

**BUDGET AND FINANCE COMMITTEE**  
Council of the County of Maui

**MINUTES**

**September 13, 2016**

**Council Chamber**

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

**PRESENT:** Councilmember Riki Hokama, Chair  
Councilmember Mike White, Vice-Chair (In 9:14 a.m.)  
Councilmember Gladys C. Baisa, Member  
Councilmember Robert Carroll, Member  
Councilmember Elle Cochran, Member (In 10:42 a.m.)  
Councilmember Don Couch, Member  
Councilmember Stacy Crivello, Member  
Councilmember Don S. Guzman, Member (In 9:10 a.m.)  
Councilmember Michael P. Victorino, Member

**STAFF:** Michele Yoshimura, Legislative Analyst  
Traci Fujita, Legislative Analyst  
Tammy M. Frias, Substitute 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.:** Mayor Alan M. Arakawa (BF-95)  
Sananda Baz, Budget Director, Office of the Mayor  
Luz C. Domingo, Grants Management Program Manager, Grants Management Division, Department of Housing and Human Concerns (BF-101)  
Clyde A. (Buddy) Almeida, Housing Administrator, Housing Division, Department of Housing and Human Concerns (BF-13(2))  
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

**OTHERS:** Michael Trotto, President, Na Hale O Maui (BF-13(2))  
David DeLeon, REALTORS® Association of Maui (BF-13(2))  
Cassandra Abdul, Executive Director, Na Hale O Maui (BF-13(2))  
Mark Wilson, Director of Humane Enforcement, Maui Humane Society (BF-101)  
Jerleen Bryant, CEO, Maui Humane Society (BF-101)  
Frankie Servetti and Jennifer Felix (BF-13(2))  
Sherri Dodson, Executive Director, Habitat for Humanity Maui (BF-13(2))  
Heidi Bigelow, Project Manager, West Maui Land Company, Inc. (BF-13(2))  
Travis Thompson, Board Chairman, Habitat for Humanity Maui (BF-13(2))  
Zandra Amaral Crouse (BF-13(2))

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Tom Blackburn-Rodriguez, Executive Consultant, Go Maui (BF-13(2))  
Hoala Davis, Executive Director, Molokai Humane Society (BF-101)

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

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CHAIR HOKAMA: . . .*(gavel)*. . . Good morning. This is the Council's meeting on Budget and Finance. This is our regular meeting of 13 September, 2016. This morning we have from the Committee Members, Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: Good morning, sir. Ms. Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR HOKAMA: Mr. Couch.

COUNCILMEMBER COUCH: Aloha and good morning, Chair.

CHAIR HOKAMA: Good morning. Ms. Crivello.

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR HOKAMA: Mr. Victorino. We excuse...

COUNCILMEMBER VICTORINO: Good morning and aloha, Chair. Sorry.

CHAIR HOKAMA: Good morning. We excuse Mr. White and Mr. Guzman. The rules of this Committee, everyone shall put their devices on silent or off mode. Anyone wishing to provide testimony, please make yourself known to the Committee Staff. We shall provide you by Committee rules up to three minutes and three minutes only per item. You will address your comments to the presiding officer and the Chair, not to the gallery, not to the Members. You have concerns or questions, you direct that to the Chair and no one else. We have items that we have agendaized that we shall take public testimony this morning before we start our meeting. So we'll ask at this time from the Chamber if Mr. Michael Trotto will come forward to share his thoughts with the Committee regarding his item of interest. And please state your name. If you represent an entity, please share that with us.

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

MR. TROTTO: Good morning, Chair --

CHAIR HOKAMA: Good morning.

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MR. TROTTO: --and Members of the Committee. My name is Michael Trotto. I'm here representing Na Hale O Maui as Board President of Na Hale O Maui.

CHAIR HOKAMA: Thank you.

MR. TROTTO: I want to thank you, Chair, and the Committee for bringing this measure forward again so quickly from the last time. On Saturday we had another one of our homebuyer seminars, and I wanted to let you know we had 47 people come to that. And in our system right now, we have 70, close to 70 families that have gone through all 4 steps of our program. And so this project I know is only 12 homes but it'll still help quite a bit. And that entire project, as you know on the West Side is a 68-home affordable housing project. I wish we had all of them so we can give our members these homes. But anyway, I thank you for bringing this forward, and I just ask that this Committee look in favor of this funding from the Affordable Housing Fund. And I just want to complete my testimony by reading a letter from a homeowner if I may. We received this letter...this homeowner was the homeowner who received the first home that Na Hale O Maui had built from scratch in Waikapu, and I'm going to read it. Na Hale O Maui's business model is amazing. They are a nonprofit organization that truly understands the needs of the County of Maui's housing crisis. They believe in providing a beautiful home that is home ready at an affordable price. They can do this because they are a community land trust whose mission to perpetuate affordable housing for low-to-moderate-income families. I am a Maui resident born and raised in Kula. I have seen the growth of this island and with that growth I have seen the difficulties of working families who truly try to maintain their residence here. For my family, I really praise and thank God that my family has a home that they can really call home. We cannot predict what will happen in life. My family, we are a family of five and I was fortunate to raise our three children and work in a position that was flexible; however, in just one day our lives changed. My husband was in an accident and became permanently disabled. The really...this really changed the dynamics of our family and our financial outlook. Again, I truly thank God for pursuing college and receiving two bachelor of business degrees, one in finance and one in hotel restaurant management which allowed our family to maintain residency here in Maui. Words cannot express how Na Hale O Maui's program has changed our lives. My husband and I would never had entertained the idea of being homeowners, it was just a dream and a goal that was too far to reach. As parents, the blessings of being homeowners bring exhilarating joy. Our children also have a sense of security and happiness. Na Hale O Maui has made homeownership smooth. They have helped us through the biggest purchase of our lifetime. They patiently walked us through the steps and assisted us with our down payment through their grant program. Their intent is truly to help families and not increase their bottom line. Na Hale O Maui has a program that I hope can continue to get funding to support their operations. To me, Na Hale O Maui's mission is a mission of love and compassion for the County of Maui's families. They are changing lives for the better.

CHAIR HOKAMA: Thank you.

MR. TROTTO: Thank you.

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CHAIR HOKAMA: Any questions for the gentleman on testimony presented please? Having none, Mr. Trotto, thank you for being here --

MR. TROTTO: Thank you.

CHAIR HOKAMA: --this morning. Next is David DeLeon please. Following Mr. DeLeon will be Cassandra Abdul.

MR. DeLEON: Good morning and aloha.

CHAIR HOKAMA: Good morning.

MR. DeLEON: Dave DeLeon representing the REALTORS® Association of Maui. I want to thank the Chair for bringing this item up so quickly. Thank you for this opportunity to testify in support of the funding for Habitat for Humanity and for Na Hale O Maui requests concerning Budget Committee item 13(2). A lesson I learned along the way is whenever something important can be described as a no-brainer, watch out. That is apparently the case with this funding request for 22 truly affordable homes in the Kahoma Residential Project. What makes this proposal a no-brainer is that we are in a housing crisis. Economists in our own Maui Island Plan say we should be building 1,400 homes a year to supply the natural reoccurring demand. We are actually building a small fraction of that amount. The median cost of a residential home in Maui has hit 700,000. In West Maui, there are no homes that average working families can hope to afford at all. This project will guarantee the delivery of 22 homes to truly working class families. Any confusion on that point amounts to a deliberate denial of the history of these two housing nonprofits. They have prepared long lists of working families who will qualify for mortgages for these homes if given the chance. At the last Budget Committee meeting, there was a complaint that these Budget items amounted to subsidies. That leads to the question, if you're against subsidies, why have affordable housing funds? That's what they're for, to supplement the development and delivery of homes to our working families that they can afford. The irony of the Na Hale request is that the majority of that \$666,000 requested will be returned to the County in the form of impact fees. What does the general public get from these appropriations? It gets homes that will remain affordable. The Habitat homes are guaranteed to remain in the affordable column for 20 years. The Na Hale homes will remain affordable forever. If this appropriation is not approved, homes will still be built but they will not remain affordable beyond the first generation of buyers. If affordable housing is really this community's top priority then approval of this appropriation is truly a no-brainer. Mahalo.

CHAIR HOKAMA: Thank you. Questions for the gentleman on testimony presented? Thank you, Mr. DeLeon. Ms. Abdul, if you would come forward. We recognize Mr. Guzman. Thank you for joining us.

MS. ABDUL: Good morning. Cassandra Abdul for Na Hale O Maui. I'm here today for your BF-13(2) which is for the Affordable Housing Fund not just for Na Hale O Maui but

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also for Habitat for Humanity. We're both here today requesting approval of the request for proposals that we submitted and that were delivered by the Department of Housing. You've heard me before and I don't want to repeat myself. I have submitted written testimony. What I'd like to do today is read, if you don't mind, two letters that I just received which were also passed out to you this morning. One is from an existing homeowner and one is from a potential homeowner, someone who wants to be able to afford, to buy a home out in the West Side.

CHAIR HOKAMA: And that's fine, just be aware of your time.

MS. ABDUL: Thank you. The first is from an existing homeowner and I will paraphrase part of it. This affordable housing project is the most worthy use of the money that could possibly be made. Before buying a home through Na Hale O Maui's affordable housing program, we were unable to qualify to buy a home. The homes just cost too much for our income. We lived in rental housing that was unacceptable by any standards, rats and bug infested, tiny, no stove, open sewers, loud partying from neighbors all day and night, you name it. We tried other affordable housing projects but none were coming through for us. We tried the lottery and ended up number 315. You had to be in the top 10 to even have a chance. But Na Hale O Maui did come through. We were able to buy a home with mortgage payments far less than the exorbitant rent we paid before. We now have a decent place to live. We are very grateful that Na Hale O Maui was there for us. This would not have been possibly without funds from the Council. Please keep up the good work and give the money to this truly valuable nonprofit organization. The second letter is from a family who would like to become a homeowner, and it's quite long, it's four pages so I may not make it in three minutes. My husband and I decided to participate in Na Hale O Maui's affordable housing program due to the high cost of rent compared to the wages we are receiving. We are currently renting a 2-bedroom condo on the West Side which is \$2,250 per month and we are scraping just to get by. I've been a teacher for 10 years at King Kamehameha III School in Lahaina, yet my net pay is much less. We have an 8-year-old daughter and a 20-month son and a baby due. Our example...our expenses are more than we can cover. This is an example of the potential homebuyers that we have that need homes. And thank you very much, I appreciate your time. And we respectfully request that you approve the request for the additional funds.

CHAIR HOKAMA: Thank you, Ms. Abdul. If you...you can choose to submit that as part of written testimony if you desire.

MS. ABDUL: It has been.

CHAIR HOKAMA: Okay. Thank you. Members, any questions for the lady on testimony presented? Having none, Ms. Abdul, thank you very much for your comments.

MS. ABDUL: Aloha.

CHAIR HOKAMA: We recognize Mr. White to the meeting. Thank you for being here. And the Chair was --

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VICE-CHAIR WHITE: Good morning, Chair.

CHAIR HOKAMA: --incorrect in not stating Ms. Cochran is also excused. We'll ask Mr. Mark Wilson if he would please come forward and share his thoughts with us please.

MR. WILSON: Good morning, Budget Chair Hokama and Councilmembers.

CHAIR HOKAMA: Good morning.

MR. WILSON: My name is Mark Wilson. I am the Director of Humane Enforcement for the Maui Humane Society. The Maui Humane Society is the primary rescue, sheltering, and investigative organization on Maui. The shelter is considered an open shelter which means we accept all animals that are brought or surrendered to the shelter or to the officers in the field. Maui Humane Society is the only organization with a full complement of staff resources to respond and handle animal emergencies in our community, and while assessing the effectiveness of our ability, we fall short in one area of impounding, seizing, evacuating, or rescuing larger animals in the community and the evacuation of shelter animals in the event of an emergency such as tsunamis, fires, or hurricanes. In the past 18 months, we've experienced 5 hurricane preparedness events, 1 tsunami warning, a grass fire which threatened the shelter during a public event, and 6 large animal rescues where we borrowed a stock trailer in order to transport the animals. There were 23 reported vegetation fires, and the last large fire burnt 53 acres in the south slope of Haleakala causing Red Cross to open shelters. Lacking the ability to help transport larger animals, Maui Humane Society would have only been able to provide kennels for the dogs and cats, and that would have been transported in the enforcement trucks which handle probably 2 dogs and 4 cats. We recognize the need for a stock trailer to transport larger impounded or seized animals, and to assist the community in evacuation of larger animals. Also during this last...since April, the Maui Humane Society and the Enforcement Department have moved to 24-hour services and emergency services. Traditionally we were not working at night, but now that we're working at night, we have found that we are lacking certain equipment on the enforcement trucks which are spotlights. During the hours of darkness, the officers are unable to read the addresses of residents, illuminate an animal in the roadway, or make an active search for loose animals. Spotlights would increase officer safety and the safety of the community. Thank you.

CHAIR HOKAMA: Thank you, Mr. Wilson. Members, questions for the gentleman on his testimony? Having none, Mr. Wilson, thank you for being here this morning.

MR. WILSON: Thank you.

