

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

April 25, 2016

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 Elle Cochran, Member
Councilmember Don Couch, Member
Councilmember Stacy Crivello, Member
Councilmember Don S. Guzman, Member (in 10:37 a.m.)
Councilmember Michael P. Victorino, Member

STAFF: Michele Yoshimura, Legislative Analyst
Steve Selee, Legislative Analyst
Shelly Espeleta, Legislative Analyst
Yvette Bouthillier, Committee Secretary

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

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

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

ADMIN.: Sananda Baz, Budget Director, Office of the Mayor
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: Others (5)

PRESS: Akaku: Maui Community Television, Inc.

CHAIR HOKAMA: . . . *(gavel)* . . . We shall bring this Committee meeting to order. This is the Council's Committee on Budget and Finance. Today is Monday, April 25th, 2016. Thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

COUNCILMEMBER VICTORINO: After a long weekend we understand, Chair. We understand.

CHAIR HOKAMA: So this morning, Members, we are going to start but we have some technical difficulties with our machines over this weekend, so we haven't been able to completely print out all the handouts I need for you to have at one time. So, we're going to start this morning first and we'll take care of the testimony requirements and then the Chair is going to have a recess to allow Staff to finish up and then we'll come back and then we'll be able to present you the draft and attachments of the proposal. Stating that, first, let's get our noise making devices on silent or vibrate mode or on off. Next, we'll recognize the Members of our Committee. This morning we greet Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: Good morning. We greet, Ms. Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR HOKAMA: Good morning. Ms. Cochran.

COUNCILMEMBER COCHRAN: Aloha, good morning, Chair.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Aloha, good morning, Chair.

CHAIR HOKAMA: Ms. Crivello.

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR HOKAMA: Mr. White, our Vice-Chairman.

COUNCILMEMBER WHITE: Good morning, Chair.

CHAIR HOKAMA: And Mr. Victorino.

COUNCILMEMBER VICTORINO: Yes, thank you, Chair. And thank you for everything you and your Staff did over the weekend. I know you spent lot of hours here burning the midnight oil. Thank you very much.

CHAIR HOKAMA: You're welcome, Mr. Victorino. And then Mr. Guzman is excused. At this time, are there any requests for testimony in the Chamber, Ms. Bouthillier?

MS. BOUTHILLIER: No.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

CHAIR HOKAMA: Okay, fine, we'll go to our District Offices and ask Ms. Lono, is there anyone in the Hana Office that would like to provide testimony this morning?

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

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

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

CHAIR HOKAMA: Thank you very much, ladies. Members, with no further request for testimony we shall close testimony for today's meeting with no objections.

COUNCILMEMBERS VOICED NO OBJECTION.

CHAIR HOKAMA: Thank you, Members. Thank you, ladies. Testimony is closed for today's meeting. Now that we have completed that part . . . okay, Committee Staff needs some time, Members, so at this time, we're going to enter into recess to prepare and finalize all documents for transmittal upon return from recess. So we will stand in recess until 10:30 this morning. . . *(gavel)* . . .

RECESS: 9:07 a.m.

RECONVENE: 10:37 a.m.

**ITEM 1: PROPOSED FISCAL YEAR 2017 BUDGET FOR THE COUNTY
 OF MAUI (CC 16-29)**

CHAIR HOKAMA: . . . *(gavel)* . . . Okay, we shall reconvene the Budget and Finance Committee meeting for April 25, 2016. Members, thank you. We are now prepared to move forward for the day. So, at this time, let me share some few comments with you and then we'll give you the handouts which will be, which includes five components that you will be receiving from the Staff. But before that let me just give you some comment on the proposal that we are going to be handing out to you. So my words to you, Members, of this Committee this morning and to our community is very simple. Your Committee has been tasked, Mr. White, to do its responsibility according to the Charter, Members, to review a proposal that the Mayor is required to submit by a deadline, which he did, regarding the new fiscal year's request of projects, operations, programs, staffing, and appropriate capital improvement funding projects. And, again, this year the Council is tasked, in your Chair's opinion, to continually bring back once

