

**ECONOMIC DEVELOPMENT, ENERGY,
AGRICULTURE, AND RECREATION COMMITTEE**
Council of the County of Maui

M I N U T E S

Council Chamber

October 18, 2016

CONVENE: 1:42 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Don S. Guzman, Chair
Councilmember Elle Cochran, Vice-Chair
Councilmember Stacy Crivello
Councilmember Riki Hokama
Councilmember Mike White (arrived at 2:46 p.m.)

EXCUSED: Councilmember Don Couch
Councilmember Michael P. Victorino

STAFF: Sharon Brooks, Legislative Attorney
Pauline Martins, 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.: Jerrie Sheppard, Deputy Corporation Counsel, Department of the Corporation Counsel
Teena Rasmussen, Coordinator, Office of Economic Development, Office of the Mayor
Jaime Kane Paa, Project Specialist, Office of Economic Development, Office of the Mayor
Kaala Buenconsejo, Director, Department of Parks and Recreation
Brianna Savage, Deputy Director, Department of Parks and Recreation
Ashley DeCastro, Special Events Specialist, Office of the Director, Department of Parks and Recreation

OTHERS: Courtlandt Gates
Dee Hamby
Plus (2) other people

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PRESS: *Akaku Maui Community Television, Inc.*

CHAIR GUZMAN: . . . *(gavel)* . . . Good afternoon. I'm Don Guzman, Chair of the Economic Development, Energy, and Agricultural Committee. Before we begin I'd like to remind everyone to please put your cell phones on silence mode. Introduce our Members for today's meeting; our Vice-Chair of the Committee, Elle Cochran.

VICE-CHAIR COCHRAN: Aloha, good afternoon, Chair.

CHAIR GUZMAN: Good afternoon. Stacy Crivello.

COUNCILMEMBER CRIVELLO: Good afternoon, Chair.

CHAIR GUZMAN: Good afternoon. Riki Hokama.

COUNCILMEMBER HOKAMA: Chairman.

CHAIR GUZMAN: Good afternoon. Excused is Don Couch, as well as Mike Victorino, and joining us later will be Mike White. For our Staff, we have Legislative Attorney Sharon Brooks, as well as Pauline Martins. Before I begin I'd like to remind everyone that your testimony will be limited to today's agenda and if you would like to testify, please sign up in the lobby and when you come to the podium please announce your name and/or identify the organization in which you represent. I'm going to turn our attention to our District Offices to verify whether they are in communication. And, Hana Office, are you there?

MS. LONO: Good afternoon, Chair, this is Dawn Lono at the Hana Office.

CHAIR GUZMAN: And, Ms. Lono, is there anyone wishing to testify?

MS. LONO: There is no one waiting to testify.

CHAIR GUZMAN: Thank you. In Lanai Office?

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

CHAIR GUZMAN: Thank you, Ms. Fernandez. And Molokai Office?

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

CHAIR GUZMAN: Okay. Thank you very much. Back to the Chambers, is there anyone wishing to testify?

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MS. BROOKS: Yes, Chair. The first testifier will be Courtlandt Gates and followed by Dee Hamby.

. . . BEGIN PUBLIC TESTIMONY . . .

MR. GATES: Good afternoon, Councilmembers and Committee Members. My name is Courty Gates and I am here to testify on the topic of the Haiku Sugar East Subdivision, number EAR-67. My wife and I own lot two, in the middle the land that was purchased by the County which is comprised of lots one, three, four, and five. We are going to build a home and we will live there. We are going to put livestock on the land to remove non-native cane grass and to restore the soil. We are going to gradually restore native species. We have removed tons of garbage. We applaud your vision in the purchase of the land. But we caution you that the earth is littered with abandoned projects that were started with the best of intentions. Councilmember Baisa eloquently described the 9.5-million-dollar purchase price as a down payment. Now, the hard work begins. It's not rainbows and unicorns on the North Shore. We have seen breaching of security gates, squatting, dumping, hunting, theft, vandalism, and damage to the environment and cultural sites by motorcycles, ATVs, and trucks in the gulches. We are trying to work with the State Historic Preservation Department to prevent damage to sites we know to be on our property. We have fenced areas to stop damage to the environment. No trespassing signs don't seem to work. Parts of Konanui Gulch, which is contained by lots one and two, look like a Martian landscape due to damage by off-road vehicles and may not be able to be restored. Many of the cultural sites are bisected by motorcycle, ATV, and equestrian trails. There's a YouTube video called Maui Trenchers, shot in 2011, the first 1 minute and 15 seconds were shot on what is now our property. We fenced that area off about two years ago and it's gradually repairing itself. It's imperative that the County act quickly to make sure the area is safe for the public, including farmers and their property, and to preserve the cultural and environmental resources. With respect, I have two simple recommendations; communicate and enforce. Communication should include very clear media messaging and signage about where, when, and how the public will be allowed to access the land and what uses will be permitted. My wife and I feel very strongly that no vehicles, including motorcycles, and ATVs, should be allowed in the gulches so that the cultural sites can be protected and the land can heal. Enforcement should include replacing and locking when appropriate, the gates at Nahele Road on lot four and on lot one. Every gate in this area has been breached over the past year.

MS. BROOKS: Thirty seconds.

MR. GATES: I believe that a regular police presence is required, with multiple patrols at random times per day. I also believe the County should consider installing a caretaker

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at the south end of lot one. Mahalo for your time and for giving this remarkable land your thoughtful consideration and care.

CHAIR GUZMAN: Thank you. Is there any follow-up or questions that you'd like to pose to the testifier? Seeing none, thank you very much for your testimony.

MR. GATES: Thank you.

MS. BROOKS: The next testifier will be Dee Hamby.

MS. HAMBY: Aloha, Councilmembers and Chair. Where's your pink? It's October. Anyway, I am here on EAR-71. It kind of ties in what I'm asking for. We currently vend at Hookipa Park, at the upper parking lot and the Aloha Classic has hired us in the past to help with their feeding their employees and their judges, and their sponsors. And we're really popular, we're a popular vendor for Maui visitors and locals alike and we're asking this, and I'll bring this to Council on Friday as well, but I wanted to give kind of a heads-up and I sent an e-mail to, from, it's an e-mail that I sent to Chubby Vicens who worked on this for me before he retired and I've been in touch with Jason Koga and we'd like the Council to consider, this Committee to consider us to be maybe a mediator or monitor and have a permanent permit up at Hookipa not just for the Aloha event, it kind of ties in, but a State permit that would help us, you know, fend off the Lawful Hawaiian Government, which we've had to deal with in the past, and we do a lot of local activities with our food truck. And being up there secure with a permit would give us a lot of leeway. And like I said, I have support of possibly A&B, and 'cause they own some of the property up there and I'll present more maps on Council on Friday. But we're just asking for your support and to consider having a local vendor up there with a permit and not just be up there, and maybe have a task force to remove garbage and regulate people that don't have licenses and make it a free-for-all up there. So, we're asking Council for support for that, and not just for the Aloha event which we do every year, but anyway, thank you for your time.

CHAIR GUZMAN: Thank you. Members, do you have any follow-up questions, clarifications?

VICE-CHAIR COCHRAN: Chair?

CHAIR GUZMAN: Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you, and good afternoon. Thank you for being here. So, you're asking, you're a food truck vendor?

MS. HAMBY: Yes.

VICE-CHAIR COCHRAN: Is that, what, and your, is there a company name or is there --

MS. HAMBY: It's Bob's Dogs of Maui--

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VICE-CHAIR COCHRAN: Okay.

MS. HAMBY: --and I sent your staff an e-mail yesterday morning.

VICE-CHAIR COCHRAN: Okay. And so, and you're looking to, and you're permitted, you just stated, you're a permitted--

MS. HAMBY: We're permitted, yes.

VICE-CHAIR COCHRAN: --food truck. And you want to participate in this Aloha Classic Event? Is that...

MS. HAMBY: We have before as a vendor but we're down below. But we'd like to be up above and have the County's support, County Council support of letting us be there permanently.

VICE-CHAIR COCHRAN: I see. Okay. Alright, thank you.

MS. HAMBY: Which I'll bring to Council on Friday.

VICE-CHAIR COCHRAN: Okay. Thank you.

MS. HAMBY: You're welcome.

VICE-CHAIR COCHRAN: Thank you, Chair.

CHAIR GUZMAN: Thank you. Any other follow-up questions? Seeing none, thank you very much for your testimony.

MS. HAMBY: Just one question. Do, for Friday's Council meeting, is there a certain Committee or somebody I should forward it to or just follow the regular...

CHAIR GUZMAN: Well you could probably get that information from the Clerk's Office downstairs.

MS. HAMBY: Okay. Okay. Thank you.

CHAIR GUZMAN: Thank you.

MS. HAMBY: I appreciate it.

MS. BROOKS: There are no further testifiers in the Chamber.

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CHAIR GUZMAN: Thank you. Without objections, Members, I'd like to close public testimony.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR GUZMAN: Thank you. Public testimony is now closed.

. . . END OF PUBLIC TESTIMONY . . .

