

# **BUDGET AND FINANCE COMMITTEE**

**Council of the County of Maui**

## **MINUTES**

**July 31, 2018**

### **Council Chamber**

**CONVENE:** 9:02 a.m.

**PRESENT:** Councilmember Riki Hokama, Chair  
Councilmember Alika Atay, Member  
Councilmember Robert Carroll, Member  
Councilmember Elle Cochran, Member  
Councilmember Stacy Crivello, Member  
Councilmember Yuki Lei K. Sugimura, Member

**EXCUSED:** VOTING MEMBERS:  
Councilmember Mike White, Vice-Chair  
Councilmember Don S. Guzman, Member  
Councilmember Kelly T. King, Member

**STAFF:** Michele Yoshimura, 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.:** Mark R. Walker, Director, Department of Finance (BF-53(18), BF-15, BF-69, BF-144)  
May Anne Alibin, Treasurer, Department of Finance (BF-53(18))  
Greg King, Central Purchasing Agent, Department of Finance (BF-53(18))  
Butch K. Buenconsejo, Director, Department of Parks and Recreation (BF-53(14), BF-69)  
Karla Peters, Park Maintenance Superintendent, Department of Parks and Recreation (BF-69)  
Keith Regan, Managing Director, Department of Management (BF-51, BF-53(4))  
Sananda Baz, Budget Director, Office of the Mayor (BF-69, BF-144)  
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

*In the audience*

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John Kulp, Deputy Director, Department of Finance (BF-53(18))

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

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CHAIR HOKAMA: . . .*(gavel)*. . . Good morning. This is the Council's Committee on Budget and Finance. This is our regular meeting of 31 July 2018. Present this morning for the Committee are Members, Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: Good morning. Ms. Crivello.

COUNCILMEMBER CRIVELLO: Good morning.

CHAIR HOKAMA: Good morning. Mr. Atay.

COUNCILMEMBER ATAY: Good morning, Chair.

CHAIR HOKAMA: Good morning. Ms. Sugimura.

COUNCILMEMBER SUGIMURA: Good morning, Chair.

CHAIR HOKAMA: Good morning. And Ms. Cochran.

COUNCILMEMBER COCHRAN: Aloha, Chair.

CHAIR HOKAMA: Excused and not present are Mr. White, Mr. Guzman, and Ms. King. We shall take public testimony at the start of today's meeting after we silence all noisemaking devices and communication equipment. Thank you. Is there anyone? Okay. No one has requested testimony in the Chambers. As we have checked with our District Offices, Hana, Lanai, and Molokai, so far, we have no request for testimony. Members, today we have agendized quite a bit of contracts to review including transfers from the General Fund. So, Members, with no objections, we'll close testimony for today's meeting.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay. So ordered. Thank you very much.

**ITEM 53(18): CONTRACTS AND GRANTS: APRIL 2018 (C5655A**  
**TRANSWORLD SYSTEMS INC.) (MISC)**

CHAIR HOKAMA: May I direct you please, Members, to BF-53(18). This is under the heading of Contracts and Grants. This is April 2018, subheading, Contract C5655A, Transworld Systems, Inc. We have Miscellaneous Communication dated

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June 1, 2018, from the County Clerk, regarding this contract. And this is between the County of Maui and Transworld Systems, Inc., dba TSI, relating to assignment of contract from Progressive Financial Services to Transworld Systems, Inc., dba TSI. So, this morning, we have our Department of Finance people present. Director Walker, if you could give us some comments please regarding this, I guess, assignment of remaining terms of a contract to another entity. If you could give us a status, please.

MR. WALKER: Good morning, Chair, Committee Members. Mark Walker, Director of Finance. My general understanding of this--and with me today is May Anne Alibin, our Treasurer; and also Greg King, our Procurement Officer--is that we were notified by our...the existing vendor that they were being purchased by another organization. And what entailed as a result of that is called a novation, where you basically, I don't know, you was basically assign a contract to this new entity through the purchasing department and sign a new contract. And I guess I would defer to the Treasurer if she has any additional comments she'd like to make on that.

CHAIR HOKAMA: Okay. Thank you. Ms. Alibin, any comments, please?

MS. ALIBIN: Good morning, Mr. Chair. My name is May Anne Alibin, County Treasurer. In...just to clarify, or in regards to what our Director had mentioned, in mid-March, we were actually notified by Progressive Financial Services that their doors or their business is gonna close by March 31<sup>st</sup>. And along with that, TSI, who works in partnership with Progressive had engaged us, and we did some...we consulted the Purchasing Division as well as Corporation as to how we should move forward with this change. And they had made the suggestion that, we, you know, we go through the novation process or we can also go out for RFP. Given that, because the timing of the notification was very short and we didn't want to disrupt the service for the collection efforts, we had decided to do...to go through the novation process. Thank you, Mr. Chair.

MR. WALKER: . . .*(inaudible)*. . .

MS. ALIBIN: And yes, and we've actually...because the contract expired so the...with the novation process, they've kept the same terms and agreement and...but the contract was only through September 30<sup>th</sup>. So, in last few months, we've actually went out for RFP, and we only had one bid at that time. And so, effective October 1<sup>st</sup>, it's actually...TSI has also been awarded with this contract.

CHAIR HOKAMA: Okay. Thank you for that status. Mr. King, you have anything you wish to share at this moment with the Committee? We appreciate your presence this morning. Yeah, you're on. Yeah, you're on.

MR. KING: Oh, okay. Yeah, thank you for having me, Chair Hokama and Members. Yeah, May Anne explained it pretty...explained it correctly. This happens occasionally where a contract or a business sells out to another business. And then in that situation if the County...if the terms and conditions of the contract are exactly the same as the previous, so no changes, then we'll go through this process. And it's a process

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that...the novation process is something that Corp. Counsel drafts a new, basically, they draft a new contract, and it requires documentation from the previous contractor and the existing contractor stating that they're willing to accept the contract at the same price, and terms and conditions.

CHAIR HOKAMA: Okay. So, for our Committee's understanding this morning, Department, Progressive Financial didn't morph into this...part of this new TSI, right? It's totally separate interest, separate entities? Progressive is bought out by a different entity, not TSI per se? Is that our understanding? There's no interest between the old company and this new company we're doing business with?

MS. ALIBIN: Yes, that is correct, Mr. Chair. But, however, I'm not quite sure if the company was bought out by another company. I believe the financials piece of it, which is the collection efforts, was completely shut down.

CHAIR HOKAMA: Okay. Did Progressive give the County of Maui sufficient time as per our agreements on the termination of services? Or did they exercise some kinda special provision in the agreement since you folks mentioned it was a short notice? So, did...was that not part of the agreement, the notification length?

MS. ALIBIN: Mr. Chair? I'll have to double check. But the...I believe the agreement says notification must be within 30 days. However, they did notify us --

CHAIR HOKAMA: Okay.

MS. ALIBIN: --on March 16, 2018.

CHAIR HOKAMA: Have you been made aware of any from our departments whether or not there's been any issues with the delinquencies, insufficient funds on payments through checks and other financial means to the County? Have we had any disruptions or inconvenience of services because of this change?

MS. ALIBIN: Mr. Chair, no, not...haven't been notified. Actually, based on the performance with TSI, we...I mean they've been much more proactive with compared to Progressive. In the past, with Progressive, their collection rate is like .01 percent, where with on TSI now, for, you know, the past three months, they've...they have about at least .5 percent collection efforts.

CHAIR HOKAMA: Okay. Okay. Members, I...I'm open to your questions and comments regarding this. Again, this is a change of service provider to the County for...regarding some of our financial issues, insufficient funds, bad checks, whatever it be, non-payments of receivables. So, Mr. Carroll, any questions you'd like to ask our Department people representatives? Okay. Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Not at this time, Chair.

CHAIR HOKAMA: Thank you. Mr. Atay?

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COUNCILMEMBER ATAY: No questions, Chair.

CHAIR HOKAMA: Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you, Chair. So, I have a question. What is novation? Could you explain that terminology? Is that what you're --

CHAIR HOKAMA: You want --

COUNCILMEMBER SUGIMURA: --doing is processing?

CHAIR HOKAMA: --the financial or you want the legal?

COUNCILMEMBER SUGIMURA: Oh. What is this process? It's like an assignment from --

CHAIR HOKAMA: It's a legal --

COUNCILMEMBER SUGIMURA: --one contract...

CHAIR HOKAMA: --agreement that substitutes for another legal agreement, in my simplified Chair's version. It's...but we'll let Mr. Ueoka give you his comments regarding novation.

MR. UEOKA: Thank you, Chair. Chair generally got it right. It's just a substitution of one party for another in the contract. And this one was due to --

COUNCILMEMBER SUGIMURA: Termination.

MR. UEOKA: --somebody being bought out or something. But yeah, it's just a substitution of one. It's fairly standard especially in like real property for...if we have leases. If like the owner sells the building and we're still a tenant, it's called something else, but we sign an agreement basically saying we'll still stay around with the new tenant and the new landowner. And on the opposite side, the landowner buys in knowing that we'll hang around with them. They'll still have a tenant. So, it's pretty standard. Thank you, Chair.

COUNCILMEMBER SUGIMURA: One...

CHAIR HOKAMA: Ms. Sugimura?

COUNCILMEMBER SUGIMURA: So, one more question then.

CHAIR HOKAMA: Sure.

