

# **BUDGET AND FINANCE COMMITTEE**

**Council of the County of Maui**

## **MINUTES**

**September 28, 2015**

### **Council Chamber**

**CONVENE:** 9:03 a.m.

**PRESENT:** Councilmember Riki Hokama, Chair  
Councilmember Mike White, Vice-Chair  
Councilmember Gladys C. Baisa, Member  
Councilmember Robert Carroll, Member  
Councilmember Stacy Crivello, Member  
Councilmember Don S. Guzman, Member (in 10:40 a.m.)

**EXCUSED:** VOTING MEMBERS:  
Councilmember Elle Cochran, Member  
Councilmember Don Couch, Member  
Councilmember Michael P. Victorino, Member

**STAFF:** Carla Nakata, Legislative Attorney  
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.:** Butch K. Buenconsejo, Director, Department of Parks and Recreation (BF-52(2))  
Roxanne Teshima, Parks Special Events and Grants Coordinator, Department of the Parks and Recreation (BF-52(2))  
Carol Reimann, Director of Housing and Human Concerns  
Luz Domingo, Grants Management Program Manager, Grants Management Division, Department of Housing and Human Concerns  
Teena Rasmussen, Economic Development Director, Office of the Mayor  
Paul Meyer, Deputy Director, Department of Water Supply (BF-52(2))  
Mark R. Walker, Deputy Director, Department of Finance (BF-52(2))  
Guy Hironaka, Real Property Manager, Department of Finance (BF-52(2))

Seated in the audience:

Carmelito Vila, Administrator, Motor Vehicle and Licensing Division,  
Department of Finance (BF-52(2))

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

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CHAIR HOKAMA: . . .*(gavel)*. . . We shall bring the Budget and Finance Committee meeting to order. This is Monday, September 28, 2015. And present this morning from the Committee we have Vice-Chair Mr. White.

VICE-CHAIR WHITE: Good morning, Chair.

CHAIR HOKAMA: Good morning. And Committee Members Ms. Crivello.

COUNCILMEMBER CRIVELLO: Good morning.

CHAIR HOKAMA: Good morning. Ms. Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR HOKAMA: And Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: We excuse Ms. Cochran, Mr. Couch, Mr. Victorino, and Mr. Guzman. We have two items for this...the Committee to review this morning. First is on Budget Item 52(2) under the heading of Use of County Property by Concession, Grant, Lease, License, Permit, and Vendor Licensing. We had started some discussion at the previous meeting. We had insufficient time to allow the departments to share their thoughts of what is existing, if they have any recommendations to the Committee for consideration, and if they have some issues or problems in the operation of it, we will also listen to those comments. Prior to taking the specific item with the departments, we shall ask for public testimony as we have posted. Is there anyone wishing to give testimony for today's meeting? There's no one in the Chamber requesting testimony, so at this time we'll go to the Hana Office and ask Ms. Lono is there anyone wishing to provide testimony on today's agenda?

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

CHAIR HOKAMA: Thank you. Ms. Fernandez, anyone on Lanai wishing to provide testimony?

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

CHAIR HOKAMA: Thank you. Molokai, Ms. Alcon, anyone wishing to provide testimony?

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

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CHAIR HOKAMA: Okay, thank you, ladies. Members, there's no request for testimony so with no objection, we shall close testimony for today's agendized meeting.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Thank you, so ordered.

**ITEM 52(2): USE OF COUNTY PROPERTY BY CONCESSION, GRANT,  
LEASE, LICENSE, PERMIT, AND VENDOR LICENSE**

CHAIR HOKAMA: If we can now go to 52(2). Part of it is also to bring us updated information on who uses our facilities, what type of schedule or payment fees that they are committed to for payment of use of County public facilities, and if there are questions by the Committee, also to provide us information. So today why don't we start off with Parks? We'll have the Director and your staff please, Mr. Buenconsejo, and if you can give us your thoughts on Item 52(2), please. And maybe you can just start off with what is your existing program and some of the advantages, disadvantages you may currently have with the current process, and how would you like to see it improve, and how we can assist your Department.

MR. BUENCONSEJO: Chair, good morning, Councilmembers.

CHAIR HOKAMA: Good morning.

MR. BUENCONSEJO: With me today as well is, from the Parks Department, is Roxanne Teshima, who's our Grants Specialist, but however, she has a wealth and knowledge of doing permits and events over the few decades that she's been here. But for the most part, to answer your question regarding the MIL with the concession, grant, lease, license, permit, and vendor leases...or licenses, I should say, based on the transmittal that was given to us from Council, you know, the agreements with MIL, you know, currently over the years or decades with Maui County, there's been a great partnership with MIL and to Maui County. And currently right now they do pay fees and permits, so they're not getting it for free. You know, and the concession does allow for that one permittee user to have a concession within there. However, with any of the charged MIL events, we do charge the MIL permittee the right structure fees that are in the table fee schedule. So with that being said, I may turn over \_\_\_\_\_ to Roxanne to give you guys a history of where that kinda comes from and where it goes about. So if Roxanne wants to jump in.

CHAIR HOKAMA: Okay, thank you. Ms. Teshima, please.

MS. TESHIMA: In reference to the MIL permits, we treat them like any other applicant for use of our facilities. They either...when they charge for admission, they're categorized as one type. When they don't charge for admission, they're categorized as another type. Currently it's like Type III versus Type II, and Type II with revenue. And they're...according...if you look at your fee schedule, Parks fee schedule, it defines

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each type of activity and what...how we charge them. So we have to be consistent and not discriminate so everybody's charged the same thing provided that they meet the definition criteria.

CHAIR HOKAMA: Okay. Do they turn in gross or net numbers of how much they generate at our facilities so you have a sense of what is being generated on County property by the vendors or users?

MS. TESHIMA: Actually, according to the County Code, they're not obligated to submit. However, in the past when I think Council had requested for that information, then we asked them to submit at that time. Currently, only Type V activities, commercial activities, are required to submit income statements to the County because their fees are determined on what they bring in on the event. So that's why it's required by the County Code, Chapter 13. And whereas these leagues fall under a different category and it's not required.

CHAIR HOKAMA: Okay, they are a nonprofit as we understand it. Do they turn in their annual audited report to you, shows that they've maintained their status and they've complied with all IRS requirements?

MS. TESHIMA: As for nonprofits in general, we do check with the IRS that they're up to date and they haven't defaulted on any criteria of theirs. So that's how we do our permits in general. They need to, I guess, submit the required forms for nonprofits to the IRS and that...they have been doing that so we weren't alerted that they defaulted on any kind.

CHAIR HOKAMA: Have you had issues with other parties or users regarding requirements that the Department needs? Have you folks had any issues?

MS. TESHIMA: Yes, at times when we do check the IRS website, or...they're not in compliance so they cannot be categorized under certain types of activities which is defined in the Budget Ordinance under...and in Chapter 13 also it's defined that they need to be a 501(c)...501 organization. So that's what we...the IRS...we always check with the IRS. And there's a lot of times that they don't comply. So we have to tell them that they cannot be categorized as such. They need to go to like Type V perhaps, instead of a Type IV activity.

CHAIR HOKAMA: Okay.

MR. BUENCONSEJO: Chair?

CHAIR HOKAMA: Mr. Director?

MR. BUENCONSEJO: Chair, to jump in. As well just other concerns as well when it comes to 501s, nothing to do with MIL but just in general is, you know, organizations or groups tend to find a 501(c) or anything else in the 501 category to tie it into their event so it prevents them from getting that Type V fees and it brings their fees down to

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a Type IV, or even lower than that. So those are concerns that the Department is aware of and trying to catch those who are somewhat abusing the system where they tie in a...whatever, a big event, concert or whatever it may be where it's pretty much a profit-driven event. But they do find that 501 to tag along with them which would take them to a different permit category. But the Department is questioning those circumstances as we get 'em. So just a little FYI on that as well.

CHAIR HOKAMA: Okay, okay. Mr. White, questions for our Parks Department at this time?

VICE-CHAIR WHITE: Yes, thank you, Chair. What's the difference between...in the example you used where a 501 is helping out a for-profit to get a lower fee schedule, what is the difference between...just pick an event, some...like a concert that comes in under a 501(c)(3) versus a for-profit?

MR. BUENCONSEJO: Chair?

CHAIR HOKAMA: Mr. Director?

MR. BUENCONSEJO: So just as a broad example, for our gymnasium say, you know, on a air-conditioned gymnasium you'd be paying...well, just go out to the football stadium. You'd be at about \$300 on a Type IV, compared to 1,000 if you were a Type V. And with the Type V as well with the gross proceeds or net proceeds, you would get that 15 percent. You would be charged, you know, as far as if there's any revenue that was made and that the County has...you're supposed to pay the County the 15 percent. Even that system, we are working with that because it's their P and L, you know, it's not like we were taking the ticket prices and we're standing there and counting monies. So...but it is a 15 percent off the top.

VICE-CHAIR WHITE: Okay, so it would be \$1,000 plus the 15 percent, or whichever is higher?

MS. TESHIMA: Whichever is higher.

MR. BUENCONSEJO: Whichever is higher.

VICE-CHAIR WHITE: And the other question I had was the...you mentioned that the MIL is paying deposits, and following the use, is that deposit refunded or is that used to cover the clean up? Or who does the clean up after a football game, for example?

MR. BUENCONSEJO: Chair, for...they do the cleanup. So the deposit's basically if we find something in despair [sic], or if there were complaints, or broken, or rubbish left behind. At that point we would keep the deposit. And that's typical for any other permittee as well. But for MIL they do have their groups that will come in after the football games, sweep the...all the bleacher areas and kinda clean up. So in the event of that, the permit does rollover or the deposit sometimes rolls over to the next event. But if there was an issue, we would keep the deposit. And it's more just for key losses as well.

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VICE-CHAIR WHITE: And are the deposits that we charge high enough that we would be fully compensated for the cleanup if we were needing to do it ourselves?

MR. BUENCONSEJO: Chair? Yeah, pretty much it would cover...you know, for instance the deposit for the football stadium for that...with 250, yeah, it would cover. I mean unless it was something drastic, then I would say no. But so far it's never been that big of an issue where if we do keep a deposit...especially with the MIL, the MIL's pretty fair. And if they did something, they do go back and take care of it. So for the MIL aspect, I don't see that being an issue, you know, as far as the general outside, you know, I'm sure...not to my knowledge, but I'm sure there may have been some issues where the deposit was well more than what the actual outcome was...or I'm sorry, way less than what the outcome was.

VICE-CHAIR WHITE: And do you have an estimate of what the MIL generates in the way of ticket sales and concession proceeds?

MR. BUENCONSEJO: Right now, no. We don't...again, it is not required for them. If we asked, they will turn it over. But for currently right now, I don't...we don't have any kind of numbers as far as what they actually bring in for revenue.

VICE-CHAIR WHITE: So if you were to take a football game and take the ticket price times the number of people that are there, what would you estimate that amount to be?

MR. BUENCONSEJO: Yeah, at this point we'd have to get back to you on that. I could guesstimate, but it would be just a total guess.

VICE-CHAIR WHITE: We deal with guesses all the time.

MR. BUENCONSEJO: I mean basically this is call it like a big game, Baldwin-Lahaina, I mean I don't even know what the ticket prices are. But you figure you get about 5,000 people in there, but I have no idea what the range of prices from child to adult is.