CHAIR HOKAMA: We'll go to the District Offices and ask, Ms. Lono, anyone in Hana wishing to provide testimony for today's meeting?

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

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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. Ms. Alcon, is there anyone on Molokai that would like to provide testimony?

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

CHAIR HOKAMA: Thank you, ladies. We'll return to the Chamber to finish up those interested in sharing comment. We'll ask Jerleen Bryant if she would please come forward to share her thoughts. And after that, it'll be Frankie Servetti.

MS. BRYANT: Good morning --

CHAIR HOKAMA: Good morning.

MS. BRYANT: --Budget Chair and Committee Members. My name's Jerleen Bryant, I'm the CEO of Maui Humane Society. I'm here this morning to ask for your support and approval to amend Appendix A of the Fiscal Year 2017 Budget, relating to the Animal Management Revolving Fund, by adding an appropriation for the Maui Humane Society in the amount of \$20,500. That will allow us to purchase the 16-foot stock trailer that Mark Wilson spoke of, and spotlights for our enforcement trucks. We feel that...well, let me back up. These items are not in our budget and we struggle as it is, so we're very much hoping that this Committee will approve these items so that we don't have to go out into the community and borrow, you know, trailers in the event of an emergency. And I thank you and hope for your support.

CHAIR HOKAMA: Thank you for being here. Members, any questions for the lady on her testimony? Okay, having none, thank you again for being here.

MS. BRYANT: Thank you.

CHAIR HOKAMA: Frankie Servetti? And following will be Sherri Dodson please.

MS. SERVETTI: Good morning.

CHAIR HOKAMA: Good morning.

MS. SERVETTI: My name is Frankie Servetti and this is Jennifer Felix.

CHAIR HOKAMA: Okay.

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MS. SERVETTI: Thank you all for allowing Jenny and I to testify today on behalf of Habitat. Jenny currently owns a unit at Kahawai in Happy Valley. Habitat has made it possible to fill one of Jenny's dreams, to live as independent as possible, to have her own apartment home where she can live with outside assistance. Jenny attended the homeowner classes, the credit counseling, the budget. We worked on the project and at the ReStore. She does monthly chores around the complex from hall upkeep and monthly yard maintenance and cleanup, and do a residents' potluck. So all the residents there that were blessed to have their homes through Habitat, we maintain the building as a community effort. Without Habitat this would never have ever been possible. So please fund Habitat and thank you so much.

CHAIR HOKAMA: Thank you for being here.

MS. SERVETTI: You're welcome. You want to say something?

CHAIR HOKAMA: Would she like to say a few words?

MS. FELIX: . . .*(inaudible)*. . .

MS. SERVETTI: Jennifer.

CHAIR HOKAMA: Okay, Jennifer, thank you for being here. Any questions for our guests, Members? Thank you very much for your testimony this morning.

MS. SERVETTI: Thank you.

CHAIR HOKAMA: Thank you. Sherrie Dodson please, if you would please come forward. And following Ms. Dodson would be Heidi Bigelow.

MS. DODSON: Good morning, Chair...

CHAIR HOKAMA: Good morning.

MS. DODSON: Huh?

CHAIR HOKAMA: Good morning.

MS. DODSON: Oh, good morning, Chair Hokama and Members of the Budget Committee. My name is Sherri Dodson. I'm the Executive Director of Habitat for Humanity Maui. I'm testifying today on BF-13(2), the West Maui Affordable Housing Fund Annual Plan which provides funding to Habitat for the Kahoma Project. Thank you very much for getting this back on the agenda so quick, really appreciate it. We are requesting this money to help us purchase ten lots that will be sold to families earning 80 percent or less of median income, these are families like Jennifer who would never qualify for a conventional loan. In essence, their dream of home ownership lies in our fate. We currently have over 150 people who have asked to be contacted once applications become available for this project. This is without any advertising, just word of mouth.

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I've enclosed a packet that I prepared that shows the site plan of the lots that we will be purchasing. The lots range from just over 5,000 square feet to over 8,000 square feet. I have also included the house plans for a 3-bedroom and a 4-bedroom typical Habitat house. We do use a modified Honsador package. As I've indicated in previous testimony, all of our families will have to put in at least 500 hours of sweat equity, complete at least 8 hours of homeownership classes. We also work with families to lower their debt ratios and improve their credit. There have been numerous studies as to benefits of home ownership. HUD studies have shown that homeowners accumulate wealth as the investment in their home grows, enjoy better living conditions, are often more involved in their communities, and have children who tend on average to do better in school and are less likely to become involved in crime. A new or renovated home also provides safety and a healthier place to live. Poor housing conditions often cause physical and mental illness, including asthma, which is the leading cause of hospitalization for children. Home ownership also provides a positive influence on a child's education. In one study, nearly two-thirds of children in Habitat homes said their study habits improved once they moved into their new home. No matter who we are or where we come from, we all deserve to have a decent life. We deserve to feel strength and stability day after day. We deserve to know we have the power to take care of ourselves and build our own future. Through shelter, we empower people. We humbly ask for approval of the 1.5 million from the Affordable Housing Fund to be used for this project. And as a reminder, we...with our 0 percent interest mortgage, all the payments come back to Habitat to help build more homes.

CHAIR HOKAMA: Thank you, Ms. Dodson. Members, any questions for the lady on testimony presented now? We'll have...when we bring up the item, we can have them present as resource also.

COUNCILMEMBER COUCH: Okay. That's what I was going to ask you. Thank you, Chair.

CHAIR HOKAMA: Yeah. I prefer we let them just share their comments at this time, unless you need clarification, Members. Okay, thank you very much.

MS. DODSON: I'll stick around.

CHAIR HOKAMA: Thank you. We appreciate that, Sherri. Ms. Bigelow, if you would come forward please. We appreciate it. And following Ms. Bigelow will be Travis Thompson.

MS. BIGELOW: Good morning, Chair --

CHAIR HOKAMA: Good morning.

MS. BIGELOW: --Members. My name is Heidi Bigelow, I'm with West Maui Land Company. I'm the Project Manager for the Kahoma Residential Project. I provided a written testimony of the project status. I understand there were some questions on that. As you can see from the letter and the photos, the infrastructure is about 95 percent complete. We still need to put in driveway aprons and do our landscaping which will be done concurrently with the home building. Our subdivision approval, I was hoping

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to be before you today saying our last item which is an easement with Department of Water Supply is complete, but we received a third round of comments yesterday afternoon. We will be making the changes as quickly as possible and resubmitting that document. So that's our final piece. Our bond is in, our subdivision plat is approved as to form. So we've...we're close, we've been close for about four months, just waiting on primarily Department of Water Supply. The cost of the project originally we had thought would be closer to 120,000 per lot, we are closer to 157,000 per lot, including water meters and DOE fees. The sales price to Habitat for Humanity is an average of 96,000 per lot, and to Na Hale O Maui is 130,000 per lot. So the total sale price to Na Hale and Habitat is \$760,000 below cost which we will have to absorb in our remaining 46 lots. So regardless, you know, of their...they are getting a good deal, but they're still...the cost and the home building we're also finding is, has gone up in the last 12 years since I've worked...14 years since I've worked on this project. Finally, there was some question on the credits that we're receiving. We are receiving 10 credits for this project, and they can only be used by West Maui Land Company or affiliated entities of West Maui Land and in the community plan area. This is far more restrictive than the current Workforce Housing Ordinance that has been revised since our approvals, which provides for 50 percent...any home...in a 100 percent affordable housing project, any unit over 50 percent gets 1 credit. We're only get 10 for this project and it's extremely restrictive. So that concludes my testimony. Thank you.

CHAIR HOKAMA: Thank you, Ms. Bigelow. Members, we also have as she said her written comments with the photographs and she...and her explanation of the costs. And also what she was good enough to present, Members, is cost that is not included in that base price, as she states, what it's not including which is carrying costs, sales marketing, closing costs, overhead. Okay. That's not part of the per lot adjusted figure. Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. I'd just like to thank you for your written testimony, and thank you for making these lots happen for the families that will be moving in I'm sure as soon as the houses are done.

MS. BIGELOW: Definitely. We have a lot of...

VICE-CHAIR WHITE: So really appreciate the work that your company has done.

MS. BIGELOW: You're welcome. Thank you.

VICE-CHAIR WHITE: Thank you, Chair.

CHAIR HOKAMA: Okay.

COUNCILMEMBER VICTORINO: Chair?

CHAIR HOKAMA: Mr. White...I mean Mr. Couch and then Mr. Victorino.

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COUNCILMEMBER COUCH: Thank you, Mr. Chair. And, Mr. Chair, you know, stop me if I'm going off base a little bit. But there was prior testimony saying that the cost, basically the \$660,000 is all going to come back to the County in fees, impact fees, et cetera. Do you have any numbers as to how much impact fees you are having to pay back to the County? I know you have DOE and a couple other fees that...

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Yeah?

CHAIR HOKAMA: Great question, I would prefer we go through this questions and discussion when I bring up the item --

COUNCILMEMBER COUCH: Okay.

CHAIR HOKAMA: --actual item and let...I prefer to leave the testimony portion --

COUNCILMEMBER COUCH: Okay.

CHAIR HOKAMA: --as soon as we can.

COUNCILMEMBER COUCH: That's why I wanted to just check.

CHAIR HOKAMA: Yeah. Thank you, Mr. Couch. We appreciate it. So at this time, Members, any questions for clarification? Mr. Victorino?

COUNCILMEMBER VICTORINO: Well, my questions were along those same lines, so.

CHAIR HOKAMA: Yeah. I like to, you know, have those good --

COUNCILMEMBER VICTORINO: Yeah, that's fine.

CHAIR HOKAMA: --discussion when we actually bring the item forward.

COUNCILMEMBER VICTORINO: That's fine, Mr. Chair.

CHAIR HOKAMA: Okay. Anything else for Ms. Bigelow at this time? Thank you, Ms. Bigelow.

MS. BIGELOW: Thank you.

CHAIR HOKAMA: Mr. Thompson, if you'd come and join us, share your thoughts please. And following him will be Ms. Zandra Amaral Crouse.

MR. THOMPSON: Aloha.

CHAIR HOKAMA: Good morning.

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MR. THOMPSON: My name is Travis Thompson. I am the President of the Board of Directors of our Maui Habitat for community...for Humanity, excuse me. Six weeks ago, I provided you with information on our Habitat for Humanity organization. This morning, I will let you know why I am excited about what we do at Habitat. When Linda Lingle became Governor, I was appointed to the Board of HHDCH [sic], the Hawaii Housing Finance and Development Corporation, tasked with developing and financing low-and-moderate-income projects. In July 2005 this organization as split into HPHA which is Hawaii Public Housing Authority and HHFDC which is the Hawaii Housing Finance and Development Corporation. I was the Chair of HPHA from May 2007 until August 2011. I then have been a member of Habitat Board since that time. Therefore, I think I'm in a unique position to contrast the differences between public housing and what we do at Habitat. So let me share with you why Habitat is successful. Both Habitat and HPHA provide housing. If you're a homeowner through Habitat, you have skin in the game. You have given at least 500 hours in sweat equity. In public housing, there is no ownership, just a landlord. If something needs repair, you ask maintenance to come fix. With Habitat, the family has worked with Habitat specialists learning how to strengthen their credit, how to pay bills, how to maintain their credit rating. We teach each family how to maintain their home, and after they move into their home, we continue to work with the family. We believe in home ownership and the creation of equity, and we are successful. Each family who has participated in the Habitat program continues as a homeowner. This record includes more than 100 families over 13 years. Just think of the change that would take place in public housing if instead of rental housing, the, each tenant was given a chance to own their own units, much like a condominium. Instead of public employees being landlords, we would have owners working together to jointly improve their properties in their mutual interest. They would be developing equity, not just paying rent. Contrast Kahekili Terrace public housing with Kahawai which is just across the river. I applaud the County Council for the Affordable Housing Fund. I am looking forward to the Kahoma Project and the opportunity for ten worthy families to become homeowners. We are ready to proceed with this project. I only wish we were able to meet the overall demand for housing that is so apparent in the West Maui area. Thank you. Thank you for the opportunity to testify. Thank you.

CHAIR HOKAMA: Thank you for being here, Mr. Thompson. Members, questions to, for clarification? Mr. Thompson, we appreciate your thoughts.

MR. THOMPSON: Thank you.

CHAIR HOKAMA: Ms. Crouse, if you would come forward please. And following her will be Mr. Tom Blackburn-Rodriguez.

MS. AMARAL CROUSE: Good morning --

CHAIR HOKAMA: Good morning.