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

more common sense and fiscal discipline back into this financial process. And so there is no misunderstanding how the Chair is approaching it, this means balancing the many funding requests from the community with the communities' ability to pay. This year, the Chair has listened to the community, to your comments, to your questions, and so I have decided that this year will be a year of reinvestment back into County infrastructure. So funding for roads, bridges, erosion mitigations, sewers, water, solid waste will allow for improved coordination among our County departments and improve public confidence, which means if we're going to do a road project, we're going to talk to Water, we're going to talk to Sewer because all of us don't need a phone call why did we dig up the road three times after we repaved. So, your Chair has looked at CIP from a point of helping to assist in coordination. So roads, sewers, and water projects are being viewed by, through the districts so that they can coordinate and dig up the road one time instead of multiple times. Your Chair is also looking from this Committee to the brand new Maui Metropolitan Planning Organization to enhance coordination of transportation projects and further capitalize on Federal funds. Reinvestment in our environment means support for parks in all districts, maintaining our role as a leader among the counties in this State in watershed protection, and consistent spending on eradication of invasive species and coqui frogs. You will see my proposal also brings back \$3 million for the North Shore open space purchase at Hamakualoa, known by many as the coastline fronting the world famous "Jaws". Investing in our community means advocating for healthy alternatives, such as greenway projects and that investment is reflected in this budget proposal. I'm also proposing funds for enhance cyber security to protect critical and confidential information that is the responsibility of this County.

Real property valuations have increased. This is a good thing for Maui homeowners - increased equity in their assets. But it means that if we leave real property tax rates at the same level, our people will pay more to live in their County, to live in their own homes, and run their own businesses. Therefore, my proposal will propose to reduce real property tax rates for most classifications to balance and lessen the negative impacts of high valuations.

I am also proposing we continue to promote the visitor industry because of its important role it plays in our County's economy and the additional services it helps provide. A \$4 million investment in visitor industry promotion has been shown to generate a return of \$111.5 million in real property tax revenues from visitor accommodations and \$23.5 million in transient accommodations tax revenues for this County. So you guys can see the difference between what is generated and what we receive. So, while we continue to fight and we are crossing our fingers for Ms. Baisa and Mr. Victorino to have a good day tomorrow at the Capitol so that while we continue to fight for the County's fair share of TAT revenues before the State Legislature, it is your Chair's belief that we cannot balance the County budget on maybes. Therefore, I have opted to remove the working groups recommended \$13.6 million increase included by our Mayor and have budgeted for the same amount of TAT revenues the County receive for this current budget year. But your Chair will tell you very straight forward I am looking forward to and I will be very happy to adjust this number upward if and when confirmation of a higher share for Maui County can

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

be given. Meanwhile, lower fuel prices while saving taxpayers' money at the pump will also result in lower franchise fees and public service revenues for this County. Therefore, I am proposing we maintain a \$.05 increase in the gasoline tax as proposed by the Mayor and Administration, and modestly increase the proposed tax for alternative fuels. These taxes will go directly to the Highway Fund and allow for the infrastructure reinvestment our community has been requesting of us.

This Budget session has also presented us by news of importance that will impact this budget from the phased shut down of HC&S operations this year, the closure of Makena Beach and Golf Resort on July 1st, and also the further changes of employment opportunities on Lanai. So against this backdrop, as your Chair, I cannot justify the steady and steep climbing compensation in fringe benefits for government employees proposed by the Mayor. Each year the Council is left through this Committee to reduce expansion positions that he has proposed. Nonetheless, fringes and salary benefits are projected for Fiscal Year 2017 to be \$64.9 million over Fiscal Year 2013. This increase is more than the entire real property taxes projected to be collected this fiscal year for all of Kahului, Wailuku, Makawao, Paia, Haiku, and Upcountry. So that's how much it takes to take care of these increases -- all of those taxes from those districts. The latest report from the Department of Labor shows that from 2007 to 2014, County government wages have grown by 30.5 percent and jobs have grown by 10.3 percent. In stark contrast to our private sector, which I have salary and wage growth of 3.6 percent in the same time and their job numbers is a negative or loss of 3.2 percent.