EAR-73 MOLOKAI ENTERPRISE ZONE (CC 16-234)

CHAIR GUZMAN: Members, turning to our first item on today's agenda, EAR-73. The Committee's in receipt of the following: County Communication 16-234, from Councilmember Stacy Crivello, relating to the Molokai Enterprise Zone. Correspondence dated October 12, 2016, from the Economic Development Director, transmitting a proposed resolution entitled Authorizing the Mayor to Submit an Application to Request the Governor of Hawaii to Designate the Island of Molokai as an Enterprise Zone for Twenty Years Due to Expiration of the Prior Enterprise Zone Designation, Pursuant to Section 3.80.030, of Maui County Code. The purpose of the proposed resolution is to authorize the Mayor to submit an application to the Governor to request an extension of the Molokai Enterprise Zone. The Committee may consider whether to recommend adoption of the proposed resolution, with or without revisions. And also the filing, or consider the filing of County Communication 16-234. As a background, Members, I'll read into the record, the Hawaii's Enterprise Zone Program was created by Act 78 in 1986 and codified in Chapter 209E of the Hawaii Revised Statutes, to increase business activity, job retention, and job creation in areas and industries where they are most needed and most appropriate via tax and other incentives. The program is run by the State Department of Business, Economic Development and Tourism as a collaboration between the State and the County, with each providing some incentives. Each County can select up to 6 areas which satisfies unemployment or income criteria for 20-year designations as Enterprise Zones by the Governor. Certain types of businesses within the Enterprise Zone may apply for participation, including manufacturing, wholesaling, distribution, agricultural production or process, and others. Chapter 3.80 of the Maui County Code, enacted in 1994, established the program in this County. In May, 1996, this Council approved the adoption of the Resolution Number 96-42, nominating the Island of Molokai for designation as an Enterprise Zone, pursuant to Chapter 209E of the HRS, and Chapter 6, Title 15, of Hawaii Administrative Rules, with a term of 20 years. The nomination was approved by the Governor, by the designation and will expire on December 31, 2016. Yesterday, the Committee received a copy of the proposed letter from the Mayor to the Governor requesting approval of the proposed designation for another 20 years. We have here today on the floor, Ms. Rasmussen, who is the

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Director of the Office of Economic Development and would like to explain at least the program as well as the proposals before you. Ms. Rasmussen?

. . . BEGIN PRESENTATION . . .

MS. RASMUSSEN: Thank you. Thank you very much. We've prepared a very short slide presentation for you. We know you have a big agenda today and I want to thank Councilwoman Crivello's Office for working with us to bring this before the Committee today. So just briefly the program purpose as was stated by the Chair, it's a State and County partnership. There are incentives that are built into both the State side and the County side. The County has to participate in those incentives in order to be a part of the program. The purpose is for job retention, job creation, and to stimulate certain kinds of business and industry development in economically distressed areas and this is according to U.S. Census data. Next, the State offers both excise tax and income tax incentives. The Counties nominate the zones for the Governor's approval to help market and provide the County incentives. Eligible businesses enroll and qualify annually by meeting the EZ program goals which are employment growth and/or revenue growth. And the zones last for 20 years and companies can enroll for 7 years and manufacturers and agriculture companies can apply for 3-year extensions after that. So, that's kind of what the process is. This is administered by DBEDT but the County Office of Economic Development is considered their partner in this and it is up to us to promote the program to our local companies. Eligible business activities, this is offered to companies that are the kinds of businesses you might want to attract so it's not something that we already have abundance of. So, for instance you're not going to see visitor related industries or hotels or restaurants and that kind of thing. You're going to see other kinds of sectors that are eligible for this and here's a long list of those kinds of industries that are, we're trying to attract with this and incentivize to locate in these areas. So, to the Molokai EZ zone, currently Maui County as a whole has about 60 companies enrolled in the EZ program and the revenue for those companies all total was about \$57 million in 2014 and that's the latest aggregate number that DBEDT has. The Molokai zone currently has one enrolled participant and that is the company called Kealopiko Inc. They are an apparel company that has done amazing this from their island. They have employed local seamstresses and they have developed their own designs. They have recently won the Hawaii Investment Ready competition. And they have been awarded that and they will receive investment funds into their company because they won that competition and they're going to be opening a retail store at Ward Village in Honolulu in November of 2016. So, I think this is a, one of the, a great success story. And they just recently, just this last year, entered the enterprise zone. But over the life of the Molokai zone there have been 6 companies that have participated, creating or maintaining 98 jobs and a total revenue of \$6 million. And the companies and their starting or last reporting dates are, these is the list: Akea Farms, Ke Kuaaina Hanauna Hou, Hawaiian Research Limited, Hikiola Cooperative, Molokai Sea Farms, and then the last entrant is Kealopiko. This last slide we have shows you the map of

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the enterprise zone so basically everything but the Kalaupapa region on Molokai falls within the enterprise zone. The rest of these are all of the island of Lanai, and then this shows you what our zones are for the rest of Maui. Molokai is the only island right now that has an expiration date of December 31. So, we are just strictly working on Molokai today. And that is my short presentation. So, if you have any questions.

. . . END OF PRESENTATION . . .

CHAIR GUZMAN: Thank you. We'll start off with Councilmember Stacy Crivello.

COUNCILMEMBER CRIVELLO: Thank you, Chair. I don't have any questions. But when you're ready for discussion and comments I'll do such. Thank you.

CHAIR GUZMAN: Okay. Members, opening up the floor to the other Members if you have any questions. Mr. Hokama?

COUNCILMEMBER HOKAMA: Maybe it's more for our colleague, was there discussion, or does the island have any interest in looking at Kalaupapa in an enterprise perspective?

CHAIR GUZMAN: Ms. Crivello?

COUNCILMEMBER CRIVELLO: There's...you're talking about enterprise in relations to the zone portion or are you talking about as an enterprise part of topside?

COUNCILMEMBER HOKAMA: As part of just an overall island approach. I can see Molokai having some potential benefits and depends how you structure it, since the church has recognized the Saints of Kalaupapa. Whether it be the Catholic Church or island business on the island itself regarding some economic development opportunities, I would just, I was wondering if this would be a tool that the island would like us to consider. And if they're not interested, you know, I can appreciate that. But I just was wondering if the island was thinking about some opportunities that they would like to see through the recognition of the saints.

COUNCILMEMBER CRIVELLO: In relations to Kalawao County, Kalaupapa, as well as the Molokai Community, there has been discussion. But our thought is always to go down into the community, the Kalaupapa community and have the dialogue or the conversation with the patients or the patients' counsel at this time. Some of the conversation that has been going on on Molokai is consideration for maybe we would be the gateway, topside would be the gateway. There's been all kinds of consideration for discussion. And then the national park has a plan that has been put forth before I guess all of Hawaii as well as more important with Kalaupapa residents and topside. So, nothing definitive right now, Mr. Hokama. There's a lot of conversation, there's lots of consideration but not until we get the go-ahead from the patients themselves.

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Then we would at that time as a community consider the conversation with the State Department of Health as well as the National Parks and the Department of Hawaiian Home Lands who are the overall landowners, yes.

CHAIR GUZMAN: Ms. Rasmussen?

MS. RASMUSSEN: Could I respond? Yeah. The one thing you have to keep in mind is that only these eligible business activities are what would be considered for an enterprise zone. And in looking at this list I don't believe that any of them would be appropriate for Kalaupapa because it would be more of a tourism based type of thing because of the visiting the saints and all the sites down there. And so, that would not qualify under the enterprise zone. These are heavily based on, you know, trying to attract, you know, new industries and new kinds of things but would not pertain to tourism, so.

COUNCILMEMBER HOKAMA: So a thing like telemedicine for those patients, residents still there in Kalaupapa, those kinds of activities...

MS. RASMUSSEN: They could certainly have telemedicine available to them but it wouldn't be appropriate to locate a telemedicine business there. And so, that's what we're talking about. We're talking about a business that actually provides telemedicine, not the access that it creates but the actual business itself, yeah.

COUNCILMEMBER HOKAMA: So, if someone came to this County and says we're willing to do what Police and Fire does as a third-party business for Kalaupapa, since Maui County now provides this service, is that an enterprise consideration?

MS. RASMUSSEN: Not according to this list, no. These industries that are on this list are in the code for the State of Hawaii. So, it has to be on this list.

COUNCILMEMBER HOKAMA: Okay. Thank you.

COUNCILMEMBER CRIVELLO: Chair, if...I just want...either...and we're designating it for Maui County, and Kalaupapa is a separate County --

MS. RASMUSSEN: That's correct.

COUNCILMEMBER CRIVELLO: --which is Kalawao.

MS. RASMUSSEN: That's correct.

COUNCILMEMBER CRIVELLO: And hopefully someday, somehow or other, Molokai topside will be able to emerge that, all depending on what the community would like to follow through with.

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MS. RASMUSSEN: Right.

COUNCILMEMBER HOKAMA: So an activity like harvesting axis deer down in Kalaupapa for a business located on topside, is that a...

MS. RASMUSSEN: It could be an activity that Kalaupapa would allow. But Kalaupapa would not have to be in the enterprise zone for that company that's located topside to be able to do that.

COUNCILMEMBER HOKAMA: Okay. Thank you, Chairman.

CHAIR GUZMAN: Thank you, Mr. Hokama. Any other questions? Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you, Chair. And let's see, so we're looking to reinstate I guess the zone because it's expiring at the end of this year and so there's other zones in this County --

MS. RASMUSSEN: Yes.

