHU: Good morning, Council Chair, Councilmembers. My name is Bruce Uhu, Hawaii Carpenter Regional of Council testifying on behalf of agenda item BF-2(1). I had the distinct pleasure of, I don't know if it was pleasure but I had the pleasure, I guess it was a pleasure of serving on the Review Committee for the Community Development Block Grant and I was called and asked if I would be able to serve and only to find out that the grants are as thick as EA's and they give you one two feet by two feet box, was awesome. I loved the reading and we all took the time and did the due diligence. It was very timely and we put in the work and I think we had six people on the Committee, one alternate, and, you know, you going read four hours a night after work to get it done on time. And the benefit was everybody did their homework, everybody came in prepared and the last day we meet. And, you know, as a person who first time did something like this, you know, they gave us a scoring sheet, you score it and you grade it based on the scoring system they gave you and you kind of unsure, the score process going in, and what was amazing is we pretty much was on

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point of the scoring and the grading system that was given to us. So and if you take a look at the grading system, the grading points, the two top ones, the pumper from Molokai and the Lanai Health Facility, if you look at the grants that they sent in, it was top notch and scored very high in all criteria's. And I think more so the highest points in scoring was in the number of people that going be served throughout the money and also the quality of the grants that the writer that sent it to us was top notch. And we just followed what was given to us and on a consistent basis everyone scored them the highest. And like I said I went in knowing no one who was serving with me on the board and we pretty much came up pretty close with all the same grade. So I think, you know, I just take my hats off and I hope you support this. It wasn't done or intended to do anything but to serve the people needed and all 12 grants that we had were people that needed. It's just that we came up with the top two based on fairness, and I can answer any questions if you guys have any. Thank you for your time by the way, and thank you for all your hard work by the way.

CHAIR HOKAMA: Thank you, Mr. Uhu, for your service to your County. We thank you for your time that you donate to us, and thank you for explaining the process you went through to come up with the recommendations. We appreciate that. Members, questions for Mr. Uhu on his testimony? Having none, Mr. Uhu, again we thank you for your service.

MR. UHU: Aloha. Thank you.

CHAIR HOKAMA: Is there anyone else wishing to provide testimony? Please make yourself known at this time please. Okay. There is no one in the Chambers. Ms. Lono, anyone else in Hana?

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

CHAIR HOKAMA: Okay. Lanai, Ms. Fernandez, anyone else?

MS. FERNANDEZ: There's no one else waiting to testify on Lanai.

CHAIR HOKAMA: Okay. And then Molokai has already disconnected, Members. So with no objections, we shall close testimony for today's meeting.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay. Thank you. So ordered.

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

**ITEM 2(1): COMMUNITY DEVELOPMENT BLOCK GRANT ("CDBG")  
PROGRAM, PROGRAM YEAR 2015/FISCAL 2016:  
JULY 1 2015 TO JUNE 30, 2016 (CC 15-181)**

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CHAIR HOKAMA: Let us go to BF-2(1) which is the CDBG Program Year 2015/Fiscal Year 2016 proposal. This is connected to a communication 15-181, from the Office of CDBG they have for us a proposed resolution that is recommending adoption by Council for a grant of \$1,711,591, and we have Mr. Pontanilla joining us this morning to give us comments, as well as Ms. Hayashi, Agnes Hayashi who is very familiar with the CDBG program. Yes, Ms. Crivello?

COUNCILMEMBER CRIVELLO: Chair, thank you. I'd like to disclose that I was asked to serve on the selection panel and I participated through the process of the appointment or the recommendation from Mayor Arakawa to serve because of the request from Council to have a Councilmember on the selection committee and I served as such.

CHAIR HOKAMA: Okay. Thank you for that disclosure and thank you for saying that you served. I don't know if we see that as an official seat from Council since Council did not make action on it, on the appointment. But I'm glad that Administration at least recognized Council's participation so having you there was refreshing and appreciated. You know for the Chair I would, in my experience would say that I could make a call but I think down the road we would ask Board of Ethics, 'cause this would go back to Charter again on whether or not there can be conflicts from the Council branch, predetermining certain decisions before it comes to Committee. So as of today I will rule that, broadly that Ms. Crivello can continue to participate. I am assuming that whatever recommendation is coming forward came as a package and not as an individual project by project. The Chair is making that assumption, Members. So if you have an issue with my ruling you bring it up now please or we are going to continue to move forward.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay. We shall continue to go forward with Ms. Crivello being able to participate with --

COUNCILMEMBER CRIVELLO: Thank you.

CHAIR HOKAMA: --all privileges of a sitting Member. Thank you for the disclosure. Mr. Pontanilla, it's your and Ms. Hayashi's show now. So if you would take it away for us please.

MR. PONTANILLA: Good morning, Chair Hokama and Members of the Council. I'm Joe Pontanilla, the CDBG Program Manager since June 8, 2015. You know it's different sitting on this side rather than on that side. So please bear with me this morning. The CDBG program is a flexible program that provides communities with resources to address a wide range of unique community development needs. The CDBG program is one of the longest continuously run programs at the United States Department of Housing and Urban Development (HUD). Maui County has participated in the program since its inception in 1974. The purpose of the program is to develop viable communities by providing decent housing, a suitable living environment, and

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opportunities to expand economic opportunities principally for low and moderate-income persons. With the filing of the first resolution, and the rejection and disapproval of our second CDBG resolution, the CDBG program office commenced with its second 30-day open competitive application requests for proposals process on April 8, 2015 that ended on May 8, 2015. Taking into consideration the Council's concern on the lack of applicants from our first RFP and the need for greater community outreach, we increased the number of publications for, in *The Maui News* and sent out mass email notifications to non-profit organizations in Maui County. This effort \_\_\_\_\_ the minimum requirements as required by HUD which stipulates only one public notice be published in a newspaper of general circulation. We also held public hearing meetings on Lanai, Molokai, as well as in Hana and of course here in Wailuku. We believe that this effort made a significant positive impact on the number and quality of applications received in our second RFP as evident by our funding proposal. Back here I do have a box of 12 proposals that were submitted consistent with the evaluation and selection procedures maintained by the CDBG Office over the past 12 years. The recommended projects were selected via an open competitive application process and panel evaluation followed by the approval by the Mayor. The five-member evaluation and selection panel utilized for the second RFP process included a diverse group of individuals with various backgrounds and expertise that represented our County well. They include Joyce Kawakami, Feed My Sheep; Bruce Uhu, Hawaii Carpenters Union; Stephen West, ILWU; Maui County Councilmember, Stacy Crivello; and Linda Munsell, HOME Program, Department of Housing and Human Services [sic]. The open application process that the structured rating methodology utilizing the pre-evaluation success factors and scoring parameters for each application question combined with the independent evaluation five-member panel established an equitable, objective, and credible approach for a selection of projects. Given our stringent and comprehensive evaluation and selection system, we cannot and are not able to arbitrarily select a type of project over another. The funding proposal presented in this CDBG resolution for your consideration and approval is based on an objective and fair process. The following projects were considered for funding in 2015 program year: County of Maui Department of Fire and Public Safety Hoolehua Pumper; Lanai Community Health Center, as alternate we have Lanai Community Health Center New Facility; Ka Hale A Ke Ola Homeless Resource Center; Mental Health Kokua/Iao House Rehabilitation; Maui Family Support Services/Ka 'ie'ie Child Development Center; ARC of Maui/ARC Group Home Rehabilitation; Lokahi Pacific/Hale Lokahi Elua Rehabilitation; Hale Mahaolu/Ewalu Senior Housing; Hale Mahaolu/Lahaina Surf Preservation; Mental Health Kokua/Market Street Rehabilitation; and Hana Health/Hana Health Rehabilitation Support Center. Chairman, the deadline for which HUD must receive our application to secure our CDBG funding is August 15, 2015. With your approval, we hope to file the County's application for program year 2015 by August 7, 2015. Should HUD receive the County's application after August 15, 2015, the County of Maui will not receive the \$1.7 million allocation for program year 2015. Thank you, Chair.

