

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

November 29, 2016

Council Chamber

CONVENE: 9:02 a.m.

PRESENT: Councilmember Riki Hokama, Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Don Couch, Member

EXCUSED: VOTING MEMBERS:
Councilmember Mike White, Vice-Chair
Councilmember Stacy Crivello, Member
Councilmember Don S. Guzman, Member
Councilmember Michael P. Victorino, Member

STAFF: Michele Yoshimura, Legislative Analyst
Traci Fujita, Legislative Analyst
Yvette Bouthillier, Committee Secretary

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

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

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

ADMIN.: Sananda Baz, Budget Director, Office of the Mayor
Danilo F. Agsalog, Director, Department of Finance (BF-40)
Scott Teruya, Real Property Tax Administrator, Department of Finance (BF-40)
Carol Reimann, Director, Department of Housing and Human Concerns (BF-40, BF-131)
Deborah Stone-Walls, County Executive on Aging, Department of Housing and Human Concerns (BF-131)
David Goode, Director, Department of Public Works (BF-121(6), BF-119)
Leslie Otani, Chief of Field Operations and Maintenance, Highways Division, Department of Public Works (BF-121(6))
Gary Ambrose, Public Works District Supervisor II, Highways Division, Department of Public Works (BF-121(6))

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Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation
Counsel

PRESS: Akaku: Maui Community Television, Inc.

CHAIR HOKAMA: . . .*(gavel)*. . . Okay, we'll have order in this Chambers. We'll bring this meeting to order. This is the Council's meeting on Budget and Finance Committee, regular meeting of November 29, 2016. Present today, we have Committee Members, Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

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

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR HOKAMA: Happy holiday seasons to you. Ms. Cochran.

COUNCILMEMBER COCHRAN: Aloha, good morning, Chair.

CHAIR HOKAMA: Aloha. Mr. Couch.

COUNCILMEMBER COUCH: Aloha, good morning, Chair.

CHAIR HOKAMA: Excused are Ms. Crivello, Mr. White, Mr. Guzman, and Mr. Victorino. So, Members, thank you. We are at bare quorum but we have an agenda that shouldn't be much...well, let's not jinx ourselves. This morning we have items for consideration. This will be the last Budget and Finance meeting of this current Council term. Since after today everything goes, plan for the December 16th final Council meeting for final action of the term. With that, we will take public testimony for those items we have agendized for today's meeting.

. . .BEGIN PUBLIC TESTIMONY. . .

CHAIR HOKAMA: And I'll ask our Staff, has anyone requested testimony in the Chambers, please? We have no request for testimony in the Chambers. We'll ask Ms. Lono in our Hana Office, is there anyone wishing to provide testimony?

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

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

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

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

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, for your assistance and happy holidays to all of you. With no objections, we shall close testimony for today's meeting, Members?

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR HOKAMA: Thank you, Members. So ordered.

. . .END OF PUBLIC TESTIMONY. . .

ITEM 40: PENALTIES FOR VIOLATIONS OF HOME EXEMPTION REQUIREMENTS (MISC.)

CHAIR HOKAMA: Let me direct you, please, to BF-40. It is under the heading of Penalties for Violations of Home Exemption Requirements. We have a miscellaneous communication dated May 28, 2015, from the County Clerk, referring the matter relating to penalties for violations of Home Exemption requirements. The purpose of today's meeting, Members, is to get comments from the Division of the Department of Finance, and also to help continue to educate our community of various requirements and the process of how to get it done. So at this time, I'll ask Mr. Baz if he has any opening comments for BF-40?

MR. BAZ: Thank you, Mr. Chair. No, the Home Exemption is a very good program that we have with the County of Maui is supporting the residents of our community. We do support the actual, the exemption itself and would look at making sure that people that are filing the Home Exemption are appropriately filing. So penalty for any violations of that is appropriate. We have our Director of Finance here, Mr. Danny Agsalog and our Real Property Assessment Chief, Mr. Scott Teruya as well to present and answer any questions you may have.

CHAIR HOKAMA: Okay, thank you, Mr. Baz. Good morning, Director Agsalog.

MR. AGSALOG: Good morning, Mr. Chair and Members of the Committee. I appreciate the opportunity to, we'll be able to answer questions you might have with regards to the exemption. In the past six years, I have fielded calls from beneficiaries that fall out of the program. As the Budget Director mentioned, this is a very generous program for our residents and it should be administered with strict guidelines, as we have at the moment and I appreciate those guidelines that this policy-making body have made in

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the past and has been working for us, for me at least, because I use them to explain or clarify it to the complainant or the taxpayers when they've missed a requirement that needed into that program. As any program that we administer, Mr. Chair, these benefits that's given to the homeowners, should they qualify for it, someone will be paying for subsidizing for it. So the strict guidelines that you have, it's very, very important and I appreciate our division in their diligence in implementing this particular program, Mr. Chair. I will answer any questions you might have. I am very familiar with these exemptions because I get the calls. Thank you, Mr. Chair.