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MS. AMARAL CROUSE: --Budget Chair. Good morning, Councilmembers. I know that this topic is passionate to each and every one of you. I know it is. I stand before you asking your support with Na Hale O Maui as well as Habitat for Humanity. I'm a real estate broker and owner who deals with first-time homebuyers. They're the hotel workers and the clerks of this wonderful County. There has never in the 35-plus years that I've been in real estate have seen anywhere from California to here where I worked in real estate, a County more equipped and more giving in assisting our first-time homebuyers. You have incorporated agencies such as Na Hale O Maui and Habitat for Humanity. They today stand before you because it is indeed a worthy project. As working with first-time homebuyers, I had the opportunity of working with Habitat for Humanity. I became...I was a non-skilled worker but by the time I was done, they gave me the nail gun so I became a skilled worker which is fun. I cannot begin to tell you how rewarding it is to see your relatives going into their home, given that key, turn that key, and the children after coming, having five children in one two-bedroom apartment, having them going no that's my room, no that's my room. And these are real people just like the young lady who came before you that got that Habitat for Humanity home. Unless you're there pounding that hammer and the day that they walk into their home, unless you're there to give them their key because Na Hale O Maui was able to give them a home and see the look on your family, your friends, their children's eyes and their faces, then and only then will you know how very important it is. I humbly ask you to support them. And again, I do know your passion, but this is important because the County cannot do all things. So put the money into the hands of the people that can do, and that would be the citizens of, at Habitat of Humanity working, putting in their 500 hours in, and Na Hale O Maui. I humbly ask this. Thank you, brothers and sisters. Mahalo.

CHAIR HOKAMA: Thank you. Members, questions for the testifier? Okay, thank you very much --

MS. AMARAL CROUSE: Thank you.

CHAIR HOKAMA: --Ms. Crouse. Tom Blackburn-Rodriguez please, followed by Hoala Davis.

MR. BLACKBURN-RODRIGUEZ: Mr. Chairman.

CHAIR HOKAMA: Good morning.

MR. BLACKBURN-RODRIGUEZ: Good morning, sir. My name is Tom Blackburn-Rodriguez and I'm testifying on behalf of Go Maui, Incorporated. Go Maui is a nonprofit organization focusing its efforts on housing, jobs, water, agriculture, economic opportunity, and infrastructure. Thank you for the opportunity to testify this morning in support of Na Hale O Maui's 100 percent affordable Kahoma Housing Project in West Maui. When coupled with a Habitat for Humanity project, these two efforts will provide housing for a range of households earning from below 80 percent to 120 percent of Maui's median income. Mr. Chairman, I think it is appropriate at this time to mention that Maui County has always stepped up to address the need for housing and to meet other serious concerns facing us. I recall your leadership,

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Mr. Chairman, when 9/11 happened and all outside commerce to Maui was abruptly halted. People were laid off and we did not know where to turn. Then as now, our government acted and you along with former Mayor Kimo Apana and MEO's Executive Director Gladys Baisa crafted a million-dollar grant program to ensure Maui County's people made it through that crisis. It was successful because of your leadership in making certain that our tax dollars were spent prudently, and we had a cash rainy day fund in the bank. For that we owe you and your colleagues a sincere debt of gratitude. This morning you will return to the issue of affordable housing and take another step in confronting the housing crisis facing us. The Na Hale O Maui project will build 12 homes that will be affordable in perpetuity. That means that any tax dollars invested will only be done once. The homes will never go to market price or require any other public subsidy. Great things happen when families have safe and secure housing. They not only enjoy being in their own home, but a study by the Burlington Land Trust demonstrated that 30 percent of land trust homeowners were able to move into market-priced homes because they were able to save money for a down payment. Why? Because the cost of their land trust housing was kept at approximately one-third of their household income. On Maui that cost can be 50 to 60 percent of a household's income. Mr. Chairman, in conclusion, the land trust model is only one tool to create affordable housing, but it is one of many tools, each playing their own part and working together for the benefit of Maui residents. Land trust homes must be occupied by Maui residents and cannot be flipped. Heirs and family members can inherit the 99-year lease which is renewable. In conclusion, I respectfully urge your positive consideration of the Na Hale O Maui request before your Committee today. Thank you very much.

CHAIR HOKAMA: Thank you for your comments. Members, any questions for the gentleman? Having none, Mr. Blackburn-Rodriguez, thank you so much. And again, thank you for recognizing my efforts, but it was nine Members of the Council that made it happen with the Mayor. So --

MR. BLACKBURN-RODRIGUEZ: And thank you and your colleagues, sir.

CHAIR HOKAMA: --thank you for recognizing that.

MR. BLACKBURN-RODRIGUEZ: Thank you so much for that.

CHAIR HOKAMA: Thank you. Hoala Davis, if you'll please come forward to share your thoughts with the Committee please.

MS. DAVIS: Okay. Good morning.

CHAIR HOKAMA: Good morning.

MS. DAVIS: Aloha, County Council Chair Hokama, Vice-Chair White, and County Councilmembers. Thank you for the opportunity to speak before you today. My name is Hoala Davis. I'm the Executive Director of the Molokai Humane Society. I've come before this Committee many times before today. I am coming on behalf of our

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organization in order to speak in support of our request of \$30,000 from the Animal Management Revolving Fund in order to provide much needed surgical and clinic furnishings to improve on the services that we currently provide. We had sought these fundings last year and were unable to expend them because of continuing renovation projects that were not yet complete. We are seeking to create a more sterile and professional setting at our facility which will encourage more to utilize our spay and neuter, wellness and preventative care services which benefit all of our island's animals, their owners and caretakers. Our operation has humble beginnings starting by providing spay and neuter services in pop-up clinics around our community, and has grown to a standalone facility currently located in Hoolehua. Since 2007 we have performed thousands of surgeries at our current facility and the wear and tear from these services has become evident. While looking to replace furnishings that have quite honestly been patched and repaired too many times to count, we have realized that properly upgrading the facility will go much further than constantly replacing individual items as they need to be replaced. We're not requesting anything beyond what a standard spay and neuter clinic has. Things like kennel banks, surgical prep sinks, and storage cabinets will replace deteriorating portable kennels, wash basins, and makeshift shelving. All of these items have been lovingly pieced together and replaced over the years, but now we ask that our larger community through this County Council support the Molokai Humane Society by allowing us to purchase the items necessary to create a "real spay and neuter facility." Thank you again for letting me speak before you today. Aloha.

CHAIR HOKAMA: Thank you. Members, any questions for our lady on her testimony?  
Ms. Crivello?

COUNCILMEMBER CRIVELLO: Aloha and thank you for being here, Hoala.

MS. DAVIS: You're welcome.

COUNCILMEMBER CRIVELLO: Can you tell me or explain to us or the Chair here why the \$30,000 wasn't expended? Was it because of the grant assignment or was it you folks were unable to draw it down or unable to spend it at the time?

MS. DAVIS: We were unable to spend it at the time. Well, not that we were unable to spend it, we could have easily purchased the equipment, but we weren't ready to place them in the facility. Initially when the first proposal had come up, we had a new location sited and had been in the process of negotiating the lease agreement and that unfortunately fell through. So now we have current renovations where we are and are working with our current landowners. Those are currently in the first phase but by November of this year we'll be ready to be upgraded. The renovation costs are covered. Unfortunately, we don't have enough funding to put things into the new building, so that's what we're requesting.

COUNCILMEMBER CRIVELLO: So, Chair, I have another. So this amount is really for the equipment that you requested that we proviso'd for you to utilize Fiscal Year '16?

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MS. DAVIS: Yes.

COUNCILMEMBER CRIVELLO: Okay.

MS. DAVIS: Exact same equipment.

COUNCILMEMBER CRIVELLO: Okay, thank you.

CHAIR HOKAMA: Okay. Any other questions, Members, at this time? Ms. Davis, thank you for being here this morning.

MS. DAVIS: All right, thank you.

CHAIR HOKAMA: We'll go to the District Office and ask, Ms. Lono, anyone in Hana would like to give testimony please?

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

CHAIR HOKAMA: Thank you, Ms. Lono. Ms. Fernandez, anyone on Lanai would like to give testimony?

MS. FERNANDEZ: There is no one waiting testify at the Lanai Office.

CHAIR HOKAMA: Thank you. Ms. Alcon, anyone on Molokai would like to give testimony?

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

CHAIR HOKAMA: Thank you very much, ladies, for your help to the Committee. Members, we have no further requests for testimony, with no objections, we shall close testimony for today's meeting.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Thank you, Members. So ordered.

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

**ITEM BF-95: AMENDING FISCAL YEAR 2017 BUDGET: DEPARTMENT OF MANAGEMENT (WAIKAPU BASEYARDS) (CC 16-167)**

CHAIR HOKAMA: May I direct you at this time to BF-95 under the heading of Amending Fiscal Year 2017 Budget: Department of Management, subheading Waikapu Baseyards. Your Committee is in receipt of the following four items: 1. proposed Bill for an Ordinance to Amend the 2017 Budget under the Wailuku-Kahului Community Plan area, Government Facilities, Waikapu Baseyard; Total CIP and Total Appropriations. This proposal is asking us to increase Bond/Lapsed Bond by

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550,000; adding an appropriation of 550,000 under Department of Management. Second Bill for an Ordinance Amending Ordinance No. 4331, Bill NO. 59 of 2016, as it Relates to the Issuance of General Obligation Bonds for the County of Maui, Bond Fund - Waikapu Baseyards. This proposal is requesting that we add 550,000 under the GO Bond authorization ordinance, Department of Management for Waikapu Baseyards. Third Bill for an Ordinance, from Mr. Baz, our Budget Director, it's another Bill for an Ordinance to Amend 2017 County of Maui Budget under Appendix C - CIP, Department of Management, Waikapu Baseyards. And again, this is by adding under the CIP portion an appropriation of \$550,000 and a description of the project. And finally fourth we have received the County of Maui, Waikapu Facilities Master Plan, Final Submission - April 2015, prepared by HDR Engineering, Inc. as part of the transmittal. Okay, that was a mouthful. We'll ask Mr. Baz the Director of Budget if he would give us some comments, and then we are happy to have Mayor Arakawa joining us for him to share his thoughts about the concepts and how he envisions us possibly moving forward with this consideration. Director Baz?

MR. BAZ: Thank you. Good morning, Mr. Chair and Members, happy to be here this morning. We have before you three budget...three amendments regarding the Fiscal Year 2017 Budget, regarding the land, 309 acres of land basically that we own in Waikapu. We had requested funding during the FY '17 proposed Budget but the desire was to delay that until, so we could have a full discussion on the item. So Mayor is here this morning to provide an overview of some possibilities that we've looked at for this 309 acres, and we'll be here to answer any questions that you might have. So thank you, Mr. Chair.

CHAIR HOKAMA: Thank you very much, Director Baz. We'd like to welcome Mayor Arakawa to our Chambers and to the Budget and Finance Committee meeting this morning. So welcome, Mayor Arakawa, and we look forward to your comments.

MAYOR ARAKAWA: Good morning, Chair Hokama, Councilmembers. Thank you very much. And I really want to first of all say that we're very grateful that, you know, we've embarked on this journey to try and recreate our County government and to create different baseyards and to create park facilities for our community quite some time ago, and we're in the process of moving that forward. Now in our previous discussion, we had community presentations, and one of the things we want to discuss with you this morning is how to formulate the two lots that we have--one is 100 acres and the other 209 acres--into what configuration we want to be able to end up with. Now there was a discussion before and if you look at the screen, the area in red is the area we purchased for the baseyards, and the area in grey is the area we purchased with Parks' funds for the park. Now, with the public discussion that we had previous, we sort of, using that discussion, sort of moved things around, and this is for the purpose of discussion. Nothing is firm or set but we wanted to discuss with you the location that we now put the 100 acres to which was what was recommended at our last meeting. As you can see, it's been moved away from the community to the farthest corner and it's configured in that grey area on the bottom, and the 209-acre park is the green area in front. This is what we were asked to put together in the last meeting. So the first thing we need to be able to get from you is an agreement on the

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location of what we want to be able to do. Now, we're not asking for that agreement right now, because there's a lot of other things to discuss first. But in concept this is where we're looking at it, so when you see all of the discussion today, we sort of put everything in this position as you requested in the last meeting.

CHAIR HOKAMA: Excuse me, Mayor, I'm sorry to interrupt. Members, just to assist you, besides what is on the screen, the Mayor has also presented all of you a hard copy at your desk. So, Mr. Carroll, if the screen is giving you some difficulty on the details, you might want to follow along on the hard copies. Excuse me, I'm sorry for that interruption, Mayor.