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

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. Good morning, thank you for being here, Department. So with these concessions, is it something that's up for bid, or is it first come, first serve? Or does it depend on the event?

MR. BUENCONSEJO: Chair? For the MIL it's one per the permittee. And the MIL has their system of what school or organization within the MIL will do the concession for that particular game. So that is done through the MIL as far as the concession. So it's not a bid concession. It's just one, you know, the soda booth or whatever they're selling below the bleachers, for MIL games as well as any kind of gymnasium, they do set up a makeshift table. But MIL decides who's doing the concessions. They have their

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system of how they categorize that. For a regular permittee, they're allowed one concession as well, but that's part of the permit use through the Code.

COUNCILMEMBER CRIVELLO: So other than MIL, who are the other vendors or...that uses the...utilizes the concession?

MR. BUENCONSEJO: Okay, at any event, you know, tournaments, you know, regular pickup tournaments, softball tournaments, your swimming clubs, I mean basically any permittee who does an event has a right to one concession. And they can use that concession how they choose within that permit. So, but it is not...yeah, it's just based on the permit that is issued.

COUNCILMEMBER CRIVELLO: And on the average, it's mostly all nonprofits?

MR. BUENCONSEJO: Hold on one second, we're gonna jump in with Roxanne.

MS. TESHIMA: Hi, regarding the County Code again, referring back to the County Code regarding refreshment concessions, Chapter 13.04.150(C)(1) refers to temporary refreshment concessions. For any type of activity shall be without charge to the person or organizations who have been granted a permit by the Director of Parks and Recreation to engage in such activity. So it's like usually when people apply to our Department for a permit, they would at that time tell us if they're gonna have a refreshment concession, and if they do, we require a Department of Health permit with that. And so it's free, that portion is free to the applicant based on this section of the Code. So the applicant needs to be...is running the concession, and it's free to them.

COUNCILMEMBER CRIVELLO: The applicant for the so named event?

MS. TESHIMA: Can be any, yeah.

MR. BUENCONSEJO: Chair? Ms. Crivello, to answer your question, no, it's not just for 501. Again, anybody who has a permit can...

COUNCILMEMBER CRIVELLO: And then that comes under the type of activity, Type I, II, III, IV, V?

MR. BUENCONSEJO: Yes.

COUNCILMEMBER CRIVELLO: Okay, okay, thank you.

CHAIR HOKAMA: Thank you. Ms. Baisa, questions?

COUNCILMEMBER BAISA: Yeah, thank you very much, and thank you for talking about this. I think it's important that people understand how all this works, important for me to understand. I kinda going back to what we heard earlier in the meeting when the Director was explaining about the difference between a 501(c)(3) nonprofit or C whatever, could be a 4 or whatever, somebody who's tax exempt, applying and

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for-profit organization applying. I'm wondering if we have any kind of requirements or standards for who gets that break because say, for instance, we're having a big event and we're gonna make an awful lot of money. But we want to get the benefit of the nonprofit status, so we say oh, okay, we're gonna have...I'm just throwing this out and this is just wild so nobody get excited. We're gonna use Teens on Call, okay, because it's a nonprofit. Is there any standard that says how much of this has to go to them in order for them to be exempt? Or is it just that they participate, or how do we determine whether you get the break, or you don't get the break? Because if I were doing one of these things, I'd try to figure how to get the benefit of the nonprofit that, you know, exemption.

CHAIR HOKAMA: I hear you. Mr. Director, you have a comment you can share with us?

MR. BUENCONSEJO: Chair, yes, you know, we were just discussing. That is an issue. There is no determination as far as, okay, you have a nonprofit, now you going X amount percentage will go, no matter what, to the nonprofit. No, so again it is a concern the Department is aware of. We're trying to get to that point of fixing it, and I think we're on our way. The one thing as well is for these big events that do, say for a concert that'd be coming up, you know, in order to have liquor consumption, you need a 501. That's part of it. So, you know, they tag on, but then again in the past, you know, that 501 once it was tagged on with the 501, all of a sudden the whole event was a Type IV. And what we're doing now is, you know, making the beer garden, per se, that 501 and charging the rest of the concert as a Type V. But again, it's just finding that happy medium because again we get questioned, oh no, this is a true nonprofit. But there is no percentage or dollar figure that has to go back to . . .(inaudible). . .

COUNCILMEMBER BAISA: You know, I think it's kinda interesting because for me the standard has to be tied to what does the nonprofit get out of this deal. You know, if the nonprofit doesn't get a substantial amount of it, then I don't see any point why they should get the exemption. I mean, you know, you guys all know that I am the bleeding heart for the nonprofits, but I don't like to see nonprofits used improperly either. And if you're gonna use the nonprofit and get an exemption, then you better be giving a substantial amount of the proceeds to them.

CHAIR HOKAMA: This is part of the discussion, Ms. Baisa, 'cause I have no problem for us to rewrite the Code.

COUNCILMEMBER BAISA: And I'm really happy to hear the Director discussing it with Ms. Teshima because I think it's important that we call a spade, a spade. And, you know, if you're entitled to an exemption, fine. If you're not, then you pay because we have a lot of bills to pay as far as Parks and Recreation goes, and I know everybody knows that. So everybody should help pay for it, and then maybe we can maintain things the way we want. Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll, question, sir? Director, you have anything you can share about...you know I am looking forward to your Department or a proposal to



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move concessions forward, enterprise designation for certain departments to move forward, is there anything you can share with us today as in regards to your Department regarding this area?

MR. BUENCONSEJO: Chair, we are definitely looking into it. We've done different states, numerous platforms for turning it into enterprise, slash, or concession platform for some of our revenue-generating parts of Parks and Recreation. We are...we're getting there. There's a couple things we need to do for that one particular area that we're trying to work with. So we are, we are moving forward. That hasn't stopped. To also address the concerns of the nonprofits and things like that in that sense. We are also in the Parks Department in the process of changing some of our Code. And, again, if that...I can't for say sure if that's in there. I know there's not an actual percentage or...as far as that goes. But that can be put in as we go through our Code revisions that you'll all be a part of. So we can go in and add in anything we need to do in those Code revisions for Parks and Recreation. To answer your question earlier as well with the concerns with MIL, they've been a great partner. We've been working well with them. I think at times as we've grown in the community as well as our population, in the past, you know, we were part of the DOE system. You know, our parks were built around the schools, or vice versa, whichever one was first. But as we've grown, you know, a good example is with Wailuku Gym this past...well, it's still going on. It's opens up this week or next week. But, you know, as far as schools expecting our County property to be used for MIL, that was a big thing with, for instance, one of our private schools who, you know...it was a point of we, like, we displaced 'em. We're not obligated to the MIL. Our community, children and everything is based first, but I think it is a good thing we're looking at MIL because in all of the aspects we need to realize that we're not obligated to just house those sports. It's for the whole community. And I think they've lost that. They expect that our County gyms are their gyms, and we're displacing them when we gotta do construction and things like that. So it was a big thing for the volleyball team as far as displacing. But there were options out there for them and they chose not to take it. So just a little FYI on that.

CHAIR HOKAMA: Yeah, we appreciate you doing a good job for the County, Director, and DOE must learn, yeah, when the schools was part of the County in the late '50s, '60s, yeah, we had responsibility. The State has it now and they need to take responsibility. So I appreciate that. You know, one thing that I think the Committee would like some comment especially about the use of MIL staff or representatives to do certain cleanups or requirements within our facilities, that has no impact on the Konno decision, Mr. Ueoka? I don't need a UPW employee of the County saying we're taking away work from them.

MR. UEOKA: Thank you, Chair. I believe it's part of the permit agreement that they clean the facility and return it to the County in a similar state. Also, I don't believe it was ever like a government type activity to clean up the stadium after uses. It was always a more private thing so it's never necessarily been considered a civil service type job. It's just kinda more community, and I don't believe anyone's contracted to clean 'em up regularly. It's usually just another agency or the group itself.

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CHAIR HOKAMA: So the fee structure on deposits and everything is geared on what, the collective bargaining agreement if our people did the job? Is that what the fees are based on?

MR. UEOKA: Mr. Chair, I'm not 100 percent sure. I'm fairly certain as long as I've worked for the County those fee structures have been the same, so I'm not sure what they're based on. And it probably should be directly linked to what it would take...as Mr. White was going down that line of questioning to what it would cost the County to pay for the cleanup itself if it needed to do it itself. Thank you, Chair.

CHAIR HOKAMA: Mr. Director, you or Ms. Teshima can give us comment on when was the last time the fee structure was reviewed and adjusted?

MR. BUENCONSEJO: Chair, pass that to Ms. Teshima 'cause she would definitely know more than...about that history than I do.

CHAIR HOKAMA: Ms. Teshima, if you could assist us, please?

MS. TESHIMA: I'm sorry. I don't know the exact date of the changes, but of course the Council needs to approve it, right? So you folks...I know we've presented a lot of different options as far as fee schedules, and according to how much it would...we thought it would cost, but whenever it comes to a body, they reduce the cost. So it's like, I don't know. But your minutes should reflect that from previous Council meetings that you folks did approve. I'm sorry, I don't have the exact date of that.

CHAIR HOKAMA: It's been awhile, though, in your recollection? Okay, and thank you for that, Ms. Teshima. Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. A couple of questions. Well, one statement first. I think Ms. Baisa's point is the best of the day because we should not be put in a position where we're allowing a for-profit to use the benefit of having a nonprofit as part of their function, and walk away with something significant when the nonprofit...and if the nonprofit is not getting something significant. So I totally support her position of creating a situation where there's a base amount that has to go to the nonprofit, and a percentage amount as well of their receipts. So I would love to see that changed. I also feel that it'd be appropriate for us to identify what the costs are for maintaining the stadium, as an example, or the baseball stadium, the football stadium or the baseball stadium, because it occurs to me that when MIL has a football game that's at King K or Lahainaluna, what does that school get out of the take? Because they're the ones that are responsible for maintaining the field in those cases. So I would be interested in finding out what the schools get, which I would guess is offsetting the maintenance of the field versus what we get. And if they're getting a deposit fee similar to ours, then I'm okay with it. But if they're getting a significant amount of the take, I think we should know that. And I think they should be happy to pay the same amount to us at War Memorial as the...or the same percentage that they're giving to the schools. It's not...I don't think it's fair for the County to pick up the full tab for maintenance of the stadium without getting a similar amount of the

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gate receipts and concession revenues. So those are my...I guess it wasn't really a question. It was more of a comment. Thank you, Chair.

CHAIR HOKAMA: That's fine. Ms. Crivello, any questions? Ms. Baisa, any further questions at this time?

COUNCILMEMBER BAISA: Yeah, I'm intrigued with this idea of having a rational nexus between the fees that we charge and comparing it to what it would cost if we had our employees do it. I think that's a real critical piece of information, and we probably should have that before we get into Budget where we talk about fees again 'cause, you know, we get the opportunity to look at fees and set them. And I understand what Ms. Teshima is saying. We have a hard time charging fees as you know, whereas if we had a rational nexus and we say, well, you know, it's gonna cost us \$250 if we have our people doing it, so I'm sorry, but that's what you gotta pay. But we don't have that information so maybe that's a good thing, Chair, for us to do in the meantime.

CHAIR HOKAMA: Yeah.

COUNCILMEMBER BAISA: Thank you.