CHAIR HOKAMA: Thank you, Mr. Director. Mr. Teruya, as our Division Administrator, do you have any comments at this time you'd like to share with the Committee?

MR. TERUYA: Thank you, Chair and Committee Members. Good morning. As far as the item today regarding the penalties for violations, all I have to report at this time is that for the past 10 years, the penalty has been \$200. Back in 2007, there was an ordinance to raise it from 100 to 200 for penalty. The annual revenues from penalties in the last two years is about \$7,000 annually so that's all I have to report at this time, Chairman.

CHAIR HOKAMA: Thank you. I'll ask the Members first if they have specific questions they may wish to ask the Department. Mr. Carroll, any questions at this time, sir?

COUNCILMEMBER CARROLL: Not at this time.

CHAIR HOKAMA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Nothing specific at this point.

CHAIR HOKAMA: Thank you so much. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. So how, I'm just trying to...so \$200 is the penalty, just a flat rate if you are not eligible and you've been claiming? Period. I mean, it's not like the dollar amount you owed? Or...it's just a flat rate across the board?

CHAIR HOKAMA: Department, if you can respond, please?

COUNCILMEMBER COCHRAN: Is that how that works?

MR. TERUYA: Thank you, Chairman. Ms. Cochran, the way the penalty program works, or not the program but the penalty works is that if you fail to report to the Division that you no longer qualify for an exemption within 30 days, that is a penalty. So for instance, if you are a resident here in Maui County and you're receiving a Home Exemption and all of a sudden you move to the mainland and no longer qualify for the program, the Code says that you have 30 days to give notice to the Division and failure to do so would result in a reassessment and a penalty.

CHAIR HOKAMA: Ms. Cochran?

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COUNCILMEMBER COCHRAN: Okay. And so thus far you're saying you've collected like \$7,000 of penalties? That's from the beginning of this penalty, well, not program but as you state? That's not a whole lot.

CHAIR HOKAMA: That's for the year. That's for the year.

COUNCILMEMBER COCHRAN: Oh, that's for this year?

MR. TERUYA: That's correct, Chairman. It's, we're getting about \$7,000 per fiscal year in penalties.

COUNCILMEMBER COCHRAN: Okay. Okay, think it would be....okay. Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Thank you for that information. It's still a little confusing, so essentially in 2010, according to this letter from Director Agsalog, we had one penalty assessed essentially and collected and then down to 2014 where we had whatever, 20...I'm not quite sure how many that is. One...2...5...about 20 some, or 12 penalties? Is that how that works or...

CHAIR HOKAMA: Mr. Couch, so the Department and Division can respond properly, can you tell us what you're referring to, please?

COUNCILMEMBER COUCH: This, the correspondence from the Department of Finance dated September 14, 2015.

CHAIR HOKAMA: Thank you. Mr. Teruya?

MR. TERUYA: Chairman, thank you. I believe when you're looking at those numbers back in 2015, those numbers are dated already. Every day it changes. If there's more that's caught, those numbers are updated. So the numbers that you see are old data. The data has changed since for all the years respectful to the program.

COUNCILMEMBER COUCH: Okay. Because it doesn't look like there's that many people being penalized or going against the ordinance. Is that what you're coming up against?

MR. TERUYA: Chairman?

CHAIR HOKAMA: Mr. Teruya?

MR. TERUYA: I think one of the things that have increased the number of penalties assessed are over the last four years probably from Fiscal Year '12, we've started to make an effort into compliance. The Technical Section in 2016, this body provided two expansion positions for compliance officers and the current fiscal year, I believe we have one, another compliance specialist that has dedicated time to the program and therefore the number of additional revenues, unbudgeted revenues really coming to this body, to the

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County, has increased tremendously. And I can go into detail, Chairman, if you want to find out the additional funds that we've received from Fiscal '12, paying more attention to the program.

CHAIR HOKAMA: Do you have something you can hand out or is this going to be verbal, Mr. Teruya?

MR. TERUYA: Verbal, Chairman. Is that okay?

CHAIR HOKAMA: Do you need...

COUNCILMEMBER COUCH: Oh, I was just curious. It's just, the question, I guess, before he goes into that if we even have to go into that, is this list is just the people who neglected to inform the Department that they're no longer eligible for the Homeowners' Exemption. Are there, is there another category of people that were taking the Homeowners' Exemption incorrectly from the beginning that you guys have found out and then charged back taxes to, et cetera? Is that included in this list or is that a separate list?

MR. TERUYA: Chairman?

CHAIR HOKAMA: Department?

MR. TERUYA: This is the entire list. This is the entire list, to my knowledge, of everybody that's been charged a penalty.

COUNCILMEMBER COUCH: Okay, thank you, Chair.

CHAIR HOKAMA: Mr. Teruya, why don't you give us your updated status on the penalty amounts, please?