MAYOR ARAKAWA: Oh no, sorry about that. If you look at the picture right here, this is the nine planned development areas that are currently being looked at for this area. And you can see that area one which is that little purple dot on the far corner is where the 100-acre baseyard is. Two, the 209 acres for the park. Three is the Waiale Mixed Use Community Master Plan. That's the A&B project. Four, planned Central Maui Sports Complex which is the complex that the State is putting up right now. That's the 67 acres that's currently being developed, and if you haven't been there, you should. It's fantastic in appearance right now and it's opened up almost to the road right now, and they're developing the third and fourth stages. So go take a look and you'll see a really spectacular sports complex. Number five, the Waikapu Country Town Master Plan for 2016 through 2026. Number six is the Waikapu Country Town Master Plan. That's the kind of pinkish area. Number seven, the Maui Lani plan. Number eight, Puunani which is the red area. And nine is the Kehalani expansion. So if you look at all these areas in the different areas, these are the major projects that we've been approached with and we're looking at right now that are in play. So when we look at the area that we're trying to create the parks and the baseyards on, just keep in mind these are the other development areas that are coming around that area. So we need to be able to take into consideration what's happening within that area. Next slide. If you look at the next slide, this is the planned land use map, and if you look at the colors that are there, I'm not going to go through each of the parcels but you can see that each of the types of developments that are being, occurring in that area, what they are. So you have the mixed-used, the commercial use, the residential, school, parks, and light industrial. You can see how it's all sort of being put around in that area to give you an idea of what kind of uses they are. So that's other additional information that you can use and try to make a decision as to why and where we should be placing the baseyards and the park. Okay. This is the traffic circulation plan that we're looking at, and the Waiale extension. We're looking at the Waiko extension. And between the park and the baseyard, we have another road that would go through. Department of Transportation, the State has agreed to us having an outlet there if that's where we choose to end up with it on the main highway. So this will kind of give you an idea of the traffic flow in the general area. Okay. And again, everything that we're talking about is conceptual. Everything can be moved, so we're here today to sort of start the discussion as to what we want to do and what we want to be able to accomplish, knowing what the specifics in the area are. Okay. And if you look at the consolidated baseyards, again, these are all preliminary possible layout. We've hired a consultant to go through and help us to look at this, as an instruction, just to be able to give us a

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start as to what we want to be able to do. If you look at all of the different areas, you can see that each area and you can see it a lot easier on the handout that we gave you, what each area is used for. The Fire Department has the red, CDA, six acres. The second one the nursery for Parks, the green area right there, the third parcel. And, you know, right now Parks Department is going to be expanding by the time we're done from about a little less than 200 acres to over 600 acres. And rather than buying all the material all the time, it only makes sense that we start growing a lot of our own material to be able to plant around the parks and to be able to utilize for all the County facilities' maintenance types of programs. So we're looking at creating a major nursery. Not...well, coming from a farming background, the small dinky little nursery that we have right now, that really is insufficient. We're purchasing far too much of the material that we could actually be growing ourselves. So this would give us an area to be able to work that area as well as have storage for the parks, baseyards. In any case, you can see because this is preliminary, I don't want anybody to fix in their mind this is where everything is located. You can see all the different departments that we have sort of allocated space for. And again, the configuration can be moved around if it seems necessary to do that. But this what our consultants came up with as a conceptual idea to start the discussion. Okay. Now, if we go to the next page, these are some of the concepts that we're looking at, and part of the funding that we're looking for is to hire a consultant group to go through all of our departments and to really look at how we can restructure our department to be the most efficient. Some of the ideas that we're looking at is for instance to create this single consolidated baseyard within the 100-acre park to be able to keep everything more precise and to be able to economize and moving out the tsunami inundated zone areas that we don't own like the Water Department Baseyard. The sewer and maintenance baseyard is in a tsunami inundation zone. Our Wailuku Baseyard for Public Works is really too old. A lot of these areas we've had the discussion before we purchased the property, as to why we need to be able to move a lot of these baseyards or renovate a lot of the baseyards and modernize it. An area that we're looking at is to consolidate the Administration and support services and to be able to create a document storage facility. Right now we're renting a lot of spaces. We're putting things into containers, we're hiding things in whatever nook and cranny we can cram cardboard boxes with information in, and this is not the way that government records should be kept. You know when the Post Office we had our problem there with the storm damage and the water damage and contaminated, we had to destroy, a lot of the records were destroyed. We should be keeping much better track of our records and keeping it in much better condition. And by law we're required to keep a lot of these records. So what we're looking at is a new storage document facility so that we can centralize a lot of our storage of documents so that it's not dependent on the person who file it in the file box to remember where it is. But rather that information can be readily available for anyone to research and to be kept in a consistently handled area where we have control of it so that we can say that we're being very responsible with information we need to be able to store. So that's what the purpose of this facility we're looking at as one of the concepts. Emergency management center. You know that our emergency management center downstairs is sort of antiquated and very, very small and tight. We need to be able to upgrade it. So that's one of the things that we're looking at. Vehicle maintenance, consolidated work areas, for instance, our

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small-vehicle repair shops, our large-vehicle repair shops, our small-equipment repair shops, putting them all in one area so that we can have centralized maintenance working on all of those. And, you know, right now with our manpower scattered all over the place, sometimes one group has too much work, another group doesn't have enough work. If we have the core of our working force in one area, we can now take the workload and balance it out much, much better. The other thing that we can do is we can order spare parts, we can have the storage of those parts, much better inventory control, much better equipment control. Instead of having to buy separate pieces of equipment, scatter them all over the place, this would be much more efficient we believe. The consolidated warehouse, we're looking at again all of the things that we buy in large quantity for the County, to be able to have them controlled in one area so that we can distribute from that one area rather than have it all spaced out and shipped. We can buy in bulk which will allow us to have a lot better pricing. And by having better inventory control coming out of one area, we'll be able to manage much better what each area is being, is utilizing and be able to see how goods and parts and other kind of things that we have are being controlled. You know in some areas, people order things unnecessarily and just keep them in storage, and they may not use it for a long time, because they had extra money. In this case, if we have it in one area, that would cut down on a lot of that kind of unnecessary storage of parts and equipment. And by consolidating the different mechanics areas also, by keeping all the parts in one area, now we can standardize a lot of what we do use and not have fragmented types of ordering all over the place and have to have different kinds of parts for all different types of equipment, different models of equipment. So this is one of the concepts that we're looking at, just trying to have better control of our inventory for pricing as well as for spare parts. And of course we're looking at the different departments. By consolidating them all into this area, we'll be able to have much better control of all the vehicle uses, shared uses of equipment, being able to work with each of the departments so you could have better management of the material and equipment that we have to work with. So the departments won't be totally isolated yet they'll have their own baseyards. We can share a lot of the things that are shareable. Right now for instance if Parks Department needs to have a bulldozer, they rent. Or if they need a backhoe, they have to rent. You know if they have the equipment in Public Works and it's right next door and you can see it then you can just check it out and use it. And the same thing with the labor that's involved with it. Our departments should not be working totally independent. We believe it'll be much more efficient if they can share a lot of the equipment and manpower that they have, crossing those department lines at times where it becomes more economical for the County. So this would allow us to have that kind of a consideration. The Fire Department, we want to be able to move them, their main baseyard over here as well. As well as the engine from Waikapu Fire Station in this area. You know just the safety zone, the, those safety circles. By putting a fire station here, we'll also be able to have better control. And again, you know, there's Police Department's, there's a whole lot of different considerations that all of you need to work with us to be able to take and consider. If there are other kinds of things that you would like us to consider putting into this, other ways of being able to economize within the County system, now is the time for us to really have that discussion. You know we're getting to a point where the County Building is getting old, we're getting to the point where a lot of our baseyards

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are becoming antiquated, and we're changing a lot of the electronics and the systems within what we're doing. At the same time that we're doing this, this project, we're also looking at how do we change the management of the County system and our, for instance our computer systems, our information storage systems. What kind of office spaces are we looking for in the future? What kind of goods and services? How do we want each of the departments to reorganize? And what kind of delivery do we want from each of the departments? A lot of the services that were created for the departments 50-60 years ago, their missions have changed, so we want to hire a company to help us to be able to reorganize and reevaluate essentially each of the position descriptions that we have, what the departments are charged with doing, and what kind of services they should be able to provide for the community, which departments should be doing what. In other words, do a real management assessment as to how our government would be run the most efficient. And we want your advice and your help in trying to be able to organize all of this, but we also believe we need to have a professional group from outside coming in and helping us with the analysis, because it's much too big of a project for us to do internally. You know it's just when you look at this, it's a massive undertaking, but let's face it, we're in a time and age right now where all of the technology is requiring us to change systems and to be able to reanalyze how we're doing all of our daily work. And unless we adjust with these kinds of changes, we're going to be dinosaurs in a lot of the things that we're doing. And we're not going to be efficient in providing the services the community needs to be able to have and to provide. So that's what the discussion is that we'd like to be able to have. And we're just keeping this sort of at an upper level. Notice I'm not discussing any details, because all of that is for future discussions, and we're asking for your input on this. So, Mr. Chairman, thank you very much.

CHAIR HOKAMA: Thank you, Mr. Mayor. Mr. Baz, you have anything else you'd like to share?

MR. BAZ: Just real briefly, Mayor mentioned some discussion of, you know, the existing baseyards. We provided also a master, the master plan, preliminary master plan that was provided on CD for you guys. It's very thick and got lots of detailed information in there. So, you know, that encompassing with...so today's Budget amendment is really for you to understand, you know, what it is that we're trying to do. We're asking for...the funding is specifically related to an Archeological Inventory Study that we need to perform, an Environmental Assessment which will encompass the uses and impacts and things like that, as well as the lot consolidated and resubdivision to match what the desire of the Council is as far as the location of the baseyards and the park. So just to clarify, the, even though the title is really Waikapu Baseyards, to be able to define where the baseyards are going to be, you know, some of this work's going to be done on the whole 309 acres, yeah.

CHAIR HOKAMA: Okay, thank you for that --

MR. BAZ: So thank you.

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CHAIR HOKAMA: --comments, Mr. Baz. I'll allow the Members to have their opportunity to provide questions. We're not ready for comments yet, Members. But one of the things that I do know...and is this part of your initial request of this amount, Mr. Mayor, our current property is both by State and County under Agriculture. We both know that we're going to need to do some consideration of reclassification and more than likely a rezoning consideration that Council would work with your departments. Is that something of the higher priority and first thing we need to get squared away is on the actual land use clearances?

MAYOR ARAKAWA: Yes. I failed to mentioned that but that's part of the funding that we're looking at.

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Yeah, Mr. Chair, thank you, and thank you for the question. Yes, this is the initial monies required to start the rezoning process. We need to do an Environmental Assessment before we can request rezoning. It can be a Council-initiated rezoning and so it can be fairly quickly. And then we'll still have to go through the State Land Use depending on, you know, what the uses are allowed in Ag--it's currently Ag zoning, so--and the future uses we're trying to provide. So yes, definitely the EA and the zoning are going to be something that's going to be done with this funding.

CHAIR HOKAMA: Okay, very good. One other thing I wanted the Committee to be aware of before we moved off is it is outside of, it is considered Flood Zone X, the properties which means it's outside of the 500-year incident boundary which is a positive thing for us. Well, water is always an interesting issue, even for this project. So, Mr. White, any questions for Mr. Mayor or Mr. Baz regarding what he has shared so far from a conceptual point?

VICE-CHAIR WHITE: The thing that crosses my mind is when we discussed the allocation of space between the baseyards and so forth, my recollection was that we were looking at locating the baseyard facilities closer to Kuihelani Highway and keeping them away from the residential areas up mauka. And just, you know case in point, the Fire Department which I'm assuming may want to be responding to emergencies from that location is the furthest from the highway and actually empties onto the extension of Waiale Road instead of onto the highway which I think might be preferable. So that was just one of the first things that came to my mind was that the, I thought the allocation of space was probably more beneficial to stay closer to the highway. So just thoughts on that?

MAYOR ARAKAWA: If I may? Waiale where the Fire Department is located, the Fire Department will be responding mostly to the Wailuku area from this location. So the Wailuku-Kahului area will be very easily accessible from Waiale Drive going out toward Maalaea and to the housing that are coming up here in Sand Hills or in the upper Wailuku Heights area, will be more accessible from that area. On the other side by Kuihelani, it's mostly open space and cane field right now and that's going to be mostly agriculture. So the reason that we were looking at that area is because it'll be

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closer to the residential and commercial structures rather than the fields. If...well anyhow, that's the logic. But again, everything right now is preliminary, so. But that's one of our justifications for putting it in that area.

MR. BAZ: Yeah. And also, Mr. Chair, Member White, the, if you notice, a lot of the typical heavy vehicles, the refuse vehicles, Public Works' trucks and all that are going to be located closer to the highway. So there'll definitely be more of a buffer between the community and those type of activities where the refuse trucks go out at 5 o'clock in the morning and kind of loud. So, you know, we understand that.

VICE-CHAIR WHITE: Okay, good. The other thing...and thank you for the CD, there's obviously been a lot of thought put into this. I've not run across a analysis of...I'm trying to evaluate the cost of all the, for example, Public Works there's a, the budget amount is 10 million and change for relocating from the Kaohu Street to this new baseyard. So the question in my mind is have we done calculations that will help us understand the, not only the cost of creating the new space and the new baseyard but the cost of moving everything over and the cost of possibly reusing the current Kaohu site which I think is about 3.7 or 3.8 acres? What is the possible use for that and what's being considered there?