CHAIR HOKAMA: Thank you, Mr. Pontanilla. Ms. Hayashi, you want, anything you want to share with the Committee? Okay. You heard the comments from Mr. Pontanilla on the proposed resolution. Members, you have your opportunity to ask questions,

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process, projects recommending for adoption for consideration. Questions? Mr. White, questions at this time?

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

CHAIR HOKAMA: Okay. Ms. Crivello?

COUNCILMEMBER CRIVELLO: No, I'll let the others ask before I.

CHAIR HOKAMA: Okay. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Thank you, Mr. Pontanilla, for being here. I don't know if you've received this letter that we just got a copy of. It looks like it was dated June 26 where it expresses, I think it's Mr. White's concerns but I'm sure it's the Council's concerns because we've discussed it on the floor before about the selection process. I just find it...and we talked about this before. I find it interesting on how the process went where money needed for a homeless resource center or potentially mental health or a few other things, a fire truck took precedence over that. And I know that the Council has asked the CDBG department to redo its selection criteria to put, you know, community service things over County equipment if at all possible. Has that happened since then? I know it was really difficult for this one because you were right in the middle of the process. I just want to know moving forward has that happened?

MR. PONTANILLA: Thank you, Mr. Couch. Yeah we discussed this as far as the process. Because we're in the second review process we didn't want to change the guidelines that were offered to us by HUD, you know, in this 2015 program year. Yeah I did receive the letter from Chairman White and it indicated that, you know, if I should be willing to meet with the Chair, I am willing to meet with the Chair to discuss the CDBG program and to look at ways how to improve the program. As you know, I, you know, just started on June 8 and since June 8 I've been meeting with some of the nonprofit organizations, the ones that have grants from us from previous years, and one of the things that we always talk about and you hear it is the time limits of spend down of the funds that we give the nonprofits. And, you know, it's alarming when we find that some of the nonprofits are having a difficult in just starting up their projects. So I'm presently reviewing the project with the grantees to ensure that the spend down is done in a timely manner. You know in May we were, we didn't meet our ratio of 1.5, we were at 1.6 so it's going to be a challenge once we receive that 1.7 and looking at the spend down from 2014 because we need to spend down quite a bit more than 1.7. It's going to be a challenge, but I'm willing to talk with the Chairman White, you know, in regards to the letter that was sent to me on June the 26 and I am going to be waiting from his office for that meeting.

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

CHAIR HOKAMA: Thank you. Before I call on Ms. Cochran, Mr. Pontanilla, just a follow-up from, I'm going to use your phrase, a quick one.

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MR. PONTANILLA: You never forget.

CHAIR HOKAMA: Yeah, I don't forget, you're right, Joe. Regarding the spend down concern, is there something within the notification process that you will be adjusting? Because I don't know if that's part of the issue of notification to the applicants that qualify, when they can start their project or start the spend down clock, is that a concern for us?

MR. PONTANILLA: As far as starting the project, yes. We need to respond to them whenever they ask questions in regards to the program and when to start their project. But I think, you know, meeting with the people that we grant monies to on a regular basis, you know, keeping our face in their face, I'm sure, you know, telling them about their spend down and the project and progression I'm sure will improve the timeliness as far as spending down the dollars that we get from HUD.

CHAIR HOKAMA: Okay. Well if it's our departments, we would ask that you keep us informed because that's part of how we're going to judge their performance, ability to spend down and fulfill the grant requirements.

MR. PONTANILLA: Yeah, it is my hope to meet with Council as well as the Councilmembers in regards to the progression of the program itself.

CHAIR HOKAMA: Okay. Thank you. Ms. Cochran, questions?

COUNCILMEMBER COCHRAN: Thank you, Chair, and thank you, Department, for being here. I just quickly went through the letter that was handed out to all of us that you're speaking of too, Mr. Pontanilla, and hopefully to discuss with more Council Chairman, and I hear it really breaks it down nicely. The, I guess the selection committee, it said community representatives wanted more community representatives, so you mentioned the names of the people that were here, Mr. Uhu was one of them, ILWU, and what have you. So who, were people switched out or you added more people to the selection committee? What was it before compared to what it is today?

MR. PONTANILLA: What was before I think was a three-member panel. I'm sorry, it was always five, and we kept it at five and we added an alternate.

COUNCILMEMBER COCHRAN: Okay. But I mean I guess the background of the people have changed, is that what was meant by adding more community type representatives? Or Ms. Hayashi I think has, Mr. Chair.

CHAIR HOKAMA: Please.

MS. HAYASHI: If I may?

CHAIR HOKAMA: Please.

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MS. HAYASHI: Councilmember Cochran, the process that we've maintained since its implementation in 2004 calls for a five-member panel and with one alternate. And it is at the discretion of the CDBG manager how that panel is put together. And then the panel recommended, the panel members that are recommended by the manager is then approved by the Mayor. In the past, this panel has been comprised of members of the Housing and Human Concerns Department primarily, as well as other department personnel that may be, that are relevant to the process. For example, it might include the Planning Director or the Deputy, it might include the Finance Director or his or her Deputy, and other departments that participate in the, in community development in some way. And our whole intent behind that is to create a panel that has a diverse background that can complement each other in the selection or evaluation of the projects. We've also tried to include at least one member of the community and I'm going over a period of 12 years, and early on also invite the Council. Recent panels have been primarily the County Administration. But we in this most recent panel taking in to account the expressed concern of the Council, we selected the majority of being public members with only one civil service employee from the Housing and Human Concerns Department. Thank you.

COUNCILMEMBER COCHRAN: Okay. Thank you. And your choice to choose a Councilmember, was that the first time you had put a Councilmember per se on the selection crew, committee? And how did you go about, well I guess 'cause Ms. Crivello is Housing and Human Concerns Chair it would probably be the main reason.

MS. HAYASHI: I'm, it was really the decision, and I'm speaking, yeah, well let me just say this, in the early implementation, we've, and this is when I was program manager back in 2003 to 2006, we always invited the Council. And so I can speak to that directly. In terms of years or terms after that, I'm sorry, I really don't feel comfortable answering that and I'll turn this over to the Council, to the current manager to explain the current process. Thank you.

MR. PONTANILLA: Thank you, Agnes. Yeah, it was my decision to select Councilmember Crivello from Molokai. I know that, you know, after reading your letter in regards to not notifying the Council Chair, but I did make that decision, okay.

COUNCILMEMBER COCHRAN: Okay. Well thank you for that, Mr. Pontanilla. And, Chair, I don't have any further questions but I wasn't sure if you're going to, I see Fire Chief here, but in regards to the first priority item I guess in relation to his Department if he is going to be asked for questions I did have. But I'll leave it up to you on how you want to . . . *(inaudible)* . . .

CHAIR HOKAMA: We'll go through this round first and then we'll start another round.

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR HOKAMA: Ms. Baisa?

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COUNCILMEMBER BAISA: Thank you very much, Chair, and thank you, Mr. Pontanilla and Agnes, for being here this morning. I'm sorry we didn't have the opportunity to get together. You know I had read your packet very carefully and had it all tabbed so that I could discuss this with you. But we didn't have that chance. But I do have just a few comments I want to share. One is that, you know, I've been involved with CDBG for a long, long, time, not since I got on the Council but in my previous work. And I lived through the transition of CDBG from brick and mortar community development projects to seeing most of the money being spent on County equipment, and I've always wondered about it because my understanding was just that CDBG originally was to eliminate slum and blight. And you do that of course by going in to low-income neighborhoods and trying to promote projects to help better that. And so I don't understand and I wasn't part of that transition on the County's side of it 'cause, you know, my, by the time I got here it was a practice already. But I looked carefully at the packet we got from CDBG and I was interested in the priorities that they have adopted and that they want us to do in the future. And it was really interesting to see how close those priorities are to our community priorities. You know they're talking about surface transportation which I know our Committee Chair and as NACo president that's big interest for him and a big thrust. Drinking water which is so aligned with what our community needs. Sewage and storm water management which we've spent hours and hours talking about here and trying to deal with and . . . *(inaudible)* . . . and social infrastructure. So I like these new priorities, I think they really align with what our community needs. But I understand in reality that our new manager just, you know, you just acquired this a few weeks ago and it will take time to go through transition and change the way we do things, look at it if need be and try and reorganize and, you know, things take time. Change takes time and it's always painful. But for today I understand what is before us and I'm excited that at least we had the opportunity to have a Councilmember on the selection committee. I think that's a real plus, I think that should be continued and I noticed in the material that I mentioned to earlier that's talked about, that you want to try to get more Council involvement so that we can align our priorities. You know it's just so wasteful when Administration has priorities and we have priorities and we're not on the same page. All we do is spin our wheels and sit here talking about it. So the more we start from the beginning together, maybe the end products will come faster and better. So I'm all for that. But I am disappointed and my disappointment is I wanted to see some money to go to the housing for seniors. I thought that should have had a higher priority. You know we have such a critical, critical housing need in this community that we really got to step forward and try to support that in every way we can. And of course I was kind of also freaked out because we have a situation in here with asbestos in a senior project and we got to get that out. So that's my only concern. But I can support what's before us because I realize the time constraints we have here and all the circumstances that got together in order to bring us to where we are. But I think we can do a lot better going forward and I have every confidence that Mr. Pontanilla will take us there. Thank you.