MR. TERUYA: Okay, thank you, Chair. I believe that most of you here, this body was here from 2012 where we required the State resident income tax filing for the Homeowner Program. That single tool really helped the Division by making the Exemption Program a lot more black and white. In Fiscal '12, we removed 721 Homeowners' Exemptions for \$1.7 million. In Fiscal '13, we removed 523 for \$1.2 million. In Fiscal '14, another \$1.1 million, Fiscal '15, 445 parcels for about \$760,000. In Fiscal '16, 310 parcels for \$685,000. So in the past 5 fiscal years, we've brought in about \$5.5 million in unbudgeted revenue to the County. Last year, you were, we were given 2 compliance expansion positions and they've been working about 1 year now, about 1 year. But what we calculated from January 1, 2016 'til today, they removed 429 exemptions for 1,056,000. We are currently working on sending out notices to homeowners who have not filed a State Resident Income Tax and a requirement, which is in order to receive the exemption. So very shortly, Chairman, either the end of this week or the beginning of next week, there will be about 1,000 letters send out to non-filers reminding them they have until the end of the year to file a 2015 return for the 2017 Home Exemption. Thank you, Chair.

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CHAIR HOKAMA: Okay. Mr. Couch?

COUNCILMEMBER COUCH: Thank you.

CHAIR HOKAMA: You mentioned that the Division or the Department will be sending notifications to our residents regarding the Home Exemption deadlines? What exactly are you transmitting, Mr. Teruya, please?

MR. TERUYA: Thank you, Chair. The letter that we are proposing to send out very soon is a letter to those who have not filed a State Resident Income Tax to our knowledge. Failure...to file a return prior to the end of this year for 2015 returns is required in order to receive your Home Exemption for 2017. That deadline is December 31, 2016, Chair.

CHAIR HOKAMA: Okay. What is the issue with those, do we have a big issue regarding those that choose not to, for whatever reasons, choose not to file their State resident forms, tax forms? Are you aware of what is an issue, if any?

MR. TERUYA: Chair, there are about 1,000 to 2,000 of those who do not file State resident taxes possibly because of their income level. The...but we've been trying to let the public know and therefore thank you for this meeting. For the past three or four years, we've been trying to notify those who do not file that it is a requirement to file and this letter is indicating that this is their final notice to file these returns so they can continue to get the Home Exemption. I believe some people have a hard time doing the income tax forms. I know there are some programs out there like MEO and AARP that do pro bono work for tax services. My understanding from the tax office is if they at least file that, they do get an \$85 credit. That is my understanding from the State Tax Office, Chairman.

CHAIR HOKAMA: So you can actually make \$85 back from the State by filing the form?

MR. TERUYA: That is my understanding from the State.

CHAIR HOKAMA: So that's incentive, then, to file? 'Cause even if your taxes are zero, the State still gives you back \$85. Is that what I heard correctly, Mr. Teruya?

MR. TERUYA: Chairman, that is what I've gotten from the State Department of Taxation.

CHAIR HOKAMA: Nice incentive. Nice incentive. Mr. Carroll, do you have any questions at this time now for the Division or the Department?

COUNCILMEMBER CARROLL: No, Chair. I think he's made it very clear how it operates. Thank you.

CHAIR HOKAMA: Thank you. Ms. Baisa?

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COUNCILMEMBER BAISA: Chair, I'm looking at the penalties that are charged and I think as they've been charged for a long time, they're kind of nominal. I don't think that the penalty is severe enough for this.

CHAIR HOKAMA: I, well, again...

COUNCILMEMBER BAISA: You know, if you think what benefit you get in relation to this penalty, it's all out of whack.

CHAIR HOKAMA: I understand exactly what you're saying and my...

COUNCILMEMBER BAISA: And I know we have that limit but \$200 is kind of too cheap.

CHAIR HOKAMA: It's something we're going to need to review in the next Budget session and make those adjustments where appropriate, Ms. Baisa. I agree with you. Ms. Cochran?

COUNCILMEMBER COCHRAN: No, I'm just giggling because I concur with that statement and going that's it? Well, what's \$200 but yeah, we can work on that. Thank you, Chair.

CHAIR HOKAMA: We'll work on that. Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Yeah, that was my question, too, was that enough? But it was answered. Thanks.

CHAIR HOKAMA: Okay. So at this time, well, let me ask Ms. Baisa because she's one of our in-house encyclopedias for this area. MEO does still, are you aware if MEO does still provide that pro bono services to seniors and others through your program, miss, I mean your former program, Ms. Baisa?

COUNCILMEMBER BAISA: Unfortunately, Chair, I'm out of touch with that, but I know for years MEO had staff as well as volunteers who did it. But I'm not sure if they still do it. But I can tell you that AARP does do it and I think that's a wonderful service.

CHAIR HOKAMA: Yes, yes. Especially if they can get \$85 back for just filing.

COUNCILMEMBER BAISA: Well, absolutely. And, you know, a lot of the taxpayers, they're not that comfortable with the language. They don't understand how to fill out the form. They may not speak English. And, you know, AARP can lend that one-on-one service and even have somebody who might have a language difficulty. So I think that's really a big, big plus.

CHAIR HOKAMA: Thank you. Yeah, thank you for that, Ms. Baisa. I see our Director, Ms. Reimann, and I know your item is not up at this time but does Kaunoha provide those services? Are you aware if your Department provides those type of tax services, Ms. Director Reimann? Yeah, you can come down, please. With no objection, Members?