I believe you, as part of this Committee, has responsibly reviewed all of the funding requests but I will tell you, Members, because of those issues that I have shared earlier this is a budget that I anticipate will need to continually be adjusted throughout the upcoming fiscal year, again, trying to adapt to the unique challenges that faces our work force, our recently unemployed, as well as this County's ability to pay. So a return to common sense means slow in the escalation of County employment costs and spending, and returning some of those savings back to our community members. This is the approach of your Chair and the budget proposal that we will be handing out to you at this time. Questions at this time? If not, Staff, if you would hand out the five components to the Members, the Administration.

COUNCILMEMBER VICTORINO: Mr. Chair?

CHAIR HOKAMA: Mr. Victorino?

COUNCILMEMBER VICTORINO: While the Staff is passing out the documentation for us to start our review, I will say though I don't agree with everything you said, the vast majority we have to come to this fiscal reality that we just can't do business as we used to. The business world has changed, and Mr. White can attest to that. Even the hotel industry has changed. Many areas have changed and even County government has to look to change so whatever you bring forward I will say, thank you, for your effort and your staff. I think we all submitted what we felt was important, and hopefully, some of that will be incorporated in what you brought forward but if not,

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

then it will be our responsibility to put it back in or take it back out whichever way it so plays out. But I want to thank you, Chair, because you bring the sense of reality that we all have that we just don't have a finite amount of money. And with the industry like HC&S closing up, which is the largest agri business in this State at the time, you know, outside of the seed industry, that's a big loss . . . a big loss in jobs and a big loss in a lot of areas. And we have Makena shutting down, another one of our hospitality industry mainstays are no longer going to be with us. So I agree with you, I will work very diligently with my colleagues and yourself to see what we can do to make this budget a budget that we can all be proud of. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. So you have five components - one is your overall exhibit regarding the estimated revenues and the departmental Ops. You will also have Appendix B - rates and fees. You have a schedule of our property tax rates adjustments from the Mayor to the Chair's. You also have a handout regarding the programs and the deletions and adjustments. So, Members, I would say, do not get stuck on this draft. It is a work in progress. You and I know that. There will be adjustments, of course. But this is the base of which we will work from. In general, your Chair has increased property tax collections by 6 percent. So you will see a decrease of rate, and I would say when you look at things you will see the adjustments and cuts the Chair has made. Don't get stuck on that number. Look at what is currently being provided and then look at the number and see where it stands. We have increased funding. So when you see a cut it's not necessary that the net effect is a less amount than this year. So the Chair is proposing at this time 6 percent as what I believe is a more responsible request to the tax base. We have adjusted borrowing, reducing bond where possible. We made those adjustments to capture the benefit of revolving fund loans so that we can capture the net interest of three-fourths of a percent up to 1 percent, which is less than a 2.08 that we pay for G.O. bonds that we float on a 20-year basis. We've adjusted cash where we've asked for increases in . . . like for the fuel tax you will see that we've placed it in projects ready for construction that we can highlight to the community so they can see where their money is being placed, what expectations they believe they will receive upon the completion of the CIP. So, quickly, grab your big exhibit. We're just going to go through a cursory review then you will have the time to go through it at your pace at the level of detail you would like to do so in preparation for tomorrow. I know that Ms. Baisa, Mr. Victorino will be representing us on Oahu so if you have questions, present it to the Committee Staff. We will be happy to pose those questions for you folks while you're representing us on Oahu.

COUNCILMEMBER BAISA: Thank you, Chair.

COUNCILMEMBER VICTORINO: Thank you, Chair.

CHAIR HOKAMA: Okay. So I want you to know that we still want your participation and we'll work with you to get your questions and whatnot addressed.

COUNCILMEMBER BAISA: Thank you, Chair.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

CHAIR HOKAMA: Okay.

COUNCILMEMBER VICTORINO: Thank you, Chair.