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COUNCILMEMBER SUGIMURA: If you did that, I think I heard the Department say that they went through an RFP process with Purchasing, so, this process then would not take the place of doing a RFP, right? There's no need to do a RFP for some reason.

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Basically, when the contract's up, they'll re-RFP it. But this is just one company stepping into the shoes of another, and it's not...the terms didn't change or anything. And it's not that...we're just switching. There was an acquisition here. So, it's not like we're getting a new contractor. It's this other comes just stepping into the shoes of another. So, it's a little different. Thank you, Chair.

CHAIR HOKAMA: Okay.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR HOKAMA: So, for the Committee's understanding, Director and Mr. Ueoka, the terms haven't changed, any cost, any financial requirements, that hasn't changed, that's part of the novation, correct? It's just a new legal agreement for a new provider to take the place of the previous. Is that a good understanding?

MR. WALKER: That's correct, Chair. Just basically changing the names.

CHAIR HOKAMA: Okay. Anything else, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: That's it.

CHAIR HOKAMA: Okay. Thank you.

COUNCILMEMBER SUGIMURA: That's pretty clear.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, thank you. So, yeah, those are kind of what I was thinking too, the questions Ms. Sugimura mentioned and wanted clarification. So yes, an RFP did go out. And you said only one bidder. So, it was this people, Transworld. And basically, they're taking over the existing contract that we had with Progressive, and the terms and conditions are exactly the same. And they just sort of...it just rolled over into their kuleana to provide the services. Is that...

CHAIR HOKAMA: Department?

MS. ALIBIN: Mr. Chair? With the novation, the contract expired...is expiring September 30<sup>th</sup>. And because of that, in preparation of the expiration of that contract, we had actually went out for RFP. So, effective October 1<sup>st</sup>, for another three years.

COUNCILMEMBER COCHRAN: Okay. And a follow-up, Chair?

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CHAIR HOKAMA: Please.

COUNCILMEMBER COCHRAN: So, we already knew we...their contract was expiring in September of this year. So, is that...I mean, I would think that we'd wanna get someone that's long-term. This is something that's an ongoing responsibility on behalf of this County to collect, right, for collections and things you mentioned, Chair. So, I mean to change hands and change companies and to change like this, what is the...I mean are we just always searching for better rates or I don't know, more better, you know, efficient work, as you stated this company has been hired collecting percentages or what have you? So, I don't...I just don't understand why something like this is a given. We know we need to do this. So --

CHAIR HOKAMA: Right, right.

COUNCILMEMBER COCHRAN: --we're --

CHAIR HOKAMA: No...

COUNCILMEMBER COCHRAN: --changing hands in such a short amount of time, because when did the original contract start?

CHAIR HOKAMA: Okay.

COUNCILMEMBER COCHRAN: How old was it already?

CHAIR HOKAMA: We'll let the Department respond since we have Mr. King, Procurement and Purchasing. We have the Treasurer and the Director. So, we have the right resources from Finance to --

COUNCILMEMBER COCHRAN: Yeah.

CHAIR HOKAMA: --give us comment this morning.

COUNCILMEMBER COCHRAN: I guess, Chair --

MR. WALKER: While she...

COUNCILMEMBER COCHRAN: --do we just shoot for like five-year contracts or three-year contracts? Or how does it work?

CHAIR HOKAMA: Okay. Director, you have --

MR. WALKER: Chair, if I may?

CHAIR HOKAMA: --your --

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MR. WALKER: Yeah, while she looks for that date...

CHAIR HOKAMA: --SOPs you can share with --

MR. WALKER: Yeah.

CHAIR HOKAMA: --us?

MR. WALKER: Yeah. While she looks for the date, just to rehash, the only reason we did the novation and not another RFP is we got a fairly short notice that they were changing hands. So, we knew the contract was gonna expire in about six months. So, because they agreed to the terms of the existing contract, we said, let's just...we'll get this new guys on, we'll...we know we're gonna go out for RFP here shortly anyway, which we ended up doing. And that same company that had taken over during the novation process ended up being the only bidder on the new RFP process. So, it had no...it didn't have anything to do with rates or anything. The fact that the company was selling out was the reason why we went through the novation. And we would have gone to an RFP whether the novation happened or not because the contract was expiring in September. And so, when it did expire, we went out, you know, went...we've gone out for RFP in advance of the expiration, and we now have a new contract effective 10/1.

COUNCILMEMBER COCHRAN: Right.

MR. WALKER: Yeah.

COUNCILMEMBER COCHRAN: Okay.

MR. WALKER: And it happens to be the same vendor 'cause they were the only bidder.

COUNCILMEMBER COCHRAN: Right, but the terms of the length I guess of this contract. So, what was the original? What was it meant to be? 'Cause it sounds like they, midstream, you know, pulled out here and now we have a new company. So, how's it typically worked I guess, is what I'm trying to get at in picking vendors and length of term of service and things?

CHAIR HOKAMA: Department?

MS. ALIBIN: Mr. Chair? Initially, we went out for RFP in Fiscal Year 2015. And with that, the service ended on September 30, 2016. And then it was amended for another, or extended for another two years. So, that's why we were at September 30, 2018, as the second contract amendment for the time extension.

COUNCILMEMBER COCHRAN: Okay. And then lastly, Chair, so, this new, their...when is their term expiring? How long are they...how long is their contract?

CHAIR HOKAMA: Department?



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MS. ALIBIN: Mr. Chair? The new contract is gonna be for three years with additional two years for extension.

COUNCILMEMBER COCHRAN: So, possibility, five years total. Okay. And then again, if they...we seem to be very successful, they're doing an awesome job, after five, we put another RFP, and this company can bid once again to extend or are they just done after five years?

CHAIR HOKAMA: Department?

MS. ALIBIN: Mr. Chair? So, before the end of the third year, we'll assess and take a look at the performance. And if we feel that they are performing well, then we will extend it for another, or we have the option to extend for another two years. And when that two years expires, then we'll actually go out for another RFP.

COUNCILMEMBER COCHRAN: Okay. All right. I guess I'm just trying to figure out why are we constantly...it...why does the environment or climate change that...is it just 'cause we have different programs and we're trying to, you know what I mean? It just seems like a short period for a company to sign on when the County is not going anywhere and collections will always be there. So, we're constantly changing hands it seems of vendors to provide a service that we know is gonna happen. It's like our refuse service. It's like our, you know, our water billing. It's like our...it's...anyways, I don't know why we --

CHAIR HOKAMA: Director?

COUNCILMEMBER COCHRAN: --have such --

MR. WALKER: Mr. Chair, I mean...

COUNCILMEMBER COCHRAN: --short timeframes.

MR. WALKER: Procurement law I think is part of it. You can't typically have evergreen contracts. You need...you can't go out forever. So, you have to have a term. And obviously, things do change over time and performance is another thing. So, I don't know that you wanna just have a contract that is for 25 years or something. So, I think it's probably good practice. I mean we can argue about whether you should go for five years and with a two-year extension or three years with a two-year extension, but to have some period where you review what they're doing. And then if they're doing it, you can extend. And if they're not doing a good job, you go out for RFP then. If they are doing a good job, you extend but then do an RFP to see if you can't get better pricing or there's new technologies and someone comes up with a much better program. So, I think it's just having the ability every once in a while to review what's out there and whether there's someone else who might be able to provide us with a better service.

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COUNCILMEMBER COCHRAN: Okay. That's understandable. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Mr. Carroll, any questions you'd like to ask at this time? Okay. Ms. Crivello, anything at this time? Mr. Atay?

COUNCILMEMBER ATAY: No questions.

CHAIR HOKAMA: Ms. Sugimura?

COUNCILMEMBER SUGIMURA: No questions.

CHAIR HOKAMA: Ms. Cochran, anything else you'd like to query?

COUNCILMEMBER COCHRAN: No, Chair.

CHAIR HOKAMA: Okay. Again, this is a pretty straightforward. Your Chair has more concern about whether the delivery of services in the transfer of the agreement, whether it's satisfactory to our operations. From a cost standpoint, the Committee has been told that there's no additional cost by the change of service providers from Progressive to TSI. A new provide...you folks have selected a new provider come October or September 1<sup>st</sup>? You folks have made that decision already, Department? Or you folks still going through your procurement process?

MR. WALKER: No, the RFP has been completed and it is gonna be the same vendor. They were the only one who bid.

CHAIR HOKAMA: Okay. Could you tell us without an executed agreement, the...so cost and everything is still basically remaining static for the County? Or do you foresee increases for the services?

MS. ALIBIN: Mr. Chair, oh, Mr. Chair, we're anticipating pretty much the same amount.

CHAIR HOKAMA: Okay. Good job on this new agreement. Any other questions, Members, or concerns you wish to bring up? Your Chair is satisfied with the responses from the Department, therefore, the Chair will entertain a motion to file Miscellaneous Communication and other related matters to BF-53(18).

COUNCILMEMBER SUGIMURA: So moved.

COUNCILMEMBER COCHRAN: Second.

CHAIR HOKAMA: Okay. Motion by Ms. Sugimura, seconded by Ms. Cochran. Is there any other discussion, Members? With none, all in favor of the motion say "aye."

COUNCILMEMBERS: Aye.

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CHAIR HOKAMA: Opposed say “no.” Motion passes with six “ayes,” three excused. Thank you very much.