CHAIR HOKAMA: Thank you, Ms. Baisa, for your thoughts. Mr. Carroll?



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COUNCILMEMBER CARROLL: Thank you, Chair. I also have been with CDBG for a long time as many of us have. And I know where we were and where we're at now. I'm also not really very happy with a lot of the things that we have before us and the constraints that we have on how the money is spent. And especially as Councilmember Baisa was saying about housing and other things that I think the Council would prefer to see chosen. However, I realize the constraints we're under and I appreciate the staff in doing all that they can to address all that they can. It's where we're at and we have to live with a lot of it because we do not make the regulations and the constraints that we have to operate under, and I thank them for all they do. And hopefully we've had some changes now and maybe in the future we'll have some other changes that are more compatible with what our needs are. Thank you, Chair.

CHAIR HOKAMA: Thank you, Mr. Carroll, for your thoughts.

COUNCILMEMBER CRIVELLO: Chair?

CHAIR HOKAMA: Yes, Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you. I have a couple questions and but I'd also like to comment on the process, regardless of my participation on the selection panel. I also wear a ku aina or rural hat from Molokai, and I also have like Councilmember Baisa and Mr. Carroll, participated in CDBG applications, CDBG processes. And our island also had the opportunity several years back to have the head of HUD visit us and give us explicitly the kind of opportunities that are before us and it did include public safety facility/equipment. Needless to say, housing, needless to say, health facilities which our community has taken advantage of, as well as meeting the needs of the kupuna. But I also realize too that your application is how you're judged and what's in that application is what it takes, and it's done intensive to process the CDBG application. It's like you need an army of experts to get it through. And I guess perhaps some of the applications were not able to meet all of its required process that we were not, perhaps maybe some did not score as high as we would have hoped to. I'd like to also say that the, I found the process quit intense and I would hope that Mr. Pontanilla will improve on the process, especially the timeliness for the applications. I think we were having a crash course to get it through. But the end result is five members plus the alternative member came up with the end result and may not be pleasing to all but I will need to add it has a process which I think we all value because it includes community. Whether I wear a Councilmember hat or an ILWU hat, or a Carpenters Union hat, we are all part of our community and our County. So that's a process I value and I'm sure my colleagues value. The other thing I think that Mr. Pontanilla mentioned, we had part of, before the application can even qualify, there's the community priority plan. Again it's a community process, they have the outreach and they come to the conclusion, what is it community notes as their priority? No question housing, no question building, and on that top four are public safety equipment and serving the, whether it's the fire or the police or ambulances or medical response. that's kind of...but my question to you, Mr. Pontanilla, the first resolution was rejected by Council, we didn't accept it. And

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now if this is not accepted because this is a new competitive application process, can you tell me what kind of consequence we have and as far as the outcome with HUD, the funder?

MR. PONTANILLA: Councilmember Crivello, thank you for that question. You know as I stated earlier, we have a deadline to meet to provide HUD with Maui County's applications and that deadline is August 15. And, you know, with your consideration and hopefully approval that we can get this application to HUD by August 7. We don't want to take that chance of, you know, something going wrong, yeah, between 7 and the 15<sup>th</sup>. So the drop dead date is August 15, HUD need to receive the application program for Maui County.

COUNCILMEMBER CRIVELLO: You haven't answered my question. What are the consequences?

MR. PONTANILLA: Oh, we're not going to receive that \$1.7 million.

COUNCILMEMBER CRIVELLO: That's what I mean.

MR. PONTANILLA: And possibly some penalties that we need to pay for the current year program.

COUNCILMEMBER CRIVELLO: Okay. And also, you know, through this process because I think more of the concern of our Chair as well as maybe some other Members of the Council when it states that the Council's view is that the intent of the CDBG program is to favor to community development projects over equipment purchases by County departments. I would like to, I know you, you know, we have the understanding but if we went, we're going through this process, could CDBG, your previous program manager or whomever, could you have, I don't know if I want to use the word manipulate, but could you have manipulated the priorities so that it will just come out that it will be community development projects over equipment purchases?

MR. PONTANILLA: No, we go through the process of doing the ConPlan and that's where the public tell us, you know, what is needed within their community. So based on that we come up with an action plan to satisfy the information that we get through the ConPlan and it's an open process. We advertise it in the newspaper, and one of the interesting part is that when we do go out to the public to the different communities and receive open testimony.

COUNCILMEMBER CRIVELLO: Okay. Thank you.

MR. PONTANILLA: But for the evaluation process, you cannot. You cannot. I do have with me copies of the, and we white out all of the panelist names, and, you know, this is very interesting, when you want to take a look at the ranking, you know, it's mind boggling. So if I can have Staff or someone. O, it's in your packet but I do have some information over here.

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CHAIR HOKAMA: Okay. Michelle, if you can help please. Mr. Pontanilla, you know, when we hand this out, why don't you give us a quick summary of what you are sharing with the Committee and then we're going to take a short recess and allow the Members to go through the documents.

MR. PONTANILLA: Okay. I'm sorry, the Members have two sheets, one if the sheet that rated each of the projects by the panelists without their names on it and it tells you, you know, how the ranking came out, and then the other one is the, by rank 1 through 10, 1 through 12.

CHAIR HOKAMA: Okay. The second page is what, same thing, Mr. Pontanilla?

MR. PONTANILLA: The second one is not sorted by rank, by rater, it's by rater.

CHAIR HOKAMA: Okay, we're going to take a recess 'til 10:30. . . .(gavel). . .

RECESS: 10:20 a.m.  
RECONVENE: 10:30 a.m.

CHAIR HOKAMA: . . .(gavel). . . We shall return to open session. We just received from the Office of CDBG a handout. Mr. Pontanilla gave you a composite summary as well as a rater scoring summary sheets regarding 12 projects. Let's see, Mr. White, do you have any questions at this time?

VICE-CHAIR WHITE: Not on this sheet. Thank you.

CHAIR HOKAMA: Okay. Thank you. So, gentlemen, since Ms. Hayashi's rejoining us as well as Ms. Cochran, okay, so this Committee can be assured as we move forward on this request this morning because the Chair plans to take some kind of action. We do . . .(inaudible). . . the item, a correspondence April 6 of this year signed by Mark Chandler, Director Office of Community Planning and Development, I'm assuming this is for Region 9 which Hawaii is part of, the Federal Region 9. In it Mr. Chandler states in his first paragraph as a result all originally selected projects would no longer be eligible to apply for the 2015 CDBG funds because it would be viewed as a manipulation of the selection process creating an unfair funding process if the originally selected projects were to apply and be selected again in the same program year. So stating that, the Molokai Pumper and the Lanai Health Center was on the original projects being recommended. They continue to appear on the second proposal being recommended. Are we in any type of soft ground that our standing would be questioned? I'm just going by Mr. Chandler's correspondence to the County. Ms. Hayashi?

MS. HAYASHI: Okay. Yes, Chair Hokama, in this process because this is really, although we've always offered that the Council, it's the Council's prerogative and with full authority to reject the RFP and it's always been factored into this process since it was

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first implemented, we have never gone down this path. That's not saying that it was not allowed, it always allowed. So at the time that it was first rejected and then the first resolution was rejected and also the second, we've been with, we've been in discussion with HUD and especially particularly with Mr. Chandler since February, and throughout this whole process we've been engaged in dialogue with him and his advisement is, was that in this third resolution although the applicants might be the same, as long as their project scope was different it was acceptable.