VICE-CHAIR COCHRAN: --that are expiring also?

MS. RASMUSSEN: But not this year.

VICE-CHAIR COCHRAN: Okay.

MS. RASMUSSEN: Yeah, we have, I believe we have two in three years left on our zones for Maui County, right.

VICE-CHAIR COCHRAN: Okay.

MS. RASMUSSEN: Yeah. And Lanai.

VICE-CHAIR COCHRAN: Okay. And so, and it looks like, current, so out of the 20 years of this being active there's been six companies involved just on Molokai itself? The six are...

MS. RASMUSSEN: Just yes, on Molokai, right.

VICE-CHAIR COCHRAN: On Molokai, 98 jobs were created and garnered around 6 mil --

MS. RASMUSSEN: Yeah.

VICE-CHAIR COCHRAN: --in revenue. And okay, 'cause I was looking, and then the other figure states as of 2014, 62 companies, that's collectively in Maui County as a whole?

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MS. RASMUSSEN: That's for the whole County, right.

VICE-CHAIR COCHRAN: Okay.

MS. RASMUSSEN: And that includes Molokai, Lanai, and Maui, Maui island.

VICE-CHAIR COCHRAN: Okay. And alright, yeah I just trying to figure out the, yeah what was created in the 20 years I guess.

MS. RASMUSSEN: Yeah.

VICE-CHAIR COCHRAN: So 2014, there's no figures for 2015 and '16?

MS. RASMUSSEN: Not yet. DBEDT hasn't, they're, a lot of the reports are still coming in because people have to close their fiscal year. So, they haven't aggregated 2015 yet.

VICE-CHAIR COCHRAN: Okay. Alright. Okay, very good.

CHAIR GUZMAN: Okay.

VICE-CHAIR COCHRAN: Thank you, Chair.

CHAIR GUZMAN: Thank you. Any other questions, Members? I have a few questions on the, for the incentive portion on the County side, in the resolution it indicates a three-year exemption from any increase in property tax. So, if the business is renting an area, does that go, does that benefit go to the owner of the land or to the business?

MS. RASMUSSEN: It's based on new construction. If you look at the...do we have the resolution? Let me just get the resolution in front of me here. So, the exemption is if they put new construction on the enterprise zone property. So, there would be no increase in property tax. So, if they were a renter then it, the landlord would, you know, the idea would be that their rent wouldn't go up because of property tax. You know typically landlords roll property tax into the, you know, the rent --

CHAIR GUZMAN: In to the rent, right.

MS. RASMUSSEN: --and so...

CHAIR GUZMAN: But there's no guarantee, right? So how do we assure that the benefits of the business is going to be obtained versus the landlord?

MS. RASMUSSEN: Well, regardless if it's being constructed there's not going to be property tax. I don't think that it's necessarily up to the County to get in the middle of the landlord-tenant thing. But certainly, the tenant is going to want, I mean they're going to know what their benefit is and they're going to take that to the landlord. And

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certainly, if the landlord's allowing construction to take place, more than likely they're having something to do with building it themselves, you know what I mean? Because normally tenants don't build something on rented land unless the landlord's heavily involved in that, so yeah.

CHAIR GUZMAN: Well, you know, my concern is whether you know being a part of the enterprise zone that in fact the business attains the benefit or is given the benefit as opposed to the landowner.

MS. RASMUSSEN: Yeah, I think that it would be, I think that's inherent in kind of how the deal would be structured. Also, this is the same incentive that's offered on the island of Oahu, and also on the Big Island. So, we're kind of bringing ours in line with the rest of the State and it, I think it makes sense because you're, first of all, they're required to have new construction take place or there are no incentives. So, it's not a very big risk on the part of the County.

CHAIR GUZMAN: Okay. So, other than the I guess no further increase in property tax, that's the exemption?

MS. RASMUSSEN: Yeah, three.

CHAIR GUZMAN: Aside from that --

MS. RASMUSSEN: For three years.

CHAIR GUZMAN: --and there's nothing else on the...

MS. RASMUSSEN: There's no other County incentive but the State incentives are much greater actually. The State offers, for instance a company that is wholesaling, so like Kealopiko, everything they sell at wholesale for that half a percent of GET tax, they can file a rebate for all of that tax and that can be substantial. Not the retail portion of GET but the wholesale portion and then there also are income tax incentives. So, if they are making a profit and they are paying income tax they can also file for a tax credit to get that back. But they have to be paying, you know, they have to have made a profit, you know, in order to pay. So, the State actually gives quite a good incentive package, so.

CHAIR GUZMAN: And then I guess as a follow-up, how do they I guess not enforce, but what is the vehicle that is used to implement the three-year exemption from the increase of taxes? Is that, it's got to be via ordinance yeah?

MS. RASMUSSEN: It would...

CHAIR GUZMAN: It cannot just be via an agreement between the Mayor and the State.

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MS. RASMUSSEN: That would be, so this would be part, this resolution would become part of you know ordinance I assume right, within the County? So, then the property, you know, Property Tax Department would have to implement some kind of application for it because they would have to know that you're filing for that exemption based on the enterprise zone. So, that's what we would recommend. If this passes you know, then that's what we would recommend that they set up just some kind of application for them.

CHAIR GUZMAN: Any thoughts, Members? Ms. Crivello?

COUNCILMEMBER CRIVELLO: I don't think anybody who has this designation stands at a loss. It's only to, it's an incentive for creation --

MS. RASMUSSEN: Yeah.

COUNCILMEMBER CRIVELLO: --of new type of diversifying, the type of economic engines that you would want to have in your community as well as receiving this designation cannot, won't hurt you know.

MS. RASMUSSEN: Yeah, absolutely.

COUNCILMEMBER CRIVELLO: It would be a plus. And I have a question with regards to call centers. It says here certain types of call centers. I wasn't sure what the certain types are.

MS. RASMUSSEN: You know that's a good question. I will have to ask DBEDT. They have...I have a further, a little bit further explanation that, so let me read this that's in our pamphlet that we give out. Certain types of call centers such as bill collection, technical support for computer hardware and software manufacturers, disease management services, so that would get to telemedicine type of things, product fulfillment services, and disaster management services. So, that's pretty broad, that's pretty broad. That's what they have in this pamphlet that we give out for the program.

COUNCILMEMBER CRIVELLO: Yeah, interesting but this is all listed or part of the HRS that the State --

MS. RASMUSSEN: Yes.

COUNCILMEMBER CRIVELLO: --created.

MS. RASMUSSEN: Yes.

COUNCILMEMBER CRIVELLO: Okay. Okay. Thank you.

CHAIR GUZMAN: Any further questions? Okay.

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COUNCILMEMBER CRIVELLO: Chair?

CHAIR GUZMAN: Ms. Cochran?

COUNCILMEMBER CRIVELLO: So looking at this handout under the Mayor's memo, on Exhibit B and it has the list of Honolulu County enterprise zone's program and it breaks down all the areas here on Maui in particular, so all the white highlighted, not the yellow, but they all say false. So, these areas on our island is not eligible for the EZ zone, EZs. What does that mean? Were they not, they didn't choose to want to be or no one's ever nominated them? Or I don't, how are those not...Kapalua is there, Paia, Kula.

MS. RASMUSSEN: It could be that they have no...well this is just a Census tract. Yeah so I don't know what a false means. I don't know. This is just a Census tract report that just shows you, you know, how many unemployed in a region and so forth. So yeah, that's a good question. I have no idea what that false means.

VICE-CHAIR COCHRAN: So I guess perhaps it doesn't fall in to a certain category for them to qualify of sorts to be in an enterprise zone?

MS. RASMUSSEN: I don't think it means that they're precluded.

VICE-CHAIR COCHRAN: Oh.

MS. RASMUSSEN: I think it's just something how the Census tract was, how this particular data point. Sometimes when there's a very, very small sample to take it from, you know, they won't report it because it's too easy to pick out a certain, you know, set of companies or whatever. But I don't think that's what they're saying here. They're just...I have no idea what that, why that is coming up false.

VICE-CHAIR COCHRAN: Alright, 'cause...

MS. RASMUSSEN: But that's a good question. I'll ask DBEDT that question.

VICE-CHAIR COCHRAN: Yeah, if we can just, yeah I'm just curious.

MS. RASMUSSEN: I don't think it, yeah I don't think this has anything to do with necessarily what we're talking about today.

VICE-CHAIR COCHRAN: Oh, okay. Alright well, it was, I figured that's why it was there but...

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MS. RASMUSSEN: No, no I mean, I think it's just informational for you. But I think that I'll ask DBEDT because these are all the, a lot of the other areas of Maui and today we're just talking about Molokai.

VICE-CHAIR COCHRAN: Right, right, right. But, okay. I just...

CHAIR GUZMAN: We'll try to get that information for you so that...

VICE-CHAIR COCHRAN: I mean I think it's helpful to see not just what Molokai's going through but these other areas will be facing this too to be renewed or what have you and seeing how do people get on board or, you know, educated that this exists to take advantage of.

MS. RASMUSSEN: We do know that coming down the pike Maui is going to lose a big chunk of our enterprise zone on Maui island because our Census tracts no longer put us in that disadvantaged, you know, category. This one, this false that's showing up for Molokai is for Kalawao County which is not --

COUNCILMEMBER CRIVELLO: Kalawao.