**VOTE:           AYES:           Chair Hokama, and Councilmembers Atay, Carroll, Cochran, Crivello, and Sugimura.**

**NOES:           None.**

**ABSTAIN:       None.**

**ABSENT:        None.**

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

**MOTION CARRIED.**

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

**ITEM 15:       TRANSFERS FROM THE GENERAL FUND AND THE DEPARTMENT OF WATER SUPPLY REVENUE FUND**  
(CCs 18-43, 18-91, 18-126, 18-164, 18-220, 18-249)

CHAIR HOKAMA: Let’s go to BF-15. Thank you, Mr. King and Ms. Alibin. Okay. BF-15, we have Transfers from the General Fund, as well as the Department of Water Supply Revenue Fund. And let’s see, we have the various reports of the Department, Members, quarterly reports. So, I’m gonna ask the Finance Director as it regards to transfers if he would give us a status as it regards more to the last quarter’s filing, please, Director?

MR. WALKER: Good morning. Another morning...yeah, good morning again, Committee. This is a report actually we file monthly and provide you, and I think you have it up through May 31<sup>st</sup>.

CHAIR HOKAMA: Right.

MR. WALKER: And basically, it lists all of the projects that have been approved for bond financing, and then which money has been appropriated. If you look at your reports, the second column talks about what is...been encumbered under those authorizations, in other words what the contract amounts are. And then the third column is how much they’ve spent and we’ve transferred from the General Fund to fund those expenses. At the end of the report by project, at the end of the report, it has a running total of what the outstanding transfers are from the General Fund. As of May 31<sup>st</sup>, that number was 38.2 million. I would just say that the way this works is at some point, well, and we are going in September-October this year, going out for a bond float. We would...these funds would be repaid in the bond float and would

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replenish the General Fund, in addition to other monies we had borrowed for other CIP projects as well. Thank you, Chair.

CHAIR HOKAMA: Okay. So, very good. We've advance...so, you've heard, Members, advance of cash is about 38 million, round numbers. Intent to borrow through a formal bond offering is in September again, Director? October?

MR. WALKER: Yeah, I believe it's gonna be late September, early October. And we'll have more information on that within the next 30 days.

CHAIR HOKAMA: Okay. And then, we're looking at more like what, 40-something for the bond itself?

MR. WALKER: Bond is gonna be more like 80.

CHAIR HOKAMA: Eighty now?

MR. WALKER: Yeah, 80, and it could be more.

CHAIR HOKAMA: Okay.

MR. WALKER: We...yeah, we've...we...checking with all the project managers in these various projects to see what they're gonna be spending in the next year. And so, based on that information coupled with what we've already borrowed and transferred from the General Fund, we're thinking at this point it may be 80, it could be more.

CHAIR HOKAMA: Okay. No, I'm okay with the number. Last we told of some factors that is not to the County's advantage. And with that, I'm sure you folks are looking at all those factors that we have not control of that impacts the borrowing, Director. So, I'm sure Mr. Kulp and others, when you're looking at our tariff factors and other...well, tariff we should be watching that especially steel, steel pricing on certain projects and whatnot, so. I'll ask the Committee if they have questions on this. Members, again, this is our cash advances before we actually go and borrow the money and replenish the advance. Ms. Crivello, any questions you'd like to ask Finance at this time?

COUNCILMEMBER CRIVELLO: No.

CHAIR HOKAMA: Okay. Mr. Atay, we have GO as well as water concerns, any questions you'd like to ask?

COUNCILMEMBER ATAY: No questions.

CHAIR HOKAMA: Okay. Thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: No questions.

CHAIR HOKAMA: Okay. Ms. Cochran?

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COUNCILMEMBER COCHRAN: So, the middle row about pre-encumbrance [sic], those are the departments or whatever the projects already have those figures on hand to utilize?

CHAIR HOKAMA: Director?

MR. WALKER: Thank you, Chair. That's actual contract amounts, which they've, you know, money that they've encumbered from the appropriation if...like line one is a campus design, it was 1.5 million. They encumbered \$500,000 of that in a contract and have spent a 189,000. So, that's money that they've contracted for or encumbered.

COUNCILMEMBER COCHRAN: And the 188?

MR. WALKER: Is what they've spent out of that contract.

COUNCILMEMBER COCHRAN: Okay. The next line is what caught my attention. And it's been on our books, the Mokuhinia Ecosystem/Restoration fund there. It's been sitting there for quite a while since I've been here. And as I'm to understand, they're...they no longer exist, this entity. So, I think it's something that needs to be looked into is what I'm hearing. They're not...no longer active. And that parking lot that they're utilizing the funds from in order to do work, we've taken that back as a County also. So, I don't know what happens with funds sitting here like this seemingly that they're able to continue to take out. I mean it has to come through this body I know. But I think if there's an entity that no longer exists, then they shouldn't even be on our...in our books.

MR. WALKER: Chair?

CHAIR HOKAMA: Director?

MR. WALKER: Well, yeah, we will be reimbursing that, you know, money to the General Fund that's been taken out already, you know, from the last column. And then we check annually with the various project managers to find out what the statuses of their work on the various projects. And so, if this project is dead, then that money would go into lapsed bond at some point.

COUNCILMEMBER COCHRAN: Okay.

MR. WALKER: In the Lapsed Bond Fund.

COUNCILMEMBER COCHRAN: And --

MR. WALKER: So --

COUNCILMEMBER COCHRAN: --yeah...

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MR. WALKER: --I mean that's...that actual contractor is beyond my control. You know that's...I'm not sure what department it...has that but we check annually to find out the status. So, I can get back to you on that particular one.

COUNCILMEMBER COCHRAN: Okay. Yeah, I think this might have been a project though with Ms. Taomoto via the Office of the Mayor for the fencing, perhaps. But I'm not...I'm just highlighting the actual area and the work or lack of being done there and the entities involved to just keep an eye on where monies are going and who's, you know, utilizing it. Thank you, Chair.

CHAIR HOKAMA: Okay. No, we've...I appreciate you bringing that up. We did, prior to Budget, so we have a communication December 8, 2017, from Management through Director Regan, Mokuhinia Ecosystem/Restoration, Index 345266. Our information from that communication is that Mokuhinia is a Department of Management project. We did receive as we...you're aware of, Ms. Cochran, the draft AIS, Archeological Inventory Survey, for the wetland restoration project by Cultural Surveys Hawaii, which was presented to Parks, Recreation, Energy, Legal Affairs Committee on October 17, 2017. The report has been submitted to State Historic Preservation. And, okay, and the date has not been determined regarding that at that point in time in December when we received the written communication. So, I appreciate of the Director's comments that if appropriate, we'll make the correct transfers back to the various key accounts.

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: So...

COUNCILMEMBER COCHRAN: Thank you.

CHAIR HOKAMA: Yeah, we have it documented regarding the Committee's concerns and your concerns with the Mokuhinia.

COUNCILMEMBER COCHRAN: Okay. Thank you, Chair.

CHAIR HOKAMA: Okay. Anyone else? Okay. I just wanted to go review it because I think it's that you look at the various projects, Members, 'cause it goes through the Countywide. So, there's Hana projects, Molokai projects, South, Central, Lanai projects. So, this is one time you get to look at it, see where the project is prior to the actual bond funding of it by itself. So, any questions? Now is a good time to bring it up. If not, regarding the Communications 18-43, 91, 126, 164, 220, I'm gonna ask for a motion to file the communications.

COUNCILMEMBER SUGIMURA: So moved.

COUNCILMEMBER COCHRAN: Second.

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CHAIR HOKAMA: We have a motion by Ms. Sugimura, seconded by Ms. Cochran, to file County Communications 18-43, 91, 126, 164, and 220. Are there any other discussion on the motion before us? With none, all in favor of the motion say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no." Motion passes with six "ayes," three excused.

**VOTE:       AYES:       Chair Hokama, and Councilmembers Atay, Carroll, Cochran, Crivello, and Sugimura.**

**NOES:       None.**

**ABSTAIN:   None.**

**ABSENT:    None.**

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

**MOTION CARRIED.**

**ACTION:    FILING** of communications 18-43, 18-91, 18-126, 18-164, and 18-220 by C.R.

**ITEM 53(14):   CONTRACTS AND GRANTS: JUNE 2016 (GROUP 70 INTERNATIONAL, C6037 MOLOKAI ATHLETIC COMPLEX) (MISC)**

CHAIR HOKAMA: Let us go right into the next one because it is also another CIP. Contract and Grants, this is from the June 2016, a report, subheading Group 70 International Contract, C6037, specifically the Molokai Athletic Complex. We have Miscellaneous Communication dated August 5, 2016, from the Clerk, County Clerk, regarding professional services Contract C6037, between the County of Maui and Group 70 International, for the Molokai Athletic Complex for the Department of Parks and Recreation. We also have a handout I'm gonna ask Staff to present to you, Committee Members. This is various contracts that we'll be discussing, various parts of the agenda this morning. So, this is for your information purposes only.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR HOKAMA: We have our Parks Director, Mr. Buenconsejo, to assist us this morning. So, Director, good morning. Any opening comments regarding this contract and this project, please?

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MR. BUENCONSEJO: Good morning, Chair, Members. Just to...a little brief history on where the funding came from, this was from the late Mele Carroll, who had got the monies from the State that was sitting in the State funds. And so, roughly about in 2015, we were made aware of the funding that was gonna lapse in the State budget. And so, we rushed to get it executed. As mentioned, we did execute a contract for the consultant, without any intent of, or real identifying a space of land. That's been going on for the past couple years now, identifying a spot over in Molokai, and it's still ongoing as well. So, from the Department's standpoint, we're here to answer any questions this body may have.