CHAIR HOKAMA: 'Cause this will be a Council budget at the end of the day. So I would like all of you to . . . okay, so you'll see the adjustments, Members. Again, don't get stuck on it. So total estimated revenues I've reduced it by \$57 million in round numbers from \$711.48 million to \$654.5 million. Okay, under the Operating Budget you will see reductions, you'll see some additional provisos. Again, Members, the Chair is open to your recommendations on the language you would like to provide for specific provisos of certain program areas or CIPs. So that's how we pretty much adjust through the Departments. You'll see grants; Chair was not totally cold. I kind of defrosted a little so you will see some increases that I thought was appropriate that the base can . . . I would be willing to ask the base to support and pay for. Okay. Under the CIP components, Members, again, taking advice and comments from Corporation Counsel and the Auditor, we have adjusted language so that it is much clearer on what is the Council's expectation on specific projects on the amount of money that it will be used for those areas that the Department's language had requested repair or replace. We made a decision - the Departments will have approximately one day to review and respond. So if they want a maintenance project, then they need to tell us. If it's a capital project, they need to tell us and then give us the justification. If it is not acceptable by this Committee, it will not be part of the budget document submittal to Council and, therefore, it will not be a project. It must be in the document submitted to Council for final Council approval or that project does not exist. Other areas again then please also look at Appendix B - rates and fees. Your Chair has made some adjustments. Most of it is as proposed by the various departments. Just some quick notes on some of the adjustments, there is a fund that was under . . . a fee that was under Finance regarding fireworks. But if you look at the State Statute that mandates it to us, it's a responsibility of the Fire Department to expand, manage, and account for that monies. And so we've adjusted it and placed it under Fire for those types of specific funds as stated by the State Statute. Some funds that we discussed as staff has checked, Ms. Nakata has informed me that certain funds by State Statute already has limitations and caps on what we can adjust regarding fees.

COUNCILMEMBER VICTORINO: You're talking general . . .

CHAIR HOKAMA: Yep, very general. So those we have left. For those that are silent whatever the numbers the Committee has recommended in our discussions of the Department's review will be considered and you'll see that as a proposal in the rates and fees, Exhibit B before you. Other than that, uh, are there questions for your Chair at this time? Mr. Victorino, any questions at this point in time?

COUNCILMEMBER VICTORINO: No, Chair. I really believe I need some time to really review to understand.

CHAIR HOKAMA: No, that's why I want to make sure . . .

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

COUNCILMEMBER VICTORINO: Yeah. There's a lot of questions but I hate to be asking right now until I've really had a time to review it so I'll hold my questions till tomorrow, well, I won't be here tomorrow but whatever questions I do have I'll put together.

CHAIR HOKAMA: This is the week of adjustments.

COUNCILMEMBER VICTORINO: Yeah. So . . .

CHAIR HOKAMA: So it's not all going to happen tomorrow.

COUNCILMEMBER VICTORINO: Okay. Just so that you understand . . .

CHAIR HOKAMA: This is the week. This is the week.

COUNCILMEMBER VICTORINO: Okay, so I'm okay with that and I will hope that, you know, my colleagues will be sensitive to the fact that we won't be here but, you know, we want to make sure that we are part of the whole process. So I thank you for your indulgence in that area. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Mr. Guzman, sir, any questions at this time?

COUNCILMEMBER GUZMAN: No questions. I would ditto Mr. Victorino. I just need some time to review.

CHAIR HOKAMA: And you are going to . . . The Chair is going to give all of you time to review to the level of detail you feel satisfied with. Mr. White?

VICE-CHAIR WHITE: No questions at this time. Thank you.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: No.

CHAIR HOKAMA: Mr. Couch? Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, thank you, Chair, and thank you so much for your staff and yourself for definitely putting a lot of effort into this. Really appreciate it. But on your . . . I took my pages out of order but I think it's the exhibit - Capital Improvement Projects.

CHAIR HOKAMA: Okay.

COUNCILMEMBER COCHRAN: The last, last column has C, D, Ps and Rs. What does all that stand for? Is that the type of funding?

CHAIR HOKAMA: You know that was my error. I should have put some kind of . . .

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

COUNCILMEMBER COCHRAN: Legend or . . .

CHAIR HOKAMA: Legend, yes, thank you for that. Ms. Yoshimura, if you can assist the Committee, please, with this question?