MAYOR ARAKAWA: If I may, Mr. Chairman? The first thing that we need to discuss first of all is if the location that we want is reasonable and acceptable to the Council, this is what we can agree to do, before we can do any real cost evaluation of anything. And again, we need to also be discussing the size of the, and acreage of each of these baseyards and the configuration before we can do the actual calculations. Finance Chair and I have also talked about to some limited degree if we vacate areas, what can we do with those properties, and it will really be up for discussion. In some areas we may want to sell the property. In some areas we may want to redesignate them to something else. But it'll really be up to the Council and the Administration to have the discussion about those after the fact. But preliminarily what we want to be able to have is real basic understanding so we can take the second step in trying to be able to place things. The first step is just the general configuration, is this the kind of location that we want, can we agree on that first, and then once we agree on the location then I, then we can start placing things and we can start putting some numbers to it a little bit better. But we have to go one step at a time and that's what we're at right now is the first step, getting agreement on what is it we're trying to...what is it for location. Then you'll notice in the last slide, I was talking about what we want to be able to evolve to. What we want to be able to evolve to is going to then determine how we're going to try and reconfigure. If you don't like the idea for instance of having consolidated mechanic shed, then what's a completely different configuration? If you would want to have some of the facilities in a different location, that's a different configuration. So we're in the process right now of trying to understand and just work out what is it that we want to end up as the end result. You know we have quite a few different locations that we're trying to develop simultaneously. The, we're looking at the new service center, we're looking at areas around the County Building. We're trying to get away from leased space. But we have to have these basic discussions first and then try and configure after the discussions,

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how we want to be able to relocate all these different areas, because only at that time will we know where we can go and what makes sense.

VICE-CHAIR WHITE: Well, the study seems so thorough that I thought those kinds of questions might be answered. But I...

CHAIR HOKAMA: I don't want us to get stuck on that report please, because that is going to be very fluid as we move along on the project, Members.

VICE-CHAIR WHITE: Yeah. And then, Chair, the other question I have and I'm not sure that the Mayor or Mr. Baz has the answer, but as we move into an Environmental Assessment, how flexible...I know things are flexible to a degree as you go through that process. But once we've assigned an area, how flexible is it to make changes if we were to reposition some of these things onto some of the land that is now park? I don't know how flexible the process is.

MAYOR ARAKAWA: As far as I'm concerned, there is nothing within this plan that is absolute right now. The only thing that I have in my mind that's, that we really need to consider is we own the property and we need to start looking at how we want to do it. If you wanted to put, the Council decided we wanted to put something in one place or another place, that's all up in the air right now as far as I'm concerned. It's really going to come down to what makes the most sense to all of us and what we can agree to makes sense.

MR. BAZ: So yeah, Mr. Chair, just to add real quick. The, we want to get an idea of how to move forward, because we have to give instructions to our consultants on what to develop in the Environmental Assessment. So we do need an idea of what we want to do. That can change but then it'll cost additional if there's changes to that Environmental Assessment. So we want to try to get as solid of an idea as we can ahead of time, and then we'll deal with situations that may come up from the Archeological Inventory Study or some other issues that come up during the Environmental Assessment discussion, you know, the preparation and discussion. So but at the point it becomes very solid I think, Mr. White, would be the point we say we want the zoning changed, right. And then at that point, those lots or that area will be zoned a specific use. And from that point on then that will be the use of those areas.

VICE-CHAIR WHITE: And I note the costs also include offsite improvements, intersection at Kuihelani and...and the Road B to Waiale corridor extension. Do those numbers have any cost share with developers in the neighborhood or not?

MAYOR ARAKAWA: Not...

VICE-CHAIR WHITE: I'm speaking mostly on the Waiale corridor extension.

MAYOR ARAKAWA: Right now, some of the properties is being given to us as part of the cost of the road development. Some of the other landowners such as Spencer, we're trying to work out the final agreements on how to transfer those properties to the County.

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There are some segments that we're trying to work out the past agreements and what should and shouldn't be able to complete out the project. But whatever, wherever developers have agreed to be able to work with or we feel that we can get them to work with, we're very open to try and get a share from them in the cost. But what we have to pay within our park system, within our development system we're going to have to pay.

VICE-CHAIR WHITE: Okay.

MR. BAZ: So just to add real quick, part of the reason why we are focusing the plan on the way it's done is so that we can have easy access from Kuihelani Highway immediately without having to build a bridge and the Waiale Road extension ahead of time.

MAYOR ARAKAWA: And I'll just add to that, we're trying to get Federal funds to help us with some of the stuff too, so that's why the, it's going to take a little bit longer to do. That's why we're trying the alternative method.

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

CHAIR HOKAMA: Ms. Crivello, questions?

COUNCILMEMBER CRIVELLO: Not at this time, Chair. Thank you.

CHAIR HOKAMA: Mr. Couch? Ms. Baisa?

COUNCILMEMBER BAISA: No, Chair. Thank you.

CHAIR HOKAMA: Mr. Carroll? Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you, Chair. I guess the question begs to be asked is once we, you know, conceptually kind of pinpoint what we want done and where want it to be placed like in this map--let's saying using that--the archeological and the EIS is based upon what we are putting out at that point, right? Okay, so that's why this was done in this way so that we can get that part of our process going with the consultant and all the various entities that need to fulfill their requirements. Is that correct, Mr. Mayor?

MAYOR ARAKAWA: Until we get the environmental studies and the archeological studies, we don't know exactly what's there and what we can and cannot do. So if let's say they discover a major burial ground right under what we're trying to work, we have to make major adjustments. We have to make major adjustments. So but, you know, what we're putting there is a conceptual plan so everybody can start thinking about what we want to try and accomplish in the end. So we have some basic ideas that we've talked over with the consultants. But again, we're here with the Council now because you asked us to come up with some basic ideas to present to you first so that's what we did. But it's conceptual, nothing is locked in granite, and we're going to have to adjust to whatever the discussion ends up. And we realize that, so we're not set on

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anything at this point. We're, our goal is merely to have the discussion, to get agreements to where we need to head and what we need to do, and whatever surprises come up, they'll be surprises to us as well as to you.

COUNCILMEMBER VICTORINO: Well, and I thank you, Mayor. And again, that's what I'm...my question really amounts to this, that what you have up there is conceptual and you've said nothing is not changeable, you can change anything at any time and depending on what we find. And the EIS and the archeological studies will be one of the predicators to make some changes if necessary. And, you know, I know Mr. White mentioned about the Fire Department. You know I agree with you, I'm from Waikapu and Waiehu and Wailuku and I want the Fire Department that side, closer to the residential than a whole bunch of agriculture area where fires are not that prevalent. That ensures that the people of that area not only have the health and wellbeing and safety involved, it'll also help them with insurance costs. Because once you get there, the five-mile radius starts from that point out, and some of them now exceed the five-mile radius from the Wailuku Station or even the Kahului Station. So thank you for that. I would really encourage and I like the other end where the heavy equipment is near Kuihelani where you shoot it out there and the noise in the morning won't bother. Final question is, the stream that runs or there's a stream that goes, an open stream and along that area somewhere in the back, right? There's an open stream.

MAYOR ARAKAWA: On the border --

COUNCILMEMBER VICTORINO: Yeah.

MAYOR ARAKAWA: --on the right-hand side, the upper side, you see that little curvy line?

COUNCILMEMBER VICTORINO: Right.

MAYOR ARAKAWA: That's the gulch.

COUNCILMEMBER VICTORINO: That gulch, yeah.

MAYOR ARAKAWA: We don't own the gulch.

COUNCILMEMBER VICTORINO: Yeah. But that's when we have really heavy rains like we had recently, a lot of water will flow through that area. So that retention basin that's down at the bottom, is that to offshoot that gulch?

MAYOR ARAKAWA: No, the retention basin is for whatever project we work on --

COUNCILMEMBER VICTORINO: To retain that?

MAYOR ARAKAWA: --to retain it onsite as we require everybody to do. The gulch itself, we don't own the gulch. We didn't acquire the gulch because we didn't want to have to deal with the storm runoff --

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COUNCILMEMBER VICTORINO: Right.

MAYOR ARAKAWA: --and all the consequences. A&B has all that property across the road and they can deal with it much better than we can.

COUNCILMEMBER VICTORINO: So in other words it would be developer's project to, for mitigation for flooding?

MAYOR ARAKAWA: On the other side of the --

COUNCILMEMBER VICTORINO: Yeah.

MAYOR ARAKAWA: --our project.

COUNCILMEMBER VICTORINO: Well, thank you, Mr. Mayor. And thank you, Mr. Chair, for allowing me to ask those questions.

CHAIR HOKAMA: Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. The property that's adjacent to the 100 acres, not the 200 acres but below right there, that's A&B property? And is that designated...

MAYOR ARAKAWA: That's Atherton's.

COUNCILMEMBER GUZMAN: Atherton's, okay.

MAYOR ARAKAWA: Atherton's.

COUNCILMEMBER GUZMAN: Is that set for development at some point?

MAYOR ARAKAWA: Actually Atherton has offered this to the County if we want to acquire it at this point. He doesn't really have development plans for that area. But, you know, we want to take one bite at a time. We don't want to get too big a parcel or you guys will think we're going crazy. But if at some point that we wanted to be able to acquire it, I'm fairly certain that Atherton would sell some of it to us.

COUNCILMEMBER GUZMAN: Okay. Yeah, my only concern is that initially we had referred it, the 100 and 200 acres, and so the 100 acres is now the baseyard plan. And we did that because of the residential, I guess, concern of the baseyard being too close to subdivisions.

MAYOR ARAKAWA: And the Council concern.

COUNCILMEMBER GUZMAN: Right, of course.

MAYOR ARAKAWA: Remember, you remember, you asked us --

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COUNCILMEMBER GUZMAN: Of course.

MAYOR ARAKAWA: --as a Council --

COUNCILMEMBER GUZMAN: Right.

MAYOR ARAKAWA: --to move it.

COUNCILMEMBER GUZMAN: My concern also is, you know, the adjacent property below it which is Atherton's, is that going to be eventually built in and then now we've got the same scenario that we're, that we were dealing with, with residentials complaining that it's too close to a baseyard?

MAYOR ARAKAWA: If I have...the...at this point it's Agricultural zoned --

COUNCILMEMBER GUZMAN: Right.

MAYOR ARAKAWA: --and they would have to come in for rezoning on that, and one of the things that in concept we've been talking about for decades is to keep green buffers between the communities. So whoever happens to be in the decision-making role at that time will have to decide whether to keep a green buffer or not. At this point, I would say that it's the farthest away from any development that we know of. And if somebody were to want to develop that area and if the Council at that time allowed it to happen then I have no control over that. But I will not...I would predict that if reasonable people were looking at this now, it would be remain in ag.

COUNCILMEMBER GUZMAN: Thank you, Chair.

CHAIR HOKAMA: Okay, thank you very much. Members, additional questions for Mayor Arakawa or Director Baz? Okay, we are going to take a midmorning recess and then we'll return and I'll give you my recommendation, and then we'll take up the other items. So return by 10:40. . . .(gavel). . .

**RECESS: 10:30 a.m.**  
**RECONVENE: 10:42 a.m.**

CHAIR HOKAMA: . . .(gavel). . . Okay, we shall return to order. Regarding BF-95, Members, your Chair is going to recommend deferral of this item. I'm going to reschedule it, reschedule this at our very next meeting for October 4<sup>th</sup> at which time I'll make my final recommendations. In the meantime, prior to that meeting, I'm going to request to you if you have questions, proposals for considerations regarding some conceptals and options to the project itself, I would prefer you put that in writing, address it to the Chair. We shall make sure that Department of Management and Mr. Baz has, receives it for appropriate responses for the next meeting. And then at that meeting, your Chair will make his recommendations more than likely to recommend movement of this to go forward. So think about what you've heard from the Mayor this morning,

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comments from the HDR report. And again, everything is fluid, even what you saw on the screen this morning. Because what we give in comment is how they're going to address the assessment studies as well as potentially how we're going to address reclassification of land under State and zoning under the County for actual uses and activities within the 309 acres, taking into account the different funding sources and the restrictions of those funds. Okay, any objections, Members?

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Questions, any questions on the item? Mr. Couch?

COUNCILMEMBER COUCH: Just one that came up in the break, if Mr. Baz knows. The fire station that was listed on there, is that moving...I seem to recall it's moving the Wailuku Fire Station out to there. Is that correct? Or is that an additional fire station?

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: I'm not aware of that. My initial understanding was that it's an additional fire station, that the Wailuku Station would still be in existence. But that station needs upgrades or renovations or movement. We have a whole community, you know, out in Waiehu that needs to be covered as well, and so Waikapu would be a very far distance for those, that community.

COUNCILMEMBER COUCH: Thank you. Thank you, Chair.

CHAIR HOKAMA: Okay. We still have Piihana, Happy Valley, Waiehu, Waihee to, you know, service so we still need protection, more protection.

COUNCILMEMBER VICTORINO: I just wanted to remind Mr. Couch put on his mic.

CHAIR HOKAMA: Oh.

COUNCILMEMBER COUCH: . . .*(inaudible)*. . .

COUNCILMEMBER VICTORINO: It was? I couldn't hear you.

COUNCILMEMBER COUCH: . . .*(inaudible)*. . .

CHAIR HOKAMA: Okay, okay, we got work to do. Okay, with no objections, Item 95 is deferred.

COUNCILMEMBERS: No objections.

**COUNCILMEMBERS VOICED NO OBJECTIONS** (excused: DSG).

**ACTION: DEFER pending further discussion.**

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CHAIR HOKAMA: Okay, thank you. And then we...so I look forward to your submittal, Members, and we'll make sure that it does go to Mr. Baz and the appropriate people for the Mayor. So thank you for that.