CHAIR HOKAMA: Okay. Thank you for that. So, just so we're clear, Members, this is State money. It's not County money as we were made to understand it. I know Ms. Crivello was very supportive initially. The committees went along with it. In general terms, we did have one question, where is the site? So, that's part of the challenge of this project. I'll ask Ms. Crivello first from Molokai if she has some questions you'd like to pose to the Department?

COUNCILMEMBER CRIVELLO: Well, I'd like to add to that overview of history as I worked with the late Mele Carroll to bring in these monies so that we could have some sort of planning with the community and hopefully, design and of course, the acquisition of land, which is still in the process of a negotiation process. Okay. The lands have been identified with the property owner. It's part of the negotiation the Administration is going through. I have been working also requesting some sort of MOU, that eventually these lands that have been identified on Molokai for the Athletic Complex/Emergency Center would be conveyed to the County. I am quite shocked to see that it's been disencumbered. You know, why was it disencumbered? I don't know. And there's been no sense of communication. I guess that's my first question. Why was it disencumbered? Why couldn't there be a process of extending it? And as it was mentioned, with State monies that came in specifically for this purpose, and which I have worked hard with the late Mele Carroll to have it brought into the County for the purpose of coming up with planning and some sort of design. Yes, we don't specifically have the land yet but it is going through with a...has had several meetings with the Administration and the property owner.

CHAIR HOKAMA: Director, any comments please?

MR. BUENCONSEJO: Chair? Member Crivello, so, we are actually as well, the Department, we're looking to see, we don't have records on our end showing the disencumbrance. I know that in IFAS, it appears to be showing there. We've actually reached out to Finance yesterday. I know it's a little late notice for them, and try and just identify where the disencumbrance from, if it may have missed through our process or if someone else had disencumbered it through another process. The contract itself for Group 70 expires next month. So, we do have that as well. And they have encumbered some monies already from Group 70. But at this time prior to this meeting, we weren't able to get an answer yet as far as tracking down where the actual disencumbrance came from.



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CHAIR HOKAMA: Okay. Well, we have Finance present too, so. So, as of this morning, Parks Director, no one can tell this Committee whether the funds is still available or not available for use per this contract agreement?

MR. BUENCONSEJO: Chair, as of this morning, yes. Again, it was a little crunch for us to identify it with Finance. But from our records showing, we haven't identified who disencumbered it from the Parks Department. All we can identify is the contract expiration of next month. So, those are the things that we're still looking upon and we can present to this body as soon as we get --

CHAIR HOKAMA: Okay.

MR. BUENCONSEJO: --notification of that.

CHAIR HOKAMA: Ms. Crivello, any other questions at this time you'd like to --

COUNCILMEMBER CRIVELLO: No --

CHAIR HOKAMA: --ask?

COUNCILMEMBER CRIVELLO: --I guess I'm trying to understand, these monies were released to us with the Governor's signature for us to do this. It's like the funds that was sitting in the County since the '80s, and we turned it...changed legislation so that we could use it for food safety revolving...that revolving fund. So, now, this is disencumbered and what does that mean? Does that mean that this project disappears?

CHAIR HOKAMA: Director? Parks Director?

MR. BUENCONSEJO: Chair?

CHAIR HOKAMA: Comments?

MR. BUENCONSEJO: Again, we're working with Finance to identify what the situation will be.

CHAIR HOKAMA: Okay. I hear Ms. Crivello's concern. Yeah, this...for this Committee then, hearing your comments and Ms. Crivello's, and the other Members will have their opportunity, Staff, we'll send a communication to the appropriate departments, I guess. We might need Corp. Counsel besides Parks and Finance. Let's ask them since this was State grant funds from the State. And this...and if it is disencumbered, what is the status of the State funds? Is the County obligated to return it? Is this County obligated to pay interest? Is there a time period to expend the State funds? The other question I think that the Committee would like a response that Ms. Crivello brought up was why was a time extension not implemented instead of a disencumbrance? And we take note that the last activity as shown as June 29, 2018. And that is part of the disencumbrance, 399,980, or rounded out, \$400,000. Give us

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a expense summary. Is that the correct figure? I think we've heard comments that something was already expended out of this total amount. So, let's go find out what is the accounting. To, also to the Department, what does this mean to the project? Is this still a project for...on the books? Or is this going to be a project that's gonna be deleted? Mr. Atay, any questions you'd like to ask regarding this specific item before us?

COUNCILMEMBER ATAY: Thank you, Chair. The way I look at this, I see the summary of the contract dates way back to 2012 and comes forward to the last activity of June 29, 2018. Looking at it, it shows an encumbrance total of 4.9 million, almost 5 million. The payments out have already been over 4 million. And the last 399, well, rounded off, 400,000, they say they wanna disencumber it. So, my question is, who is Group 70 International, Inc.? They were to do this project, and now we get to the tail end of, oh we don't wanna disencumber 400,000. But you look at the history and the summary, they've already received payments of 4 million.

CHAIR HOKAMA: Okay. Let me make a...I'm sorry to interject, Mr. Atay. I don't want you guys to have a misunderstanding of what I've submitted to you. And that's my error on not explaining my handout that you have, that you're currently using, Mr. Atay. On this page, you see, one, two, three...five contracts under Group 70. It's five contracts we're gonna talk about this morning. The only one that applies to Molokai Athletic Complex is the last one, C6037, that --

COUNCILMEMBER ATAY: Okay.

CHAIR HOKAMA: --399,980. Okay. Those other contracts that you see above that, we'll be discussing it on other agenda items this morning like the old Wailuku Post Office and whatnot. This is, and then a firm that has multiple contracts with us. So, I apologize for the confusion.

COUNCILMEMBER ATAY: Okay.

CHAIR HOKAMA: As far as Molokai Athletic Complex, it is only 399,980. The 4.9 is the total amount that Group 70 has received from the 5 contracts. So, I apologize for that misunderstanding on your --

COUNCILMEMBER ATAY: Okay.

CHAIR HOKAMA: --part because of my lack of explanation --

COUNCILMEMBER ATAY: Well, thank you --

CHAIR HOKAMA: --Mr. Atay.

COUNCILMEMBER ATAY: --for... 'cause I looked --

CHAIR HOKAMA: No, I apologize, I apologize.

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COUNCILMEMBER ATAY: --at this, and I'm going --

CHAIR HOKAMA: Yeah, I apologize for the...

COUNCILMEMBER ATAY: --that's a lot of money --

CHAIR HOKAMA: It is.

COUNCILMEMBER ATAY: --you know.

CHAIR HOKAMA: It is. But I apologize for that.

COUNCILMEMBER ATAY: Okay. I'll defer then understanding Member Crivello's situation. She has the history and the knowledge of this actual contract, so.

CHAIR HOKAMA: Thank you for that, mister...and again, I apologize to you for that misunderstanding. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: So, Chair, just looking at the contract then, I'm just wondering if the reason that it was disencumbered is because under number one, scope of work, the contractor's proposal date is May 12, 2016. And time of performance, it says within 750 calendar days. So, is that why it got disencumbered 'cause it...no, that's not...

CHAIR HOKAMA: Again, yeah --

COUNCILMEMBER SUGIMURA: That's not...

CHAIR HOKAMA: --the lead Department is Parks right now. So, again, you know, the Director and his personnel is gonna need to review their files and respond. 'Cause we are gonna send a written --

COUNCILMEMBER SUGIMURA: Right.

CHAIR HOKAMA: --communication to get some responses back on this item. So, we'll incorporate your concern too into the questions and allow --

COUNCILMEMBER SUGIMURA: Okay.

CHAIR HOKAMA: --the Department to...

COUNCILMEMBER SUGIMURA: I'm sure we wanna see this happen. So, good. Can't let it get disencumbered.

CHAIR HOKAMA: Well, I would like to know what's happening with the project, yeah, yeah. I mean do we have an unwilling property owner? Or we have a workable owner that

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just has issues with the overall price? I don't know. I'm not too sure, yeah. I know Ms. Crivello has worked on this, so. And again, they're looking at various sites. So, again, I'm not too sure where we're gonna have this complex eventually, yeah. Ms. Cochran, any questions or comments at this time you'd like for us to follow up or secure responses?

COUNCILMEMBER COCHRAN: Thank you. So, yeah, according to this printout, it looks like it has been disencumbered but hopefully not. So, this originally is a reimbursement-type grant. Is that how it's supposed to be utilized?

CHAIR HOKAMA: Director?

MR. BUENCONSEJO: Chair? No. It was actual funds granted to the County for this specific use --

COUNCILMEMBER COCHRAN: Okay.

MR. BUENCONSEJO: --for that roughly \$400,000 that we did encumber some funding already at about 67,000. But it was no, it was actual monies given to the County.

COUNCILMEMBER COCHRAN: Okay. 'Cause I'm...well, I'm reading the title Contract for Professional Services. So, I know Group 70 is utilized for, you know, drawings and just sort of, you know, planning and that type of work, not so much the contractor themselves actually building the building, I don't believe. So, this was for money to...for their contractual-type professional services, which was never...so, we're trying to figure out were they paid and...but they have not...we have not --

CHAIR HOKAMA: If they were paid --

COUNCILMEMBER COCHRAN: --received work.