COUNCILMEMBERS VOICED NO OBJECTIONS.

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CHAIR HOKAMA: Good morning, Director Reimann.

MS. REIMANN: Good morning, Chair. Good morning. Kaunoa offers, they do offer referral services but their staff does not offer that type of services.

CHAIR HOKAMA: So the referrals go to agencies or individuals that do pro bono work or they charge a fee for service? Are you aware?

MS. REIMANN: We try to find pro bono work wherever possible but we, as much as possible, you know, we work with the agencies that do offer that type of service on a pro bono basis.

CHAIR HOKAMA: Thank you.

MS. REIMANN: And we have been assisting, if I may, the Department on getting the word out to our seniors on Maui, our Office on Aging, as well as Kaunoa has been helping to get the word out in assisting our senior population.

CHAIR HOKAMA: Thank you. Thank you for that. Let me ask Mr. Ueoka in a different capacity, are you aware if the Maui Bar Association promotes and provides pro bono services for seniors and certain clients in need of tax services?

MR. UEOKA: Thank you, Chair. I'm not aware but I can check into that further. Thank you.

CHAIR HOKAMA: Okay, thank you for that. Members, part of the posting was, again, to hear the Department's comments. I'm happy they provided information of the mail-out that it will be coming shortly to the community and the intent of what we're trying to achieve. So if there are no other questions, I would like to recommend a motion to file, because I would like to have a Committee report to express the comments of the Members this morning, including the consideration of reviewing the amount of the penalties.

COUNCILMEMBER COUCH: Move to file.

COUNCILMEMBER BAISA: Second.

CHAIR HOKAMA: Okay, I have a motion made by Mr. Couch, seconded by Ms. Baisa, as well as filing of all appropriate communications. Members, no objections to that?

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR HOKAMA: Thank you. No further discussion. All in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed, say "no." Motion passes with five "ayes" and four excused.

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VOTE: **AYES:** **Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, and Couch.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Vice-Chair White, and Councilmembers Crivello, Guzman, and Victorino**

MOTION CARRIED.

ACTION: **FILING of communication by C.R.**

CHAIR HOKAMA: Director Agsalog, thank you so much. Mr. Teruya, thank you. Carol, you can stay because your item will be up very shortly.

ITEM 130: AMENDING THE FISCAL YEAR 2017 BUDGET: CIVIL DEFENSE AGENCY (STATE HOMELAND SECURITY GRANT (SHSG) PROGRAM) (CC 16-291)

CHAIR HOKAMA: Let me bring up BF-130, Members, for your attention. This is an amendment to the Fiscal Year 2017 Budget under the Civil Defense Agency. This is a State Homeland Security Grant Program from County Communication 16-291, from Mr. Baz, who is recommending a proposed bill for an ordinance amending the Budget for 2017, pertains to Appendix A, Part 1, Grant Revenue - Schedule of Grants by Departments and Programs, Civil Defense Agency, State Homeland Security Grant SHSG Program. In the amount, the grant award is from the State of Hawaii, Department of Defense in the amount of \$589,800. Mr. Baz, any comments on this request?

MR. BAZ: Yes, thank you, Mr. Chair. So the Civil Defense, or I guess now Emergency Management Agency of the County estimated \$500,000 for the State Homeland Security Grant during the FY '17 Budget preparation. We received notice on October 21st that the actual amount that we're going to receive is 589,800. So we're requesting the authorization be increased from 500,000 to \$590,000 in our Budget, Appendix A. Thank you, Mr. Chair.

CHAIR HOKAMA: Are you aware of, again, I consider this fortunate for us, but how did we get this extra \$90,000? That was part of the original request and they just gave us full funding instead of the shorter amount?

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EXC.: Vice-Chair White, and Councilmembers Crivello, Guzman, and Victorino.

MOTION CARRIED.

ACTION: FIRST READING of bill; and FILING of communication by C.R.

ITEM 131: AMENDING THE FISCAL YEAR 2017 BUDGET: DEPARTMENT OF HOUSING AND HUMAN CONCERNS (KAISER FOUNDATION HEALTH PLAN) (CC 16-292)

CHAIR HOKAMA: May I direct you to BF-131. This is an amendment to the Fiscal Year 2017 Budget and from Mr. Baz, we have a bill for consideration, bill for an ordinance under 16-292. Again, this is, pertains to Appendix A, Part 1 of Grant Revenue - Schedule of Grants by Departments and Programs, Department of Housing and Human Concerns, subheading of Kaiser Foundation Health Plan. Ms. Reimann?

MS. REIMANN: Good morning, again. Aloha. So, on November 18th, our Office on Aging presented the 15th Annual Maui Family Caregivers Conference. This is an event that has grown over the years and given our aging baby boomer population, it's quite a popular event and this year we had over 350 attendees attend the event. And we are very fortunate to be approached by Kaiser, who is interested in partnering with us and they have contributed \$7,500 to the event and that's what's before you today. Debra Stone-Walls, who is our Executive on Aging is here to answer any specific questions you might have about the event. Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. Stone-Walls, any comments you'd like to share with the Committee, please?