CHAIR HOKAMA: So all these projects have revised their scope to be on round three? Is our understanding?

MR. PONTANILLA: Chairman Hokama, yes.

CHAIR HOKAMA: Okay. 'Cause one of the issues Secretary Castro and I had regarding this program, and I'm talking about the secretary of HUD. Our displeasure, or my displeasure of how some of these programs are being done. Okay. Thank you for that response. Any questions on specific projects, Members? The Chair will just say that departments have priority access to Council, especially in the annual budget review versus non-County departments. We are chartered to respond to core departments, that's part of our responsibility as Councilors, to our first response, anything that Charter has specifically demanded Council to review and fund has first priority with this body. I too had hoped that the nonprofit community would utilize this as their first choice of looking at funding and then the County as second. I look at our departments as coming to the Council first before they go outside, and I will remember who's come before us at this time in nine months when we re-review the budget. So saying that, anyone has a specific project that they want to bring up at this time? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair.

CHAIR HOKAMA: We do have the Chief of Fire here, we do have Ms. Ridao from Housing and Human Concerns here.

COUNCILMEMBER COUCH: It's not so much a project, it's a question for Mr. Pontanilla. He mentioned something in his response back to me about they're having a hard time spending down even last year's. Is that anybody on this list or is that, where are you having a problem spending down last year's?

CHAIR HOKAMA: Mr. Pontanilla?

MR. PONTANILLA: Some of the grantees for 2015 year program, yeah, we do have one that's, you know, is trying to spend down and their target date is prior to December 31 and that's the Lanai Community Health Center. There's also the Women Helping Women, Maui Food Bank, Fire Department. So as we move forward, you know, my previous statement earlier in regards to meeting with each of these grantees was, you know, is specifically to get from them commitments on their spend down hopefully by the end

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of the year or before the next period where HUD comes in and look at the spend down for Maui County which is May 1.

CHAIR HOKAMA: So, Mr. Pontanilla, you know, I think Mr. Couch brought up a good point. What I would ask if you could share because of his question, you know, if we get the notice to proceed let's say October 1<sup>st</sup>, new Federal year and you get the green light from HUD, let's say you tell Fire in June though, yeah you guys can spend down, you know, for whatever reason there was a communication gap between, you know, October 1 and then June, so the department has six months less now to do the spend down because of notification. I guess HUD would hold our feet to the fire that that was our problem right, on the spend down problem?

MR. PONTANILLA: Yes, Chairman. That's one thing that, you know, I'm going to be looking at as far as, you know, the response to all of the grantees from the office that's it's done on a timely manner. As far as once the approval is made by HUD that we'd be notifying each of the grantees the notice to, you know, proceed with their projects.

CHAIR HOKAMA: And then on the specs for like the Pumper, the off-road component which testimony to us was it's a critical component, do you, your office verify and confirm that those things are within the bid proposal for the equipment?

MR. PONTANILLA: Well, you know, being here June 8, you know, I haven't had the opportunity to go Molokai or even talk with the Chief in regards to the equipment that is being purchased. But I understand that prior to equipment being purchased there is a specification process that they go through to ensure that the vehicle or asset that they're requiring is for the purpose that, you know, for the funding.

CHAIR HOKAMA: Is maintenance of that CDBG equipment part of the responsibility that you folks look at also?

MR. PONTANILLA: Yes.

CHAIR HOKAMA: Okay. So our annual appropriation on the maintenance of that grant-funded equipment would be part of your office's I guess scope of review?

MR. PONTANILLA: As far as what HUD is requesting from us and from whoever, like equipment, to ensure that the equipment is utilized and identified as assets from CDBG and the maintenance is done by the department, the various departments because not only Fire but we did have Environmental purchases for Lanai and Public Works for I think was Hana.

CHAIR HOKAMA: I just bring up my concern, Mr. Pontanilla. Lanai, we bought one off-road fire truck, we had one volunteer fire department and we ran that truck for 20-something years through pineapple field dirt. So my question comes about maintenance program within the Department and the ability to perform. Dole did our maintenance for the County on an as-is basis because Dole equipment came first and yet we ran our truck for 20 years complete island coverage, volunteer firefighters and

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now we get full time and we cannot even maintain one truck for 10 years? Okay. Mr. Carroll, questions regarding the Pumper, Lanai Health Center, any of the alternate projects? If you have a question we're happy to hear from you.

COUNCILMEMBER CARROLL: No, I'm fine at this time. Thank you.

CHAIR HOKAMA: Okay. Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Thank you, Chair. I've had my say. Thank you.

CHAIR HOKAMA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And yeah my questions for Chief were going to be along the lines of the truck that's to be replaced with this.

CHAIR HOKAMA: Okay. If you want, we can request the Chief to --

COUNCILMEMBER COCHRAN: Yeah, may I --

CHAIR HOKAMA: --come forward.

COUNCILMEMBER COCHRAN: --please request the --

CHAIR HOKAMA: --with no objections.

COUNCILMEMBER COCHRAN: --Chief Murray.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: We'll ask the Chief he would join us and you can direct your question to the Chief.

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR HOKAMA: Okay. Ms. Cochran, the Chief is present.

COUNCILMEMBER COCHRAN: Thank you. And thank you, Chief Murray for being here today, and I guess you heard the comments of Chair Hokama in regards to the age of trucks that he's experienced and the usage that was gotten out of that. So this particular truck in the letter from Mr. Chair White, it says it's nine-years old with 27,900 miles.

MR. MURRAY: Yes.

COUNCILMEMBER COCHRAN: Okay. And so this is a pumper truck?

MR. MURRAY: Yes.

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COUNCILMEMBER COCHRAN: And this truck and we had just appropriated monies for Pukoo and that was a pumper also?

MR. MURRAY: Yes.

COUNCILMEMBER COCHRAN: So were we asked to fund this during the budget cycle?

MR. MURRAY: Not this fiscal year.

COUNCILMEMBER COCHRAN: Okay. And I guess price range also, Chair, I was curious if their pumpers, the difference because I think the Pukoo was around 650-ish or so.

MR. MURRAY: Yes.

COUNCILMEMBER COCHRAN: And this one is almost a 1,900,000.

MR. MURRAY: Yes.

COUNCILMEMBER COCHRAN: So the big difference...

MR. MURRAY: Two different apparatuses.

COUNCILMEMBER COCHRAN: Types and...

MR. MURRAY: Yeah, and size and capability.

COUNCILMEMBER COCHRAN: Okay. And, Chief, you know, very supportive of Public and Fire Safety --

MR. MURRAY: Thank you.

COUNCILMEMBER COCHRAN: --and your Department and what have you. It's just I would have preferred it to go through the budget and thereby alleviate this type of dollar amount for other items that are on this list of applicants, personally. I'm speaking for myself. And just wondered why you folks had chosen to go this route.

MR. MURRAY: Well thank you for that question. I would prefer the budget process myself. We have historically always applied through CDBG and other grant processes for equipment and training and other things. Historically we have gone through CDBG. Many occasions we have been the alternates and about halfway through the grant process they have allowed us to purchase a vehicle because of the shortfalls in the process or the spending of other entities. So we've come in and taken care of that for them. You know it was asked many years ago that we go through a process of trying for other means and CDBG has historically been there for us, and we haven't always had success but we've always applied because it is part of our responsibility to spread

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out those requests. And as you know, this process only covers a few communities and it fit that criteria for this application and that's what we did.

COUNCILMEMBER COCHRAN: Okay. Well thank you. Thank you for your explanation, Chief. Chair, thank you very much.

CHAIR HOKAMA: Okay. Thank you. Mr. Couch? Ms. Crivello?

COUNCILMEMBER CRIVELLO: Yes, thank you, Chair. I appreciate Ms. Cochran's question as to why you have not or not utilized the budget process but my recollection this last budget session you requested the Pukoo Pumper as well Kahului.

MR. MURRAY: Yes.

COUNCILMEMBER CRIVELLO: And I think was like at the midnight hour we were able to get some funding for the Pukoo Pumper but Kahului apparatus or what you requested was not approved.