MS. RASMUSSEN: --even part, yeah, it's not even part of the...

VICE-CHAIR COCHRAN: Kalaupapa.

MS. RASMUSSEN: Yeah.

COUNCILMEMBER CRIVELLO: So, just so that we know that census tracts are basically determined by the Federal side of it.

MS. RASMUSSEN: Every 10 years so the new one...

COUNCILMEMBER CRIVELLO: Yes. So when they made the Census, right, and then they determine the economic median kind of figures or population economics and that's how they determine if you're in that census tract or not. Yeah.

MS. RASMUSSEN: And the thing that we have to realize here is we are working, right now Molokai is working off the 1990 Census because we think if it came in 1996 right so we're working off the 1990 Census. So now we've taken the 2010 Census which is what we're going to be under for our Maui renewals.

COUNCILMEMBER CRIVELLO: Right.

MS. RASMUSSEN: And that's going to be a really different picture.

COUNCILMEMBER CRIVELLO: Right.

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MS. RASMUSSEN: Yeah.

CHAIR GUZMAN: Ms. Cochran?

VICE-CHAIR COCHRAN: Chair, maybe I missed it but, so under the process it says State provides excise income tax incentives and then under counties we nominate the zones for Governor's approval and we help market and provide County incentives. So what, and maybe I missed it, sorry and what are those County provided incentives?

MS. RASMUSSEN: That's what we were discussing, the exemption from real property tax increase for three-years for new construction. That's what we're proposing as our County --

VICE-CHAIR COCHRAN: Okay.

MS. RASMUSSEN: --incentive. And as far as the marketing goes, that's what we're, our office is charged with helping market the program to our businesses within the County.

VICE-CHAIR COCHRAN: Okay. So, in the past 20 years we have not done any County incentives? 'Cause you're saying only now you're proposing this three-year...

MS. RASMUSSEN: No, no, we have, the last 20 years we had something unfortunately that the departments didn't even know about. So, they don't really have much of a mechanism. A waiver of business permit fees and we had priority consideration would be given to EZ companies when processing business permits, granting zoning waivers, and when allocating Federal monies controlled by the County, including Community Developed [sic] Block Grants and Workforce Investment Act funds. This second set of incentives is extremely problematic and when we talked to Public Works about it, it's like what does it mean to give priority, you know? Does it mean that it goes from the bottom of the pile to the top? I mean there's no process right now. So, and also when allocating Federal monies controlled by the County, that also gets very problematic because the develop, the Community Block Grants has their own set of rules and also Workforce Investment Act has its own set of rules. And so, for us to say they have priorities to those Federal funds, I don't even know how they say that because I don't think that would follow.

COUNCILMEMBER CRIVELLO: Is it the County or the State that is saying that? Or is that...

MS. RASMUSSEN: This is our County incentives under the previous --

COUNCILMEMBER CRIVELLO: Okay.

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MS. RASMUSSEN: --20 years. Right. So, we're trying to clean that up and make it much more, much simpler and much more real of an incentive I think.

VICE-CHAIR COCHRAN: Okay.

CHAIR GUZMAN: So basically this is the first time that we're using a three-year no increase in taxes on the property taxes. That's my understanding.

MS. RASMUSSEN: That is correct.

CHAIR GUZMAN: So, I would assume we would do this through ordinance, wouldn't we at some point? Yeah.

VICE-CHAIR COCHRAN: So then what you're just explaining is currently in, is active until it, this 20-year span expires in December and now you just want to propose that one incentive, the three year...

MS. RASMUSSEN: That's correct.

VICE-CHAIR COCHRAN: Okay. Okay.

MS. RASMUSSEN: And get all of this --

VICE-CHAIR COCHRAN: Yeah.

MS. RASMUSSEN: --stuff that's not very...

VICE-CHAIR COCHRAN: Not carry, right, and not carry that over.

MS. RASMUSSEN: Yeah, that's right.

CHAIR GUZMAN: Ms. Crivello?

COUNCILMEMBER CRIVELLO: So, Chair, I guess if we could have your Staff work with Teena here to how we're going to clean it up and hopefully that can be, once we approve this designation 'cause we have a deadline --

MS. RASMUSSEN: Yes.

COUNCILMEMBER CRIVELLO: --to meet --

CHAIR GUZMAN: Yes.

COUNCILMEMBER CRIVELLO: --with the Department of, the DBEDT and the sooner we approve it then we can get the necessary so-called approved designation. However, I

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think it's important that we follow up on cleaning up because who determines what exemption you have from the County itself? And it shouldn't be the State, it should be determined by the County.

MS. RASMUSSEN: Once they're accepted into the Enterprise Zone Program then they would be eligible for both the State incentives and the County. So, what I would recommend...now DBEDT cannot act without this resolution.

COUNCILMEMBER CRIVELLO: Right.

MS. RASMUSSEN: But we have to get this resolution to them because they have a process after we act --

COUNCILMEMBER CRIVELLO: Right.

MS. RASMUSSEN: --they have a process with their Governor, I mean with the Governor and what they have to do. If we let this expire then they, it's very bad for the companies that are involved. So, it would put them under a whole...I don't want to go into it now but it's a bad process if we let it expire.

COUNCILMEMBER CRIVELLO: If I may add, Chair? I think it also is a bad thing for the County --

MS. RASMUSSEN: Oh yeah.

COUNCILMEMBER CRIVELLO: --as far as for economic --

MS. RASMUSSEN: Oh yeah.

COUNCILMEMBER CRIVELLO: --inoculation for depressed communities or any community that may qualify for this EZ designation. So, I would encourage that we process the approval and work on the other exemption when it comes to the County in itself as to what we can say yea or nay.

MS. RASMUSSEN: Yes, because once we get our re-designation for 20 years then we can come back and say okay now what does the Property Tax Department have to put in place. You know we're going to need an application.

COUNCILMEMBER CRIVELLO: Right.

MS. RASMUSSEN: They're going to need certification from DBEDT that the company is eligible. And then maybe it's an ordinance that you just say that all eligible enterprise zone companies have access to this, you know, to this particular incentive. I mean, I thought that's what the resolution does. But maybe that's not the case and so we can definitely come back and clean that up. Right now, Kealopiko has no, we have not

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been told they have any plans to construct anything right now. But, you know, we could start immediately as soon as we get our re-designation.

COUNCILMEMBER CRIVELLO: Right.

MS. RASMUSSEN: And then we would have a nice clean program ready for Molokai for the next 20 years. And then as we bring Maui County's forward then we'll have a basis to do that.

COUNCILMEMBER CRIVELLO: With the other designated areas on Maui.

MS. RASMUSSEN: Yeah, with the other, right.

COUNCILMEMBER CRIVELLO: Right.

MS. RASMUSSEN: And hopefully we'll make it broad enough that we can offer it to all the rest of the zones so we don't have to go back and do another ordinance.

COUNCILMEMBER CRIVELLO: Yeah.

CHAIR GUZMAN: Yeah so, I think from my understanding it's the resolution, what is before us right now is just authorizing the Mayor to then put in an application for inclusion --

MS. RASMUSSEN: The re-designation.

CHAIR GUZMAN: --of the re-designation. Let me ask you this, at some point could we change the incentive if ever, okay, after the Mayor has submitted his application and we've, the app, you know, has been accepted as part of the enterprise zone, could we at some point change the incentive?

MS. RASMUSSEN: Yes, it's my understanding that County can change its incentive any time they want, yeah.

CHAIR GUZMAN: Okay, okay.

MS. RASMUSSEN: The problem is I don't think you could take away, if a company was actually in the process of another incentive that you offered I don't think you can take that away midstream.

CHAIR GUZMAN: No, I was --

MS. RASMUSSEN: Yeah.

CHAIR GUZMAN: --just saying that if it is in fact better for the --

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MS. RASMUSSEN: Right, yeah.

CHAIR GUZMAN: --business to find a different incentive --

MS. RASMUSSEN: Yeah.

CHAIR GUZMAN: --then could we have that option --

MS. RASMUSSEN: Yeah.

CHAIR GUZMAN: --to change it for the benefit of the business?

MS. RASMUSSEN: Yeah. And we could, you know, potentially come up with other possibilities to even add to this, you know, so that it's not just based on construction. Maybe it's based on, you know, some kind of, you know, activity that we could help them, you know, yeah.

CHAIR GUZMAN: Okay. Okay. Very good. So, Members, if you have any other questions I'm going to go ahead and entertain a motion...

VICE-CHAIR COCHRAN: Chair, sorry. Chair, real quick.

CHAIR GUZMAN: Oh, I'm sorry, Ms. Cochran?

VICE-CHAIR COCHRAN: Yeah, thank you real quickly. So you mentioned that Kealopiko is opening up a showroom at Ward Center which is on Oahu, another island. So, I don't know, does it have any bearing that now the company has ventured into another district or zone?

MS. RASMUSSEN: It's based on where their headquarters is and I think their intention is to keep their headquarters on Molokai.

COUNCILMEMBER CRIVELLO: And may I add, Ms. Cochran, they do the manufacturing and creation and the employees are on Molokai.

CHAIR GUZMAN: Nice. Very good.