CHAIR HOKAMA: --what was the work provided --

COUNCILMEMBER COCHRAN: Right.

CHAIR HOKAMA: --...(inaudible)...?

COUNCILMEMBER COCHRAN: And so, that's kind of the question on the table right now is what work was provided thus far?

CHAIR HOKAMA: If they expended money, what was the money used for and --

COUNCILMEMBER COCHRAN: Right.

CHAIR HOKAMA: --where is the work product --

COUNCILMEMBER COCHRAN: Right.

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CHAIR HOKAMA: --if they expended? If they didn't expend, what was the issue? And, you know, if they say, we had no site to plan on, so that's why we didn't move forward. Okay. That's fine. We just wanna know what was the expectations when the money was provided?

COUNCILMEMBER COCHRAN: Right. And so, we, I guess, didn't have the opportunity for Group 70 themselves to be here today.

CHAIR HOKAMA: Yeah, we didn't request the firm specifically for today, Ms. Cochran.

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: Yeah. If --

COUNCILMEMBER COCHRAN: And...

CHAIR HOKAMA: --need be, at another meeting that the Chair will consider and have that...make the appropriate contacts with that firm.

COUNCILMEMBER COCHRAN: Okay. And I believe we, the County, have some properties over on Molokai. I mean I'm not sure the suitability of an actual athletic complex on it but them... 'cause I have the whole County-owned inventory. It's like 12 pages long, and there's quite a list on Molokai itself. Yes, some may be easements and roadways but I believe there was park space. So, I can relook at the parameters of the lands that we, the County, own. Thank you.

CHAIR HOKAMA: Okay. Thank you. No, thank you for that.

MR. BUENCONSEJO: Chair?

CHAIR HOKAMA: Director?

MR. BUENCONSEJO: Just for some clarification just for what Group 70 had done, so, there was two encumbrances from Group 70, one in the amount of 10,200, and one in the amount of 57,266. Back in November of 2016 and March of 2018, they were paid that. At that point, without a location identified...we have identified a location but without the actual physical releasing from the landowners, basically, reason I stopped the Group 70 at this point is because at this point, there's nothing else for them to do until we get actual lands that we can move forward with the design. This actually was just more community-based of what we needed. And I didn't wanna see any more funds that were being used for that particular source, and we can use the funding for the actual design as we identify the lots. So, we did do some encumbrances for that. And we can address that within the formal letter when we get that.

CHAIR HOKAMA: Okay.

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MR. BUENCONSEJO: Thank you, Chair.

CHAIR HOKAMA: Okay. For the Committee this morning, Director, 'cause I'm not too sure yet, this project, this complex, is going to be a County complex geared for community use first, or is this considered a school or State project where the school is the priority and the community is second? I'm trying to understand who is number one in this project --

MR. BUENCONSEJO: Chair?

CHAIR HOKAMA: --community or the school? Because if it's a school, then the State should be doing this project.

MR. BUENCONSEJO: Chair, this would be a true County facility, community-based County facility. With, actually, with the present proposed location that we're looking for, it would not even be near a school. It would be up where the new fire station is, adjacent to that, not right next door but within that area. Ms. Crivello can identify the actual spot. But it would be nowhere near a school so it would be definitely community-based for Maui County.

COUNCILMEMBER CRIVELLO: . . .*(inaudible)*. . . way in the back.

MR. BUENCONSEJO: Yeah. Thank you, Chair.

CHAIR HOKAMA: Okay. Very good. Mr. Carroll, questions, comments you wanna pose at this time? Okay. Ms. Crivello, anything else you want us to secure information?

COUNCILMEMBER CRIVELLO: Yeah, I'd like to add that the property has been identified with the Molokai property lands with the Molokai Ranch. And it's...I...they have assured our sit-down with the Administration that those lands should not be a problem to convey. However, they're working on other parcels with the Administration. And I, you know, in regards to your question it being a State, I approached our late Representative Mele Carroll as to how we could...we know that our existing gym is close to a 100 years old, and we have many times we have to shut it down because the ceiling or the floors are not for compatible use. We also lack...

CHAIR HOKAMA: Ms. Crivello, just so we...we're clear, yeah, we're talking about the Kaunakakai --

COUNCILMEMBER CRIVELLO: Kaunakakai --

CHAIR HOKAMA: --Gym, right --

COUNCILMEMBER CRIVELLO: --County Gym.

CHAIR HOKAMA: --not the one at the high school center?

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COUNCILMEMBER CRIVELLO: No, no, no --

CHAIR HOKAMA: Okay.

COUNCILMEMBER CRIVELLO: --this is --

CHAIR HOKAMA: Thank you.

COUNCILMEMBER CRIVELLO: --our --

CHAIR HOKAMA: Thank you.

COUNCILMEMBER CRIVELLO: --gym --

CHAIR HOKAMA: Thank you.

COUNCILMEMBER CRIVELLO: --County --

CHAIR HOKAMA: Okay. Yeah. Okay.

COUNCILMEMBER CRIVELLO: --our County Gym, yeah.

CHAIR HOKAMA: Okay.

COUNCILMEMBER CRIVELLO: It's probably has reached a 100 years, I'm not sure. But...so, my talking story with the late Mele Carroll, she was just quite excited about being a partner in this. And my last contact with her before her passing was the monies are there for you to...for it to come down to the County to work on the planning with the community and try and come up with the design. And she says, but, you know, you gotta come up with the land. Okay. So, because we are...if you know Kaunakakai, you know, if we are looking ahead of time on climate change and everything, we have to go mauka, yeah. So, that's why this parcel, this particular parcel, was identified. And I've always...I've also been in communication with our Federal, our representatives, slash in this as an emergency center, and then we can work with the County to bring in fundings for the different phases of this complex that you want, okay, that the community sees a need for. So, it's basically has come out of the House Bill 1700, and it's appropriations specifically for this project. And I guess also, you know, the idea to disencumber it, it's...my colleague, Elle Cochran, has identified County lands. We've also identified lands for the County but they are not mauka, yeah. And some of...most of our recreational lands are still owned by the mainland owner, which is Molokai Ranch, and we lease it. And even that eventually we'll have to go mauka, you know. So, those...this is not a plan for one-two years, this is looking at coming within the next ten years as to how prepared we will be to accommodate the needs of our Molokai community. The other intent is even if you look at maybe the County has other lands, and, you know, the Police Department has been trying to acquire lands for how many years, right, Chair? So, the idea is when you're centralized, Molokai very different, Molokai, the school bus drops everybody off

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there. MEO bus drops everybody in Kaunakakai. Where they're gonna head for in...from elementary school up to the high school, they're gonna come down to the County facilities. They...these are our after-school programs and on and on and on, you know. So, how much longer we're gonna be able to utilize our gym? I gotta say our Parks people try to do repairs and upkeep it as best as they can but it's heavily utilized. And I hope we can find who's the culprit that did this encumbrance and off these funds because it shouldn't. It's not a one-year plan. Group 70, what did they do to go out into the community with this kind of expenditures? What have they assessed? What...where is their report, I guess I would ask at this point for them to have expended this amount of funds.

CHAIR HOKAMA: Yeah --

COUNCILMEMBER CRIVELLO: Thank you --

CHAIR HOKAMA: --we'll get...

COUNCILMEMBER CRIVELLO: --Chair.

CHAIR HOKAMA: We'll put that in our written correspondence to the Department for some comments back before we repost this item. The key question for this Committee though, Director, because it's a disencumbrance and it's a State appropriation, my concern right now is if it is truly disencumbered because of the date of the original appropriation, have we then lapsed the funds? Okay. Because the encumbrance is off, which means the terms of the original appropriation and the lapsing date comes back into play. And if this was appropriated in what '16 or earlier, I think the period is the money is not protected anymore by an agreement or an encumbrance. So, by our action if it's accurate by our report, we've made this money lapse and disappear. I don't know. But as a Budget Chair, that would be my question. Has it...have we lapsed the funds then? Any comments...and again, if you don't know, that's fine. That's just my concern right now. Did we lapse \$400,000 without knowing we did it by making...doing an...a disencumbrance?

MR. BUENCONSEJO: Chair, so that's something that we're gonna look into as well. And in a brief discussion with Mr. Ueoka, we gotta read over what the agreement actually stated.

CHAIR HOKAMA: Okay. And again --

MR. BUENCONSEJO: So, we'll look at the...

CHAIR HOKAMA: --it may not be a appropriate, you know, what we see. It may be a error or something, not a disencumbrance or whatnot. But let's go get an accurate picture of this item for the Committee and for Molokai. Okay. Members, any other...anything else we should follow up on that you like the Chair to include in the written request? Okay. If you do, make it known to the Chair. Definitely, Members, with the discussion and questions, the Chair will defer this with no objections.



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COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay. This action is deferred.

**ACTION:     DEFER** pending further discussion.

CHAIR HOKAMA: We thank the Director, and for his help on this today.

**ITEM 51:           KALANA O MAUI CAMPUS EXPANSION, PHASE IA (CC 15-72)**

**ITEM 53(4):       CONTRACTS AND GRANTS: MARCH 2017 (C5610-2, GROUP  
70 INTERNATIONAL, INC.) (MISC)**

CHAIR HOKAMA: Okay. We'll go to BF-51. This is the Kalana O Maui Campus Expansion, Phase 1A.