MS. STONE-WALLS: Thank you, Chair. Just that over the years we've had to expand to larger and larger venues so we were very grateful that Kaiser was interested in building community connections and wanted to help sponsor this event with us. So we're very thankful for that.

CHAIR HOKAMA: Okay. Thank you for that. Members, any questions regarding this request or regarding the attached documents? Mr. Couch?

COUNCILMEMBER COUCH: No, thank you.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COUCH: No, Chair.

CHAIR HOKAMA: Ms. Baisa?

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COUNCILMEMBER BAISA: No but congratulations on getting it and a wonderful conference. I was unable to go this year but Amanda in my office went and had nothing but praise.

CHAIR HOKAMA: Thank you. Mr. Carroll, anything on this item? Anything further, Department?

MS. REIMANN: No, just thank you for your consideration.

CHAIR HOKAMA: Well, thank you for getting this grant. Members, the Chair is open to a motion to recommend to Council passage on first reading, be ordered to print, A Bill for an Ordinance Amending the Fiscal Year 2017 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grant Revenue - Schedule of Grants by Departments and Programs, Department of Housing and Human Concerns; filing of County Communication 16-292.

COUNCILMEMBER COUCH: So moved.

COUNCILMEMBER COCHRAN: And I second the motion.

CHAIR HOKAMA: Thank you. Motion by Mr. Couch, seconded by Ms. Cochran. Members, any further discussion on this motion? With none, all in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed, say "no." Motion passes with five "ayes" and four excused.

VOTE: AYES: Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, and Couch.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair White, and Councilmembers Crivello, Guzman, and Victorino

MOTION CARRIED.

ACTION: FIRST READING of bill; and FILING of communication by C.R.

CHAIR HOKAMA: Thank you very much, Department. Congratulations on your conference.

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ITEM 121(6): AMENDMENTS TO THE FISCAL YEAR 2017 BUDGET TO AUTHORIZE TRANSFERS RELATING TO CATEGORIES OF USE BUT WITHIN A PROGRAM OR DEPARTMENT (DEPARTMENT OF PUBLIC WORKS)

CHAIR HOKAMA: Members, may I direct you now to 121, Section 6 of our agenda. This is again relating to the 2017 Budget and the request is to authorize transfers relating to categories of use but within a program or department and this is regarding the Department of Public Works. So we have from Mr. Baz dated November 16, 2016 a revised resolution entitled, Authorizing the Transfer of Unencumbered Appropriation Balance within the Department of Public Works, Fiscal Year 2017 Budget. And bear with me, Members, we are going to transfer 283,700 from Special Maintenance Program, General Fund Category B to Category C; 30,600 from Traffic Management Program Highway Fund Category B to the Highway Administration Program Highway Fund General Category B; 41,000 from Traffic Management Program Highway Fund Category B to the Road, Bridge, and Drainage Maintenance Program Highway Fund Category B; 62,000 from Traffic Management Program Highway Fund Category B to Road, Bridges, and Drainage Maintenance Highway Fund Category C; and 134,000 from Traffic Management Program Highway Fund Category B to the Traffic Management Program Highway Fund Category C. Okay, Mr. Baz, any opening comments on this request?

MR. BAZ: Good morning, Mr. Chair and Members. The, this item was discussed at the last Budget and Finance Committee meeting and we appreciate all the discussion and questions that were presented. I have transmitted a revised proposed resolution to include some language in there making sure that the travel and training requested, funds requested for travel and training get assigned for Molokai, Lanai, and Hana personnel or for us to go and train those personnel. So that language has been added in the resolution I transmitted on November 16th. We have our Highways Division Chief, Leslie Otani, here to answer any further questions you might have regarding this item. Thank you, Mr. Chair.

CHAIR HOKAMA: Thank you, Mr. Baz. Ms. Otani, good morning. You have any comments you'd like to share with the Committee?

MS. OTANI: Well, thank you for this opportunity and I humbly ask for a recommendation as revised so that we can move forward with our practical purchases. Thank you.

CHAIR HOKAMA: Thank you. Members, any questions for Mr. Baz or Ms. Otani? Ms. Baisa?

COUNCILMEMBER BAISA: Nothing specific. These look reasonable unless you want to share a little bit more specifics. You said, you used an interesting phrase at the end of things you really need, or, I'm sorry, what was the last thing you said?

MS. OTANI: Oh, practical.

COUNCILMEMBER BAISA: There you go. What were you thinking about? Give us a few ideas.

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CHAIR HOKAMA: Department?

MS. OTANI: Well, I guess my belief is that these aren't frivolous requests. These are items that are needed for safety, day-to-day operations and to improve our efficiency. So I look at all the items requested as things that are necessary for us to improve our operations.

COUNCILMEMBER BAISA: Okay, thank you.