MS. YOSHIMURA: Mr. Chair, Councilmember Cochran, that's for the phase of the project. "C" for construction, "P" for planning, "D" for design. Staff will prepare a legend and have it distributed at tomorrow's meeting.

COUNCILMEMBER COCHRAN: Okay. And "R" would be . . .

MS. YOSHIMURA: "A" for . . .

COUNCILMEMBER COCHRAN: "R" and "E", and then you have . . .

CHAIR HOKAMA: "A" is for land acquisition.

MS. YOSHIMURA: "A" is for acquisition. "E" is for equipment.

COUNCILMEMBER COCHRAN: Oh, equipment.

MS. YOSHIMURA: And I think "R" is for renovations or rehabilitation.

COUNCILMEMBER COCHRAN: Or rehabilitation or something? Okay. All right. Thank you very much, Chair.

CHAIR HOKAMA: Thank you for that request. We will provide you with a legend so it's very clear what each letter represents.

COUNCILMEMBER COCHRAN: Very good. Other than that, Chair, thank you very much and looking forward to sifting through all this.

CHAIR HOKAMA: And again, you will notice some of the projects your Chair has adjusted the funding source. Certain things I've adjusted to keep in mind with GASB's additional new requirements I will be implementing shortly. I wanted to make sure that structurally between cash and debt ratios we stay in a healthy position. That was one of the considerations your Chair took in adjusting the funding and approach to the projects. Ms. Baisa, any questions at this time?

COUNCILMEMBER BAISA: Uh . . . no, Chair, I need to absorb all of this. But again thank you for any consideration. I know we'll have many opportunities to discuss and weigh in so I'm okay. Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll, any questions you wish to ask at this point in time?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

COUNCILMEMBER CARROLL: Not right at this time but I think like everybody else I'm looking at the reductions and what the impact is and if it's appropriate so it's going to take some time to really look at this and come up with anything as far as I'm concerned.

CHAIR HOKAMA: So I would say maybe you can have your staff help you by making sure they have for you the 2016 numbers. So when you look at the Chair's proposal you might see a reduction but that's from the Mayor's proposal. It actually could be an increase from this year's adopted budget. So, again, look at the number and make sure you put it in the right context. Anything else, Ms. Yoshimura?

COUNCILMEMBER VICTORINO: Chair?

CHAIR HOKAMA: Mr. Victorino?

COUNCILMEMBER VICTORINO: One item I will bring to your attention --

CHAIR HOKAMA: Yes, sir.

COUNCILMEMBER VICTORINO: --and some of us, and I'll speak for myself, I won't say some of us but there are my colleagues throughout this County and other counties that feel if we're not restored a more fair and equitable share of the TAT that we will look upon our resort areas, timeshares, and other areas for increases to make up some of that difference. I know you've done a yeoman's job but I put it on the table right now that if we do not get what we believe is our fair share or at least something more than what we're offered at this point in time, then that's something I would consider. Whether my colleagues agree with me or not, no offense to you, Mr. White, or anybody, you know, it's something that we've discussed at HSAC and other venues because, you know, our visitor's industry, although it's a great part of our society and I love the idea of supporting and I've always been very supportive, not only with my wording but my actions in the Charity Walk and everything else, I believe the day of reckoning has come. We've got to look at what we're really spending versus what we are getting. And I think this is something very important to understand. So you're going to have to dig deep in your heart to make that kind of a decision but I think a lot of residents from what I've been told walking around believe the time has come. They're all for it. Many of them work in the industry but they also understand the necessities and the drain on our services by our guests and some of the foolish things that our guest, not only our guests but some locals, but our guests get into which then makes our emergency services put their lives and a lot of assets on the line out there. So I'm putting it out here publicly, no ifs but about it, if we cannot get a more reasonable take on the TAT, I'd be one to put that forward, whether others agree with me or not, I really . . . you know, frankly, I don't care. I just want to be fair. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you for your comments. I'm sure all the Members want to be fair. Mr. White?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

VICE-CHAIR WHITE: Yeah, I don't have a real concern with the sentiment that Mr. Victorino is stating but to be clear Maui generates about fifty-seven hundred dollars per room using last year's figures. This year the figures are higher but I haven't done that calculation. But also last year while Maui County is generating fifty-seven hundred dollars per visitor unit, Oahu is generating 36; Kauai - 24; and the Big Island is generating only about twelve hundred and fifty dollars per room. So Maui's Visitor industry has always been willing to pick up the tab and the County and the visitor industry work very well together as you well know. We help fund the visitor's bureau to a degree that is not seen in any other county so just a note that the visitor industry is carrying a much larger load on this island than on the others.