CHAIR HOKAMA: We'll follow up. I think...

COUNCILMEMBER BAISA: I think it'll make our decision making..

CHAIR HOKAMA: What the Committee has brought up is worthwhile for us to continue to...

COUNCILMEMBER BAISA: To make our decision making easier. Thank you.

CHAIR HOKAMA: Yeah, we'll get that information. Mr. Carroll, question, sir? I would say, yeah, I think hearing the Committee's discussion, and not only for Parks. I think other departments that have grants or concession, or other type of permits, we should look at it in its broader sense, Members. And for one, especially got Parks, I see this as maybe assisting them in being able to schedule additional events in the future. I mean you can have a football game Friday night, but if Saturday night is a concert and after football game your County staff has to go and redo the stadium for the concert the next day to get ready for a money-making event for the County, then that's how we gotta go. We cannot wait on a nonprofit's volunteer staff. I would rather we run the show and know exactly how we're gonna make those monies and improve our services. So we'll follow up on that. That is very good. Anything else for Parks and Recreation? I'd like to bring up another department. If not, Director, Ms. Teshima, thank you for giving us the Parks' perspective. We'll bring up...who's next we should hit? Okay, we'll take Ms. Reimann since she's smiling and so happy to be here from Housing and Human Concerns. So, Director, why don't you bring yourself and if you have staff with you, please bring them along. So thank you for being here this morning, Director, and if you could also introduce your staff person with you.

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MS. REIMANN: Aloha, Chair, Members of the Council. With me today is Luz Domingo. She's our Grants Administrator.

CHAIR HOKAMA: Okay, thank you. You've heard the general discussion that we've had with Parks. Why don't you share your thoughts with us from your Department's perspective, please?

MS. REIMANN: Okay, in regards to leases for our Department, we have a total of 33 leases with various organizations mostly dealing with human concerns, our nonprofits. The Grants Review Committee were responsible for all of the leases that are currently under our purview. And I understand the Grants Review Committee has since disbanded. And just to give you kinda an overview of the 33 leases we have, they start...the first one that was executed was in 1980 and the most recent in 2012. As far as expirations, one of them expires this year and the last one that we have will expire in 2081. So the one that's expiring this year, we are working on...they're currently going month to month until we can figure out the process to renew it.

CHAIR HOKAMA: Any issues or inconsistencies you want...you would like us to work with you to address?

MS. REIMANN: I don't have any. Luz? I'd like to refer to Luz.

CHAIR HOKAMA: You know, one thing that always intrigues me and, you know, it's not just your Department, it's for all the departments, I find it interesting the variation of base rent, minimum liability insurance coverage required. So do you have an understanding from your Department's perspective why we have such a range of numbers? Is it something that Corp. Counsel pulls out of the air? Is it something that your people pull out of the air? And, yeah, you know, today, hey, \$2 million sounds like the right number so we'll ask for 2 instead of 1. Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Since we got thrown in there, we typically ask for \$1 million with \$2 million general. However, lately now that Risk Management is within our Department, we tend to ask them for a little bit more assistance nowadays and if this amount of insurance is adequate. Typically nowadays when we're doing the leases we like to add in some language that...it's more common in leases nowadays where we reserve the right to, from time to time, increase coverage amounts upon our request in case it is a 50-year lease. You know, nowadays the million, 2 million might be fine, but, you know, 30 years from now maybe 2/5, 2 million, 5 million policy will be more standard. But I guess that's the hard thing with leases. Typically, you're stuck in with the agreement as it was at the time of execution. So we're trying to put in more language to give us a little more flexibility in adjusting later on. Thank you, Chair.

CHAIR HOKAMA: So from what we've heard, your Department is going to work on this and get this updated for all departments, Mr. Ueoka?

MR. UEOKA: Yes. Typically we...within our Department, we're trying to...we have a standard form I guess for our leases with our standard general terms and conditions

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which would include insurance and our, you know...it's typically up to the department and this Council, or the department proposes the term and the lease rent and this Council, of course, has the final say on what the amounts are. But typically in the standard form it's, you know, a dollar and however how many years the department wants, dollar per year, however many years. Thank you, Chair.

CHAIR HOKAMA: Ms. Reimann, anything you wish to add at this time, or your staff member?

MS. DOMINGO: Good morning --

CHAIR HOKAMA: Good morning.

MS. DOMINGO: --. . .*(inaudible)*. . . and good morning, Councilmembers. Since right now we don't have the Grants Review Committee, so we will be establishing a new process should we receive a new application. Right now we have not received any new application. We only receive two, one is for extension and one is for...to amend the current lease since there will be like a deviation from the initial purpose of just using it for human health...human services programs. And the grant agreement is now with Corporation Counsel and we refer it to Corporation Counsel if there is...if they will approve the amendment that...the amendment on the lease.

CHAIR HOKAMA: Okay, thank you. I know there was some retirements in the positions regarding grant agreements. Within your Department, you're fully staffed at this time?

MS. DOMINGO: Yes, we're fully staffed since we hired a new staff in July 1<sup>st</sup>, and another one came on board on August 13. So we're now fully staffed.

CHAIR HOKAMA: Okay, good to hear, good to hear. Ms. Crivello, any questions for this Department at this time?

COUNCILMEMBER CRIVELLO: No, Chair. Thank you.

CHAIR HOKAMA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. I am looking at these leases that we have, and some of 'em going forward to many, many, many years. And I also heard the idea that, you know, we might want to change the conditions, and we might want to increase the insurance requirements 'cause, you know, nowadays we all know that \$1 million is a joke. So if we wanted to renew...I mean redo, we have the ability as per counsel to bring these back and have us take a look at 'em and amend the terms of the lease, or do we have to wait until this lease is finished?

CHAIR HOKAMA: Mr. Ueoka, I think that is a great question for a counselor.

MR. UEOKA: Thank you, Mr. Chair. Yes, I'll give you an answer with a lot of caveats in it. We need to follow the terms of the agreements as they are currently written until their

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expiration. However, if we did already have language and they're allowing us as the lessor to adjust during the term of the agreement, then we could adjust, of course, 'cause it would be in accordance with the terms of the agreement. Also, if we have a good relationship with the lessee, they might be willing to just come in for a friendly amendment and adjust their insurance requirements. Not sure how well that'll work, but, you know, if...we do have good relationships with a lot of these groups that are long-term lessees, and they may understand. And a lot of times the insurance protects them also. You know, like if...so it's not necessarily a bad thing to carry higher insurance for these parties that are on our property. Thank you, Chair.

COUNCILMEMBER BAISA: Thank you. And, you know, I understand it's expensive but it's much more expensive if we don't have it because, you know, one of the things that nonprofits do is they do all kinds of things that nobody else would do. But they're willing to take the risk, you know. Like I remember when I was at MEO and we were talking about putting babies on the buses to take them to Kahi Kamalii. And everybody said, what, you're gonna put babies on the buses? I mean, how scary. I mean you're talking major, major exposure. But, you know, this is what nonprofits do, and so I think it's, you know, important that we cover. And if we have to pay for that premium, then we have to pay for that premium. But we need to protect all of our taxpayers and the nonprofit people 'cause they cannot afford to be sued out of existence. So for me, I think it's important that, you know, I'm interested in hearing that this is a new thing we're adding to our leases that it wasn't in before, that we would have the right to bring it back and amend. I think we might wanna take a look. We have a lot. We have 33. Do we have any idea how many of them have that caveat in it and how many don't? Is that something we just started putting in, or...I'm just wondering how bad this situation is and should we be here belaboring it, or just forget it.

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I don't have numbers. A lot of...like you're aware of, a lot of our leases are...

COUNCILMEMBER BAISA: Old.

MR. UEOKA: Yes. So I'm not sure. You know I haven't even read all the old ones either. I've read a few here and there as time's gone on, but our current language I can tell you we are including that, so all the ones you guys have approved recently have that language in it, yeah.

COUNCILMEMBER BAISA: Okay. I think something maybe worth taking a look at when somebody has time because I know we have a lot of things on the plate besides looking at leases. But when anybody has time, it might be good taking a look to see. Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll, questions, sir? Mr. White?

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VICE-CHAIR WHITE: Not for this Department, thanks.

CHAIR HOKAMA: No, I think you brought up a good question because I remember 1 million from the '80s. Okay, this hasn't changed from the '80s I can tell you that.

COUNCILMEMBER BAISA: Really.

CHAIR HOKAMA: The 1 million figure hasn't changed for 30 years. So...

COUNCILMEMBER BAISA: Chair? Chair, I remember when I was getting ready to leave MEO several years, just before I left, that we had changed the transportation from 1 to 5. And it was important, you know. Think of the exposures in transportation. And, you know, with some of the nonprofits, of course, they're not as broad-based and maybe there has to be some kind of scale to go along with the requirement. You know, if it's a tiny nonprofit doing one little thing like processing grants or whatever, they may not need, but it's the exposures. But then there comes in the expertise of having the insurance people involved, and I think that's a County thing. Risk Management and our wonderful lawyers can take care of that.

CHAIR HOKAMA: What we we'll do, and then maybe we'll need to work with the Finance Department, but, Carla, why don't you prepare a letter under my signature to Finance Department, Mr. Agsalog. Why don't we go get some information on all the leases regardless of department. I know we have a report that says what is existing from/to, the from date to the expiration, or ending date. But what I'd like to also check on is to see if this is also a party that has been receiving this type of agreement for decades or scores of years, and should we or shouldn't we for appropriate areas have it reopened for additional submittals on people interested in using that specific public resource. 'Cause that is one of the complaints your Chair has had, why am I not able to put in a proposal for X facility, and why is this one entity only the one that gets to use X facility? So we'll go find out if that's true, and we'll have it made public. Okay, anything else you wish to share with us? Any concerns that we may be able to assist your Department with concessions, grants, leases, permits, licenses?

MS. REIMANN: No, thank you, Chair.

CHAIR HOKAMA: Very good. Then thank you for being here this morning. We'll ask Ms. Rasmussen since she has an area that has a lot of agreements if she would come forward and give us her take on her area of jurisdiction, please. Thank you for being here.

MS. RASMUSSEN: Okay, thank you. So going over the leases, we have the Kula Agriculture Park which, of course, are 50-year leases that have been...we're actually about 30 years into the original 50-year leases. And then, of course, some of them have been reassigned, but they just reassigned the remainder. So typically the total...if I add up the total rents for the Kula Ag Park, it comes out to about \$33,000 per year. Our expenses are typically less than 2,000. There's really...there's very little expense that

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goes along with managing that. Anything else on the Ag Park before I move on to the other leases?

CHAIR HOKAMA: Members, any questions you wanna present to Ms. Rasmussen on the Ag Park component of her program areas? Are you guys all okay? Ms. Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Teena, for being here this morning. I'm just kinda curious, are the rents in the Ag Park all up to date?

MS. RASMUSSEN: Yes, we had...we recently had a farm that was behind, but that has now been assigned to a new farmer. And as a condition of that, he had to come in and pay all the back rent and the back water bills, so.

COUNCILMEMBER BAISA: Excellent.

MS. RASMUSSEN: Yeah.

COUNCILMEMBER BAISA: Thank you.

MS. RASMUSSEN: And the Ag Park is fully leased, yeah.

COUNCILMEMBER BAISA: That's good, thank you.