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

COUNCILMEMBER COCHRAN: Yeah, thank you. Thank you, Department, for being here. So yeah, I'm just trying to, I see, you know, there's all these transfers and I understand but some, I mean, it's kind of like so for instance number one, the 283,000 Special Maintenance Program to move to...well, no, sorry, so not that one. That's not a good example. Sorry. Number two, 30,600 Traffic Management Plan to, what is it, to Highways? Wait. It just seems like some of these categories you're taking from one program into Traffic and then in the next one you're taking from Traffic to put back into...so I'm just trying to get a grasp on it.

CHAIR HOKAMA: It's more of a change from either equipment to operations or operations to equipment. It's, they're doing an internal adjustment between A, B, C's and the way we structure the Budget currently, and they're getting better every time they go through this process with us, I expect less amendments like this. But at the previous meeting that earlier this month that we held on this item, we had Mr. Ambrose from Highways, who is the Highways Supervisor with Ms. Otani that went through the whole, and it's part of your attachment dated November 7, I believe, Members, from the Department where Ms. Otani and Mr. Ambrose went through the various districts and we went through their supporting comments on why they're making this request. What we have today is now the revised resolution that Mr. Baz and the Department has worked taking our comments from the previous meeting to incorporate it into the new proposal before you this morning and so what you have before you is what this Committee requested from the previous meeting. Okay. Ms. Cochran?

COUNCILMEMBER COCHRAN: Okay, yeah. Alright, yeah, thank you. And so, thank you for jogging my memory. I recall we did go through itemized and district-wise, too, so yeah. Thank you. Just a general question, this just gets a little confusing when you see transferring from one but we're getting it, yeah. So thanks.

CHAIR HOKAMA: Okay, thank you. Before we continue, the Chair will take a short recess. Five minutes. . . .(gavel). . .

RECESS: 9:37 a.m.
RECONVENE: 9:43 a.m.

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**ITEM 119: AMENDING THE FISCAL YEAR 2017 BUDGET:
DEPARTMENT OF PUBLIC WORKS (2154 KAOHU STREET
BUILDING IMPROVEMENTS, WAILUKU (CC 16-230)**

CHAIR HOKAMA: We have one more item, Members, I'd like to direct you to, please. This is BF-119. This is again a request to amend the Fiscal Year 2017 Budget, Department of Public Works. The subheading is 2154 Kaohu Street Building Improvements, Wailuku. We have various communications, one is 16-230, from Mr. Baz, who transmitted communications to us on November 16, 2016. Mr. Baz transmitted the following revised proposed bills for this Committee's review this morning. And so at this time, let me just quickly state that the purpose of the first bill is to increase Carryover/Savings from the General Fund by 50,000, adding the appropriation of 50,000 under Department of Public Works for 2154 Kaohu Street. And the second bill as revised is to amend Appendix C of the Budget, Capital Improvement Projects, by adding an appropriation of 50,000 under Department of Public Works for 2154 Kaohu Street building improvements with a description of the project. Mr. Baz, any comments for the Committee, please?

MR. BAZ: Thank you, Mr. Chair. Again, we appreciate the discussion at the previous Budget and Finance Committee meeting regarding this item. After further consultation, the Department, the Administration is requesting that just the air conditioning and the electrical upgrades be performed at this point and then at a future date we can decide what we can do with later. There are responses to the Committee's questions that I sent down on November 18th in your files as well for your review.

CHAIR HOKAMA: Thank you, Mr. Baz. I'll ask Director Goode if he has some comments for the Committee, please?

MR. GOODE: Good morning, Chair, Members. David Goode here, Director DPW. The revised proposal of \$50,000 is adequate to upgrade the electrical as needed and provide some air conditioning to the building. I can tell you that the MPO has moved into the building. I spoke with the Executive Director yesterday and she's comfortable in there given our current trade wind weather and cooler temperatures but I've been in that building in August and September and it's probably not a good, it's not a good working environment without AC for when needed. So we think this proposal is kind of bare-bones enough to make a workable space over there and we can answer any questions you folks may have. Thank you.

CHAIR HOKAMA: Thank you, Director. Ms. Cochran, any questions?

COUNCILMEMBER COCHRAN: Thank you, Chair. Thank you, Director. And nice to hear our MPO is up and running and has a home. Let's see, so on your transmittal, what is this, November 18th, one, it's the itemized breakdown? Well, I guess it's not 185 anymore. Well, I was just kind of curious about other related items, what that would constitute but I guess that's, now that the ask is only 50,000 correct, today versus the 185?

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CHAIR HOKAMA: In the first meeting we did discuss the original request and the Committee had recommended the revisions that Mr. Baz and Mr. Goode worked on. And that's what we have today, the revision as requested by Committee to adjust the request.

COUNCILMEMBER COCHRAN: Okay. So the 50 is strictly AC and some electrical, I guess, stuff that goes with it?

CHAIR HOKAMA: Director?

MR. GOODE: Correct. AC, electrical, and any related permitting.

COUNCILMEMBER COCHRAN: Okay.

MR. GOODE: We may need a little electrical design work done.

COUNCILMEMBER COCHRAN: Old building that's why?