COUNCILMEMBER ATAY: Excuse me, Chair?

CHAIR HOKAMA: Yes, Mr. Atay?

COUNCILMEMBER ATAY: Sticking to BF-53 --

CHAIR HOKAMA: Yes.

COUNCILMEMBER ATAY: --in that list, there were two other contracts?

CHAIR HOKAMA: No, we didn't post the other two contracts for discussion, Mr. Atay. We just posted this C6037.

COUNCILMEMBER ATAY: I have posted for grant G4221 and a contract C5823-1.

CHAIR HOKAMA: We didn't --

COUNCILMEMBER ATAY: That's posted.

CHAIR HOKAMA: --post that for today. Ms. Yoshimura --

COUNCILMEMBER ATAY: I have it on Granicus.

CHAIR HOKAMA: --if we can get some clarification for our Committee, please?

MS. YOSHIMURA: Mr. Chair, there were three contracts under the subitem 53(14).

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COUNCILMEMBER ATAY: Yes.

MS. YOSHIMURA: For purposes of today's meeting, the Committee posted one contract, which is C6037, relating to the Molokai Athletic Complex. So, the other two haven't been agendized.

CHAIR HOKAMA: Okay.

COUNCILMEMBER ATAY: Oh --

CHAIR HOKAMA: Yeah.

COUNCILMEMBER ATAY: --okay.

CHAIR HOKAMA: Thank you.

COUNCILMEMBER ATAY: I read it. It's on the Granicus.

CHAIR HOKAMA: Is it on --

COUNCILMEMBER ATAY: So, I'm --

CHAIR HOKAMA: --Granicus?

COUNCILMEMBER ATAY: --just...

CHAIR HOKAMA: Yeah.

COUNCILMEMBER ATAY: So, I --

CHAIR HOKAMA: Yeah, yeah, yeah.

COUNCILMEMBER ATAY: --read through those contracts and --

CHAIR HOKAMA: Yeah.

COUNCILMEMBER ATAY: --grants also. So, I had questions. But if it's not --

CHAIR HOKAMA: Okay.

COUNCILMEMBER ATAY: --for today's agenda, and...

CHAIR HOKAMA: Yeah. But if you do, Mr. Atay, you know, please --

COUNCILMEMBER ATAY: Yeah.

CHAIR HOKAMA: --forward it to the Chair. We're happy to secure information on your --

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COUNCILMEMBER ATAY: Okay.

CHAIR HOKAMA: --behalf.

COUNCILMEMBER ATAY: Thank you.

CHAIR HOKAMA: Yeah, not a problem. Okay. BF-51, Members, I guess, Kalana O Maui Campus Expansion, Phase 1 [sic]. We have a County Communication 15-72, from Chair White, regarding this matter. Part of it, Members, that I brought this up is because one, it's another Group 70 contract that we should get a status on. Second, the Mayor has made some public comment about considerations for a potential agreement with the State on land exchanges. And so, we are aware that the Mayor has made comment that he is open to this site as it regards to Kahului Transit Complex for our transportation needs, which is currently planned for on State property. And one of it is if we are going to do this, then let's go see what is the status of various projects and contracts on existing property. This morning, we have Director Regan from Management to give us some comment on BF-51. And again, Director, part of it is because we know the Mayor has shown some interest in finding another way to work with the State in taking care of some infrastructure challenges on the...from the short end of time. So, any comments please for us?

MR. REGAN: Thank you, Chair. Good morning, Members. Good morning, Chair. Thank you for having me here this morning. So, with regards to the two contracts that are on the agenda today, C5155, which is the Kalana O Maui master plan, that project has been completed. It's done. We have the deliverables for that particular contract. And so, according to the discussions that I've had with staff, that particular contract is done. But with regards to contract C5610, which is the design of building one, as was referenced, we haven't had much movement on that particular project, you know, because it's basically been stopped. So, we have reached out to Group 70 according to my discussion with staff to close out that contract. We anticipate getting a final, you know, this is pretty typical when you ask to close out a contract, get a final billing of whatever might be outstanding that they haven't billed us for. And so, we've requested that. And we anticipate having...we're gonna probably lapse about \$240,000 remaining within that contract. But at this point in time, there, you know, there's really no additional work being done except to just close it out. We do have approximately 80 percent of the plans that we had been working on are complete, which includes various different aspects, you know, of the design such as schematics, construction documents, shell interiors. We started a draft EA as part of that process. But again, Chair, at this point, the project is not moving forward. And so, we're just gonna close that out and disencumber the remaining balance, and return that for...hope maybe reappropriation down the road. But with regards to the land, Chair, you know, we are, and we have been in discussions with HHFDC and the State to look at a Maui Bus hub over on Vevau Street, which is right off of Kane, near Kaahumanu Avenue, right there on that corner. And it's my understanding that the Mayor and the State have been in discussion about doing some kind of a swap of...a long-term lease possibly if the Council is agreeable to it, of land, which would include a parcel there on

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Vevau Street and the parcel that's located up here, otherwise known as the Old Post Office property being a long-term lease. Discussions are ongoing. At this point, nothing has been finalized. We would have to come to Council to get that approval from you, Chair, and from this body. And we understand that. But that's kind of where we are at this point. We have had discussions with HHFDC. We have a draft MOU that we're reviewing right now. There might be some modifications to that, and then we're gonna present that to Council for consideration. So yes, Chair. And, you know, we...I think when the Mayor was here last time in July of 2017, and he was talking about these projects, he had mentioned that, you know, there was this movement that the Judiciary wanted to leave Wailuku Town. And, you know, that's not something that I think any of us would want. They are a huge component of this town, you know. And so, in some of those discussions, I think there was...they were actively...the Mayor was actively trying to, and I think you may have participated in some of that, but actively trying to keep the Judiciary here. And so, this property seems to be something that they may be very interested in to be able to expand some of their operations, possibly, some of the State's operations and their building where the tax office is located there as well. So, Chair, that's all I really have with regards to this particular project and where the Maui Bus hub and the post office site come into play, Chair. Thank you.

CHAIR HOKAMA: Yeah, thank you, Director Regan, for your comments. So again, Members, I appreciate the Director bringing it up. Contract C5155, that is as it regards to the master plan for the Kalana O Maui campus. So, it's multiple building areas. And that's the \$781,000 appropriation. Then we have Contract 5610, the 1.5 plus or minus million dollars. Okay. That is the design of a building for the old Wailuku Post Office lot. Okay. So, that's the difference between those two contracts. You've heard the Director. So, I'm pleased because we may need to reappropriate some of the balances from these contracts potentially to other CIP projects for potential change orders or additional support if necessary. So, this is one of the reasons why we take a look at these contracts, Members. Okay. So, we already heard from the Director. Can you tell us regarding the 5155, Director Regan, which is your master plan, were there items from that complete submittal from Group 70 that is either implementable or you've already implemented from the results of their submittals?

MR. REGAN: Chair? So, we have a number of deliverables that came out of that particular project including things like facility and building systems, evaluations for Kalana O Maui and Kalana Pukui buildings, which we've taken some of the recommendations and concepts from there. I don't have a list of exactly what those have been to this point. But this particular study was extremely useful as part of that master planning process. And then we also have a space analysis that was conducted by Group 70 as part of that master planning process. And that has allowed us to really have a better understanding of going forward what kind of space needs we have for the different departments that are here in this particular campus location, as well as the final master plan as well. And so, we do have those deliverables that we've, you know, referenced periodically as we're looking for, you know, space needs within this particular campus. But as you know, Chair, we do have currently within our Department, the Maui Civic Complex project, which includes the development of a

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multi-level parking structure, as well as office space for County operations. And so, you know, all of that, you know, is being considered. I should say, the master plan information, you know, is assisting in some of that process in terms of determining how much space we need for our County employees going forward. So, yeah, I mean it has been...it has provided some valuable insight that has been useful for us, Chair.

CHAIR HOKAMA: Okay. Thank you for your comments. Ms. Crivello, I'm gonna ask if you have some questions regarding this --

COUNCILMEMBER CRIVELLO: Not at this time.

CHAIR HOKAMA: --agenda item?

COUNCILMEMBER CRIVELLO: Thank you.

CHAIR HOKAMA: Okay. Mr. Carroll, anything at this time you wanna ask? Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. So, I understand it's been paid for, the study or this scoping, you know, of the potential build out of the property next door. But I guess the project is kinda scrapped at this time but the land itself is still there open and available. So, the thought is to do an exchange again for the bus hub project? So, was this...did that...was the bus project...was that being discussed and kind of rolled out with this property in mind to do this type of thing? 'Cause it sorta just hit the paper after the fact. I mean that whole bus hub thing has been discussed already. It's already, you know, been presented to the public. But then now, this property is sorta tossed in there with it. So, was there not a land? I mean what...so, I'm just trying to --

CHAIR HOKAMA: Yeah.

COUNCILMEMBER COCHRAN: --connect those two discussions.

CHAIR HOKAMA: Director?