COUNCILMEMBER CRIVELLO: So that would be like their retail outlet I guess on Oahu. Yeah.

CHAIR GUZMAN: Okay. Very good, so...

VICE-CHAIR COCHRAN: Great. Nice to see them branching out, yeah.

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CHAIR GUZMAN: Moving on to the next item on today's agenda. Thank you very much, Ms. Rasmussen. And we will be calling on the Department of Parks and Recreation. This is EAR-71, the Committee is in receipt of the following: County Communication 16-232, from the Director of Parks and Recreation, transmitting a proposed resolution relating to the issuance of the use permit exceeding five consecutive days for the 2016 Aloha Classic Windsurfing Tournament. Correspondence dated October 11, 2016, from the Department of the Corporation Counsel, transmitting a revised proposed resolution entitled Authorizing the Issuance of the Permits for Durations Greater Than Five Consecutive Days for the 2016 Aloha Classic Windsurfing Tournaments, Pursuant to Section 13.04A.100, Maui County Code. The proposed resolution is to authorize the issuance of the use permit. The Committee may consider whether to recommend adoption of the proposed resolution with or without revisions as well as consider the filing the County Communication 16-232 and other related matters. We have here as a background let me read this into the record, as most of us know, the Aloha Classic is a yearly windsurfing competition at Hookipa Beach Park, on the North Shore of Maui. And it is recognized worldwide as part of this Professional Windsurf World Cup tour of the American Windsurfing Tour. The proposed resolution before us would approve a use permit for the Aloha Classic for an event window of 14 days, from October 31, 2016 through November 13, 2016. Pursuant to Section 13.014A.100, the Maui County Code requires the Council to approve by resolution any permit for activities at the County park or recreational facility that has more than 5 consecutive days. We have the Brienne Savage here as part of our resource or from the, representing the Parks Department. If you'd like to say any opening comments or opening statements?

MS. SAVAGE: Thank you, Chair. Good afternoon, Councilmembers. No additional comments. I think the summary really provides again the basis of a permitted event that's over five consecutive days so we're here requesting permission to permit out the event. Thank you.

CHAIR GUZMAN: Members, do you have any follow-up questions? Ms. Cochran?

VICE-CHAIR COCHRAN: No, Chair.

CHAIR GUZMAN: Okay. No questions? Seeing none, do you have any questions, Mr. Hokama?

COUNCILMEMBER HOKAMA: When did the application come in, Chairman?

CHAIR GUZMAN: Ms. Savage, when did the application come in?

COUNCILMEMBER HOKAMA: Don't they give you like six months advance notice of the event? I mean this is a yearly annual thing and yet I'm sitting here on October 18th and this is supposed to take place on October 31st?

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CHAIR GUZMAN: Ms. Savage?

MS. SAVAGE: Thank you, Chair. That is one of the things we're trying to address in the administrative rules that we'll be able to follow up on a little bit later today. We're trying to encourage all of those events to give us information at least six months prior so that we can get them through the process, get all the required information and then have them here, you know, with at least a couple months advance notice. So yes, this one's definitely cutting it about as close as it possibly could.

COUNCILMEMBER HOKAMA: What is the revenue generation for the County and your Department from this event?

CHAIR GUZMAN: Ms. Savage?

MS. SAVAGE: Thank you, Chair. So, the permitted fees for this specific event is about \$2,200 and I know, I don't have these reports with me but this event receives a grant through the County so they do provide a separate economic kind of revenue development report for the North Shore businesses to show the impact that the event brings in to the local business area.

COUNCILMEMBER HOKAMA: So, are we waiving fees since...I mean what kind of grant does the County give them?

CHAIR GUZMAN: Ms. Savage?

MS. SAVAGE: Thank you, Chair. So, this event when it was initially brought back to the North Shore I want to say five or six years ago was part of an economic development initiative to bring back some of the professional water sports events that had gone away from a lot of the different areas. So, at that point in time the Office of Economic Development participated in providing grant assistance in order to create the event. And that was in I believe 2011. So, the total economic impact for the event as of last year was about \$1.5 million. And we issue a regular special event permit to this event.

COUNCILMEMBER HOKAMA: Which means, what does that mean, a special events permit? They pay us nothing?

MS. SAVAGE: No, they, we collect \$2,200 in permit fees for this event.

COUNCILMEMBER HOKAMA: And they make over \$1½ million?

MS. SAVAGE: The 1½ million is the economic impact for the North Shore business areas for what the event brings in to the area.

COUNCILMEMBER HOKAMA: Okay. Well, they're telling me they're a professional association means they pay their people to surf. I see this as a for-profit event and I

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expect the County to make revenue. So, that's my position. And again, I appreciate you working on it 'cause I don't like this it's going to happen next week type of situation for Council. Thank you, Chairman.

CHAIR GUZMAN: Thank you, Mr. Hokama. Is there any comments that the Department would like to respond in regards to future events that could possibly be a profit making, revenue generating source for the County?

MS. SAVAGE: Yeah, thank you, Chair. I think as we move through kind of the administrative rules and get in to the contracts and concession discussion hopefully in the upcoming months then that's where there'll be more opportunities to look at creating events specifically for the purpose of being able to generate revenue for the Department in ways to where it can help pay for some of the services and programs we provide.

CHAIR GUZMAN: Okay.

MS. SAVAGE: Thank you.

CHAIR GUZMAN: Thank you. Any further questions from the Members? Seeing none, I believe, yeah the timetable is very short here. At this point the Chair is going to defer this matter and then request a discharge at this Friday's Council meeting to be voted on. I just don't see it happening any other way in order to meet this deadline here that we have. So, at this time, Members, I'd like to defer this matter.

COUNCILMEMBER CRIVELLO: No objections.

CHAIR GUZMAN: Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, before you defer I will just ask the Department, was the applicant aware of the timing of their submittal to the approval and the date of the event?

CHAIR GUZMAN: Ms. Savage?

MS. SAVAGE: Thank you, Chair. There was communication back and forth from the Department with the applicant about the timeframes. I think some of it is because there was some adjustments to what the Code revisions were for July 1st and there might have been some confusion included in that as far as the timing of information being submitted.

COUNCILMEMBER HOKAMA: Okay. Thank you very much.

CHAIR GUZMAN: Actually, I'd like to follow up on Mr. Hokama's line. In your administrative rules, have you contemplated a deadline for certain, like if it's over five consecutive

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days type events, a certain deadline in which they have to submit the application and if they pass that deadline then increase in fees can occur? Because now you're placing a lot more burden on the Council, the Department to review this, vet this through, and pass it out. Has that been thought about?

MS. SAVAGE: Yeah, thank you, Chair. There isn't a trigger at this point for additional fees but we did add into the administrative rules a six-month deadline for the information to be submitted to the Department to allow for us to have sufficient processing time.

CHAIR GUZMAN: I think it would, you know, I think it would get the support of the Council if you added additional fees like a, you know, I wouldn't call it a penalty but when you're, you know, private businesses, when you're asking them to expedite certain services they add on additional cost to the fees. So, in a way this private entity is asking us to expedite it and review it in a much faster process and I think they should, you know, if they're a business they should understand that certain fees have to increase if they want it done more expeditiously. So anyways, Members, that being said, if there's any more questions I'm going to defer this mater.

COUNCILMEMBERS VOICED NO OBJECTIONS

ACTION: DEFER.

CHAIR GUZMAN: Thank you. Okay. Okay. Let's go to the next item.

COUNCILMEMBER CRIVELLO: Chair?

CHAIR GUZMAN: Yes, oh let's take a break. Let's take a ten-minute break because we are at bare quorum. Okay. And at the call of the Chair. Thank you. . . . *(gavel)* . . .

RECESS: 2:39 p.m.

RECONVENE: 2:46 p.m.

CHAIR GUZMAN: . . . *(gavel)* . . . Okay. The EAR Committee shall now reconvene. I would like to welcome our Chair of the Council, Mike White, to the Committee.

COUNCILMEMBER WHITE: Aloha, Chair.

CHAIR GUZMAN: Good afternoon.

**EAR-72 DEPARTMENT OF PARKS AND RECREATION ADMINISTRATIVE RULES
UPDATE (CC 16-233)**

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CHAIR GUZMAN: Moving on to the third item on today's agenda, ER-72. This is the Department of Parks and Recreation Administrative Rules Update. The Committee is in receipt of County Communication 16-233, from myself, transmitting a matter relating to an update of the Administrative Rules of the Department of Parks and Recreation. The Committee may discuss the matter. The Committee may also consider the filing of County Communication 16-233 and other related actions. As a brief background, the Committee has received a copy of the Department's proposed update to its administrative rules, it is online for your review and the Deputy Director of the Department of Parks and Recreation and the Special Events Specialist, Ashley DeCastro, is here as well to give us a short overview of the updates. Additionally, the Department will be holding public hearings and updates on Tuesday, November 22, 2016 at 6:00 p.m. at the Velma McWayne Community Center located in Wailuku. So, I will turn the floor over to Ms. Brianne Savage as you I guess brief us on the updates of the administrative rules.