MR. GOODE: Yeah, older building. We do need to pull an electrical permit and the AC units will have, you know, enough draw on and then we need to make sure that we have, the circuits providing it have adequate capability.

COUNCILMEMBER COCHRAN: Okay, no very good. Glad to hear we're starting to utilize it. Thank you.

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

COUNCILMEMBER BAISA: No, but happy to see this moving along. I think it's really important and this is space that we own?

CHAIR HOKAMA: Director? Mr. Baz? Mr. Goode?

MR. BAZ: Thank you, Mr. Chair. Yes, we purchased 2154 Kaohu Street during this fiscal year.

COUNCILMEMBER BAISA: Well, then I have no problem with, you know, renovating buildings we own.

MR. BAZ: Yes.

COUNCILMEMBER BAISA: Because these are good assets. So I'm in support. Thank you.

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

COUNCILMEMBER COUCH: No, I think I'm fine. I thank the Department for coming up with the revised bill. Thanks.

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**COMMUNICATIONS FOR REFERRAL TO THE COUNCIL CHAIR FOR THE
TERM BEGINNING JANUARY 2, 2017, PURSUANT TO RULE 23 OF THE
RULES OF THE COUNCIL**

CHAIR HOKAMA: Thank you very much, Director. Members, we do have as all committees at this point in the term, we have, Chair has recommendations to you regarding the following communications to be referred to the Council Chair for the term beginning January 2, 2017, pursuant to Rule 23 of the Rules of the Council. We have BF-4, First Year Quarterly Reports; BF-10, Real Property Tax Board of Review Annual Report; BF-11, Cost of Government Annual Reports; BF-12, Annual Inventory Report; BF-14, Short-Term Investments; BF-15, Transfers from the General Fund to the Department of Water Supply Revenue Fund; BF-40...did we just file that from the previous action, Staff?

MS. YOSHIMURA: Mr. Chair, the BF-40 on the agenda was to file the miscellaneous communication. This is a County communication from the Chair of the Real Property Tax Review Board that we would be referring to the next Council.

CHAIR HOKAMA: Okay. Any questions from the Members on that? BF-40 has multiple components.

COUNCILMEMBER COUCH: Okay.

CHAIR HOKAMA: Yeah, so the action on the first item of the day was only part of BF-40. And then this are the remaining item on BF-40. Any questions for the Chair? Okay, thank you. BF-42, Tax Classifications for Transient Accommodations; BF-51, Kalana O Maui Campus Expansion Phase 1A; BF-53, Contracts and Grants; BF-55, Abolishment of Positions; BF-64, Residential Refuse Collection; BF-67, Real Property Tax Rates for Buildings Valued at \$1 Million or More in the Residential Classification; BF-68, Separate Real Property Tax Rates for Land and Buildings Within a Classification; BF-69, Equipment Purchases, Replacement Equipment, Fleet Vehicles, and a Comparison of Equipment Lease Vs. Purchase; BF-71, Amending Section 3.48.450 of the Maui County Code Relating to the Real Property Tax Home Exemption Amount; and BF-72, Minimal Threshold Amounts to Require Council Authorization to Transfer Funds Between Categories; BF-78, Tax Exemption for Affordable Housing; BF-92, Section 8 Housing Program Grant; BF-93, Grants Issued by the Office of Economic Development and the Department of Housing and Human Concerns; and BF-98, Plan of Audits, BF-107, Maui Island Impact Fee Study; BF-124, Trash Pickup Fees in Real Property Tax Bills; and BF-126, Relating to Costs Attributed to the Processing of Green Waste Tonnage; 127, Amending Chapter 3.48 of the Maui County Code Relating to Old Maui High School; and finally, Members, BF-129, which is Concessions and Sponsorships in County Parks and Recreational Facilities. Any questions for the Chair? Yes, Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. On Page 7 --

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ABSENT: **None.**

EXC.: **Vice-Chair White, and Councilmembers Crivello,
Guzman, and Victorino**

MOTION CARRIED.

ACTION: **Recommending REFERRAL of communications to the
Council Chair for the term beginning January 2, 2017,
pursuant to Rule 23 of the Rules of the Council.**

CHAIR HOKAMA: We have completed the business of this Committee, Members. Thank you so much. So at this time, the Chair will take his opportunity to thank you, Members of this Committee, for your hard work during this term. I think we've made improvements in the fiscal status of our County. I want to use the Chair's prerogative, because I think it's important to thank Mr. Arthur Suyama, who has beautifully decorated our Chambers and lobby. He does this voluntarily for the Council's benefit and I think it's appropriate we recognize his efforts and appreciate all he's done to make this a beautiful, beautiful Chamber during the holiday season. So, Arthur, thank you so much. Members, it's the last meeting so being the Chair I can bend the rules a little. So any of you would like to make a quick last comment, the Chair is open to allow each of you to say something, if you wish to. Ms. Baisa?

COUNCILMEMBER BAISA: Never miss a chance to say something. I'm Portuguese. I also would like to say thank you to all of the Members, and especially to the Staff.

CHAIR HOKAMA: Yes.