MR. MURRAY: Yes.

COUNCILMEMBER CRIVELLO: Is that correct? So would Kahului qualify for CDBG or is it because Molokai's rural you have a better opportunity to apply or?

MR. MURRAY: Kahului would not qualify for this process, only Molokai, Hana, Haiku.

COUNCILMEMBER CRIVELLO: Okay. But you didn't, this round of budget you were rejected for the Kahului?

MR. MURRAY: Yes.

COUNCILMEMBER CRIVELLO: Okay. Thank you.

CHAIR HOKAMA: Okay. Mr. White?

VICE-CHAIR WHITE: I don't have any questions for the Chief. Thank you.

CHAIR HOKAMA: Okay. Any other questions for Chief Murray since we have his presence here at this time? Okay. Having none, thank you for being present, Chief. We appreciate your patience.

MR. MURRAY: Thank you, Chair. Thank you, Members.

CHAIR HOKAMA: Okay. We do have Mr. Walker from Finance, our Deputy, and our Director from Human Concerns. So I'll ask Ms. Ridao if she would come forward please at this time. Ms. Ridao, have you any comments you want to share on any of the projects, either the primary or alternate projects that are before the Committee this afternoon? Any, you want to share any thoughts on any project?



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MS. RIDAO: Thank you, Chair. I came this morning primarily to let the Committee know that Lanai Community Health Center received a \$500,000 grant through our Department of Human Concerns grant process. They have spent down all of that \$500,000 and primarily it was used for infrastructure and planning purposes.

CHAIR HOKAMA: Okay. Any questions for Ms. Ridao on that information she just presented, Members? Okay. Thank you for sharing that. Part of your Chair's intent was first ask her if she had any thoughts. But I wanted to use this opportunity of the Committee to recognize and thank Director Ridao for her unselfish service to the County of Maui, its residents. She is one of the few that has actually built affordable housing in this County, not just did the talk, but she's done the walk and construction and built those units. So it's a small way, Ms. Director Ridao, but on behalf of our Committee, our branch of government, we thank you for your unselfish service to the people and we wish you well on your retirement, and we hope you make yourself available for specific projects of your choice and liking.

MS. RIDAO: Thank you, Chair. As I said before, I'm leaving with mixed feelings but I am looking forward to spending a lot more time with my family which is my number one priority. Thank you.

CHAIR HOKAMA: Thank you. And this is your last official day, correct, ma'am?

MS. RIDAO: Yes. Yes.

CHAIR HOKAMA: Yeah, thank you again for your years of service.

MS. RIDAO: Thank you.

CHAIR HOKAMA: Director Walker, do you have anything you wish to share with the Committee on any project? Okay. The Director says no. Okay. Mr. Pontanilla, under the proposed timetable now for this third consideration my understanding is we're on a tight timeframe. The Committee needs to make a decision whether to forward this to the Council or not for Council consideration. You have anything else you can share regarding timetable and the ability to get this within HUD's deadlines?

MR. PONTANILLA: Thank you, Chairman. You know as I mentioned earlier, our target date hopefully is to send the application to HUD on August 7. I understand that there is a Council meeting in July and with your consideration and approval of this Committee, you know, sending our resolution to Council.

CHAIR HOKAMA: Okay. Thank you. Members, any final questions or comments before we move on? Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. And I won't be supporting this measure and it's mostly because of my concerns partly that you touched on. That the departments have direct access to the Council during budget times and I realize that the

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Department doesn't always get what they ask for but we've also given them quite a number of pieces of equipment. My biggest concern is that this is, the CDBG process in my view has been broken. And I think with what Agnes and Joe have put together we're on the road to recovery and I'm very pleased with the direction that we're heading. I'm very appreciative of the new committee makeup because it's gone from all people being involved with the Administration to being members of the community and many that we trust in many, many ways. And I think that's a wonderful change and it's one that I think the rest of the Council felt was appropriate because as it's been stated this process is supposed to be an upwelling of support from the community, not from the Council and not from the Administration. So I appreciate the changes and the direction that we're heading but my biggest challenge is that we need to change the criteria that we're using to come to results that in my view are to some degree misguided because they give weight to financial stability. Well, the County is very stable because we have all the money, we have everybody's money. The various entities that we are trying to take care of, whether it be Ka Hale A Ke Ola, or Lanai Health, or Hana Health, or a wide variety of others that are shown on this list of applicants are asking for our assistance because they're not in the kind of shape that they can afford to do these projects without CDBG assistance. So the reason that we turned this item down the first time around was that when we approved it last year, we did so with I think pretty strong words to the Director at the time that there's too high a percentage of equipment, it's presented to us too late for us to make any changes or for them to make any changes if we turned it down. So and I think we also discussed the makeup of the selection committee. So we've got the selection committee changed, I think it's, and I like the makeup of it. The reason that we brought up the equipment percentage was that in 2013 we were at 37 percent. The average of the other three counties in Hawaii were at 9.6 percent. In 2014 their percentage of equipment funded through CDBG dropped to 7.3. At the same time, ours went up to 45. So we're going in the opposite direction of the other counties. So I don't know what their proposals are in the other counties this year but in the, if they've gone from 9.6 to 7.3 I don't know whether they're going to drop to 5 percent or what that percentage is going to be. But we've gone from 37 percent to 45 percent and now 64 percent for equipment, and I have a, whether it's the Police that's requesting this or Public Works, or Fire it doesn't matter to me. My concern is that we have a lot of organizations out there that absolutely need our help and this is a very appropriate way for them to apply. So the more we look at just funding equipment, the less we're taking care of those entities and to my feeling, the less we need Administration in the CDBG Office. Because if all you're doing is buying equipment with the majority of your funding it doesn't require any follow-up, it doesn't require the time it takes to follow projects through the planning, the design, the construction, and occupancy that the other applicants are having to deal with. And part of the spend down problem I think and that the other agencies are having a challenge with is because they've got to go through the County for their building permits, they've got to go through the County for planning, they've got to go through us. And we don't have a fast process for them. So we're part of the spend down problem. So there are a number of moving pieces here that need to be addressed. I have confidence in Joe and Agnes to pull it together. But I still feel that the product we ended up with this time is just wrong-headed. This \$900,000 I feel should've gone to some of the other agencies. And I have no problem

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supporting a certain percentage of equipment but 64 percent of the amount that's being allocated for me is just too high. So I know that everyone, I'm sure that this measure's got enough support to pass, but I don't feel that I can support it on, at this time. Thank you, Chair.

CHAIR HOKAMA: Thank you. So we can continue this under what the Chair would prefer the Chair is going to recommend that he is open to a motion to send to Council a recommendation. Yeah, I'm going to entertain a motion to recommend to Council the adoption of a proposed resolution entitled "AUTHORIZING THE FILING OF AN APPLICATION WITH THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, UNITED STATES OF AMERICA, FOR A GRANT UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM." And this is what is attached, as attached to your June 2, 2015 communication, Members. I am not filing communications. The Chair is going to keep the subject open so we can follow-up with Mr. Pontanilla in the future regarding adjustments on what can qualify for future consideration. That's what I'm open to entertaining. Mr. Couch?

COUNCILMEMBER COUCH: Are you looking for the motion right now?

CHAIR HOKAMA: Yes, sir.

COUNCILMEMBER COUCH: Okay. Mr. Chair, I move to adopt the resolution entitled Authorizing the Filing of an Application with the Department of Housing and Urban Development, United States of America, for a Grant Under the Community Development Block Grant Program.

COUNCILMEMBER BAISA: Mr. Chair, I second the motion.

CHAIR HOKAMA: Thank you. We have a motion made by Mr. Couch, seconded by Ms. Baisa. Mr. Couch, any comments on the motion you have made?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And I do share Chair White's frustrations as well. I am concerned about potential penalties. You know we have a new person now running the thing. He's been on this side. He knows our concerns and I have faith in him that he will tweak the system so that it works the way we're looking for it to work. I just don't, I don't see the sense in throwing, you know, it's a message, it would be a message that if we threw away the 1.7 million but I'm also concerned about the penalties, the potential penalties that are there. So while I am as frustrated as Mr. White, I'm just not quite as frustrated to throw away \$1.7 million. Thank you.