CHAIR HOKAMA: Thank you. Any other comments or questions for the Chair at this time, Members? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. So some of these deletions is it notated if it's been switched over to another form of payment or from a different pot of money or what have you? If that occurred then it would state that, otherwise, it's just a straight negative and gone . . . no use trying to figure out where it moved to?

CHAIR HOKAMA: No, because it didn't make the cut.

COUNCILMEMBER COCHRAN: Okay, got it. Just checking. Thank you, Chair.

COUNCILMEMBER CARROLL: Chair?

CHAIR HOKAMA: Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. The only thing I wish that this had would be if we had the 2016 budget inside here so we can see if there were increases or status quo or what. That would be really, really helpful to give us a better picture of actually what the impacts would be -- whether adding or taking or leaving the same.

CHAIR HOKAMA: Yeah. It's something that we're working with Mr. Baz for next year's submittal because Mr. Baz and I we had some preliminary discussions about adding additional columns. That's why my comment to you earlier was you can have your staff assist you in reviewing this document once we adjourn this component of the meeting to give you the 15s from the budgets we've adopted that's in your offices. That's why look at that number versus your Chair's proposed number because the bottom line is it may not be one actual reduction.

COUNCILMEMBER CARROLL: So . . .

CHAIR HOKAMA: It's a reduction from the Mayor's proposal but it can be an increase from this year's appropriation.

COUNCILMEMBER CARROLL: Some of the things on top here because we've reviewed most of the departments . . . able to make a decision on that. I see some yeah and some

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

may. But that really would have helped if we just had it all on my sheet over here. Thank you, Chair.

CHAIR HOKAMA: No, thank you, for that comment, Mr. Carroll. We appreciate that suggestion. And we have considered it and we will be working with Mr. Baz but we're planning that for next year's budget process and doing all the adjustments at one time. But thank you for that comment. Anything else for the Chair at this time, Members? Okay, Members, if you have no further questions or comments at this time, I am planning to adjourn for today.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR HOKAMA: Okay. Which means so you can plan for those that will be here tomorrow, we know about those that need to represent us on Oahu but we'll start at 9 a.m. tomorrow morning back here for the first review of the Chair's draft. Okay, first review. And we'll do whatever. If we have some consensus, that's fine. If we don't, that's fine too. But this is about the review of the first review of the Chair's proposal. So, again, let's not get hung up and stuck on any area. We have the rest of the week. Oh, and let me also remind you - Friday, with the help of Mr. Baz, we are going to consider some budget amendments for Fiscal Year '16 which ends in like five weeks. So be ready for those budget considerations that I am going to ask you to make a decision on for Friday on this year's budget. Okay, with no further questions for your Chair . . . yes, Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And just a real brief run through this, I'm noticing in the Open Space Fund that Launiupoko lands we had discussed last --

CHAIR HOKAMA: Yes.

COUNCILMEMBER COCHRAN: --it looks like it got deleted out of here but I think I saw on another pot . . .

CHAIR HOKAMA: Since you brought it up I will tell you that your Chair, at this point in time, has transferred the consideration to you from Open Space to Bond. And tomorrow I'll be happy to share you the Chair's more detailed comments on why I'm going to recommend that funding option as your Chair's preference than from the Open Space Fund. Mr. White?