MR. REGAN: Chair? Thank you. I apologize. I was not in those negotiations. So, I don't have a lot detail with regards to that. What I do know is that it's a lease for those two properties. And so, we're not...we wouldn't be giving up ultimately our ownership of the property. It would just be a long-term lease. I'm not sure exactly how that got worked into the MOU but I'm sure it has something to do with the need for space. The State has a tremendous need for space up here in Wailuku. And we had a need for space down there for the Maui Bus hub. And so, again, I don't wanna speculate. I was not part of those discussions. But that's my understanding of the actual...it's not a land swap per se, it's just more of a long-term lease. They're gonna lease us the land that where we're gonna put the bus hub. And we're gonna lease them the land up here so that they can possibly do something on it. I also know that between the time that...again, this all has...it's contingent upon your approval, right, so we would have

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to come here and ask for your approval for this. But my understanding is that if we do enter into a lease agreement, if it, you know, if it is approved by the Council then we would have...continue to have access to the parking there until such time as they do something with the land in terms of development. So, that's, you know, we don't have to vacate the property immediately upon execution of an agreement, and that's built into the MOU, which you'll see, you know, when we present it here. But we're still trying to work out some of the details. One of the things we're gonna ask for consideration is to provide us with some parking as part of that agreement. So, going forward, you know, if they do develop, you know, can they assist the County with providing some, you know, parking for our employees? So, but again, that's just something that we're in the process of discussing with HHFDC and DAGS to see if that's workable. But this will all come before you for consideration. Thank you, Chair.

COUNCILMEMBER COCHRAN: Thank you. Well, I just remember the whole...all our meetings we had with the master planning. And it's...and it...I think it's a...I thought wow, what a wonderful idea and building 'cause we, the County, need so much the space as you mentioned, and all the leases that we...rentals and all the stuff, everyone is spread out all over creation, and such a nicer thought to have everyone congregate together for not just the public conveniences but ourselves as people who work for the County, and then the additional parking and this and that. So, it's unfortunate the whole tearing down and all that occurred in the middle of it all. But I was really looking forward to actually this happening and coming to fruition. And yes, a lot of money and planning went into the master plan of this Wailuku campus. And, you know, the whole Wailuku Civic hub is a whole other project with its own master planning and studies and everything that had gone into that. So, I'm just feeling like we have such valuable space here that we already started working on this concept and planning, and now, we're just like, okay, well, we're gonna do this exchange of leases and swapping out for the bus hub, which is definitely needed of course. So, I don't know, Chair, I just think that I would have rather see us move forward and work out the kinks or whatever hardships that we went through in the whole building thing next door but to continue on that because so much has already gone into it, you know. And I know the State has that property in front of the old MEO hub, which is across from Sears there. Isn't that...I think that's an entirely huge State property too, which seems to be underutilized. But anyways, I guess those are other discussions and negotiations. Those are just my thoughts, Chair, at this time.

CHAIR HOKAMA: Okay. No, we appreciate your comments. I'm sure the Director is listening. I can tell you, maybe it's gonna work out to our advantage. Obviously, the old post office site had various challenges with the Admin and the Council. Well, it's maybe to our advantage now since we made a commitment to the complex project. The Judiciary I can say in my discussions with the Chief Justice was not very I would say strong in leaving Wailuku. There were other State officials that was looking at moving certain elements of the State to Puunene. And my thing to the CJ is I would not support zoning community plan amendments to take away from Wailuku. And if it's Puunene of your choice, good luck 'cause this is one Member that will not support that and take away from Wailuku. Okay. So, if this is gonna help the State make a

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recommitment and reinvestment back to Wailuku as the civic center of this County, then it's a good thing. 'Cause the CJ is very open to improving State services. Okay. That's from the Judiciary standpoint. And my thing is once we move our project, those that have left Wailuku is gonna try and find a way back to get back into Wailuku, and good luck. Because Wailuku is gonna be a place you wanna be at in the near future. So, saying that, I think we're in a good position, Members, with potential negotiations that we hope the Mayor and the Director will work to the County's benefit because we have opportunities now that I think the State can participate but they're gonna have to put in their skin in the game, their fair share of skin in the game. So, I think we're offering them some good opportunities through this proposed site and possible exchange. And who knows, why wouldn't we still look at some smart, affordable transit, oriented housing around that site in Kahului? If MCC cannot work, well, we can look at something else. We'll make a determination. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. Couple questions that I would like to know, so, if I recall on the legislation, I...so, I don't recall seeing this kind of request for some sort of swap. And legislation was very supportive with our Transportation Department on the hub...building of the hub and even helping to provide funding for the bus setup. So, how did this come in? And is it part of the State legislation? I sat in earlier discussions with HHFDC, as well as Department and the efforts to have the conversation exactly what we talked about, maybe some housing in that area. So, I'm just trying to connect the dots. I think Ms. Cochran brings up a good point that we...and we're...we have this proposal...proposed agreement going on, which is maybe a positive. I'm wondering, is that part of the legislation that came through with we having the opportunity to build our transit hub at the Kahului site with...in partnership with the State?

CHAIR HOKAMA: Director?

MR. REGAN: Chair? Thank you, Member Crivello. I...again, I apologize. I was not involved in the negotiations --

COUNCILMEMBER CRIVELLO: Okay.

MR. REGAN: --for this particular project. But, you know, my understanding is that this was something that was...I don't believe it was part of the legislation that authorized the funding.

COUNCILMEMBER CRIVELLO: Right.

MR. REGAN: I believe this is something that was discussed between HHFDC, DLNR, and the County in that negotiation process. So, I...but again, I apologize. I was just not involved and --

COUNCILMEMBER CRIVELLO: Okay.

MR. REGAN: --I don't have the details.

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COUNCILMEMBER CRIVELLO: Okay. We can find out further --

MR. REGAN: Yeah --

COUNCILMEMBER CRIVELLO: --then.

MR. REGAN: --I apologize.

COUNCILMEMBER CRIVELLO: Thank you. I appreciate it. Thank you.

CHAIR HOKAMA: Okay. Thank you. Ms. Sugimura, then Mr. Atay.

COUNCILMEMBER SUGIMURA: Thank you, Chair. So, I'm glad to hear that the Chief Justice wanted the Judiciary to stay in Wailuku. So, I will tell you that when that talk was going on, there was stuff on Facebook. And the...of course, Wailuku businesses were getting a little anxious 'cause they are an important part of the town. So, I'm glad to hear your statements about that and how the Civic Complex fits into this whole revitalization of the town really is what's happening. My one question, which Member Cochran kinda touched upon is, when I read that article about a possible swap, my first thought were about the employees, and some of 'em work in Office of Council Services or with us that would be losing their parking. So, I know you can't really talk --

CHAIR HOKAMA: Okay.

COUNCILMEMBER SUGIMURA: --about that --

CHAIR HOKAMA: The County --

COUNCILMEMBER SUGIMURA: --now.

CHAIR HOKAMA: --does not guarantee employee parking.

COUNCILMEMBER SUGIMURA: I know but just based in general when they start talking about this land swap, I wonder if Administration would keep that in mind.

CHAIR HOKAMA: Director?

MR. REGAN: Chair, thank you. Yes, so, that is definitely high on our priority list with regards to this negotiation. Well, I should say with regards to the MOU that we're in the process of working through right now. My understanding is that, you know, and again, I...I'm...I have a call in to HHFDC to try to get some timelines in terms of when DAGS would anticipate doing work on the property. But it won't be, you know, in the next year. Maybe not even in the next two years that we'd have to start looking at options for, you know, other parking perhaps. But yeah, it is a consideration. It's something that we're incorporating into this discussion. So, thank you, Chair.



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COUNCILMEMBER SUGIMURA: Thank you.

CHAIR HOKAMA: Okay. Thank you. Mr. Atay?

COUNCILMEMBER ATAY: Chair, I sit here, definitely need more clarification. I look at this, I'm looking over two contracts. Contract C5155 --

CHAIR HOKAMA: Yes.

COUNCILMEMBER ATAY: --which was focused on a master plan for the Maui County Civic Center. And inclusive of that was the property of the post office and the expansion of this Kalana O Maui campus. And in that contract was encumbered 781,000. We paid out 779,000. And now there's a request for disencumbering 1,500 [sic]. And so, the master plan is over. And it's after spending all that money it said, it's not included. And then the second contract, C5610 to the same entity, Group 70, we encumbered one...almost 1.5 million, paid out almost 1.2 million. And that contract was for the design of the post office location. And the end result is the County not gonna end up having that location and we wanna trade a bus location. When the initial plan was how do we expand our campus? So, I'm very confused of our encumbrances, our payouts, and the end result. And, you know, I gotta wear the hat of the kuleana of looking after the purse strings of our taxpayers. And a lot of them know the history of that property, that post office location. We know we need parking. We know we need expansion up here. I definitely do not wanna be moving our County operations into Kahului and out of Wailuku. I would like to hold on to as much as we can in Wailuku for the County of Maui's operations and positioning. But to see this end result after spending almost yeah, 2 million. After 2 million, the end result is no be up there, scrapped. I'm not happy. Thank you, Chair.

CHAIR HOKAMA: Thank you for your comments, Mr. Atay. It's understandable, your concerns. Okay. Ms. Crivello, anything else you'd like to bring up for the --

COUNCILMEMBER CRIVELLO: No, but --

CHAIR HOKAMA: --Committee?

COUNCILMEMBER CRIVELLO: --I just like to ditto what Mr. Atay is saying, you know. We've expended big dollars. And today we're gonna scrap it all. Thank you.