MS. SAVAGE: Okay. Thank you, Chair. First I'd like to start off by just thanking Chair and Councilmembers for the support to do the Code changes and then that's allowed us to move into the administrative rules process. As we were going through the Code revisions we had talked at that point in time about coming back to give an update on the administrative rules when we got to that point and so we are now there. As all of you know, July 1 of 2016 was when the Code revisions went in to affect, the changes we've made to 13.04A. We have our Department Permits and Enforcement section reorganization that's in its final stages of being processed through Department of Personnel Services. And then we have our administrative rules for the permits process that have finally been drafted and we were able to post those online on the County website on Friday, they'll be in *The Maui News* tomorrow, and also on Sunday. And we'll look at having our public hearing for the administrative rules on November 22 at 6:00 p.m. So, in addition to the public hearing process, a lot of the information that we have in the administrative rules have come out of the last about two-and-a-half years of meetings with different permitted users, permit holders, league organizers, event organizers, as well as Department staff and other people that interface with the permitting process to try to identify what's going to be some of the best ways to simplify and streamline the process. In addition to the public hearing, we wanted to be able to have the opportunity to have a little bit more in-depth discussion. So, we've had a series of DPR permitting education sessions in each of the districts. Our last one is this upcoming Thursday at the Kihei Community Center at 6:00 p.m. And this allowed for us to meet again in each of the districts with people in those communities that are utilizing the permitting process or are interested in learning more about it. We went over the highlights of what took place with Code revisions that were effective July 1st. We went over what we're proposing in administrative rules, and then just tried to identify if there was any other either topics that needed to be included in the process or just to make sure that what we had drafted really was going to address some of the concerns and issues in each of the different jurisdictions. So, with that I'm going to introduce Ashley DeCastro, who's our Special Events Specialist. She's done a significant amount of work, both in helping draft the rules, create the rules, as

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well as just doing a lot of the training and operations of our Permitting Offices as we've been moving forward. So, we'll let Ashley run through some of the highlights of the administrative rules.

. . . BEGIN PRESENTATION . . .

MS. DeCASTRO: Okay. Thank you, Deputy. Good afternoon, Chair, and Councilmembers. So, our administrative Rules Relating to the Administration of Parks and Recreational Facilities and Permits for the use of Parks and Recreational Facilities is broken up in to four subchapters. So, in the first subchapter, it includes title, purpose, construction and severability, and we added some additional definitions in conjunction with ones that we pulled from the Maui County Code. Then we added some information for Director's authority, appeals, and we also included a listing of the hours of operations for each of our facilities. In the second subchapter titled Rules, we broke it up into multiple categories so that way it's hopefully user friendly for the public. If they're concerned with a specific rule then they, you can easily navigate it. Some things I wanted to point out on this particular slide is we have had in the past some issues with trying to enforce things like commercial activity or unattended and abandoned personal property. So, we went into detail on those items. So, the third subchapter is General Permit Requirements. These are requirements that we ask for from applicants for pretty much any type of permit. Some of the questions that we were having in terms of how we determine which applicants get priority in terms of scheduling. That has come up a lot in a lot of our conversations we've had with the public so we wanted to make it clear, like our priority listing clear. So, that's included into the administrative rules. Other things that we included is the idea of Department-sponsored events and partnership leagues. We wanted to increase I guess our working relationship with these applicants or these organizations. So, what we're doing is we're establishing lists for Department-sponsored events and partnership leagues that they'll have to meet certain requirements in order to continue to get priority scheduling. So, for example, the Department-sponsored annual events would need to be successfully conducted for a minimum of two years, the event has to fit our mission, and they have to conform with, we're going to actually develop an agreement that they need to sign and conform with. And it's going to be very similar with the partnership league so these are going to be leagues that are primarily youth, senior, ADA. So, it'll include organizations such as Little League, Special Olympics, and again they support the mission of our Department and they will have to conform with our partnership league agreement on an annual basis.

COUNCILMEMBER HOKAMA: Chairman, if I may ask Ms. DeCastro, what portion of subchapter 1 are you referring to with your comments at this time, or are you in a different area? I'm just trying to follow the document with your comments please.

MS. DeCASTRO: Thanks, Chair. So we're actually, sorry we're in subchapter 3.

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COUNCILMEMBER HOKAMA: Okay. Okay. Not a problem. Thank you for keeping us informed.

MS. DeCASTRO: Okay.

COUNCILMEMBER HOKAMA: Chairman, may I ask Ms. DeCastro a question at this time?

CHAIR GUZMAN: Yes, yes, you may.

COUNCILMEMBER HOKAMA: I like what you're sharing with us. One of the things that I would like us to have some clarity for community to understand, because on Lanai it's an issue, I look at County Parks and Rec facilities as community priority one. State Department of Education has facilities. Okay. They have their gyms; they have their other ball fields and what not. I expect them to use their facilities for school needs first, and then look at the County as the entity that could help support or schedule around community needs to assist the school. But I have a hard time when the community always has to wait around the school for County facilities when the State has their own facilities. So, I would like it clear in our rules or wherever it needs to be, that County facilities is community based first. Because there seems to be a misunderstanding by the State that our County facilities is under their jurisdiction and their things come before our needs. I have a problem with that. Is that something we can address in this area or would you recommend us, or I approach this in a different manner?

CHAIR GUZMAN: Department?

MS. DeCASTRO: Thank you, Councilmember Hokama. So, it is definitely something we can look into and review to determine what how best to address that. It's not something necessarily that I could speak to on how we're going to add it in at the moment. But we'll definitely look into it.

COUNCILMEMBER HOKAMA: During school hours I can see a coordinated approach to our facilities. But when, you know, it's after school, I don't know why they cannot use their own gym. They pay their coaches. They have paid employees. So, I don't know why the County gym gets impacted on Lanai first before they even, I mean and the school gym is not utilized. I have a problem with that because then our community requests to the Department, they put in a hard position because we don't go to the State and ask for State facilities. You know their idea of that it's the State and nobody else can use it but the State. That's fine with me if they want to do it that way. But County is about our community, not about the DOE. So, I need to find a way so that we have standing and we can defend our actions because I'm tired of always putting the community second for County facilities.

CHAIR GUZMAN: Mr. Buenconsejo?

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MR. BUENCONSEJO: Chair, thank you, Chair. Mr. Hokama, just make note as well not just with our DOE system but with our public, sorry private schools as well to make note of that, that, you know, it's not just our DOE schools that kind of take over some of our County gyms. We do have certain scheduling conflicts with our private schools who don't have the facilities and again making note that our County programs are always first priority. Thank you.

COUNCILMEMBER HOKAMA: Thank you, Chair. Again, you know, it's a specific Lanai issue. The Department has tried to work their best. I can vouch for the Department's efforts to work with the community. But we always seem to be conflicted out with DOE activities at our facilities, Chairman. And that's what irks me because the State facility is sitting there empty and not being utilized. Thank you so much.

CHAIR GUZMAN: Thank you. You may proceed.

MS. DeCASTRO: Okay. Thank you. So also, what we added into the administrative rules are a lot of different types of tables, hopefully to make it easier again for the public to understand. So, this is an example of one of the tables that we've added in which would be the application periods and it's arranged depending on the classification of the permit that they're getting. Okay. So, we included information on the duration of use. So, any event that's conducted in a park or recreational facility for more than five consecutive days shall be required to obtain Council approval. Also, so this is where we tried to address events that are turning in paperwork really late, especially if we need to have that Council approval. So, we're requesting a minimum of six months to be able to get all of that processed in time. And this requirement does not include leagues, lease agreements, and contracts. So, another, this is an example of another table that we included in the administrative rules and this would be the fee and deposit due dates. So, another issue that we come across in dealing with applicants is not necessarily getting payment in a timely manner. So, we're trying to set parameters so that we can make sure again that we're processing these permits in a timely fashion. So...

COUNCILMEMBER HOKAMA: Ms. DeCastro, are you telling us you're having issues collecting money from organizers or events already held in the past and that there are still balances due this County? Is that an issue right now?

CHAIR GUZMAN: Department?

MS. DeCASTRO: Thank you, Chair. I'm actually referring more to events that haven't happened --

COUNCILMEMBER HOKAMA: Okay. Okay.

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MS. DeCASTRO: --but similar to with the Aloha Classic, we kind of came down to the wire, you know, not necessarily with the payment, but that is one issue that we face. So, we're just trying to address that in these rules.

COUNCILMEMBER HOKAMA: Okay. No, no, I think you're doing a, this is a good proposal. I like what you're asking us to consider or I should say the community because this is going to be an administrative rule process. So, we're asking the community to support.

MS. DeCASTRO: Thank you.

COUNCILMEMBER HOKAMA: You're allowed to initiate fines in administrative rules? Corporation Counsel, is fines a legal option or penalty for violation of rules?

MS. SHEPPARD: Okay. Basically, the fines and penalties are restricted to criminal activity and that comes from the County Code. There was not a fine or penalty section in the County Code that applied to miss, I guess misapplication or late application of any kind of permit request.

COUNCILMEMBER HOKAMA: Nonpayment of monies due to County?

MS. SHEPPARD: No, they basically just get precluded from being considered for a permit for the same nonpaying applicant for one year. They basically get a disqualification. But they don't get a financial penalty. If they fail to turn in their keys, the penalty is in the form of withholding their deposits. So, we do withhold deposits if they fail to comply with permit rules.