**ITEM BF-103: AMENDING FISCAL YEAR 2017 BUDGET: DEPARTMENT OF THE PROSECUTING ATTORNEY (SPECIAL NEEDS ADVOCACY PROGRAM) (CC 16-197)**

CHAIR HOKAMA: May I direct you to BF-103. This is a request that Mr. Baz sent for us under County Communication 16-197, on behalf of the Department of Prosecuting Attorney, under the SNAP or Special Needs Advocacy Program. This request has issues; therefore, with no objections, I'm...BF-103 shall be deferred for today's meeting.

COUNCILMEMBERS: No objections.

**COUNCILMEMBERS VOICED NO OBJECTIONS** (excused: DSG).

CHAIR HOKAMA: Okay, it's deferred.

**ACTION: DEFER pending further discussion.**

**ITEM BF-101: AMENDING FISCAL YEAR 2017 BUDGET: ANIMAL MANAGEMENT REVOLVING FUND (CC 16-182)**

CHAIR HOKAMA: May I direct you now to BF-101, Amending Fiscal Year 2017 Budget: Animal Management Revolving Fund. We'll ask Ms. Domingo from the Department to come join us to assist the Committee regarding this consideration. And from Mr. Baz under 16-182 Communication, we have a proposed Bill for an Ordinance to Amend Appendix A, Fiscal Year 2017 Budget, pertains, as it Pertains to Part II, Special Purpose Revenues - Schedule of Revolving/Special Funds for Fiscal Year 2017, Animal Management Revolving Fund. Mr. Baz, any opening comments please?

MR. BAZ: Yes, thank you, Mr. Chair. Good morning again. So this Budget amendment is to add language in the Appendix A so we can allow the use of the revolving funds for the, Animal Management Fund for equipment for both the Molokai Humane Society and the Maui Humane Society. You heard testimony from those organizations. We have them here to answer any detailed questions should you might have. We also have Luz Domingo, our Grants Management Division Chief who oversees the grants for these organizations to answer any questions as well. And I think she has some opening comments, Mr. Chair.

CHAIR HOKAMA: Thank you. Ms. Domingo?

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MS. DOMINGO: Good morning, Budget and Finance Chair Hokama and Councilmembers. My name is Luz Domingo and I am the Department of Housing and Human Concerns Grants Management Division Program Manager. The Grants Management Division manages the animal management grants. The Department of Housing and Human Concerns is in receipt of the requisition from the Maui Humane Society, requesting to utilize the 20,500 of the Animal Management Revolving Funds for the purchase of equipment. And the equipment will be used for the purchase...the 16,200 will be used for the purchase of bumper pull aluminum stock trailer, and the 4,300 is to equip all the enforcement trucks with spotlights to accommodate expanded and 24-hour services. None of these equipment is included in the Fiscal Year '17 Budget in the Maui Humane Society's animal sheltering, enforcement, and spay/neutering grant. The Maui Humane Society is the only animal agency that contributes to the Animal Management Revolving Fund through collection of fees from dog licenses and reclaimed fees for stray animals. For Fiscal Year 2016, Maui Humane Society collected 62,331, and for Fiscal Year '17, as of to-date records, they have already collected 10,845. The fund currently has a balance of 116,120.63. The Department is also in receipt of the requisition from the Molokai Humane Society for the purchase of the animal shelter and office equipment amounting to 30,500. In Fiscal Year 2016 Budget for Animal Management Revolving Fund, a proviso was made by the Council for the Molokai Humane Society to purchase equipment, but unfortunately they were still doing the shelter renovation and office relocation so they were not...through the end of the fiscal year and the agency was not able to finalize the lease of equipment. And thus they were not able to utilize the 30,000 appropriation. The Department is requesting the Council's consideration to amend the Fiscal Year '17 Budget, to add proviso on the Animal Management Revolving Fund to appropriate 20,500 for the Molokai Humane Society and 30,500 for...oh, 20,500 for the Maui Humane Society and 30,500 for the Molokai Humane Society. The Executive Director of the Maui Humane Society, Ms. Jerleen Bryant and Ms. Hoala Davis of Molokai Humane Society are still here with us this morning and may be available to answer any questions pertaining to this request. Thank you for your consideration and appropriate action to this proposed bill.

CHAIR HOKAMA: Thank you, Ms. Domingo. Mr. White, questions?

VICE-CHAIR WHITE: No questions. Thank you, Chair.

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you. So I recognize that the Molokai Humane Society we proviso'd this 30,000 for Fiscal Year '16. And was...did they actually apply for it at the time or no request at that time?

MS. DOMINGO: We have communicated...we have been communicating but at the end of the fiscal year, getting close to the end of fiscal year they have not finalized their request yet so no request was received by Grants Management Division.

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COUNCILMEMBER CRIVELLO: Okay. And then likewise with the 20,500 for Maui Humane, is this a new request? This is a new request and then the, for the Maui Humane Society?

MS. DOMINGO: This is a new.

COUNCILMEMBER CRIVELLO: Okay. Thank you.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Thank you for your comprehensive report. I just wanted to find out and maybe it, we'd have to ask Ms. Davis but it sounded like in her testimony that they are still not done with the renovations. Is there any chance that they may lapse this again?

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Mr. Chair, if you don't mind, maybe we should bring down Ms. Davis to answer that question.

CHAIR HOKAMA: Okay. With no objections, Members?

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay, please reintroduce yourself.

MS. DAVIS: Aloha. My name is Hoala Davis, I'm the Executive Director with the Molokai Humane Society.

CHAIR HOKAMA: Mr. Couch, please pose your question to Ms. Davis.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And thank you, Ms. Davis. The question I have is you had mentioned in your testimony that you still may not...you're not done yet with the renovations. Is there any chance that you might have to lapse this again?

MS. DAVIS: So at this point, all we're waiting for is the approval on whether or not we can purchase the new equipment, and that would just require us to remove the old furnishings that are in place and bring in the new.

COUNCILMEMBER COUCH: Okay.

MS. DAVIS: Yeah.

COUNCILMEMBER COUCH: Thank you, Chair.

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CHAIR HOKAMA: Okay, thank you. Thank you. We recognize Ms. Cochran at the meeting this morning.

COUNCILMEMBER COCHRAN: Good morning, Chair. Thank you very much.

CHAIR HOKAMA: Any questions, ma'am?

COUNCILMEMBER COCHRAN: Yeah...well, not for...

CHAIR HOKAMA: Ms. Davis.

COUNCILMEMBER COCHRAN: Yeah, no, not for miss...

CHAIR HOKAMA: Okay.

COUNCILMEMBER COCHRAN: I think just the general how much is in this fund?

CHAIR HOKAMA: I believe Ms. Domingo you shared a current balance please?

COUNCILMEMBER COCHRAN: Sorry, I didn't...

MS. DOMINGO: The current balance of this fund is 116,120.

COUNCILMEMBER COCHRAN: Okay. And then this is ask...that is already spent and we're adding these figures to it? No, we're...

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Yeah, so, Mr. Chair, the \$116,000 is the cash balance available from the deposits that have been made into it. And so this request is to utilize those funds, some of those funds.

COUNCILMEMBER COCHRAN: Oh, okay. Okay, very good. No, no further questions, Chair. Thank you.

CHAIR HOKAMA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: No questions. Thank you.

CHAIR HOKAMA: Mr. Carroll? Mr. Victorino, sir? Any questions, sir? Okay, thank you. Mr. White, any further questions regarding this item?

VICE-CHAIR WHITE: No, Chair.

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: No, thank you, Chair.

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CHAIR HOKAMA: Okay, anyone else? Questions, comments on the request before you from Budget Director? Okay, this is special funds again, Members, under the revolving component, animal management, so I'm going to recommend that we pass this to Council to passage on first reading, be ordered to print; filing of County Communication 16-182; and allowing Staff to make any appropriate nonsubstantive adjustments to the proposed ordinance. May I have a motion?

COUNCILMEMBER COUCH: So move.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR HOKAMA: Okay. I have a motion by Mr. Couch, seconded by Mr. Victorino. Is there further discussion, Members?

MS. YOSHIMURA: Excuse me, Mr. Chair?

CHAIR HOKAMA: Yes?

MS. YOSHIMURA: Can you include filing of the communication?

COUNCILMEMBER COUCH: He did.

MS. YOSHIMURA: Oh he did?

CHAIR HOKAMA: I did.

COUNCILMEMBER COUCH: Yeah, you did.

VICE-CHAIR WHITE: So moved.

COUNCILMEMBER COUCH: No, already done.

VICE-CHAIR WHITE: Oh, thank you.

CHAIR HOKAMA: There is only one presiding officer in this meeting and it's me, okay? All in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no"? Motion passes with eight "ayes," and one excused, Mr. Guzman.

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

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**NOES: None.**

**ABSTAIN: None.**

**ABSENT: None.**

**EXC.: Councilmember Guzman.**

**MOTION CARRIED.**

**ACTION: Recommending FIRST READING of bill and FILING of communication.**

CHAIR HOKAMA: We have one more item, Members, to take up. Thanks, Ms. Domingo. We appreciate your assistance today. We'll ask Mr. Almeida to join us on behalf of the Department please.

**ITEM BF-13(2): 2016 WEST MAUI AFFORDABLE HOUSING FUND ANNUAL PLAN (FISCAL YEAR 2017 (JULY 1, 2016 TO JUNE 30, 2017)) (CC 16-125)**

CHAIR HOKAMA: We have BF-13(2). This is under the West Maui Affordable Housing Fund Annual Plan (Fiscal Year 2017). We have a Communication 16-125, from Mr. Baz. Okay. And in the communication there is two bills for an ordinance, Members. One is as it pertains to Appendix A and this is more specifically 660,000, a proposed proviso for Na Hale O Maui Kahoma Project, 12 single-family homes. The second ordinance proposal is also to amend Appendix A, and this is a \$1.5 million proviso for Habitat for Humanity Kahoma Project for 10 lots and 10 single-family homes. We'll ask Mr. Baz if he has opening comments for the Committee?

MR. BAZ: Thank you, Mr. Chair. So and we appreciate the Committee's further review of this. We did discuss this already and we're here to answer any questions you might have. Just as a refresher, these two projects will be utilizing funds that were allocated specifically for West Maui out of the Affordable Housing Fund. It was a developer paid funds right when the fund was being created, so they've been available for use. The Department went and issued an RFP specifically for use in West Maui and these are the projects that applied for that. They did the review and chose these two projects to fund. So we do have Mr. Buddy Almeida, our Housing Division Chief here to answer any questions you might have, and if he has any opening comments.

CHAIR HOKAMA: Thank you, Mr. Baz. Good morning, Ms. Almeida. Any opening comments you wish to share with the Committee?

MR. ALMEIDA: Good morning and thank you, Chair. Good morning, Committee Members. No opening comments other than to again thank the Committee for as Mr. Baz said

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bringing this up again for discussion. On behalf of Director Reimann who apologizes for not being able to be here this morning, she is off island, the Department wanted to reiterate its support for both these projects for funding. Also in attendance today we have the executive directors from both Habitat for Humanity and Na Hale O Maui who will also be available to answer any questions that the Committee has. Thank you.

CHAIR HOKAMA: Thank you. Okay. Members, so understand we have two vehicles before us as submitted by Mr. Baz, our Director of Budget. So one is separate for Na Hale O Maui and another one is a owned vehicle for Humanity, Habitat for Humanity. I'm going to ask Ms. Dodson if she would come up for Habitat for Humanity. I have some questions for her. With no objections, Members?

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: And so, Ms. Dodson, as you come down, I want you to think about as Na Hale O Maui history has been, they do affordables in perpetuity. I understand you have a different business model for Habitat, and we would like to know whether that is a consideration also that Habitat could include within receiving County funds is that affordability in perpetuity question. If you could give us some comment please?

MS. DODSON: Well, it is a board policy, the Habitat for Humanity Maui board. We have a policy of shared 20-year equity. The funds we previously received from Affordable Housing Fund had a 25-year so the board agreed because of the funding source to go 25 years. I can't speak for the board on whether they would change that policy. I can tell you that I was around when the policy was drafted, and the big reason why it was a 20-year shared equity, in this income group, 80 percent and below, truly this is their only source of wealth. They don't have retirements, they don't have, you know, pensions. Owning a home is their only source of wealth and stability. I can tell you 100 percent of our families thus far have not sold, have not transferred except to in two cases where family members passed away and it was transferred to their children. Our families work really, really hard for this house and it is a source not just of wealth but of pride, and I can't say that anybody's even discussed the possibility of selling. If they do sell, we have the right of first refusal, and if they do sell, they do get some shared equity, but Habitat gets the rest so that we can use...and all the funds always come back to Habitat so we can continue to build more homes.

CHAIR HOKAMA: What is that level of shared equity?

MS. DODSON: It's 20 years so in essence...

CHAIR HOKAMA: And then when the, if you allow that family to sell, what is the percent of increased improvements can they capture, 7 percent, 10 percent?

MS. DODSON: It depends on what year. It's 4 percent each year. So just like when I bought my house, each year, you know, equity in the house grows slowly. So for our families the same thing, each year the equity grows slowly. The difference between the market

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value and what we sold it to them is the silent second we call it or the shared equity amount.

CHAIR HOKAMA: You give them the reimbursement for any permanent improvements made to the property during their tenure of occupancy?