CHAIR HOKAMA: Okay. Mr. Carroll, questions for OED? Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. I'm just wondering, is this like a RFP? Is it put up for bid?

MS. RASMUSSEN: What happens is, the leases are 50 years, but it's allowed that the farmers can assign it to someone else so they can basically sell off the remainder of their lease, and if they built buildings and they can sell their equipment and so forth. So it's allowed farms to change hands when one farm wants to retire which was actually a really good thing. Now if a lot comes back to OED and a farmer just vacates, and that has happened as well, then there's a whole process for application. And that's all handled by ordinance for the County of Maui. There's a whole application process, a review process, and a point system that's awarded in order to award the lots. And we've had had that happen as well.

COUNCILMEMBER CRIVELLO: Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Mr. White?

VICE-CHAIR WHITE: No.

CHAIR HOKAMA: Okay, Ms. Rasmussen, other areas besides the Ag Park that you might wanna give us some comments this morning on?



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MS. RASMUSSEN: Okay, so we just have three other properties that we manage, and that...they're all on dollar lease per year, and they're all...one is Lokahi Pacific. We...the County owns the land that the Blue Hawaii Building is on, and we lease that to them for a dollar a year. Then we have Iao Theater, and as you know, we own that historical building and the land, and of course, we have interested the theater group to, Maui Community Theater to manage it for us. And then the last one is the Kula Vacuum Cooling Plant which is the lessee on that is the Maui County Farm Bureau, and that's also for a dollar a year.

CHAIR HOKAMA: Okay, thank you for that. Questions, Members? Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. The question that I have, for the Iao Theater, I know they do a significant amount of maintenance on the building. Does the Kula Vacuum Cooling Plant also have maintenance provisions in it so that whoever's leasing it is responsible for maintaining it in proper condition?

MS. RASMUSSEN: They do, and they've been given...actually they've been given a lot of State money to upgrade that facility, so they've been able to do that with some State grants. The latest is they're trying to bring it into compliance with the food safety laws because it was an open facility, and so there's a lot of birds that can fly in and so forth, so they're having to address that. But the actual cooling part of it is all fine so, and they've refurbished the roof and so forth with State funds.

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

CHAIR HOKAMA: Thank you. Those...I'm gonna ask...well, maybe I'll ask when Finance comes up. I can wait, so is there any things that you might want to request for us to look at adjusting either the Code, or certain requirements in the Budget that would make it easier for you to do your agreements, Ms. Rasmussen? Is there any suggestions you might want to share with us this morning?

MS. RASMUSSEN: I think that we're in the process of bringing a set of ordinance revisions for the Kula Ag Park. And that is a culmination of several years' worth of work on the Kula Ag Park Committee and our trusty attorney here. And mostly these revisions when you see them, and they should be coming soon to the Council, are really just kinda cleaning up that application process. And there was some revisions on the maximum amount of land that the...and any one farmer could have. And so it's just some things like that, just some kinda clean-up things. So that's the only thing really that, you know, we'd like to get that passed. And other than that, I think all of our other leases are, you know, running fine.

CHAIR HOKAMA: Thank you for making that proposal...putting that proposal forward and getting it ready for our review, so I thank you.

MS. RASMUSSEN: Okay, thank you.

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CHAIR HOKAMA: Anything else for the Director Ms. Rasmussen? If not, we'll bring up our next department. Mr. Meyer, why don't we bring up Water, and then we'll finish up with Finance since Finance is the big department and gets a lot of responsibilities by Charter and Code. So we'll ask Mr. Meyer if he would come forward. Mr. Meyer, of course, people, represents the Department of Water Supply.

MR. MEYER: Good morning, Chair --

CHAIR HOKAMA: Good morning.

MR. MEYER: --and Members.

CHAIR HOKAMA: Thank you for being here and we'd like to ask if you have any thoughts you can share with us regarding current use of County property, and any \_\_\_\_\_ consideration you might wanna recommend to us to either improve it, or make it easier as far as regarding agreements and legal documents.

MR. MEYER: Thank you very much. That's very kind of you. We in the Water Department aren't normally in the grant business as you know. Because the money we have is from water revenues and water system development fees. But there are a couple areas that are really critical to us, and that is the watersheds that produce not only ground water through rainfall seeping down into the aquifer but also surface water. And that's particularly important Upcountry and then on the West Side where we're highly dependent on the surface water and the quality of that. So we have some grants to the watershed partnerships which are nonprofit organizations that control the invasives and also feral animals through fencing. And other very important areas, Molokai, the watershed partnership over there administered by The Nature Conservancy, did a really excellent job for us. Just a couple of points, I won't go on any further. Our grants are all drafted by ourselves. We started about five years ago redoing those and making them as objective as we can in terms of deliverables and achievements so that we've got very definite goals and milestones, and objectives that the partnerships have to complete in order to get reimbursement. Those are reviewed by Corp. Counsel, but they are also reviewed by University of Hawaii and PCSU. It's a little bit different animal. That's because the watershed partnerships in order to become efficient, with the exception of Nature Conservancy, the watershed partnerships are all administered by the University of Hawaii. The employees of the partnerships are actually employees of UH. That way they can get benefits much more cheaply, health benefits and workers comp. and that sort of thing. And those cost savings are passed on to us in terms of limited overhead and controlling the administration expenses. So all of our grants at the front end are reviewed by UH and PCSU, which is the grants arm of UH. More importantly, in terms of draws and disbursements, under the individual grants we have three levels of review for performance and consistency with the grant agreement and achievements. First is the Department staff and that's our resource and planning group. There two levels, two people in that department review the actual draw request. Second is UH and...oh, and after our departmental people sign off and I review it, and I sign off on it as well. Then they're reviewed by UH and PCSU, and their staff has to sign off on the grant request.

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And thirdly, as you may recall, the Water Department has historically had an independent audit which is separate from Department of Finance. And so any of grants and the grant disbursements are reviewed at the departmental audit level by our external auditors. You could say that's really in duplication of the Department of Finance audit, but because the Water Department's much smaller than the County of Maui; our level of materiality is much tighter, and as a result the grants get perhaps a greater level of detail scrutiny. That's about it. We don't have any objections to a performance audit, but I did think it was important to share with you the level of scrutiny and review that we have already. Thank you.

CHAIR HOKAMA: Thank you, Mr. Meyer. Regarding County property component, Mr. Meyer, since you're our Deputy Director...

MR. MEYER: No, sir.

CHAIR HOKAMA: You know, like the Maui Lani? My understanding was they did the wells and then after a certain period, the wells come to the County?

MR. MEYER: That's correct. Normally when we do a development agreement like that and people receive credit against the water system development fees, those assets are built not only to the Department's specifications, the construction is reviewed carefully, each step along the way by the Department engineers. And upon completion, they are transferred and dedicated to the Department, to the County of Maui.

CHAIR HOKAMA: So the system and the land it sits on is transferred to the County? The land also, Mr. Meyer?

MR. MEYER: That's correct.

CHAIR HOKAMA: Okay, so then eventually then that becomes County of Maui property.

MR. MEYER: That's correct. We do have...I should mention we do have a couple of our facilities that are still located on other people's lands. It's just for a matter of clarification, and we are in process of cleaning those up. Those go back quite a number of years and they're really historical where we have pipes, or in some cases tanks that rest on land that is...currently still belong to other people. But we are trying to get those cleaned up and get deeds to those properties. And I'm not aware of any compensation which will be paid when those deeds are actually completed. And there are a couple of big assets and then a couple of small tanks involved.

CHAIR HOKAMA: Okay, thank you for informing us and letting us know you are working on it. Ms. Baisa, questions, any?

COUNCILMEMBER BAISA: No. Mr. Meyer addressed the one comment that I was interested in. You know, having recently acquired the leadership of the Water Committee, I'm in the learning mode and I had asked the question when the auditors came to see me, I said why does Water have a separate audit when we have a Countywide audit? And I

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can understand if the Water Department was autonomous, but now that it's under the County, why don't we just have one audit? And he couldn't really answer my question, but I certainly heard what Mr. Meyer had to say today. And maybe it is worth the extra looking at. I don't really know. I don't know what it costs. I don't know if there's a better way, but I had asked the question. I saw it when we...when they were autonomous. But now that they're under the County, it's kinda duplication, Chair.

MR. MEYER: Thank you. I have an observation if I might?

CHAIR HOKAMA: Mr. Meyer, if you have a comment, please?

MR. MEYER: Thank you. The Water Department would have to be audited either by the Department of Finance or by the separate audit, so that there's not really overall a large scale duplication of effort there because the Department of Water's audit is looked into and generally done by the same auditors. So they take that work as part of the Department of Finance work. There is a higher level of scrutiny because of the level of materiality by having the Water Department audited separately. And it does help us although we're not semiautonomous anymore. It does help us in dealing with the Department of Health and Safety Water Drinking Branch when we apply for our grants there because we can provide the grantors, the Department of Health, State of Hawaii and all a copy of our separate audit. That's helpful in terms of their level of confidence. But to say it's a strict requirement that we have a separate audit, I don't think that exists anymore. I think now that we're part of the County of Maui, it's...we could probably be folded into the Department of Finance audit.

COUNCILMEMBER BAISA: Thank you very much. You know, when you're new, you ask a lot of questions, and I'm concerned of course about...you know, I used to have to deal with audits, that's my background. And two audits a year is rough, one is bad enough. If it gets pretty much done in the one overall audit, not too bad. But, you know, to have to go all of...through that twice, it's a lot of time and a lot of energy, and money. Thank you.

CHAIR HOKAMA: You hit it on the head, Ms. Baisa. Mr. Carroll, any questions for Water Department? Ms. Crivello?

COUNCILMEMBER CRIVELLO: No, not right now. Thank you.

CHAIR HOKAMA: Mr. White?

VICE-CHAIR WHITE: No, I think they do a really good job of managing their grants and keeping track of what's going on in the watersheds and other areas. Thank you, Chair.

CHAIR HOKAMA: Well, I would agree. They are a utility, they have within their purview the trust of the people, so they have a big responsibility to perform regarding water service

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in our County. So I'm glad to hear your comments this morning, Mr. Meyer, and we thank you. We're gonna bring up Finance at this time.

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

CHAIR HOKAMA: Thank you, Mr. Meyer, for your presence. So, gentlemen, thank you for being here this morning, and you know what we've asked the earlier departments to share some thoughts on. And so if you would, Mr. Walker, give us some thoughts on...from the Finance Department's perspective, please.

MR. WALKER: Good morning, Chair, Committee Members, thank you. Mark Walker, Deputy Director of Finance. The May 2015 report you have before you shows that we are directly responsible for nine concessions, leases, licenses. But really as the Finance Department, we're involved in almost all of these agreements that you see before you on these five or six pages, in that we do all of the billing and collection for these agreements as well. So we work very closely with the departments on their respective...on the agreements with respect to their departments and the entities they're dealing with. Of the nine that we are directly responsible for, I would tell you that I would just, for informational purposes, the one concession we had for the ATM machine at the Lahaina Civic Center with the Maui County Employees FCU has been terminated by mutual agreement. They weren't getting near the business that they thought they were gonna get, and so we've terminated that fairly recently. So really we're only dealing with eight. A number of these are integral, are working with the Parks Department. We deal with the restaurant at the Waiehu Golf Course and the pro shop. And that's in the Parks Department. We also deal with the restaurant out at Helene Hall in Hana. And then we have a couple of long-term leases to the Boy Scouts. Who else do we have here? Yeah, the Makawao Post Office. But I think all in all, things seem to be going smoothly. You know, as you know, a lot of these are just dollar-a-year type things. And it's just...it's not like it's a ton of money that we need to keep track of, but certainly there are some here that involve larger dollar amounts. Open to any questions you may have.