COUNCILMEMBER HOKAMA: Okay. So, we would need to do something in the Maui County Code under an ordinance?

MS. SHEPPARD: Yeah, I think if we wanted to put in especially some kind of penalty, financial penalty, we would need that in the Code as an ordinance and we'd probably also have to have it in the Budget for naming the value of what that financial penalty would be.

COUNCILMEMBER HOKAMA: But not through a rule?

MS. SHEPPARD: I don't think through a rule is very proper.

COUNCILMEMBER HOKAMA: Okay. No, no, no I was just asking. Thank you so much.

MS. SHEPPARD: Yeah.

COUNCILMEMBER HOKAMA: Thank you, Chairman.

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MS. DeCASTRO: Okay. So, we're moving on to subchapter 4, this is the Specific Permit Requirements. So, in addition to listing the general permit requirements which are standard for all of the permit classifications, we also created sections for each type of permit. So, that includes government permits, camping permits, community class permits, general use permits, and special events permits. So, with the government permit it's a four-step process. It's pretty basic. They just submit a letter of request. We do an initial review, if there's any outstanding requirements or if we have additional questions we follow up with the Department and then we do a final review. So, in general these permits are issued within ten business days. So, with camping permits, in the Code we changed it to 4 consecutive days maximum. That took effect July 1st but what we're trying to add in to the administrative rules is an 8 days per month maximum per camper. The reason being is we're trying to protect recreational camping. With the general use permits, these include private parties, leagues, and recreation enrichment programs. So, for private parties it's just a one-step process. Permits are, applicants come to the window, they're processed right at the window at that moment with an application and payment. Okay. And so, for leagues and recreation enrichment programs it's a four-step process. They submit an application, we do an initial review, again we provide them with a checklist if there's any additional requirements we need, we gather it at that time. And then we do a final review and issue a permit. What we're trying to move into, hopefully within this first line at summer, we're trying to move into is three times a year application period. And this is to enable us to be able to maximize usage of the facilities. So, we broke it up into application periods, permit issuance periods, and activity windows. So, for example, if they wanted to have activities between April 16th and July 31st of 2017 they would turn in an application between January 3rd and January 18th of next year and we would do an internal review, try to schedule in as much as possible, and then by February 22nd we would issue a permit. Okay. So, special event permits we have broken down in to four categories. We have Department sponsored - no revenue, Department sponsored with revenue, nonprofit or political fundraisers, and commercial activities. Again, this is a four-step process. They submit an application, again we do the initial review, we provide them with a checklist with additional requirements, and then we would be doing a final review.

MS. SAVAGE: So that wraps up kind of the overview of the kind of significant highlights of the administrative rules. In some of the information that you'll find we provided a copy of the public notice that will again go out tomorrow and then also on Sunday in the newspaper. There's a copy of the proposed administrative rules. And then behind that there are four different permit guides. And these were kind of a real user friendly version that we'll be able to post as individual PDFs or have available hard copy from our different permit offices. So, if someone's interested specifically in one type of permit they're able to take the individual permit guide and that really guides them through the step-by-step process with all the information that's in the administrative rules and/or the Code as they pertain to the specific permit type. So, if there's any questions, Chair.

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. . . END OF PRESENTATION . . .

CHAIR GUZMAN: Thank you very much. Members, do you have any questions on the overview of the administrative rules? Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, I'm happy to let any Member go before me.

CHAIR GUZMAN: That's okay.

COUNCILMEMBER HOKAMA: Thank you. Just a few. I like the draft. And thank you for the hard work. I know it took a lot of hard work to put this together. One of the things though, I find whether or not you want to do this through the rules because to change it you're going through another exhaustive public process. So, some of it is under the fees for instructors and programs being offered, you have specific \$5, \$8 per hour. Do you want to state it that way because there'll be a point where you're going to want to change those numbers? So, do you really want to go through another detailed public process under the Hawaii Administrative Procedures Act, or would you like the flexibility that the fees will be as per stated in the County Budget under Appendix A, or whatever's the appropriate appendix? I just ask that if that is something you would at least think about so you can make the adjustments during this current public process of reviewing the proposal.

CHAIR GUZMAN: Department?

COUNCILMEMBER HOKAMA: The other one that...

CHAIR GUZMAN: Do you have a response?

COUNCILMEMBER HOKAMA: Anything, Deputy Director? No comments. Okay. The other one that I wanted to ask you, and again I like it because it's a one-step thing for those private parties, but nowadays everybody wants a covering. So, you're going to take care if they need a Fire Department signoff regarding fire proofing of those type of canopies and whatnot if it's a one-stop shop? I'm just asking. You have a response please?

CHAIR GUZMAN: Department?

MS. DeCASTRO: Okay. Thank you, Chair. So, with our application we have certain pertinent questions that we ask the applicant to fill out. So, when a person comes for a private party there is questions on there such as, are you putting up tents or structures and stuff? And then our permit clerks are trained to recognize that if somebody checks those things, then it may be classified as a different kind of permit. And so, at that point is when we would proceed in the correct classification. So unfortunately, once they start to check some of those boxes it's not necessarily a one-

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step process at that point. But that's because it's no longer necessarily a private party. With the tents and structures like you said, that doesn't necessarily remove it out of the private party classification. But that's for us to know, okay, we have to review this a little more in depth.

COUNCILMEMBER HOKAMA: Right. I mean most people just want to be ready for wind and rain, right? I mean we understand that. So, another thing I wanted to bring up, especially with Lanai, at Hulopoe Beach Park, it's a private park, but part of the conditions of approval, and the landowner at that time agreed to maintain it in private status but follow County of Maui's Parks and Recreational rules and policies. So, have we made those property owners, and it could be more than just the one on Lanai, have we made them aware of these potential changes and how it could adjust how they operate their private parks under the understanding that it follows the Department's rules and policies?

CHAIR GUZMAN: Ms. Savage?

MS. SAVAGE: Thank you, Chair. That is one area we haven't had any conversations with yet. And that's probably something we should be looking at here in the next couple months is any of the privately owned or privately maintained public park spaces and have those conversations. Thank you.

COUNCILMEMBER HOKAMA: Okay. Yeah, I would just ask in case again we need to notify our community of potential changes on what they've already considered tradition or the Lanai way. That other thing I was going to ask, in your rules and proposal, especially going through our Aloha Festivals this past weekend on Lanai that I enjoyed a lot, each island approaches things slightly different for the same thing. I would like to ask the Department to maintain a level of flexibility, whether it's under the Director's prerogative or how you folks would like to recommend it to us, but I need to know that you can adjust to the specific either tradition or locale needs of how they do things. Because I think that's important for us to, for those of us that understand the uniqueness of how the culture adjusts within the County itself in districts, that that may be one of the ways we can maintain and share that unique culture of that specific area by allowing the Department to have some flexibility in its administration of the rules. Ms. Savage, Mr. Director, since you're here also, any comments regarding my request?

MS. SAVAGE: Thank you, Chair. There's definitely considerations that go into the review of the applications, depending upon, you know, each specific location and the nature of the event. And I believe that the way that the rules are written and the code is written is there is the necessary level of discretion needed to be able to deal with some of those unique circumstances.

COUNCILMEMBER HOKAMA: Okay. I'm happy to hear that. And again, I don't know what may pop up but Lanai we have limited facilities, we all know that. And so, we adjust

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and find ways to make it work with what we have on the island. So, that is why I ask this question because I mean again who knows, we may need it for a morgue facility, whatever it be, triage facility, again on Lanai we make do with what we have to meet the situation. So, I just ask that you maintain a level of flexibility to address those uniqueness. Thank you.

CHAIR GUZMAN: Thank you, Mr. Hokama. Is there any other questions? Ms. Crivello?

COUNCILMEMBER CRIVELLO: No questions. I'd just like to comment, ditto, ditto, ditto my colleague, Mr. Hokama.

CHAIR GUZMAN: Right on. Is there any other questions or comments, Mr. White, Ms. Cochran? Okay. Without...I think you, just to reiterate, the public hearing is November 22nd at the Wailuku Community Center at 6:00 p.m. So, all is invited, the general public is invited as well, is, that, right? Okay. So, I will defer this matter without objections, Members.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR GUZMAN: Thank you. The matter is deferred.

ACTION: DEFER.