COUNCILMEMBER BAISA: You know, when we go through the Budget process, it is just grueling and I'm constantly amazed by their stamina and their dedication and the many, many hours that they give to doing this work and always in prepping for these meetings, whatever is going on. And I'd like to thank you, Chair, for your leadership. You know, we're not always on the same page but you do an excellent job of having what we need here and getting the right resources and we come to decisions that we can all live with. So I'd like to give you my thanks and say I will be watching you folks on Akaku. It'll be fun. And all the best in the new year.

CHAIR HOKAMA: Thank you, Ms. Baisa. We are going to miss you, too. Anyone else? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And I want to thank the Staff, too, for doing such a great job in keeping us informed as much as possible. And one thing I won't miss is the late night.

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CHAIR HOKAMA: Well, like anything that grows and expands like this community, so does the Budget.

COUNCILMEMBER COUCH: You bet.

CHAIR HOKAMA: Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. Well, first of all, I'll miss Ms. Baisa and Mr. Victorino, who will not be with us this following year of 2017 and '18 and they will be greatly missed, especially their input in the Budget hearings. And aside from that, thank you, Chair. I am very happy with how our Budget has been handled. I think it's been a very responsible way that this Committee has acted and the County is in great shape financially and calling a spade a spade, it's your, it's because of you and the way you've structured the Budget hearings and what comes out of it. So thank you for making this a better County. Mahalo.

CHAIR HOKAMA: Thank you, Mr. Carroll. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And yeah, thank you for your leadership in this Budget process. It's probably the most difficult and grueling part of our jobs and kuleana as Councilmembers but always in good hands with, you know, your guidance for us all. And of course, yes, the Staff, I concur with my fellow colleagues in comments. It's the people behind the scenes that really, you know, do all the tough work and bring us up to the standards we need to be in the public eye so I appreciate all that work. But I, you know, I don't want to lose sight that also Mr. Couch will not be here with us and, you know, he is my neighbor here and Ms. Baisa my other neighbor so I'll be having different neighbors coming up and I just, I appreciate both of them. They come from different, you know, thoughts and perspectives but that's what makes this body that much more whole, you know, and representative of this community. So I just want to thank them for their services and their fun, enjoyment, entertaining times we spend together here and also the hard, tough times, too, where we, you know, sometimes may not want to look at each other. But anyhow, love everybody here so happy holidays to them and this community, and looking forward to the new year. So thank you for this time, Chair.

CHAIR HOKAMA: Thank you, Ms. Cochran. Mr. Carroll, yes, sir?

COUNCILMEMBER CARROLL: Thank you, Chair. At the last meeting, I must apologize. I forgot to mention Mr. Couch, but I haven't forgotten him. And I'm sure he will be around and we will see him up at the Chamber at times. Thank you, Chair.

CHAIR HOKAMA: Thank you. So before we adjourn, Members, my last words is more for our community. We want to thank the community for their participation during the various Committee requirements with testimony, suggestions. But I would like to say because it is a concern of me and I think it's a concern of all of us to our community, we ask you to please enjoy this joyous holiday season but as we are being made aware please be safe. There's a lot of traffic going on. There's a lot of busy people going on. But there's

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a lot of young people and old people that need to know they are in a safe environment. So on the road be safe. In the parks be safe. Don't drink and drive because we would like to see everyone in 2017. So with that, Mr. Baz, would you like to say anything? I will allow you to give a quick comment before I pound the gavel.

MR. BAZ: Sure, Mr. Chair. I'll take the opportunity. It's been a real pleasure working with you as the Chair, your Staff, of course, and all the Members on the Budget. You know, it's been a pride of mine to be able to provide you with as clear as possible information to make the best decisions you can and I hope that I've done that as the County's Budget Director for the last six years. But it's been a real pleasure and yes, again, wish everybody a Merry Christmas and Happy New Year and many, many blessings for the new year.

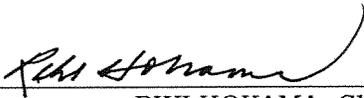
CHAIR HOKAMA: Thank you. Counselor, one time when you don't have to give an opinion, would you like to say anything?

MR. UEOKA: No, thank you, Chair.

CHAIR HOKAMA: Okay, with that, Members, again, my thanks to all of you and our community. We express a happy holiday season and of course the last message is be safe with each other. So with that, blessings to everyone in our County. This Committee meeting is hereby adjourned. . . .(gavel). . .

ADJOURN: 10:05 a.m.

APPROVED:



RIKI HOKAMA, Chair
Budget and Finance Committee

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Transcribed by: Kekai Robinson

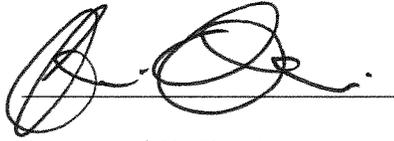
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CERTIFICATE

I, Kekai R. Robinson, 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 20th day of December, 2016, in Kou, Maui, Hawai`i

A handwritten signature in black ink, consisting of several loops and a trailing flourish, positioned above a horizontal line.

Kekai R. Robinson