CHAIR HOKAMA: Thank you, Mr. Walker. Mr. Hironaka, you have anything you'd like to share with the Committee at this time from a property management perspective?

MR. HIRONAKA: Guy Hironaka, Real Property Manager, Department of Finance. Normally, you know, if I see something that is expiring, I will send a notice to the department just to remind them that they have a lease that will be expiring within the next fiscal year so that they can start planning to either renegotiate or find a new tenant for them if there's any delinquencies. After I send out the invoice to the tenant because there are clauses for late fees or interest, or service charges, the department is also notified on those. As far as some of these \$1-a-year leases, it's inconsistent. Some of 'em are required to pay it up front. So if it's a 25-year lease, some of them are required to pay the \$25 at the time of execution. Others are not written that way, and so we actually have to bill them \$1 every year, and it's not even worth the paper that it's written on for, you know, we have to send them a dollar. They have to process a dollar check for us.

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CHAIR HOKAMA: We hear you.

MR. HIRONAKA: Right, and that's why, you know, we said on some of these new ones, you know, we have requested that, you know, if the department does negotiate a grant for \$1 that they do ask the grantee to pay it upfront just to make it easier, and we can put that it's prepaid.

CHAIR HOKAMA: Well, thank you for bringing that up, Mr. Hironaka. We appreciate it. So couple of things, one, of course we noticed one with the U.S., I guess, the Federal government Job Corps. Base rent is zero, and so my understanding was we usually put a dollar amount for some kind of legal transaction. So with this kind of thing that has zero, that's not an issue with the agreement at all, Mr. Hironaka or Mr. Ueoka? So it's not an issue?

MR. HIRONAKA: Because I believe some of the leases are at zero, the old time they had a value of gratis on it.

CHAIR HOKAMA: Free.

MR. HIRONAKA: That's why we put zero.

CHAIR HOKAMA: No, no, and what I'm trying to figure out is I don't have a problem if that's what our agreement is, if it's zero. Like you have one with J. Walter Cameron, zero, and that's fine, you know, with me. I'm still trying to figure out from our perspective, the County's perspective, if we should say, yeah, we gave you dollar a year, but, you know, a market...or assessment shows that should \$1,001 is the, should be the price for a year. I just wanna know, is the County, then, can look at that \$1,000 as a grant to that entity because the value's 1,001, not \$1. We collect \$1, so in a sense, did we give a \$1,000 grant? Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I don't...I guess...it is a grant when we do send up these less-than-fair-market-value leases to Council. It's under 3.36 and 3 point...is it 44, or 40, one of those Maui County Codes. But it is under a grant of real property to a lessee, so the other issue we often have a hard time with, and we don't really know what fair market value is all the time of our County property. When we do ask real property assessors, Assessment Division of Finance, it's they do a percentage calculation for us based on the total value times some percentage, divided by 12 to get the...that's what we use as the fair market rental value. But it's not necessarily like actual what fair market rental would be 'cause we don't know what the value of certain things that the County has are worth, like a building in the middle of a park. I don't what the rental value of that would be for that type of use. So our...to put a dollar amount on the amount we're actually granting to an entity may be...if you want a actual number, it might be a little more difficult, if that made sense. I'm sorry, Chair. Thanks.

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CHAIR HOKAMA: I'm just trying to figure out who is eating the bill? Okay, 'cause I know that certain agreements we expect the party that is signing with the agreement with us...and I'll give you one, like the Lanai one, Titan. He pays us \$12 a year, but part of the requirement to the County is they have to provide fencing of the property. They have to maintain the property for vector control and fire hazards. They have to make sure there's no illegal type of things like marijuana growing on the property. They have to take care game management of Axis deer and what not. So we're getting the better deal out of this \$12 agreement 'cause they're putting up more than \$12 worth of value to us. I'm just checking when it's the other way around where we give them something for \$1 a year, and yet it's costing the County more to maintain this agreement than what the party's providing the County. So then to me, why shouldn't we assess them as a grant value? You understand what I'm saying? I'm giving the third party more than I'm getting from them. So why wouldn't we capture that and say that's a grant? That value of dollars is grant money.

MR. UEOKA: Yeah, thank you, Mr. Hokama. I believe for that, the one you used as an example, was...that was one of the reasons why it was kinda considered more of a...closer to fair market value type arrangement. A lot of these other ones, they are clearly grants of real property so it is recognized, at least by the agreement itself as a grant.

CHAIR HOKAMA: And those that used real property and let's just take what is right in my face, 'cause it's right here, Maui Aikido-Ki Society. So that dollar captures...should capture everything for us, whatever real property responsibilities and what not, that's all for that \$1?

MR. UEOKA: According to Mr. Hironaka, he just informed me that because we're the owner of all these properties, they're real property tax exempt.

CHAIR HOKAMA: We understand that.

MR. UEOKA: Yeah. And on a side note, I believe most of these...again, I'm not familiar with each and every one of these leases on the sheet, but a lot of 'em, they are required to, you know, maintain the facility, you know, take care of the surrounding area in general. So I guess as the lessees, they are...they do have some responsibilities, and typically we...well, with this Council's blessing the leases are for public purposes for these entities to carry out. Thank you.

CHAIR HOKAMA: Okay, well, that's part of the review, yeah, to see if it works in current times. Lot of this was done in decades past. Mr. White, questions for Finance Department?

VICE-CHAIR WHITE: No questions, Chair, but I think the thing that jumps out at me here is the fact that we're getting over \$300,000 in revenues for the golf course. So we're charging the folks who play golf a significant amount of money compared to charges for use of other facilities. So I think it'd be interesting to see what the Department comes up with with respect to the cost of maintaining a variety of facilities. And

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maybe we should ask them to do some calculations on the rental of the community...or not the rental but the maintenance and operations of the community centers and other places as well. Not necessarily to identify a much higher fee, but I think it's important for people to understand what the actual cost is of operations. Another example is that the swimming pools I know cost a significant amount of money to operate and maintain. And those are expenses that we're not able to get away from, and it's great to provide them on a basis where there's a very small charge. But at the same time, we need to be thinking about whether if there is limited use, like there is for the golf course, whether some of the users' fees might need to be adjusted to some degree. Thank you.

CHAIR HOKAMA: Thank you. Ms. Crivello, any...anything for Finance?

COUNCILMEMBER CRIVELLO: Not right now, thank you.

CHAIR HOKAMA: Ms. Baisa?

COUNCILMEMBER BAISA: No, thanks.

CHAIR HOKAMA: Mr. Carroll? Mr. Vila, I know you're here. Is there something you would like share with us at this time? Happy to give you your chance to. So, Mr. Walker, are you currently in discussions with Risk Management in working on some updates regarding this subject area, or you're gonna wait for some of the departments to come up with their recommendations?

MR. WALKER: As it relates to and updated...I'm sorry.

CHAIR HOKAMA: Regarding how...

MR. WALKER: Oh, insurance and...

CHAIR HOKAMA: Regarding how we're doing agreements regarding County property.

MR. WALKER: Yeah, I don't know that we're in any formal discussions on any updates to the agreement, but I think my understanding is that the Department has been working with...Corp. Counsel has been working with the other departments and sort of updating their base rental agreement. To degree they want us to be a party to that we certainly can be. But I agree with you that in looking at the insurance requirements, them working with Risk makes a lot of sense to make sure that not only we be given the proper coverage, but that the vendor is covering themselves as well. So no formal discussions at this point.

CHAIR HOKAMA: No operational issues that we can assist you on regarding current and updated inventory listing? That is all squared away? You folks have no issues with, on current and updated listing of all County assets and properties?



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MR. WALKER: Yeah, I think we're good. I mean, we're still updating our list. I don't know that it is 100 percent complete, but we're getting close.

CHAIR HOKAMA: Any issues that you folks didn't anticipate that has come up in your updating that we might be able to assist your Department with?

MR. HIRONAKA: Mr. Chair, mostly it has to do with some of the properties that we've inherited when the County was incorporated, so these go back to, you know, basically government lands and when they asked us, you know, to show that we own it, we have problems showing title. Even title insurance can't...Title Guaranty cannot find a conveyance document. But they know that the County owns it, but there's no document showing it. So because it goes back for so long, it's just that it was always government land.

CHAIR HOKAMA: When you say it goes so long, this is like pre-Mahele?

MR. HIRONAKA: It is prior to 1900 usually.

CHAIR HOKAMA: 'Cause once we did the Great Mahele, we did documentation.

MR. HIRONAKA: So we've been having some problems with some of the park land trying to show that, you know, that we have a deed to it. That's the only thing that we're working out right now. So working with the title companies to try to do more research on it.

CHAIR HOKAMA: These are what, tracks that already have County facilities on top, or this is just, you know, conservation, open space?

MR. HIRONAKA: A lot of our conservation, some of them have facilities and, you know, we need to get documentation on it. We have to go back. That's the only thing that we're working on right now.

CHAIR HOKAMA: Okay, when do you think you folks might be able to resolve this issue one way or the other, make a final determination?

MR. HIRONAKA: Well, we know we own it. It's trying to get the documentation that takes a while.

CHAIR HOKAMA: So the question of ownership is not --

MR. HIRONAKA: Right.

CHAIR HOKAMA: --before the...any party then. It's just the proof that you own it?

MR. HIRONAKA: Right, the documentation is what we're working on right now, and that's been something that, you know, has never been done and we're trying to get documentation for every single parcel that we actually own.

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CHAIR HOKAMA: Okay, okay. Well, you got 110 years of digging. That's how old the County is. Okay, thank you for that. Any other questions for our Finance Department? If not, gentlemen, thank you so much. Carla, we had some requirements to put up for Committee on this item. You're clear on what we need to do regarding information we're gonna ask? Okay, thank you very much. We're going to take a short recess and then finish up with BF-49, Members. So let's take a short recess till 10:30. . . .(gavel). . .

RECESS: 10:24 a.m.  
RECONVENE: 10:40 a.m.

CHAIR HOKAMA: . . .(gavel). . . We shall reconvene our Budget and Finance meeting. We also recognize the presence of our colleague Mr. Guzman. May I direct you please to BF-49 under the heading of Performance Audit of Maui County Grants. I'd like to also let you know we do have Ms. Rasmussen and Director Reimann here for OED and Housing and Human Concerns Department should you have specific questions you wish to present to them. Parks is available, so if you need them for this item, please let us know. We are going to need to give them a call and they can be present within a few moments. But the Chair's thing was to just have some early discussion again on this. I know some of our other standing committees are looking at reviewing the subject within their parameters and so, one, I'm more open to...let's see how we're gonna move forward on this item. One thing I did forget to do, Members, is on the first item 52(2) with no objections, I'd like to defer this item, please.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Thank you. Budget 52(2) is deferred.