VICE-CHAIR WHITE: Thank you, Mr. Chair. You know, I think it's also important for us to point out that while we have reduced the tax increase for this year, the taxes that are being asked of our citizens and all the various businesses represent about a 30 something percent increase over where we were when the County was taking the biggest hit in values, and I think we were collecting about \$208,000 back then. And this budget is now collecting real property tax in the neighborhood of \$269 million, a little over \$269 million. So that's a significant increase. So when the State Legislature tells us that we're not increasing our taxes, we are. We adjust our rates. They simply wait for their revenues to be adjusted by the Council on revenues. So when we get the

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

question - why are you reducing your rate, our taxes are going up by 6 percent. And they've gone up considerably more than that over the last couple of years so just wanted to point that out. Thank you.

CHAIR HOKAMA: Thank you. Yes, Council does annual reviews and adjustments on its total property tax formula. And so, Members, if you want to look at property tax, remember for residential homeowners the formula is a three-part formula to arrive at the net tax bill. Okay. Three components you need to look at. So if you want to look in a specific area, please look at all factors in the formula that you might want to adjust to come to the net tax amount. Look at your values, look at your rate, and look at your exemption. Oahu has chosen to eliminate exemptions for homeowners. They have no homeowner's exemptions on Oahu. So if that's something you want to look at and propose, again, Chair is open to your views on how to pay for the bills. Anything else at this time? Yes, Mr. Victorino?

COUNCILMEMBER VICTORINO: One more question. Sorry. Your proposal --

CHAIR HOKAMA: Yes, sir.

COUNCILMEMBER VICTORINO: --is it online already? Or on our computers because again I'd like to work off of this versus the other one like we've done in the past years. So has that been put on our tablets or iPads at this point?

CHAIR HOKAMA: Ms. Yoshimura?

MS. YOSHIMURA: Mr. Chair, I don't think it's online yet.

COUNCILMEMBER VICTORINO: You're not on.

MS. YOSHIMURA: We'll have it on shortly.

COUNCILMEMBER VICTORINO: Okay.

CHAIR HOKAMA: Okay, the staff will notify all the offices.

COUNCILMEMBER VICTORINO: Okay, thank you for that.

CHAIR HOKAMA: We're still trying to make some continued adjustments on the numbers.

COUNCILMEMBER VICTORINO: Okay, thank you, Chair.

CHAIR HOKAMA: Some of it is, again, we weren't sure about the exact balances of certain funds so we're working with Mr. Baz so that we can arrive at an agreed upon number and then we'll make those final adjustments and present that to you.

COUNCILMEMBER VICTORINO: Okay. Very much appreciated. Thank you, Chair.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

April 25, 2016

CHAIR HOKAMA: 'Cause if we're not balanced now, it's going to be harder to balance come Friday.

COUNCILMEMBER VICTORINO: Yeah, absolutely.

CHAIR HOKAMA: Okay, anything else for your Chair? Any questions you might want to ask the staff at this time in my presence? Okay. If you need staff assistance, come see the Chair because I have already given them assignments to do for on the Committee's behalf. Mr. Couch?

COUNCILMEMBER COUCH: Thank you. I hope one of those assignments is to get some sleep. Are we going to be able to get Exhibit 1 in soft copy form so we can do our concerns?

CHAIR HOKAMA: Yeah, we'll work on that. Mr. Couch, again, as soon as --

COUNCILMEMBER COUCH: Yeah, yeah.

CHAIR HOKAMA: --we can get things --

COUNCILMEMBER COUCH: Right.

CHAIR HOKAMA: --we'll notify all the offices on the versions and how to access.

COUNCILMEMBER COUCH: Great. Thank you.

CHAIR HOKAMA: We'll do the best to make it workable for you folks. Okay, anything else? First, I want to thank you for your proposals. I went through every single one of your proposals multiple times and I did give us guidance in your Chair's proposal to you so thank you very much for your suggestions, recommendations, adds and as well as deletions. Okay, seeing none, I know you need to go off and do your thing while me and the staff will do ours. So we'll see you tomorrow morning at 9 a.m. This meeting is adjourned. . . . *(gavel)* . . .

ACTION: DEFER pending further discussion

ADJOURN: 11:15 a.m.

APPROVED:



RIKI HOKAMA, Chair
Budget and Finance Committee

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Transcribed by: Jo-Ann Sato