MS. DODSON: No.

CHAIR HOKAMA: Okay. Ms. Cochran, questions?

COUNCILMEMBER COCHRAN: Thank you, Chair. Thank you for that line of questioning, because that's one of my things is the whole deal in regards to perpetuity versus, you know, your 20 year and all that, the whole different program. And I've been advocating very strongly and very adamantly in regards to keeping our affordables in perpetuity such as the model with Na Hale O Maui. And, you know, that I guess would be my question to you, but as I can hear and see, you folks are pretty adamant in your own right to continue the program that you have and you've explained it the way, you know, to the Chair just now. So I don't really have any further questions in that regards. But having gone through your application and what have you, there was...I guess you folks are the lender and the...how does that work? I mean a person applies and goes through you, and you have your own business of lending and setting up mortgages and what have you. I don't quite get how that process works with you folks.

MS. DODSON: Yeah, most people don't. First, I just want to say that we're not adamant about anything as far as our policy. I'm just explaining to you what the board, current board policy is, and, you know, I can't speak for them to say whether they would change it, whether they want to keep it the same. I just was explaining, you know, when the discussion came up, that's what the discussion was. Habitat for Humanity is a licensed contractor. We are a mortgage company, and we're a mortgage service company. So in essence, when a family comes to us and applies, the first thing we do just like any other mortgage company is, you know, there's an application, they have to get their taxes, they have to...all the things that you would do in a normal mortgage. And we abide by the Federal laws of we have 30 days to respond, we have to either deny them or request additional information. Once the application is complete, then it goes to a family selection committee which is mortgage lenders, real estate agents, all kinds of different people that come together and look at the application to see if they can afford the home. We would never want to put somebody in a home that they really can't afford. And then once they're approved, it goes to the board of directors, the board approves it, and then they become a partner family. That's when they start putting in sweat equity and those types of things. Once they complete all that and the house is complete, then we sell it to them. It goes through escrow just like any other house. And there is two mortgages, one is the first mortgage, one is the second mortgage, and then we service it. They pay us each year, each month and we in turn use that money to build more homes.

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COUNCILMEMBER COCHRAN: Okay. And yeah, I'm just trying to...I guess that's where a lot of the stumbling blocks occur is in that qualification portion. And so you said it goes through a selection board of sorts.

MS. DODSON: A selection committee.

COUNCILMEMBER COCHRAN: Is that your...a selection committee and that's all people you have selected, they're volunteers, they're paid workers or?

MS. DODSON: They're volunteers and then we have one staff member who's a HUD-certified housing counselor. She acts as a staff to that volunteer committee.

COUNCILMEMBER COCHRAN: Okay. And, Chair, lastly, I was reading through...I can't find the page right now but it had to do with upon closing or and it said title, clear title will be determined at...so it's almost telling me that when a person purchases, they don't quite have the clear title. Is that because the overall project doesn't have it or you need to get the paperwork in a row, you know, your ducks in a row in order to give the purchaser their clear title?

MS. DODSON: No, we sell fee simple and just like any other house it goes through escrow and a title report is given to both the seller and buyer. Anything that is typical in a mortgage is typical in a Habitat mortgage.

COUNCILMEMBER COCHRAN: Okay. I'll find that section. But all right, thank you for your time this morning. Chair, thank you.

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

COUNCILMEMBER BAISA: Thank you very much, Chair. Thank you very much for being here. And, you know, I understand clearly the differences in the models that we have here. And I understand Ms. Cochran's concern about perpetuity. I think it's really, really important as we try to get off of this supply or building affordable homes that turn out to be not affordable and so...in the long run. And so I think that it's important to have that. But I also feel like there's room for both of these models. And I've seen the Habitat program in action, and I think Ms. Crouse brought home this to me, big deal, big time. I remember being at my first dedication, a blessing of a home where the homeowner is handed the key, and that's an indelible memory on my mind, I'm never going to forget how emotional that was to actually be there with this family. All of that they went through to get that home and how much they suffered knowing this that was probably their only chance to get something. And the dedication of the volunteers, the dedication of the people that help build. I mean this is a really wonderful thing in our community. And while I agree that, you know, it would be nice if this were in perpetuity, the kind of people that are helped by Habitat are very unique. They're people that probably would never ever own a home in their entire lives if they didn't have this opportunity to do the sweat equity 'cause they just would never have the cash or the opportunity. So I have a hard time choosing one over the other, in spite of the fact that, you know, I do agree about we'd like to see it stay in

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perpetuity. But, Chair, I really feel like there's room for both. And I really feel like Habitat for Humanity is unique and we're very fortunate to have this in our community. So I don't think we have to, you know, select only one, there's, I think there's room for both. And I'd like to thank you very, very much and your volunteers for all you do. Thank you.

MS. DODSON: You're welcome.

CHAIR HOKAMA: Mr. Carroll, questions? Mr. Victorino?

COUNCILMEMBER VICTORINO: Yeah, thank you. And I agree with Ms. Baisa. And I have been one of those volunteers at some of the job sites as you well know and I enjoyed it very much. And, you know, the sweat equity is the variable that doesn't exist in Na Hale. You know Na Hale is, whatever they do, they do everything and then you buy the house. Whereas this is you're putting sweat equity. Especially down here in Happy Valley, we have a number of them that have been built and are being built right now. So I can see room for both. I don't really particularly like the idea that it can be sold at future, in future years, but yet most of these people like was stated earlier, that's it, that's their only chance, they'll never get another chance. And in most cases, they don't sell it, they keep it or pass it on to family members. That's the history if I'm correct, Sherri. Am I correct in it's passed on a lot times to other family members?

MS. DODSON: That is true. And I agree with you that the sweat equity is huge. You know we require 500 hours, but I can tell you that that is just a minimum. Our families are building these homes. I mean they're engraved names on the studs inside the, behind the drywall. You know they...the great thing is too that they're learning how to do drywall and how to install, you know, plumbing and fixtures and stuff. So this is their house and they take such great pride in it. So it's not just the wealth that they have but it's the pride and the stability that they've gotten.

COUNCILMEMBER VICTORINO: And the satisfaction of the community, whether it's the Kiwanis, the Knights of Columbus, I don't care what organization, they step forward each and every year helping this. This is not just Maui, this is nationwide. It is one of the biggest programs nationwide for affordable housing, Mr. Chair. I'm very, keenly aware about the millions of dollars that are put up. If you use the \$25 per hour times the volunteers that put in millions, tens of millions. So, Sherri, thank you very much. And I think this is, this project I can support wholeheartedly both, because both have the end result is getting people into homes that will probably never have a chance in getting into one. So thank you, Mr. Chair.

CHAIR HOKAMA: Thank you. Mr. Guzman?

COUNCILMEMBER GUZMAN: Not at this time. Thank you.

CHAIR HOKAMA: Mr. White?

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VICE-CHAIR WHITE: Thank you, Chair. I'd just like to add my two cents that sweat equity is a heck of an investment and it's a really, really meaningful experience. And for those of us who have done it, it's a life-changing experience. I appreciate the model. Thank you.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. Thank you for being here and thank you for the work that you do. I appreciate it and we know how it is to put in that sweat equity. Just for information purposes, what's the average mortgage payment?

MS. DODSON: We have such a range. You know we build on Hawaiian Home Lands where there's no land cost so those mortgage payments are \$350 a month to, you know, our Kahawai Project which was a much bigger project because of the elevator and that type of stuff so their mortgage payment might be \$1,000 a month. I don't think that there's anybody who's over \$1,000 a month right now.

COUNCILMEMBER CRIVELLO: And so looking at what you plan to build at Kahoma, so what do you suppose the average would be?

MS. DODSON: It will probably range somewhere between 250,000 of cost of the house to 325,000 depending on the size of the house that we build. We can do a 20-year...because again we're the mortgage company we can do a 20-year, we can do a 30-year. We've even done a 40-year sometimes for kupuna 'cause that's the only way they're going to get in it 'cause they are on a fixed income. So you can, you know, take 250,000, divide it by 240 months and you'll get the mortgage payment. I'm not really good at math. If I had my phone I could tell you.

COUNCILMEMBER CRIVELLO: The average about 1,250, on the average about 1,250. And these are single-family dwellings.

MS. DODSON: Yes.

COUNCILMEMBER CRIVELLO: Is that correct?

MS. DODSON: Fee simple single-family homes.

COUNCILMEMBER CRIVELLO: Yeah, okay. So I don't think Maui has too much of an opportunity to provide. You know I agree Ms. Baisa that it's a great project. I mean it's a no-brainer in my opinion. And if it means that we get to provide homes, homes for our Maui families, it is an opportunity that we can move forward with. So thank you.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And thank you, Ms. Dodson, for being here.

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MS. DODSON: Thank you.

COUNCILMEMBER COUCH: You know we've had people talk about the sweat equity. Is that what you use as the down payment? These folks don't do a down payment, it's more the sweat equity?

MS. DODSON: No, they actually do a down payment --

COUNCILMEMBER COUCH: Oh, they do.

MS. DODSON: --but it's only 1 percent.

COUNCILMEMBER COUCH: Okay.

MS. DODSON: And we work with them from the very beginning of time so most of our families are on a payment plan for their down payment. Some of them have used IDAs, gotten help from, you know, other sources such as Hawaii Community Assets and stuff, but there's various ways to work it out. But it's generally low enough so that if they pay \$200 a month, by the time we're ready to go into escrow, they have their down payment.

COUNCILMEMBER COUCH: Where do you get the funding to actually give the mortgage? Is that through your national or is it just you guys, Habitat for Humanity on Maui is the ones that has the funding for the mortgage or how does that work?

MS. DODSON: Yeah, we don't get...we get support from international but not in the form of money. We get a refrigerator and range donated to every house that we build thanks to Habitat for Humanity International. But we do have a revolving mortgage fund so those monies that come in each month, we use that money again to build more homes. We're in the process of...I'm already 502 certified to issue 502 loans through USDA. Our family services manager who is HUD certified is getting certified as well. So we hope to be able to use 502 funds for this project which I think will work really well. There's also 2, a little bit more complex types of funding. One is called a zero-equivalent mortgage or ZEM and this...if we're going to issue...I'm going to use really, really round numbers 'cause I'm not good at math. If we're going to issue a mortgage at \$100,000 and the mortgage payment is going to be \$500, we can approach a bank and we can say will you give this family...and generally a bank, you know, would do their own due diligence but we've already done it. The bank looks at it and says yeah, this guy's a good candidate, but we're going to give him a 2 percent interest rate and they get CRA credits. Well, if it's a 2 percent interest, their mortgage payment may be 700 instead of 500. What we'll do is we'll lower the cost of the house so that the mortgage payment would be 500. And what that does is it helps us because when we issue a mortgage, it's over 20 years so we don't really get that \$100,000 back because of inflation and that kind of stuff. So we get 80,000 which is what we would have gotten anyway, and we can use that 80,000 right away. So it's a benefit to the banks and of course it's a benefit to us, but it doesn't affect the family.

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COUNCILMEMBER COUCH: Okay. And that's because again these are zero-interest loans, is that right?

MS. DODSON: It's a zero-equivalent mortgage in that they're still paying the same amount if we were issuing the mortgage.

COUNCILMEMBER COUCH: Okay. And you mentioned a first and a second mortgage. Why do you have...if you're doing this on your own, why is there a first and a second?

MS. DODSON: The second is the restriction.

COUNCILMEMBER COUCH: Oh, okay. Okay.

MS. DODSON: We have to record it, we want to make sure it's recorded.

COUNCILMEMBER COUCH: And do you build homes elsewhere, I mean on Maui without coming to us for the affordable housing funds? Have you been able to do that before?

MS. DODSON: Oh yeah.

COUNCILMEMBER COUCH: Okay. So you have an inventory without affordable housing funds in some \_\_\_\_\_?

MS. DODSON: Yeah, we have about 50, I think I just counted it 'cause we're in the middle of an audit, 54 mortgages we're servicing right now.

COUNCILMEMBER COUCH: Okay. The reason I ask that one is because like Ms. Baisa and Ms. Cochran, I too, you know, every time anybody comes up here for affordable housing, we try to see what we can do for in perpetuity, hence the always trying to push them towards something like Na Hale O Maui, if not Na Hale O Maui in general. Is it possible that you can talk...you talk to your board, I mean your board had made this decision a long, long time ago, probably before you were there, as far as their policy?

MS. DODSON: There was nobody there before me.

COUNCILMEMBER COUCH: Well, is it possible that you can bring our concerns? Because I too think the more in perpetuity the better. If these folks are getting such low rents which are really...I mean mortgage payments which are really nice, they can also save if they can some. But I'm thinking with taxpayer funds, if we can do in perpetuity. And then you have other instances where you don't use taxpayer funds. So if you...I think it's coming up and it's more and more coming up that we need the in perpetuity. If it doesn't happen this time, maybe the next time you come before us, it might be a requirement. So would you bring that up to your board and really have a discussion with them as to our concern with using taxpayer funds to make things not in perpetuity?

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MS. DODSON: I...we have a board meeting next week, I will bring it up.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR HOKAMA: Thank you, Mr. Couch. So let me get this correct. You can adjust the sales price lower to fit the monthly payment of the buyer?