**ACTION: DEFER pending further discussion.**

**ITEM 49: PERFORMANCE AUDIT OF MAUI COUNTY'S GRANTS**  
(CC 11-290)

CHAIR HOKAMA: On this Performance Audit there is an old, if I could use the term, proposed resolution that's outdated now since the Council did take some action, and we have made some adjustments regarding the grants program of the County. But this is also to see how we can move forward and make our grants more, one, productive with our limited resources; two, ensure that we are directing it in the right areas; and three, more importantly, the amount of funding we provide is available to hit the mission and get the job done. So with that, I'm gonna first ask the Committee Members if they had specific things they wanna share, or what they're doing within their own committees 'cause it's not my intention to step onto your committee areas of jurisdiction. I leave it to you to make the recommendation to the full Budget Committee later. So, Ms. Crivello, any questions or comments you'd like to share at this time?

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COUNCILMEMBER CRIVELLO: Thank you, Chair. I don't have so much questions, but more comments. I have been working with the Department of Housing and Human Concerns, and I think we've disseminated last week trying to come up with some sort of report for all of the grants that they give out. And, you know, go according to what the purpose of the grant and how much of the goals they've reached or not reached, and the reasoning's, and of course, the dollar amounts and all that. So we're working...adding more to it. I appreciate their cooperation, and the intent is for us to have better understanding as to what our monies are being used for and what it generates. For me, and I'm sure my colleague Ms. Baisa will agree that so often we look at, oh, we give all this to the nonprofits. And I think for us we sometime overlook the work that the nonprofits do, and that's kind of what has to be held accountable, we know that, and the departments do have quite a load to deal with. And then the unseen portion is what they leverage. They leverage more dollars by using our dollars to leverage more dollars for their program as well as employment. And they're not carrying the kind of liabilities we carry to be able to pursue the objective of...for instance the homeless or mental health and that sort. But they also bring in professionals that have to tend. And we all know the nonprofits burn the midnight oil so that they can meet the so-called salaries, that they don't really reach that kind of a payment. So I think some of the things that if we work with the grantees and we look if the reporting requirements are ensuring that the organization are using the funds accordingly and for the intended purpose. And I think sometimes, and I believe the Housing and Human Concerns because prior to coming on, the nonprofit I worked with, we applied for a very small grant. But there was the consistency of what was expected, what the results are gonna be, all your...I call it substantial evidence, meaning your documentations of receipts so your expenditures had to all be in place. They send their grant people over to do a physical audit, if you want to call it that. I just went home this past Thursday and Department had sent a group there to have like a overviewing workshop. You don't get that too often, and just to do something like that, I just wanna say I appreciate what the Department does because, and I'm sure you'll agree that on our little island, the nonprofits do more than what's expected and I think all of Maui County. So I don't know, sometimes we have to hear it from those who are applying. Is it standardized? Are the applications standardized? Are the reporting requirements standardized? And sometime we don't see that some of the grants are funneled to the County from the Feds, and the Feds have different requirements. But actually their reporting requirements is really not that hard. It's the application process, you know. So I don't know if things have changed so much, but I think us as policymakers, we need to be educated what it involves and what it includes for us to support the nonprofit, but at the same time be mindful of making sure that they're reaching...the outcomes have reached its purpose. And I think that's kinda what I'm working with our Department to see what are the outcomes. So --

CHAIR HOKAMA: Okay.

COUNCILMEMBER CRIVELLO: --obvious that, you know, I think they need more manpower but then that becomes a budget issue too. Thank you.

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CHAIR HOKAMA: Thank you. Ms. Baisa, anything in, under your area of jurisdiction that you'd like to share? I know Water is, you know, has grants and whatnot, so you have any thoughts you wanna share with us?

COUNCILMEMBER BAISA: Fortunately, we were able to discuss it a little bit earlier, and I want to say that I think the Water Department does a really good job with their grants. I like their process. I like the way they monitor. I hope in the next couple months to have a meeting again in regards to the grants. I think we need to review them one more time to see what we're renting and if it's enough in light of the situation that we have here with invasive species. But I wanna second the motion on what Ms. Crivello has said. She certainly has an excellent grasp of what's going on with the nonprofits. And I, too, wanna say that, you know, I remember when I was a nonprofit director. I used to get kinda huffy about the idea of somebody giving you money. Really, nonprofits work very, very hard to earn this money, and there is a *quid pro quo*. You know you get a grant, but you have to produce something, and you also have to enhance that because there's no way that anybody can pay for everything. And so there's a lot of money that's leveraged. There's a lot of donations. There's a lot of volunteerism that goes into making a nonprofit successful, and I think we need to recognize that. I also believe that there are nonprofits, unfortunately, who do not do what they're supposed to do. We need to acknowledge that. And, therefore, we need a system where we monitor and we take a good look at, you know, what you promised and what you did. And when we find that there are problems, it's our responsibility to take a look at it and say, hey, you better clean this up or, you know, we're not going be able to fund you. I think that's fair because, you know, you need to treat everybody the same. And there needs to be a standard, and it has to be upheld. And so every nonprofit needs to be held to the same standard of this is why you got the money, this is what you need to do, and if you don't do, then you better get better, or there's gonna be a penalty. I think that's fair. It's like everything else that we do in life. You know, you have to do what you're supposed to do, and it's, obviously it's our job to do that monitoring. And I think the Department of Human Concerns can only do what they do. They're very limited in terms of people that can focus on grants, and it's a big job because they have a lot of grants. I think we...a good piece of information that we could've asked Ms. Reimann and I forgot, was how many human service grants do they have. I think it's probably in the hundreds. So...

CHAIR HOKAMA: Ms. Reimann, why don't you come forward and...

COUNCILMEMBER BAISA: I'm not sure she has that information with her. But, you know, we're talking about a lot of grants and so the monitoring is a big deal.

CHAIR HOKAMA: No, I agree with you. I agree with you. And again, Ms. Reimann, if you wanna bring up your staff, please, she's welcome to join us on the floor, please. Yeah, thank you for rejoining us, and I'm sure you heard Ms. Baisa's question as it relates to your Department. So if you can give some comment, we'd appreciate it.

MS. REIMANN: Thank you, Chair. Yes, Councilmember Baisa, we manage about 108 grants.

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COUNCILMEMBER BAISA: Oh see, we were close, 108. I know it was a lot, and it's a lot of work to monitor all of that. Do...now this is not...this is a tough question. We know that you're stretched. We know your Department has a tremendous amount of things to take a look at. Do you feel that you have the ability to look at all these grants, or is it a serious problem that we should take a look at?

MS. REIMANN: We have three full-time people in our Grants Department, and I will let Luz comment as to how strapped they are. But I think they do an excellent job in monitoring and keeping, you know, the nonprofits, you know, accountability very well done. Luz?

MS. DOMINGO: Right now, we just have...just as what I said earlier, that we now have a full staff. We luckily hired two new program specialists, grant specialists, that are very...have a very good background in grants management. And during the first quarter, this first quarter, we're concentrating on executing all our grants, and on our timeline we are trying...we will try to go out there, do the site monitoring and hopefully...we're hoping that this year, this current fiscal year, I'm pretty sure we're not gonna be able to monitor all the 108 grants that we have. But at least on average of 50 or 60 of that, we should be able to do site monitoring.

COUNCILMEMBER BAISA: Well, that's good. I think it's important that you have the opportunity to actually go to the nonprofit and kinda observe what's going on because it is...it's complicated. And to try to differentiate from one service to another is also very difficult. So I'm glad that, you know, you have...you will have the ability to go out. I think that's really important.

MS. DOMINGO: We've been going out since the beginning of the fiscal year. We've been meeting with the grantees and our purpose is...recently we had a workshop on last month...oh no, actually on the 9<sup>th</sup>, September 9, and we had like 70 nonprofit organizations that were represented in that workshop. And our purpose is that so we tell them what we'd be looking at...this workshop is for grant reporting and monitoring. So we already convey to them what we'll be looking at. We told them that we're really not auditors but we wanted to let them know that we will be out there in order to...just to check on their compliance and do check on their performance of what they have promised to do with the amount of money that they receive from the County.

COUNCILMEMBER BAISA: No, I think that's great. You know, one of the functions that I like to see coming out of grant monitoring is training. And keeping people up to date on what the requirements are, training the board so that the boards know their responsibilities, because if everybody knows what they're supposed to do, it goes a lot smoother. And you prevent big problems down the road. So that's good. Thank you very much.

CHAIR HOKAMA: Thank you, Ms. Baisa. I would second board training. I think that's important, especially their financial responsibilities as board directors. It's a heavy responsibility. It's not to be taken lightly. We did understand what you brought up,

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Ms. Baisa. Questions for Human Concerns and Housing Department since they're before us? Any question, Mr. White?

VICE-CHAIR WHITE: Not really any questions. I think...and with respect to doing a full audit, I think the appropriate way to approach this is that if the Department or the Council feels that there are organizations that might need special attention, that can be done through Ms. Crivello's Committee. And I think that would be a more appropriate first run at something. But then if the Committee or the Department feels that there are a number of organizations that might be appropriate to audit, then I would suggest we select, you know, three or four or five organizations that might be problems or organizations for whom we don't feel we're getting the bang for the buck that we might otherwise. Then it would be, I think, appropriate to move into some sort of a, you know, formal audit. But I think to try to audit all of the nonprofits that get County funding across the board without some prescreening probably would be either very expensive or hard to shape the audit so we get the kind of answers that we're looking for.

CHAIR HOKAMA: I know what you're saying, Mr. White, and at this point in time, I agree. When I drafted this reso three plus years ago, the environment was different, you know, for the Members that were here. And that's why when you look at the last whereas clause in the proposed resolution, this is the areas that even now as your Budget Chair is a concern, yeah. And that would be the administering department, how we define the grant and the purpose, monitoring the grant recipients and their compliance with reporting requirements and other conditions of the grant, measuring the effective use of grant funds, awarding concessions in leases of County real property at less than fair market value, timeliness of issuance of authorized grant funds, repayment of grant loans and staffing needs were the areas of concern. And I think one of your comments regarding, but not doing it all, I think we can work with the various departments by ensuring that those that apply present us with their most updated independent audit report. They have to do it anyway to maintain their tax status with the IRS. They have to do an annual audit anyway for their entity. So my thing is that can be the initial document that we can review to...as a filter and then focus on some more problematic entities. 'Cause I going tell you, the mood on the hill, in the district is nonprofits is an extension of government. And so the conservative side that doesn't believe in big government is gonna attack funding for nonprofits. It's just part of how they looking at things like Planned Parenthood and other extensions of government, in their point of view which is not a good thing for in government. So again, I'm just giving you fair notice, Members, that depending on this conservative Congress, we may see less and less money for nonprofits because they're not gonna put it out there. HUD monies, housing monies, really relevant monies, HOME monies, Section 8 monies, it's all on the chopping block. And so I just share that because it's gonna be interesting which way that Congress will decide to go on this type of funding requests that's...they're gonna make a funding decision by tomorrow that's for sure. We either gonna stop Federal government or we're gonna keep operating so we look forward to that informed decision by our Federal leaders. If there's nothing else for Human Concerns and Housing, thank you so much. I was gonna ask Ms. Rasmussen if she would come up, and if she has additional things she would share regarding

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grants under her jurisdiction because she does have Economic Development grants. And one of the things, as she's getting settled, that in the area of economic grants I would ask us to consider finding how we can assist grantees. For certain things like, you know, I just went through our own Aloha Festivals, and again for Lanai, I'm making an assumption for Molokai, Hana because we're using a lot of our small businesses, I'm trying to find a way that we can help authorize and make it easier for Ms. Rasmussen to even look at even a percentage upfront as working capital. 'Cause it's hard for me to see our small businesses actually financing the event and then waiting for a reimbursement. So we depend on these small businesses to put up their cash up front and ask for a reimbursement. I mean, is that correct, Ms. Rasmussen, the current process?