CHAIR HOKAMA: Okay. Thank you. Any other...Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And I completely share the concerns of Chairman White, and really CDBG for me as much as I do know of it as Ms. Baisa said seems more in line to, for slum and blight more so. I understand the rural-ness of a lot of our outlying districts and the reason for equipment to service the people. But,

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you know, I added up the amounts, the dollar amount here and we could have taken care of seven of these projects on this list. You know it adds up to less than what the one Pumper is capable of servicing if you add all residents of the island in need of the Fire service. But, you know, the small amounts from the 20-person project to the 8-person served project they're so highly needed and as Mr. White stated, they have nowhere to go. Our own County departments have us. That's what we're here for. And so I see a lot of these projects, I mean Lahaina Surf, that's an old, old project that have really put through a lot of families, and asbestos, yeah it's an issue over there. I know people firsthand who have been sick by that and it's going to sit there now. You know and hopefully Hale Mahaolu can find some source somewhere but they're not getting it from us. And I feel really hurt about that, 'cause that's what I'm here for. We talk about seniors, we talk about the needy, we talk about the homeless, yet all of these projects we're going to assist that and now we're not going to put money towards it. So I don't want to jeopardize the money from the feds in the CDBG program, I don't like how the process has occurred. But again I see changes occurring with Mr. Pontanilla and Ms. Hayashi. So I just wanted to share my thoughts. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Ms. Baisa, any comments?

COUNCILMEMBER BAISA: Just a few brief words because unfortunately I have to leave. But I think we need to vote on this and support it. It would be awful to give up the money. I totally understand the frustration but I think that we have a new crew here and I think they get the message loud and clear and we'll work with you. Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. Every penny that we spend the CDBG on is a penny that our taxpayers are saved. Every penny that we spend on that means that we can use our general funds on other things. It stretches our budget, we should be really happy that we do have CDBG. I don't know about everybody else over here but I have nightmares when I think about the CDBG program ever disappearing from us which it almost has several times because it really helps Maui County. It allows us to do more with our revenue to do the things that we need to do for our people. So even though we might object to some things and we'd like to see it spent other ways, I know I would, but still yet it's really a boon to us and I'm glad we have it. And I hope that again, what I said first time that maybe we'll have more latitude later. We can work on that. Thank you.

CHAIR HOKAMA: Okay. Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. I would like to just add that I too see opportunities for us to have windows of improvements as far as the process. However, I will, I would like to stress that process is community process and that's what was involved in the CDBG process. Whether it was to go out and get your priority list from your community, and the application process again became, or the selection process became a community process. It, yes, it's an high expense for us to have the expense

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of having a Pumper to serve as water and personnel transporters for the rural areas because you cannot turn on the water faucet in the boonies. You need your pumper. And, Chair, you know, I have also participated, this is just early on for me in the budget process where, you know, for whatever reason it's been a struggle for quite some time for departments to end up with their equipment. And yes they're, definitely, definitely we do need the resources, the financial resources to inoculate the nonprofits that we have; there's no question about it. And, you know, yes, if we eliminated the Pumper we probably could have served more. But you also need to know that some of the applicants did not meet all the criteria to get the necessary scores, and I think if Mr. Pontanilla or any of us can be, can meet with you to understand the selection process I think would be of value for us. So I appreciate us being able to move this forward. I also join my colleagues in assuring that CDBG will just continue to improve, but not to discourage departments to apply because it's allowable. Unless HUD and CDBG removes that opportunity or possibility, only then should they not even consider applying, in my opinion. Thank you.

CHAIR HOKAMA: Thank you. Mr. White, any closing comments?

VICE-CHAIR WHITE: Yeah, I'll just close by mentioning again that, you know, housing is the first priority that was generated by the community and that's housing for seniors, housing for homeless, and other types of housing as well. The number two priority is healthcare facilities and healthcare operations and that can include equipment as well. The, I believe the equipment for public safety purposes is the fourth priority. So once again when we see a result that is placing 64 percent of the monies on the fourth priority and the top priority is basically left without any funding, it just tells me that we've got some fixing to do. So, you know, I respect the constraints of the process but I also hope that we can change the criteria so that the priorities that are set by the community in this plan are actually going to be addressed and met. Not that the money can be \_\_\_\_\_ by someone who has got financial resources so they qualify on that level, they've got a great grant writer, because really what it boils down to is you've got to have financial stability and you've got to have a great grant in order to get through this process. And as we learned last year if you leave something out of a grant, you don't qualify anymore, you're just, you're taken out. So I'm concerned because this is not an easy process for nonprofits to deal with because they've got to do a lot of heavy lifting to compete with a department that's got the resources to make all kinds of things happen. So I think all of us were concerned the last couple of submittals that we weren't getting many of the folks applying that we felt should apply. I'm excited to see that you got 13 this time around and I think that's a great tribute to the work that Agnes and Joe have done. So I'm, and I hope it's clear that I'm not asking anyone to join me in voting no because I think this should go forward and my vote is simply a protest that we've come up with a junk result. And I'm looking forward to moving forward. Thank you, Chair.

CHAIR HOKAMA: Thank you. Well I think the Committee has made their intent very clear that we are willing to work with the Office of CDBG as we've changed how we've made decisions on what projects get funding we can change again in my opinion. And again, Members, we will be back in budget in nine months. So your Chair will



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CHAIR HOKAMA: Your Chair has pulled two contracts; one was C5666 and the other contract and the final item was C5742. Okay. So we have the Department. We thank Mr. Miyamoto, Mr. Ratte joining us this afternoon. Again we do have Mr. Walker from Finance if anybody needs him available. So, gentlemen, the reason the Chair pulled this contracts, again, my understanding with the first one, 53(2) this is regarding Cornerstone Environmental Group, LLC for professional services regarding the landfill gas collection. My understanding as I look at this contract and the funding, it appears to be a CIP project utilizing ops money. So, gentlemen, if you could give the Committee some comment about if this is still an accurate status of operation money funding CIP or this has been unencumbered and not moving forward?

MR. RATTE: Thank you, Chair. Thank you, Councilmembers. It is still an active project. Our determination was that this was actually an operations projects and not CIP. However, we have done two recertifications to remove any funding that we wouldn't be expending in this fiscal year as well as going through maybe into July and August. It is a gas collection control system and decommissioning and operations and maintenance at Central Maui so we determined that to be an operations project at the onset of this. Initially yes, that was a multiyear contract. We took Council's advice and concerns and that's why we've done the two recertifications and both of those, one of them is completed, one of them is in process now to be done before the end of FY '15.

CHAIR HOKAMA: So hearing that, this is now a Capital Improvement Project?

MR. RATTE: That's not been the Department's determination.

CHAIR HOKAMA: Mr. Baz, in your understanding of what you've authorized, this is to you an operational expense?

MR. BAZ: Mr. Chair, thank you for the opportunity. In discussion with the Department, the majority of the contracts are for monitoring of the, and it's hard to explain but it's basically, you know, because we have a closed landfill we have these requirements to have the methane gas that's in that closed landfill be dealt with. If it doesn't, if it's not dealt with, then we can have, you know, catastrophic issues. And so a requirement of that is to have contractors do evaluation, monitoring, and occasionally, you know, a need of expansion of that system. And so the majority of the contract was operation and maintenance. They did identify one, I guess, if you want to call it, construction activity. But the expansion of that landfill gas system that, you know, is used to just deal with the closed landfill's methane production as an item that they did remove from the contract. So the rest of the contract we're comfortable with as being operations and maintenance.

CHAIR HOKAMA: Okay. So this control system improvement, I mean, you know, for us normally that kind of language is about capital yeah, improvements of system, expansion of system, that's more than just status quo and ops and O&M. So can you tell us what is the improvement that you're requiring the contractor to provide? Division or Department?

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MR. RATTE: Just a minor clarification there. We actually had initially planned on doing the actual construction activity in-house ourselves without the use of a contractor.