MS. DODSON: That's only if we're doing a zero-equivalent mortgage with a bank.

CHAIR HOKAMA: Okay.

MS. DODSON: Our international...one of the core tenants of our international for us to keep our affiliate status is that we have to issue 0 percent interest rates or an equivalent. So, you know, we can't issue a, you know, 2 percent interest rate but a bank can, but we can adjust the sales price so that the payment each month is the same as if it were equivalent to a 0 percent interest.

CHAIR HOKAMA: Okay. So if Congress moves to eliminate mortgage interest payment as a deductible, it would not impact your program at all since it's zero-based interest?

MS. DODSON: Yeah, exactly. A lot of our families call us and say oh, can you send us our form so we can get a tax deduction. You don't pay any interest. Sometimes they forget.

CHAIR HOKAMA: Well, Congress is --

MS. DODSON: They don't get that deduction...

CHAIR HOKAMA: --seriously considering wiping it out --

MS. DODSON: I know.

CHAIR HOKAMA: --that there will be no interest mortgage deductions on taxes in the future.

MS. DODSON: Yeah, our Habitat International national people are very involved in that discussion.

CHAIR HOKAMA: Okay. So the 300...when you mention the higher end of the affordables, the 325, so if we're looking at--what was Ms. Bigelow's number--170 or whatever, you're looking at a house of construction at 150,000 about?

MS. DODSON: It's approximately that. It's, you know, somewhere a little lower because of the size of the house, some are a little larger. We build the house according to the family size. So if it were, you know, just...

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CHAIR HOKAMA: Okay, so it's not what the family can afford, it's what the family size needs is how you approach housing?

MS. DODSON: Yeah, so if a family comes to us, it's husband and wife then we would do a two bedroom, one bath. You know if they expand their...our houses are designed so that they're easily, you know, added onto, so if they expand their family then, they have all this great experience and sweat equity, they can build an addition. If it's a family of, you know, two kids then it would be a larger house and so forth.

CHAIR HOKAMA: Okay, thank you for that. Any other questions for Ms. Dodson or Habitat, Members? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And looking through the two applications, your lands are abutting the Na Hale O Maui's properties? Is that...you're in the same area, correct?

MS. DODSON: I'm not sure. I know where mine are.

COUNCILMEMBER COCHRAN: Oh, okay.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

COUNCILMEMBER COCHRAN: Well, no, I mean --

MS. DODSON: They're right above us.

COUNCILMEMBER COCHRAN: --you're not a mile apart.

MS. DODSON: No, I don't think so.

COUNCILMEMBER COCHRAN: Okay. 'Cause it shows that you folks are two miles away from the nearest police and fire, and Na Hale is one mile away from police and fire, so I was just not...thinking are you in a whole other area. 'Cause I don't think that subdivision is --

MS. DODSON: Well, the subdivision...

COUNCILMEMBER COCHRAN: --a mile apart.

MS. DODSON: Yeah, well, the subdivision goes all the way up to the top. I don't know --

COUNCILMEMBER COCHRAN: Yeah, I mean...

MS. DODSON: --how Cassandra did that. I just Google --

COUNCILMEMBER COCHRAN: So that could just be a typo.

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MS. DODSON: --the fire station to the property.

COUNCILMEMBER COCHRAN: Okay. All right. It was just a difference in distance from where you folks are supposedly going to be versus where Na Hale is going to be, so.

CHAIR HOKAMA: Okay.

COUNCILMEMBER COCHRAN: Thank you.

CHAIR HOKAMA: Other questions for Ms. Dodson or Habitat? Thank you, Ms. Dodson. We appreciate your responses and your presence.

MS. DODSON: Thank you.

CHAIR HOKAMA: We also have Ms. Abdul. Is there questions for Na Hale O Maui? Okay, then we won't ask Ms. Abdul to come forward since there's no questions for her. Mr. Almeida, anything else you wish to share with the Committee at this time?

MR. ALMEIDA: No, thank you, Chair.

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: No, thank you.

CHAIR HOKAMA: Okay. I'm going to make my recommendation to you, Members, at this time.

COUNCILMEMBERS: Recommendation?

CHAIR HOKAMA: So couple things, yeah. One, first I want to tell you that I think this is a reasonable request from the Budget Office from our Director. We are looking at...what are we looking, 22 potential homes, spending over \$2.1 million for 22 homes. That's a lot of money. And so my point is this status quo thing doesn't really work for me with in lieu fees. I think we get less units than we need to meet the needs of our existing community. So I would challenge all of us that we need to look at how to get more units constructed and not take in lieu options as a settlement. Because at the end of the day, I have to come back and ask our people, additional General Fund requirements to offset the difference from the affordable price to the actual price, and I'm not too happy with that. Because the in lieu is insufficient to cover the cost, so for me I'm willing to wipe out in lieu fees. But that's for another day and another discussion. I am tossing out that we need to change the strategy. Status quo ain't working good enough for this community. But again, I don't agree with how the State is projecting our population growth either so I don't believe in that 1,500 units per year projection or whatever they're throwing out at us. I don't think that's a healthy number for this County anyway. So it's something we're going to need to discuss, settling on how our growth projections that fits our needs and our County. I don't care what Honolulu thinks. So with that, at this point in time with what is currently

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available in resources and the Charter allows this Committee to consider, I'm going to recommend both bills to go forward to Council for passage on first reading, be ordered to print the 2 proposed bills for an ordinances that will amend Appendix A. The first one is for 660, Na Hale O Maui Kahoma, 12 single-family homes, 80 to 100 percent area median income; the second bill also amending Appendix A, 1.5 million, Habitat for Humanity for acquisition of 10 lots and 10 single homes to be sold to families earning 80 percent and below area median income; filing of the communications; as well as allowing Staff with Corporation Counsel to make appropriate nonsubstantive revisions to the ordinances to, for form and legality. And therefore your Chair is open to that motion.

VICE-CHAIR WHITE: So move, Chair.

COUNCILMEMBER CRIVELLO: Second.

CHAIR HOKAMA: Okay. I have a motion by Mr. White, seconded by Ms. Crivello. We are under discussion, Members. Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. And thank you for bringing this forward again. I'd just like to add that these are reasonable requests. I think overall we seem to average in the neighborhood of \$100,000 per unit that we provide in the way of subsidy for projects that are done by others. I looked up the costs for our Kulamalu Project and the cost per unit in County funds only, not the HOME funds but the County funds only at this point are looking to be I believe about \$262,000 per unit. So being able to provide these 22 homes at a considerably lower cost per unit because of the involvement of these 2 different nonprofits I think is a great step forward. And I'll support the motion. Thank you.

CHAIR HOKAMA: Thank you. Other discussion, Members? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And I too support the motion wholeheartedly. I would ask that as we mentioned to Ms. Dodson, that their board consider some affordable in perpetuity...

CHAIR HOKAMA: We are going to put that in the Committee report, Mr. Couch --

COUNCILMEMBER COUCH: Okay, good.

CHAIR HOKAMA: --that's that the intent of the Committee is to move toward --

COUNCILMEMBER COUCH: Right.

CHAIR HOKAMA: --perpetuity.

COUNCILMEMBER COUCH: And a testifier mentioned about most of the money is coming back to the County in fees and whatnot. And having talked with several of the folks after or during the break, most of that money is going to come back to the County. So

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it's in a different way, different fund but at least it's money that the County's going to get back anyway. So thank you, Chair.

CHAIR HOKAMA: Well, the audits will make sure it is as how we should be. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And, you know, when this project initially got proposed to this body, I believe myself and yourself voted against it. And my reasoning back then was in regards to the existing community plan and what it says on the map. I just looked at a recent map too and it has Kelaweia Mauka III Park which was slated for this area for the existing people who live in the neighboring subdivisions. And so it was, it's slated for open space and park, and that is what the, you know, the people abutting it were led to believe when they purchased their properties and what have you. And so it comes down the pipeline today and it's been changed now. And no one's against the affordable housing and what this is going to build out, but it was just that thought that it's the principle of it that our predecessors here on the Council, perhaps you might have been here, had decided that that's what was befitting for this area, and then, you know, many years later we arrive and we change it into what we're sitting here discussing today. So that was my reasoning then, and then of course the whole, you've heard and I appreciate you wanting to highlight this in our Committee report in the whole perpetuity aspect of it or lack of in one of the developers. You know I'm really again want to push that forward, and thanks to Mr. Couch for bringing it forward to Ms. Dodson today to take it back to the board, to further discuss and see how perhaps they can make that happen within their upcoming future projects. But, you know, as long as I'm around, I definitely want to highlight and push that type of development through. And, you know, and then there's people who feel like the original landowners don't truly own what they have. They came through a 201H project which exempted them and made them, you know, out of a lot of added payments to create a subdivision. They are now also getting credits on that. And then the, these affordable houses are coming to our affordable...our taxpayer dollars, Affordable Housing Fund. And so...and I don't want to rehash a lot of other questions during some other Committee times, but, you know, when these projects were first proposed, they obviously had a game plan in mind to even come to the table with it as in where their funding is coming from. Because this 3.9 million that has just been found for West Maui, strictly dedicated for West Maui literally just came to light in April of this year. So now these projects that have been on the books for many years prior are coming and hitting up for these funds. I understand it fits the profile of what the funds are to be utilized for and that's great, but, you know, that's just another aspect, Chair, of this entire project that I've had some questions and issues about. But, you know, I will be here to support it because yes, our community needs what these two entities are set to build for us. So but those are just my comments, Chair, in regards to, you know, my reasoning for not supporting it originally. But, you know, I will be here to support it today, but definitely thank you for making sure we highlight what the body's intent is as in future projects. Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. Crivello?

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COUNCILMEMBER CRIVELLO: Thank you, Chair, for seeing the value of we being part of providing affordable homes for our Maui residents. And yes, we have all these concerns and I've heard it all the time. And so finding this money where it was sitting for the longest time, amazes me how no one really took a look at it until just recently. And so it's Maui, West Maui funds that have been put aside for this. So I can appreciate it. It may not be what we'd like to see, but I think we've...this is work in progress, that if we need to revisit other portions of our affordable or workforce policies or what have you then so be it, we need to do it. But at least we're moving forward. I'm...I sometimes cringe when we're here talking about affordable housing 'cause it hasn't happened really, and to be part of something that will provide, I have to emphasize to me the people who would qualify for these homes are our Maui residents. And to me that's the ultimate that we have kuleana for our residents of Maui. So, Chair, thank you. I appreciate you bringing this up and pushing it forward at this time.

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

COUNCILMEMBER BAISA: Yes, thank you, Chair. You know I'm really, really happy that I'm here today to support this and to vote for it, and I want to thank you for bringing it up. You know in 2007 when Mr. Victorino and I moved in here and during that campaign, the mantra was affordable housing. It's very interesting because we were all running on affordable housing, and when we look at what we've been able to do, it's kind of discouraging. It's a tough nut to crack, and I think finally everybody's gotten it. I think the entire community has gotten it that this has to be a priority and emphasis has to be put on it. So again, I'm very happy today to be here to support this. And yes, it's not perfect, but, you know, every affordable house that got, that gets built helps. And it's better than that horrible one that I heard a few years ago. So we're making progress. Thanks.

CHAIR HOKAMA: Thank you. Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. Over the years, we've had very limited success in getting the people that we really want to serve into the homes that they deserve. This is one of the closest things I've seen to actually service the people to be able to give them the opportunity to have a home and I'm very pleased this is before us today. Thank you, Chair.

CHAIR HOKAMA: Thank you, Mr. Carroll. Anyone else would like to make comments on the motion before you, Members? Okay, having none, all in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Oppose say "no?" It passes with nine "ayes."

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

**NOES:**      **None.**

**ABSTAIN:**      **None.**

**ABSENT:**      **None.**

**EXC.:**      **None.**

**MOTION CARRIED.**

**ACTION:**      **Recommending FIRST READING of revised bills and FILING of communication.**

CHAIR HOKAMA: Thank you very much. There's no further items before the Committee. Mr. Baz, any other comments you want to wish before we adjourn?

MR. BAZ: No, Mr. Chair. Just thank you and your Committee Staff and as well as all the Councilmembers for a productive day today. We appreciate the cooperative relationship.

CHAIR HOKAMA: Thank you. Mr. Almeida, anything you want to share before we conclude?

MR. ALMEIDA: Thank you, Chair. No, just again, echoing Director Baz's comments, thank you very much, we appreciate it, and we look forward to seeing these move forward.

CHAIR HOKAMA: Okay.

MR. ALMEIDA: Thank you.

CHAIR HOKAMA: Thank you very much. Members, with no further business before this body, we are adjourned. . . .*(gavel)*. . .

**ADJOURN:** 11:37 a.m.

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APPROVED:



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RIKI HOKAMA, Chair  
Budget and Finance Committee

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Transcribed by: Daniel Schoenbeck

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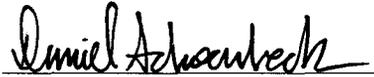
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CERTIFICATE

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

DATED the 27<sup>th</sup> day of August, 2016, in Kula, Hawaii



Daniel Schoenbeck