MS. RASMUSSEN: Yes, our...a long time before I got here, OED grants have been reimbursable grants which means that they have to expend the money and then basically give us receipts, and we reimburse them. But it has been a huge problem for these community events like Festivals of Aloha. We have even the Sister Cities Foundation, we've had this issue where we have all of these delegations coming in and members are having to use their own credit cards. I've even had staff members fronting money for Sister Cities and, you know, I said no, we just can't. We can't do that. The staff can't do that, you know. It's not something that we should expect. So it has been difficult. We do, however, have the ability, and we are considering it for just a certain type of events to do quarterly disbursements so they would get...we would just say that, you know, you get 25 percent of your funds, you know, and then it would be disbursed. Now that still doesn't help Festivals of Aloha because they're still...they're like a one-month event, you know. But the problem is is that the grant isn't executed, and that was the biggest issue, is that we could have given them money if the grant was executed. But the grant came in a little late. It takes, you know, 60 days minimum to get a grant executed. So, you know, when you think of our...first of our year started July 1<sup>st</sup>, and then Festivals is in September, so it's very difficult. So I've had a thought about how to solve this issue, and one of the ways is I could pick those events that are so impacted with the immediate...like right after the fiscal year starts. If we could come in our budget and ask for basically a double appropriation for one single year so that I could get them to write their grant far ahead, and then we could actually...the grant would already be in place from the previous fiscal year, and then they could spend it for Festivals of Aloha. This would...it would be a one-time-only request to double it because you're actually having to give them the grant for the past, and then you have to be giving 'em the grant for the future. And then we'd be back on a once-a-year thing. So I thought that may be a way to alleviate this problem by just getting them ahead of the game because they're...we're always working backwards and that's what's caused this stress on everybody. That would be just for those events that happen, you know, early, so that's one thing I thought.

CHAIR HOKAMA: Thank you for that suggestion. You know, part of this two-way discussion right now is to come up with some brainstorming ideas, and I'm glad you have some ideas for us to consider, Ms. Rasmussen. Members, questions or other comments? Mr. Guzman?

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COUNCILMEMBER GUZMAN: No, I'm sorry. Just trying to figure out how that process worked, you know. When she was explaining doubling up on one fiscal year, and so we're actually behind one year? I'm not quite following that.

MS. RASMUSSEN: They haven't...so Festivals of Aloha just happened in basically September and early October.

COUNCILMEMBER GUZMAN: Right.

MS. RASMUSSEN: And they don't have their grant yet because they just wrote the grant for Fiscal Year '16. So it's gonna go backwards.

COUNCILMEMBER GUZMAN: Yeah, you mentioned it takes two months. And so what is the two months process that would delay them from executing the grant?

MS. RASMUSSEN: The two-month process is our internal review first, and that's from the point that they get it to us so, you know...and I'd have to look back on the date that we actually received it. If our internal review finds that it's inadequate, they have to go back. They have to revise. Then they have...we have to, of course, look at their budget. Then it goes to Corporation Counsel. Typically Corp. Counsel takes around, you know, two weeks to do their review. Then it comes back to OED. There's like ten steps to executing a grant. It's not stuff we've created. It's just every step of the way there's a signature somewhere and somebody has to review it. There's about ten steps. So it's a process and...

CHAIR HOKAMA: Ms. Rasmussen, maybe for all of us, and I'm glad Mr. Guzman brought, is the agreement redone every single time...a new applicant, or is there a template that Mr. Ueoka use and goes, okay, grants, OED, you use this template, fill in the blanks.

MS. RASMUSSEN: We absolutely have an application and we gave a very extensive grants workshop this year. Actually we've given grants workshops about every other year, but we really revamped the grant a lot. We've been working a lot more toward performance measures, and showing them how to measure their performance and how to do their dashboard performance measures. So we've been working really a lot on the grantees with that. But, yes, we have an absolute application. It's fillable, it's on online. It's very straightforward, but it still takes somebody that, you know, that will write the grant and get it to us, yeah.

CHAIR HOKAMA: Mr. Guzman?

COUNCILMEMBER GUZMAN: These are consistent events that happen every year, year after year, correct?

MS. RASMUSSEN: Well, some. I mean, you know, we have a huge myriad of projects that OED funds, but there are definitely some like Festivals of Aloha that always happen a certain time of the year.



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COUNCILMEMBER GUZMAN: Right, right. So if you target...I would assume if you could target those that are consistent year after year and then somehow draft, you know, the documents or the grant for a two-year document...I mean two-year grant, that would at least catch up, wouldn't it?

MS. RASMUSSEN: I don't think we're...I don't think we can do a two year because you're only approving the budget on an annual basis.

COUNCILMEMBER GUZMAN: Oh yeah, that's right.

MS. RASMUSSEN: So I don't think we can do a two year, yeah.

COUNCILMEMBER GUZMAN: I'm just trying to skip a process.

CHAIR HOKAMA: Yeah. And it's something we're gonna need to –

COUNCILMEMBER GUZMAN: Skip a year.

CHAIR HOKAMA: --work with Mr. Ueoka and his Department whether we can legally do this, and so...but I like the idea. I mean, you know, she gave an idea that I think we should pursue and see if it can be done, and if it can be done, how we would structure it within the upcoming budget. And if we can't, is there another way to...for us to address it. So I'm happy to do that.

MS. RASMUSSEN: 'Cause OED grants are...they can have any performance period that they want so, you know, it doesn't have to go beyond...I mean it can go beyond the fiscal year, but they just have to specify their performance period. So for instance to give you a perfect example, we fund the Fourth of July celebration in Lahaina. Well, the fiscal year starts July 1<sup>st</sup> and there was no way they could ever get that grant in and done, and so they write that grant in the previous fiscal year which works fine. So they always have their money available. And so that's what I'm saying, if we could get...Festivals of Aloha just has always been behind, and so if could just get them ahead we wouldn't have this problem ever again.

COUNCILMEMBER GUZMAN: I see.

MS. RASMUSSEN: Yeah.

CHAIR HOKAMA: Okay. And there's no other funding that is part of the Festivals that would impede or potentially create a bureaucratic issue whether it be HTA monies or other type of monies, Ms. Rasmussen?

MS. RASMUSSEN: No, if they get HTA money, it would not...which I think they do get other funding but it would not have any impact on what we give them. Yeah. 'Cause they're not part of the "CPEP program" which is the only one that we can't do CPEP and OED funding, yeah.

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CHAIR HOKAMA: Okay. Mr. Carroll, any questions for Ms. Rasmussen? Ms. Baisa?

COUNCILMEMBER BAISA: Thank you, Chair. I'm thinking about this timing issue. You know, this is not unusual. It happens with a lot of government funding. I have to say that we put up with this at MEO for many, many years. However, the Hawaii Office of Economic Opportunity did figure out how to do it. And what they did was they had all their paperwork done, and the first week of July we had contracts and we had money right behind it. So I'm trying to think about timing, and I don't understand what...how the paperwork works here. But, you know, we have proposals. We know more or less what people are gonna try to do. We discuss it in budget. By the time we wrap up the budget and we wrap that up the last week of April, yes, it's not totally approved but it's there. And it doesn't change very often as we know because all of the work that's gone into it before. When does the paperwork actually kick off? Can we do it earlier so that when the effective date comes, it's ready to go? Especially on these things that are repeated year after year --

CHAIR HOKAMA: Yeah, yeah.

COUNCILMEMBER BAISA: --after year with the same people.

CHAIR HOKAMA: I hear you, I hear you.

COUNCILMEMBER BAISA: Why do we wait until July 1<sup>st</sup> to start? And then, of course, it's gonna take two, three months 'cause we know that's what it takes.

CHAIR HOKAMA: Yeah, Mr. Ueoka, is there anything legally prohibits the departments from preparing ahead of the new fiscal year their documents?

COUNCILMEMBER BAISA: And it would all be subject to funding.

MR. UEOKA: Thank you, Chair. I wanna say that prior to July 1<sup>st</sup> we probably shouldn't execute because the real...I just say we can have everything ready to sign on July 1<sup>st</sup>. But prior to July 1<sup>st</sup>, I don't feel we should execute 'cause I know for contracts for sure...

COUNCILMEMBER BAISA: That's not my question.

MR. UEOKA: What's that?

COUNCILMEMBER BAISA: My question is not to execute. My question is have ready.

CHAIR HOKAMA: Everything is ready for execution.

COUNCILMEMBER BAISA: Only sign, only sign and pau.

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MR. UEOKA: Oh, sorry. I just heard at the end you said dependent upon funding being available so I thought that meant execute part, but yeah, July 1<sup>st</sup>, if it's in the budget, I don't see a problem with signing on July 1<sup>st</sup>, having everything prepared in advance.

COUNCILMEMBER BAISA: And this wouldn't have to be done for every grant. But, you know, on these ones that we're concerned about that happen right away and have to be funded right away, and are usually repeats, and usually go to the same people. So I don't know...you know, I don't know how it's done, but I think we certainly could kinda get it up front so it'd be faster.

CHAIR HOKAMA: Again, yeah, we appreciate the ideas of how to make it better. So, you know, we wanna work with you, Ms. Rasmussen, 'cause again for me it's we put up the County resources and again I prefer not to have our small vendors wait three plus months after they advance their cash for our event.

MS. RASMUSSEN: I agree.

CHAIR HOKAMA: You know, I wanna make sure that we can do our best to make sure, you know, we either reimburse them quickly or use our cash to make sure that that's how we finance the thing. So I'm open to your suggestions. Yes, Ms. Baisa?

COUNCILMEMBER BAISA: Chair, it's bigger than events. It's all of the grants. You know, the smaller nonprofits if they have to front money for three months they're borrowing money. And I don't know that that's a good way to do things, because, you know, why are we having them pay interest to the bank and worrying about how they're gonna pay their employees. And I think we can come up with a better system, particularly for people that are in good standing, that have done this for a long time, that continue to do it, and we know in the budget process who we're gonna fund and who we're not gonna fund. So that if it was the end of April, we have all of May and all of June, get the paperwork ready.

CHAIR HOKAMA: What I'll do, Ms. Baisa, since, you know, it's a great suggestion, I like Ms. Rasmussen's approach and willingness to help us find different ways, I, with no objection, I will send a letter under my signature on the Committee's behalf to the Maui County Nonprofits Directors Association and request if they have some comments or some proposals that could assist them in achieving what we were discussing this morning. Yes, Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I hate doing this but I believe it's come up in committees before, it's been discussed, the 18-month grant term. Director Baz, Budget Director Baz has spoken on that before. It's kinda painful for this body 'cause it'll require one year, you know, extra funding, but one year would be 18 months and then the following year the grants would start and run on a cycle from, I believe, October 1<sup>st</sup> to September 30<sup>th</sup>. That was the idea, but one year you'd have to fund it for 18 months. Then the Budget would kick in on July 1<sup>st</sup>, and the agencies would still have from July 1<sup>st</sup> till October 1<sup>st</sup> to get all their applications and all their signatures in. So

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it would be putting our grant schedule a little bit off timed with our budget schedule. But that's all up to you folks to decide. Thank you.