CHAIR HOKAMA: You know what and I don't really have a problem with that. I think if there's, you have cost savings and whatnot I can be supportive, gentlemen. But I still want to call it what it is if it's a Capital Improvement, hey that's, you guys doing that, that's fine with me. I'm trying to avoid, not your Department but like two other department have done CIP through purchase orders and we'll find out whether they're pCards too for unauthorized type of construction. I mean I go Kau Street every day I look at illegal buildings. I go to War Memorial Park I see illegal structures that I know we never did appropriate but there it is standing in front of our faces. So I want to avoid those kinds of things because that is one of our responsibilities to hold the money accountable and it's interesting that we cannot defend the existence of structures paid by taxpayer's money, and for this Chair that is unacceptable. I will hold the Administration accountable. So, gentlemen, again, if there is CIP components and it's a requirement, I'm happy to consider it and put it in the right place in the budget to give you the shield and support you need to get the job done, that's all I'm saying. But just put it in the right categories and components, gentlemen. You know, I've worked with Mr. Baz, there's ways where we can send your request quickly, we already have standing items on the Committee agenda to eliminate a couple of weeks of referral and posting requirements. So again, I am saying I am happy to work with you and get it in the right appropriate accounts so that you can perform on our behalf. Mr. Carroll, any questions on this contract? This is the first one under 53(2), this is the contract with again Cornerstone Environmental Group contract.

COUNCILMEMBER CARROLL: No, I have no problems with it.

CHAIR HOKAMA: Thank you, sir. Ms. Cochran, any questions you may have for the resource people?

COUNCILMEMBER COCHRAN: Yeah, thank you very much, Chair. And thank you for bringing this contract forward just for us to get clarity on what, you know, you're asking, and I guess I still haven't really heard from Department. I know we have to monitor the landfill gas and this is the whole flaring of the gas there at Central Maui Landfill. And so we have these contractors there to do the monitoring and sort of, I don't know compiling data or making sure it's, you know, working properly. These are out, these outside contractors are physically on the ground here doing it?

MR. RATTE: Yes, that's correct. It's not a daily task that they do but there's quarterly reports and annual reports that have to be filed with Department of Health.

COUNCILMEMBER COCHRAN: Okay. And so in this, this is strictly their purview so we don't have our County people assisting or there to, along with the monitoring?



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MR. RATTE: We do assist as we can. Some of this stuff is highly technical in nature so we assist as much as we can with in-house resources as well. So part of it though is getting approval from Department of Health on our operations and maintenance of that system as well as the decommissioning of the components of the gas collection system when that's necessary.

COUNCILMEMBER COCHRAN: Okay. And so the idea of improvements and as Mr. Chair Hokama is trying to distinguish is this a CIP or this is operations and so the project title is about improving the system and services and things of that nature. So is that just, so it's not expansion, we're not putting in more pipes, more flare, whatever the infrastructure is there? It's just, I don't know, what does that mean exactly?

MR. RATTE: The definition of CIP I think has been a challenge for a number of the different entities that are involved and we're trying to work through that as well to make sure that that definition is understood and, between Council and Administration and the departments as well. So we're working on that. Essentially though your question is what's going in or is it an expansion? Yeah, as the landfill grows there's additional gas collection that needs to be done so there's lines that need to be put underground. That component of the construction isn't that technical, it just requires some trenching and putting in of these lines. So whether that's CIP that actually increases what our infrastructure is valued at, that's where we would tend to say and not to a great extent, it's more of an operations and maintenance kind of requirement that we have to do, so it's a grey area whether that's actually improving or increasing the value of our infrastructure and that's where I think the definition of CIP can be better defined as we've discussed with this body as well as with the Budget Director as well.

COUNCILMEMBER COCHRAN: Okay. Well thank you, Mr. Ratte, for your comments in regards to that. And, Chair, thank you for the time.

CHAIR HOKAMA: Before I call on, Mr. Couch, Mr. Baz, I'm sure anything we capitalize you're going to put on your depreciation schedule, so you help determine whether it's an operational or a capital project. Is this done after a decision is made and then you make the call or this is done in concert prior to a decision regarding the capitalization and then put it in the appropriate depreciation schedule?

MR. BAZ: Thank you, Mr. Chair. We, the Budget Office and Department of Finance have been working on some disparities between the budgeting process and the actual CAFR accounting and the differences in definitions and things like that. I've been working with the Accounts Division of the Department of Finance pretty long about we're coming up with, you know, basically a manual that describes in detail what is a capital asset, what is not a capital asset, some examples. What's capitalized, generally, you know, anything over \$1,000 is capitalized and anything over \$5,000 is depreciated. But those, what makes up those things that are capitalized are, is kind of up for determination based on, you know, is it, you know, like the Division Chief mentioned, is it something that's going to be extending the useful life of, if it's a repair and maintenance activity, is it something that's going to be extending the useful life of that beyond its normal useful life. An example, you know, is that if you have a useful

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life of a building and that useful life is 40 years, but the roof needs to be replaced after 20 years, that roof replacement, even though it might be \$200,000 is actually repairs and maintenance, not capital according to the GASB standards, right, according to the accounting standards. But in I want to say our minds, in, you know, the Budget Committee's minds, in Council, and in my mind, that's more of a capital project right because it's replacing a roof. You'd think that that's something related to a capital improvement...

CHAIR HOKAMA: I think in extending the life of . . . *(inaudible)* . . .

MR. BAZ: So, you know, like I said, even though it may be replacing the roof and saying, you know, we're going to get another 20 years out of that roof, the building, the original asset is still only has its 40-year useful life cycle. And they have certain percentages if it's more than 10 percent of the original cost then that can be, you know, one of the criteria or if it extends the useful life more than 25 percent. There's, you know, different criteria that are strict standards as far as the accounting procedures. But as far as the budgeting procedures, that may be a different factor. And so we're trying to get those two aligned, and as we develop these policies and, you know, these standards then I probably want to come back to this Committee and provide a report on the work that we've been doing and how those can be integrated and a better understanding of, you know, what is included in the operations budget and what is included in the capital budget. Because that's, you know, a way for, you guys are making determinations and decisions based on that understanding and then, you know, the departments go to try to spend the money and Finance says oh no, that's an operational expense because it's repairs and maintenance even though it's a roof replacement. And so, you know, we went back and forth, I don't know if you remember the painting of the Wailuku Police Station. That's, you know, I think it was like \$200,000 to \$300,000 to just paint the building. And, you know, first it was a capital then it was not a capital, you know, it was operations and then, you know, it went back and forth. And so it's something that we definitely need to get a better handle of and a better understanding from both, you know, the Administration side and from the Council so that we can make sure we're speaking the same language and make sure that everything that needs to be capitalized is being capitalized and things that are budgeted appropriately can be spent by the departments. So, you know, it is an opportunity for us to learn and to have a better understanding and want to work with you and this Committee more on those kind of items.

CHAIR HOKAMA: Thank you, Director Baz. And this Committee well, is well aware when you capitalize you can borrow. That's one of the advantages. Mr. Couch? Ms. Crivello? Mr. White?

VICE-CHAIR WHITE: No questions. Thank you.

CHAIR HOKAMA: Okay. Well I appreciate the Departments giving comment as well as you, Mr. Baz, on this one. I wanted the discussion. I wanted to have the topic, so I am open to a motion to file the item now. Mr. White?

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VICE-CHAIR WHITE: So moved.

CHAIR HOKAMA: Okay. Thank you.

COUNCILMEMBER CRIVELLO: Second

CHAIR HOKAMA: I have a motion to file made by Mr. White, seconded by Ms. Crivello. Members, that will also include all appropriate communications associated with BF-53(2). Any further discussion, Members? If not, all in favor of the motion, please say "aye".

COUNCILMEMBERS: "Aye".

CHAIR HOKAMA: Opposed say "no". Motion passes with six ayes, three excused.