**EAR-67 USE OF COUNTY PROPERTIES IN THE HAIKU SUGAR EAST SUBDIVISION
AT HAMAKUALOA (MISC)**

CHAIR GUZMAN: Moving on to our last and final item, the Committee is in receipt of the following: Miscellaneous Communication dated September 2, 2016, from the County Clerk, relating to the use of the County properties recently acquired at the Haiku Sugar East Subdivision in Hamakualoa, Maui, Hawaii. Correspondence dated October 12, 2016, from the Committee Chair, myself, relating to a proposal to establish a temporary investigative group to make findings and recommendations on: (a) a process by which a master plan for the County properties in Haiku Sugar East Subdivision, Hamakualoa, Maui, Hawaii, may be developed; (b) identification and resolution of immediate issues, including signage, access, gates, and security; and (c) general identification of potential appropriate areas of use. The Committee may discuss the use of the County properties. The Committee may consider whether to approve the proposal, with or without revisions, to establish a temporary investigative group as permitted under Section 92-2.5 of the HRS. The Committee may also consider other related actions. As a brief background, on September 2, 2016, the Council approved the County's purchase of 267.74 acres in the Haiku Sugar East Subdivision from Alexander & Baldwin, LLC using \$9.5 million appropriated to the Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund. The property was purchased on October 1, 2016, which included 4 lots and

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access easement to the so-called Jaws surf break, as well as culturally significant sites and several hiking trails. Pursuant to the recommendation of the Budget and Finance Committee in its report dated September 2, 2016, the question of how the property will be used was referred to this Committee. The Budget and Finance Committee expressed a number of concerns relating to the property, including management, providing infrastructure, and potential liability. I believe these concerns may be best addressed by the creation of a Master Plan. Due to the short time left in this legislative term, I have submitted a proposal, dated October 12, 2016, that this Committee establish a temporary investigative group pursuant to Section 92-2.5(b), of the HRS, to investigate and make recommendations regarding a process for creating a Master Plan for the property. The proposal is entitled Temporary Investigative Group of the Economic Development, Energy, Agriculture, and Recreation Committee, and it can be found on Granicus as the second attachment to this item. Specifically, the TIG would make findings and recommendations to this Committee on; number one, a process by which a Master Plan for the recently-acquired County properties in the Haiku Sugar East division, Hamakualoa, Maui, Hawaii, may be developed. Number two, identification and resolution of the immediate transitional issues, including signage, access, gates, and security; and number three, general identification of potential appropriate areas of use. And, Members, without objections, I'd like to propose to add the word "transitional" before the word "issues" in the second, as part of the second task. Seeing no objections, the amendment shall therefore proceed. The proposal also sets forth the scope of the TIG's work, membership, and term. The TIG would report back to this Committee before November 29, 2016, with discussion on the report at a subsequent meeting of this Committee. Also, Members, I've been in contact with the Mayor and simultaneously the Mayor is designating and creating a Mayor's task force committee in which the TIG would work with, within its scope, and work with and be part of that Mayor's task force committee as well. So, Members, do you have any comments or questions about this? Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, thank you for your outline. I believe you folks have done some good pre-planning work already on your recommendation. I would ask, one of the things that I would ask the TIG to review and report back to the full committee is limitations and use of property as per the funding source.

CHAIR GUZMAN: Okay.

COUNCILMEMBER HOKAMA: Since we've used Open Space Funds, Chairman.

CHAIR GUZMAN: Right.

COUNCILMEMBER HOKAMA: So if Corporation Counsel can assist you with what would be the appropriate and lawful uses within the fund --

CHAIR GUZMAN: Correct.

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COUNCILMEMBER HOKAMA: --for those properties. That would be appreciated. Thank you.

CHAIR GUZMAN: Thank you. Staff, is so noted? Thank you. Any other questions from the Committee Members? Okay.

VICE-CHAIR COCHRAN: Chair?

CHAIR GUZMAN: Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you, Chair. And yeah I like the layout so far with the process being this is such a unique situation that has been created here. But you mentioned the task force that Mayor has created. What entities are on this task force? Maybe Mr. Buenconsejo might know. Or it looks like Parks is probably part of it or, and are there others are you aware of or...

CHAIR GUZMAN: Well, as with my discussion with the Mayor there hasn't been a fully on designation of the committee. But in speaking with the Mayor there will be accordingly a creation of a task force on the Administrative side. And I had worked with Corporation Counsel as well as Council Services, Mr. Raatz, and the TIG would be authorized to work with the Mayor's task force within our scope. So, we would be working, collaborating and gathering information and executing some of these issues that we have before us. And of course, as a TIG, we have to report back to this Committee all of the information and discussions and recommendations that we would pose to this Committee. And this Committee would then refer it back to BF, which is Budget and Finance, which actually referred the initial issue to us in this Committee.

VICE-CHAIR COCHRAN: Okay. So, no talk was said about what the entities would be on this task force to be created?

CHAIR GUZMAN: I would assume that Parks would be part of it. Department, you would assume that you would be part of it since your Department handles a lot of the open space?

MR. BUENCONSEJO: Chair, yeah I would hope that the Parks Department is involved since that is Parks' property. But as far as about the committee, I was not in that discussion as far as who was part of that committee or if it's even formed yet.

CHAIR GUZMAN: Yeah, it hasn't been formed yet. But I'm under the understanding that it will be. And as we are creating our TIG I am assuming that the Mayor and the administrative side is creating their task force. So, it's, I would say a promising and something new and uniquely, you know, I guess I don't know how you would describe it because it's never been done before, but unless Mr. Hokama has some experience with that type of structure in the past. But I believe by forming the TIG and keeping our parameters within the TIG and also working with the Mayor's task force we would

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be within our purview to I guess work jointly or within our parameters so that we could get the job done.

VICE-CHAIR COCHRAN: Okay. Good.

CHAIR GUZMAN: Okay. Okay, so without any further questions, the Chair will entertain a motion to establish a temporary investigative group of the Economic Development, Energy, Agriculture, and Recreation Committee, as authorized by Section 92-2.5 of the HRS, having the purpose, scope, and membership as set forth in the legislative proposal dated October 12, 2016, as revised, and having the following members: myself, Councilmember Guzman as the Chair, and Councilmember Cochran as the Co-Chair, and Councilmember Mike White as a Member; with its report due on or before November 29, 2016; with full discussion on the report at a subsequent meeting in this term; and the TIG will dissolve automatically upon its submission of its report to the EAR Committee and subsequently reported to the BF, Budget and Finance Committee.

VICE-CHAIR COCHRAN: Chair, so moved. Oh, Chair, so moved.

COUNCILMEMBER WHITE: Second.

CHAIR GUZMAN: Moved by Ms. Cochran, seconded by Mr. White. Any further discussion? Mr. White?

COUNCILMEMBER WHITE: Just one caution that the date of November 29 may be a little bit, a little on the fast side. But I'm okay with it. It just, it may be better to put it back a little bit. But you're the Chair, it's up to you.

CHAIR GUZMAN: No, I agree with you. However, if we were to try to get the report out soon enough, I mean from the November 29, and then you time it to get out of a report given to this Committee, and then out of this Committee to BF Committee we will be at the end of this term and by our rules, all TIGs expire at the end of the term. So, we would have to give out a report before the end of this term. But if there is an extension, you know, we could, you know, come back and try to get an extension at it.

COUNCILMEMBER WHITE: Right.

CHAIR GUZMAN: But I'm trying to get, at least work within the parameters or the rules that are given under the TIG. You know so it will expire, the TIG will expire at the end of this term. So, we should have a report somehow. But anyway that being said, we could get an extension if need be. But we would have to recreate the TIG by going through this entire litany in the next term.

COUNCILMEMBER WHITE: Right.

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CHAIR GUZMAN: Okay.

VICE-CHAIR COCHRAN: So, and jumping on what Mr. White is saying, so you kind of backtracked the calendar and the dates and that's kind of the most, that's the closest day, or the latest date we could have to, you know, make it through the cycle I guess?

CHAIR GUZMAN: Right, right. So, if we could get a...

VICE-CHAIR COCHRAN: 'Cause that's 11 days from now.

CHAIR GUZMAN: Yeah exactly, like I know it's kind of, it's cutting it.

VICE-CHAIR COCHRAN: We could do it.

CHAIR GUZMAN: Yeah.

VICE-CHAIR COCHRAN: But okay.

CHAIR GUZMAN: But if we aren't able to submit a report, the TIG automatically ends, terminates at the end of the term. So, we would have to come back and recreate the TIG in the new term and give ourselves another due date for the report. So, I'm just trying to, you know, work something out.

VICE-CHAIR COCHRAN: No, I understand.

CHAIR GUZMAN: Yeah.

VICE-CHAIR COCHRAN: Okay.

CHAIR GUZMAN: Okay.

VICE-CHAIR COCHRAN: Yeah.

CHAIR GUZMAN: So, that being said, any further discussion? Okay. All those in favor, say "aye."

COUNCILMEMBERS VOICED AYE.

CHAIR GUZMAN: All those opposed, say "no?" We have five "ayes," no "noes," and two excused. Motion carries.

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmembers Couch and Victorino.

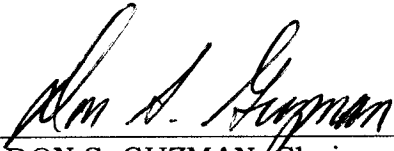
MOTION CARRIED.

ACTION: ESTABLISH A TEMPORARY INVESTIGATIVE GROUP.

CHAIR GUZMAN: Thank you, Members. That will conclude today's agenda. I thank everyone, including the Department and Staff for being here. And without any further ado, this will adjourn our Committee. Thank you. . . . (gavel) . . .

ADJOURN: 3:28 p.m.

APPROVED BY:



DON S. GUZMAN, Chair
Economic Development, Energy,
Agriculture, and Recreation Committee

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Transcribed by: Marie Tesoro

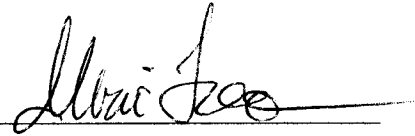
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CERTIFICATE

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

DATED the 9th of November 2016, in Wailuku, Hawaii

A handwritten signature in cursive script, appearing to read "Marie Tesoro", is written over a horizontal line.

Marie Tesoro