CHAIR HOKAMA: Well, we're definitely gonna need to get comments from our auditors and whatnot on how this may impact our reporting requirements that Charter is specific on, as well as how this will impact us with State budget year and Federal budget year because we gotta deal with all this different dates. And again, might be a good time too for us to review the County's 18-month CIP consideration.

COUNCILMEMBER BAISA: Chair?

CHAIR HOKAMA: Yes, ma'am?

COUNCILMEMBER BAISA: I mean if you really wanna get into exciting innovation, years ago I brought this up and I'll bring it up one more time 'cause since I'm in my waning days here. I had suggested a long time ago that we might wanna look at the County fiscal year. You know, the fact that the County fiscal year starts on July 1<sup>st</sup> just like the State is really a problem because they're doing their budget when we're doing our budget. And we have to finish our budget not knowing what we're gonna get from them. A lot of the times we're down to the wire waiting, you know, how much TAT we have or how much TAT we don't have, or who's paying for what. And, you know, long time ago when it was much simpler for me to say these things, I said why don't we change the fiscal year and make ours October? And that way we won't be at the Legislature at the same time that we're trying to do the County budget. And then we'd have that comfort. But, of course, that's not easy to do. And like Chair has already said we have change this and change that, and change everything else. But it would've made life a lot easier if we had a different fiscal year. Just throwing it out there again.

CHAIR HOKAMA: I would agree. Certain things would be easier, and of course, after you close after the State means everybody denied by the State will come to the County.

COUNCILMEMBER BAISA: Of course.

CHAIR HOKAMA: Okay, remember that now. That's the other end of the sword. Who gets denied in Honolulu comes to Wailuku.

COUNCILMEMBER BAISA: Chair, as a nonprofit that was important for me. Thank you.

CHAIR HOKAMA: Yes, I understand that. Ms. Crivello, any comments?

COUNCILMEMBER CRIVELLO: Okay, so I lost my thought right now. So I think what we need to also heed to what Director is saying is that the timeliness of the application. Okay, so we...and I can appreciate the departments going out to educate and have their workshops and what have you. And I further appreciate your consideration to have the conversation with the nonprofits, you know, what is it, what is there. I think when they first apply for, like with OED, first-time application, it takes understanding

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the process. And Tina Silva, and I'm sorry if I'm throwing her name out like that, is most helpful, very, very helpful with the applications. I get that feedback from the people and other nonprofits that are applying for grants. But if they can also recognize, yeah, the fiscal year is July and they need to get their applications by a certain date. That would eliminate some of the challenges that the Department has to deal with as well as the stressing from the applicant. So, you know, it has...they have a responsibility to get all their receipts in, they have the responsibility on the outcome on their performance. All of that, and if you're hana hou, you're going in again for the same grant, you should get it wired. Of course, if they change hands then it becomes a challenge, you know. So I think what Director mentioned was some events get...they do not get their application in time. So then that becomes a challenge. But I can also appreciate the suggestion that, you know, you get yours...get it all ready, boom, and you get it in. Or what's from 2015, then come in with the 2016, yeah. Whatever makes it happen or work, yeah.

CHAIR HOKAMA: Right, right.

MS. RASMUSSEN: Chair, could I respond?

CHAIR HOKAMA: Please, Ms. Rasmussen.

MS. RASMUSSEN: Thank you. So OED has one Grants Manager. And we give out about \$11 million in grants, and not only do we give the...have to do the review of the grants but we also have to approve every single payment that goes out for those grants. So it doesn't stop at just the execution, it continues. So the only way we can manage with one Grants Manager is to have a rolling application deadline. We cannot have all of the grants come due at one time. We would be crushed. We couldn't...there's no way we could process it. So we have a system where all the line item proviso grants have to apply by December 1<sup>st</sup> this year, and we move these dates up, so they have to apply by December 1<sup>st</sup>. And then everyone else who wants to just apply for general funding for projects have to apply by February 1<sup>st</sup> of this year, and we moved everything up by a month this year so that we could get finished with the process, but that is the only way. And then from the point that they apply they have the ability to set a performance period. And so those people that have managed their funds, you know, well and with other funding that they might have with Federal or State, they can pick the performance period that makes the most sense for their organization. So they can take, you know, a year from the point of application. So that actually really helps us spread our workload across the entire year. And that's the only way we've been able to manage with one Grants Manager.

CHAIR HOKAMA: Ms. Crivello, any other questions or...

COUNCILMEMBER CRIVELLO: I wanna thank you for your Grants Manager.

MS. RASMUSSEN: Okay, yeah, she does...she has a big job. At any one time, we have about a hundred and seven to ten active grants open.

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CHAIR HOKAMA: That's a lot.

MS. RASMUSSEN: And we do have other people in our Department that help and assist in various little, you know, parts of that. But she is the, you know, she is the main manager of all the grants.

CHAIR HOKAMA: Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. You said earlier, at least I took it earlier, that each of these grants must have an application each year. Is that correct?

MS. RASMUSSEN: Uh-huh.

VICE-CHAIR WHITE: It would seem to me that the majority of the contract that comes out of that application, the majority of it can remain relatively consistent except for the changing performance measures or performance timeframes and the amount of the grant. Is there any way we can avoid...for those that are multiyear or that we've been doing for years, is there a way to avoid the actual application process? And it's not just in your, you know, in your Department, but...

MS. RASMUSSEN: Yeah, I don't see that there's any way we could avoid it because it's, again, we're on a fiscal year basis, and we're, you know, they're applying for that one fiscal year. And also, a lot of the grants do stay somewhat similar but there are changes, and they cut and paste, of course, from previous years certain things. But to be real honest with you, that's one of the things that we check on because when they cut and paste and they forget and they put a year, a previous year in there, you know, then, you know, we're looking at that and saying, you know what, guys, you're asking for this kind of funding but you can't even go and change your cut and paste? I mean that kinda makes us angry as grants managers, you know. So we look for those things, and it's important that they have to update because there shouldn't be an entitlement or an expectation of these funds in my opinion. They should have to earn it every single year. And so by doing the performance measures and the dashboards, and proving themselves every year, otherwise I think you're just opening yourself up to lackadaisical attitude that, you know, we're entitled to this money forever. And I've tried to tell all of our grantees that that is not the case, that anything can change. The economy can change. The County could dive into a recession. All of this is discretionary funding and it could go away. And I say, you have to be prepared, and you have to be prepared to get your organization on firm footing that you could maybe survive a funding cutback, you know, 'cause it's happened, and we've had to do that before, so.

VICE-CHAIR WHITE: Of all the grants that you have other than the one you mentioned, the Aloha Festivals, how many do you feel... 'cause it sounds like you've adjusted the application period so that most of 'em are gonna get their grants signed and be able to get payments relatively soon after the fiscal year begins. But how many of the grants do you feel would benefit from the suggestion that Mr. Ueoka reminded us of where my recollection wasn't 18 months, but my recollection was providing like if we were to

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do it this year, we would do a budget amendment that would add funds that would carry organizations through October 1<sup>st</sup>. How many organizations of all the grants that you deal with would fit in that category?

MS. RASMUSSEN: They would be...for us it would only be those events that are, you know, crunched right up to the front of the fiscal year. Otherwise, for instance, Councilwoman Crivello's, the Kulaia Festival that just happened on Molokai on Friday, see, they had their grant already written from the previous fiscal year to perform now, so they didn't have a money crunch. You know, it's just getting 'em on that cycle rather than trying to play catch up. So I would say probably for us maybe there would be four or five at the most.

VICE-CHAIR WHITE: Okay, but you're saying that they could be handled simply by getting the grant in the earlier year.

MS. RASMUSSEN: Right, but for Festivals of Aloha because it's a proviso and because it's a line item, you only give 'em one line item in a year. So we're using it basically to give 'em after the fact. So that's why I'm suggesting it would solve the situation by just giving 'em a double funding this next time so that we could just get 'em...get their immediate grant out, but then have them write the grant for the following year and then they wouldn't have to do that again.

VICE-CHAIR WHITE: Right.

MS. RASMUSSEN: That would be probably the simplest and easiest way to solve it. And I would say for...like I said, I would only have maybe three to five of those that would have to be done like that.

VICE-CHAIR WHITE: Well, maybe you can provide the amount of those to the Chair just to see whether it's worth us considering a budget amendment.

MS. RASMUSSEN: Okay.

COUNCILMEMBER BAISA: Chair?

CHAIR HOKAMA: Mr. White, you have another question?

VICE-CHAIR WHITE: I think she's answered my other question as well. Thank you.

CHAIR HOKAMA: Okay, thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. I just wanna make sure that we keep in mind that Ms. Rasmussen has certain kinds of grants.

CHAIR HOKAMA: Yes.

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COUNCILMEMBER BAISA: They're more about activities. But then there's a whole bunch of other grants that have the same funding problem, but they're not involved in this at all. So I just wanted us to be sure that we're focusing in on everybody. Thank you.

CHAIR HOKAMA: No, thank you for that comment. And that's what I would hope the Maui Nonprofits Directors Association that in their response to us they would represent all the various components of their association. Any other questions for Ms. Rasmussen? I think that was great suggestions from her and we thank her for that, because that's what we're doing, yeah, trying to do things better, so we thank you for those thoughts and ideas. Anything else you wanna share with us, Ms. Rasmussen? I think...

MS. RASMUSSEN: I didn't know if you wanted to ask about audits.

CHAIR HOKAMA: On the audit part, I'm gonna kinda punt on that. Be upfront with you and the other departments. I'm gonna allow the other standing committees within their jurisdiction, like for Mr. Guzman, you know, Parks issues and whatnot, Agriculture, I'm gonna look to him to give some comments. Ms. Baisa for Water. Again, Ms. Crivello for Housing and Human Concerns. If mister...I don't know if there's any grants under Land Use but I know there's conditions of approval. But I would like it to come up from the committees, specific committees come up to then budget and receive ideas that way. So not to make more work for all of you, but I think, you know, within your own jurisdiction you folks wanna focus on more specific things than from this more macro, high-altitude review process. So other than that, again, the auditing for me is again, seeing how we can improve services and effective use of County taxpayers' money. That's the basis of the consideration of the audits. We are not looking for any witch hunting. We're not looking to blame anybody. We are looking at improving the service of this County. So if there's no other questions for the Chair at this time, okay, with no objection, Members --

MS. RASMUSSEN: Thank you.

CHAIR HOKAMA: --we shall defer BF-49.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Thank you. The item is deferred.

**ACTION: DEFER pending further discussion.**

CHAIR HOKAMA: And there being no further business before the Committee this morning, this meeting is adjourned. . . .(gavel). . .

ADJOURN: 11:30 a.m.



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APPROVED:



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RIKI HOKAMA, Chair  
Budget and Finance Committee

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Transcribed by: Reinette Kutz

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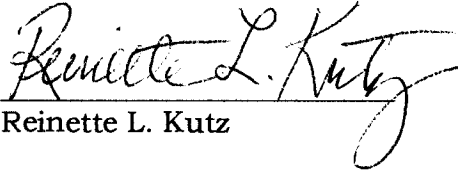
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CERTIFICATE

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

DATED this 19th day of October 2015, in Wailuku, Hawaii.

  
Reinette L. Kutz