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

**NOES:           None.**

**ABSTAIN:       None.**

**ABSENT:        None.**

**EXC.:           Councilmembers Baisa, Guzman, and Victorino.**

**MOTION CARRIED.**

**ACTION:        FILING of Contract C5666 by C.R.**

**ITEM 53(4):    CONTRACTS AND GRANTS: MARCH 2015 (A-MERH INCORPORATION, CONTRACT C5742 (MISC.))**

CHAIR HOKAMA: The last item is 53-4. This is regarding contract C5742 between the County of Maui and A-MERH Incorporation. And again, this is for services for the preparation of closure and post closure plans for Waikapu, Olowalu, Makani, and Kalamaula. This is part of the Solid Waste Division of the Department of Environmental Management. Again, gentlemen, similar to the previous contract is, was, is, or is the Chair's concern, and especially on Page 2 under contract for professional services. You do have under No. 2, time of performance under the last paragraph, this contract may be extended for 3 additional terms of 12 months each upon mutual agreement in writing. And so I thought we had some general understanding during the budget about this type of extensions and whatnot. So I'm

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just going to ask, gentlemen, is this contract still valid or have you folks unencumbered and cancelled this contract?

MR. RATTE: This contract is still valid. However, we did take into consideration Council's concerns about encumbering monies beyond what would be spent in the fiscal year. So in process is recertification of actually reducing that amount of the contract by \$250,000 and that will be done for FY '15. It's pretty standard language to have the ability to extend but the concern that was brought before us and that we are addressing here is to make sure that the amount of money that's going to be expended in the fiscal year is what we actually encumber. So that's why we're in, doing this recertification now.

CHAIR HOKAMA: Okay. Thank you very much, Mr. Ratte. Mr. Miyamoto, any things you want to add at this time?

MR. MIYAMOTO: No, Mr. Chair, other than that we've heard the message from this body and we're working, it's going to take us a little time to try and get to that point but we're working on it. We're looking at plans on how to get our Solid Waste engineers up to the same level as our Wastewater engineers.

CHAIR HOKAMA: Okay. Thank you. And again, we commend your Division for that termination of the consent decree, Mr. Miyamoto. To all your departmental people thank you for a good job. Mr. White, questions on this contract?

VICE-CHAIR WHITE: Just a question on overall how many and which contracts were disencumbered since our budget discussions?

CHAIR HOKAMA: Mr. Ratte?

MR. RATTE: The two before you today, we have both done recertifications in disencumbering funds from both of those. The remaining amount of contracts as we had estimated before Council, there were an additional about 15 or so additional contracts. Some of those were very small and some of those have been completely expended. Some of those though the plan remains to wait until the June invoices come from those contractors, pay those which is usually in mid-July or so, we pay that last Fiscal Year '15 bill and then we disencumber the remaining after that. So everything that we said we were going to disencumber, that plan is still in process. Half have been disencumbered already and the rest will be when the final June bills come through, we pay those and then disencumber the remaining.

VICE-CHAIR WHITE: Chair, if it's okay with you, I would appreciate it if the Department could provide us with the details of what was disencumbered and the amount.

CHAIR HOKAMA: Okay. We'll send them a communication requesting that.

VICE-CHAIR WHITE: Okay. I would appreciate that. Do you have an estimated amount of how much funds will be freed up by the disencumbering?

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MR. RATTE: I don't have the final estimates before me right now other than the two larger contracts that we're talking about today, the A-MERH and Cornerstone. We're still, we're probably talking on the order of \$100,000 to \$150,000 total disencumbrances from all those contracts Division-wide there.

VICE-CHAIR WHITE: Okay. I think the other question I had on this one was again whether this was for the closed landfills and whether again it's CIP or operational expense. One of the things I noticed in these contracts, under the scope of work it tells you nothing other than go look somewhere else. So the only thing that comes to Council is a pretty bland document that doesn't tell us much about what the actual work is. Can you...

CHAIR HOKAMA: You want to ask Mr. Ueoka the question? It comes out of Corp. Counsel, the contracts. Mr. Ueoka?

MR. UEOKA: Thank you, Chair. My understanding is in, we just directly reference the bid, the RFP bid documents. We don't actually attach them. The contracts would be extremely voluminous. If you do want to request it I believe you can request it from, Finance holds the actual document with them.

VICE-CHAIR WHITE: So are those documents ever provided to the Clerk's Office?

MR. UEOKA: I think they do actually go to the Clerk's Office. That's where ultimately all the contracts are held. But Mr. King would probably know better.

VICE-CHAIR WHITE: Well my questions is not the contracts, it's whether the RFP of the, or the bid of the chosen contractor, whether that goes with the contractor or ever ends up in the Clerk's Office/

MR. UEOKA: No I believe, I'm sorry, looking up there, I believe it is held with Finance or with the Department. The Department probably has a copy also. Thank you.

VICE-CHAIR WHITE: Okay. Thank you. Thank you, Chair.

CHAIR HOKAMA: Okay. And in the response to Mr. White's questions for the Committee, gentlemen, we have this contract but in the new budget that takes into effect tomorrow, we appropriated individual CIP monies I believe for every closed landfill. Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. Actually, if I might, that's one of the discussion topics that we've had with the Accounts Division, Department of Finance is that maybe that should not be CIP. Maybe that should've been appropriated in operations because it's not extending the useful life of the, it is actually going to be I don't want to say construction type activity, it's going to be activity on the closed landfill doing things that are needed, that are identified in those reports that are being provided to the Department of Health on how we need to make sure that the closed landfill doesn't

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create a health problem. So, you know, again, in my mind I see that as a construction project, as a CIP. But in accounting standards it's more of an operations and maintenance expenditure. So that's, I mean we may end up coming back to Council with a recommendation to move those funds from CIP to operations and maintenance or not and figure out how to spend the money. Because, you know, again it's, I want to go more into it once we've finalized the definitions and work with you guys on the policy of the capitalization and not capitalization and what goes in to the capital budget program and what goes in to the operational budget. Because those are different, you know, whether it's appropriated in the capital program or whether it's appropriated in the operations budget, there are things in the operations budget that get capitalized and that's, you know, something that goes on on a regular basis too. So not necessary Capital Improvement Projects but equipment or something like that as well. So if we can figure out that way, the biggest, you know, criteria, the biggest issue that we have would be if the money is borrowed. If we do borrow the money, if we do issue bonds for it, it has to be to extend the useful life of that project. It has to be actual according to the accounting definition a capital improvement standard. So to answer your question specifically about these closed landfill projects that we presented in FY '16 budget that was approved, you know, those are, those could be considered operations and maintenance but we've budgeted for them in the capital program at this point.

CHAIR HOKAMA: Okay. We will work with you, Mr. Baz. The main thing is we pass GASB scrutiny, external auditor scrutiny, and that our filings are fair and accurate on our behalf. So we'll work with you on that.

MR. BAZ: Thank you, Mr. Chair.

CHAIR HOKAMA: Mr. White, anything else?

VICE-CHAIR WHITE: No, thank you, Chair.

CHAIR HOKAMA: Okay. Ms. Crivello?

COUNCILMEMBER CRIVELLO: None, thank you.

CHAIR HOKAMA: Mr. Couch? Ms. Cochran? Mr. Carroll? Again, gentlemen, thank you. I think the discussion has just confirmed we're on our way to making this work better. So thank you so much. We can file this yeah? Okay. Members, I am open to a motion to file item BF-53(4) and all communications associated with said contract C5742.

VICE-CHAIR WHITE: So moved, Chair.

COUNCILMEMBER CRIVELLO: Second.

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CHAIR HOKAMA: Thank you. A motion by Mr. White and seconded by Ms. Crivello. Members, any further discussion? Having none, all in favor of the motion, please say "aye".

COUNCILMEMBERS: "Aye".

CHAIR HOKAMA: Oppose say "no". Motion passes with six ayes, three excused.

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

**NOES: None.**

**ABSTAIN: None.**

**ABSENT: None.**

**EXC.: Councilmembers Baisa, Guzman, and Victorino.**

**MOTION CARRIED.**

**ACTION: FILING of Contract C5742 by C.R.**

CHAIR HOKAMA: Members, thank you for your presence. Gentlemen, thank you for your assistance with the Committee this morning. This meeting is adjourned. . . .(gavel). . .

ADJOURN: 11:40 a.m.

APPROVED:



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RIKI HOKAMA, Chair  
Budget and Finance Committee

bf:min:150630:mt

Transcribed by: Marie Tesoro

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CERTIFICATE

I, Marie Tesoro, 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 21<sup>st</sup> of July 2015, in Wailuku, Hawaii

A handwritten signature in black ink, appearing to read "Marie Tesoro", written over a horizontal line.

Marie Tesoro