CHAIR HOKAMA: Okay. Just so we're clear, Members, it is a potential consideration, yeah. It is not before this Committee or any standing committee yet. It's something we...the Mayor has considered and proposed. There's no formal request before a Council committee or the body. And so, I'm sure, you know, the Administration will take our comments as, you know, spoken today, shared today. They'll take that into account on how to move forward hearing our concerns.

COUNCILMEMBER CRIVELLO: Chair?

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CHAIR HOKAMA: Yes, Ms. Crivello?

COUNCILMEMBER CRIVELLO: So, are we saying that the campus project is...if I heard Mr. Regan correctly, that's a done...that's pau, the Kalana...

CHAIR HOKAMA: The study is pau. The master plan study is done. They are using components of the master plan study for implementation purposes. That's what I've heard. Is that correct, Director?

MR. REGAN: Yes, Chair, that's correct.

CHAIR HOKAMA: Yeah.

COUNCILMEMBER CRIVELLO: Okay.

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Good. Thank you.

COUNCILMEMBER COCHRAN: Chair?

CHAIR HOKAMA: Yes, Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And I wholeheartedly agree with Mr. Atay's comments and, you know, picture of where we're at today. And I'm just wondering if the bus project is so tied to this...the property next door that something can hinder that from moving forward at this point. I know you weren't in the negotiations but I...I've just...I've...you have an inkling or a thought about that, part of it?

CHAIR HOKAMA: Director --

MR. REGAN: Chair?

CHAIR HOKAMA: --anything you'd like to share?

MR. REGAN: Yeah, so, I have a call-in to Mr. Hirai from HHFDC to talk more about this. I wanna have a deeper understanding as to how critical this particular property is next door to the success of the bus hub. And, you know, are they absolutely married where we cannot bifurcate them? Or, you know, is there some way to separate that? So, that is something that my...I intend to have that discussion with Mr. Hirai, and get that determination. But yeah, I, you know, the master plan that Group 70 did, they did a fantastic job with this master plan. Please do not think that this master plan was a waste of money. It was not a waste of money. This is something that can be utilized going forward for the next Administration and the administrations beyond that. There is tremendous amount of data and information in this master plan that is

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going to be beneficial. So, I don't want the taxpayers to think that there was some waste of money here for this contract that we have and the work that's been done. So, I just wanted to kind of mention that, Chair. Thank you.

CHAIR HOKAMA: Okay. Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you. And yeah, I don't...I think it will become waste if nothing's acted upon it. I think it becomes a waste if the vision and what has...was planned originally in all those discussions and all the whatever procedural things, will be all for nothing in the end. So, I think in an answer for Ms. Crivello, I think the new Administration will be able to pick up this ball and move forward and roll out the plan. Still, it's not dead. So, it's just a political will of that happening. And as for the lands, I mean this property next door is extremely valuable. The property down in Kahului, I mean if you're just gonna go value for value on land, definitely there is no...there...you cannot compare. And as Mister...Chair Hokama mentioned, you know, the Judiciary wants to keep their stronghold here, and that's prime property. So, I really don't see, and of course, the bus hub is what we needed but I really see other lands in that particular area that could be utilized for that particular usage. But I think yeah, Group 70 did an awesome job. And we are...this is our home base, you know. And to, I think, parcel it out or trade it off or whatever we wanna call it to a State entity, you know. And I know, Mr. Hokama, the Wailuku Civic Hub was a huge contentious issue also during our Budget hearings. But perhaps that property there, Judiciary can tap into and utilize on their behalf. And we can have them be...we can be the landholder on their behalf and negotiate and do some type of partnership there for them to build up their base as in the Judiciary there. So, I don't know, I mean there's so many questions, I mean there's so many ideas I think that can...that are still doable. But of course, it's gonna take the people...decision-makers to come together to decide, you know, what's best for this community. But those are just some thoughts that went through my head as we're discussing this that I don't think the monies that been expended is a waste. And I think we can move forward and benefit all people here, you know. So...

CHAIR HOKAMA: No, thank you for that. The Chief Justice, well is aware of his State financials challenges. He got the support for the Big Island's Judiciary expansion, which was a very big chunk of capital monies. He knows he has to do some things in the...what's the new Honolulu city, the Ewa side is gonna need some massive capital for Judiciary. So, he's been realistic that he doesn't see Maui having the type of capital funds for the Judiciary for another ten years. So, they are looking it up multiple ways. And my thing is the County can look at it multiple ways. We can consider buying in advance, you know, with an agreement with the State to upfront it, and then the State can pay the County back in terms, which is kinda interesting. The County would...could do this for the State as one way. But I would say this time, Members, regarding the master plan, we've got lots of master plans. Okay. Again, it's just...a master plan is a snapshot of time and what people are thinking at that point in time. Okay. So, it's as good as that snapshot is. Is there anything else, Director, you'd like to share regarding these two contracts, 5155 and 5610?

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MR. REGAN: Chair, I do not have anything else to share. Thank you.

CHAIR HOKAMA: Okay. No, we appreciate your comments this morning. We just wanted to see if there was any additional information as far as the Mayor's interest in considering the site as one for a...an exchange consideration. Okay. Members, with that I'm going to, with no objections, defer these items.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay. We'll defer BF-53(4) and BF-51.

**ACTION:      DEFER** pending further discussion.

CHAIR HOKAMA: We'll take a short recess and finish up the rest of the Committee's agenda. We'll be back by 10:45. . . .(gavel). . .

RECESS:            10:35 a.m.  
RECONVENE:        10:47 a.m.

**ITEM 69:            EQUIPMENT PURCHASES, REPLACEMENT EQUIPMENT,  
FLEET VEHICLES, AND A COMPARISON OF EQUIPMENT  
LEASE VS. PURCHASE** (MISC)

CHAIR HOKAMA: . . .(gavel). . . Okay. We're back to order. We have two more items to review for today, Members. Per our agenda, let me direct you to BF-69. BF-69 is under the heading of Equipment Purchases, Replacement Equipment, Fleet Vehicles, and a Comparison of Equipment Lease Versus Purchase. So, Members, we have communication, July 20, 2018, from the County Clerk, as I...refers to Contract C6480, between the County of Maui and First Hawaiian Leasing, Inc. And this is also relating to the Lease Line of Credit for the County Department of Finance. And then we also have a communication, July 20, 2018, referring to amendment one to the Contract C480-1 [sic]. So, at this time, we'll ask our departments. Mr. Baz, any comments first before I ask Director Walker for his comments?

MR. BAZ: Good morning, Mr. Chair. No real comments, just appreciate the discussion on this. It's always a topic during our Budget deliberations. And we do have a new tool that our Director can describe and implementation of some actions recently by our Parks Department that might be able to assist in the Committee's understanding of the processing. Thank you, Mr. Chair.

CHAIR HOKAMA: Okay. Thank you so much. Director Walker, we'd appreciate any comments you may have at this time.

MR. WALKER: Thank you, Chair. Late last year, we went out for RFP for a Leasing Line of Credit. And it was my idea to get this facility in place, just another tool in the tool belt

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if during the Budget process, the B&F Committee, the Council decided that maybe this particular purchase should be via a lease, then we had a facility in place that could take care of that. We went for an RFP like I mentioned. We had...I think we had eight participants including Bank of America. I think we had JP Morgan as well, the two big local banks. And at the end of the day, First Hawaiian had the best deal according to the review committee and they were awarded the contract. The contract is for initial period of two years with three one-year extensions at our leisure. The terms...the...additionally, the terms of the Lease Line of Credit allow for leasing anywhere from two to ten years depending on the depreciable life of the particular equipment that they're considering. And so again, I thought this was...it doesn't cost us any money. It's in place. It gets renewed annually. And down the road if the County decides they wanna lease a fleet of vehicles for the Police or whatever it might be, heavy equipment for Public Works, at the end of the day, I think the calculation is the cost of money, you know. What's that gonna cost versus what's it gonna cost us to be an out-of-pocket, or what's it gonna cost us to put it on a bond, which are our typical ways of financing? I would add that this particular lease program is a dollar buyout at the end. So, truly like a loan. They call it a lease but it's really more of a loan. That are my initial comments, Chair. Thank you.

CHAIR HOKAMA: Okay. Thank you for your comments, Director. I appreciate it. Mr. Carroll, questions for Finance at this time? Okay. Thank you. Ms. Crivello, any questions at this time? Mr. Atay?

COUNCILMEMBER ATAY: No questions, Chair.

CHAIR HOKAMA: Ms. Sugimura?

COUNCILMEMBER SUGIMURA: No questions.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: No, Chair.

CHAIR HOKAMA: Okay. So, Director, under Exhibit 3, and I thank you again for sharing information with us, as it regards to this, and I like this 'cause this is part of how the Feds work, Members. So, for this Lease Line of Credit for municipal tax-exempt leases, that's a good one, right? Okay. That's the key for us, tax-exempt, Members. You show us a spread or rate index, so thank you for that. Compared again, as your comments said to the cost of borrowing, what's the...how much are we looking in points or it's on the difference, the lease versus the regular bond rates we're looking at?

MR. WALKER: Well, I think that depends on the term you're looking at. So, in other words, if it's a copier lease for two years versus a heavy equipment lease for ten years, I think you're gonna have different rates. I mean I think the good thing about the particular proposal we received from First Hawaiian was that they were just a half percent above the index that I showed you there, the...

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CHAIR HOKAMA: So, this would be for most equipment that will not meet the normal bonding requirements, Director, because of the price, the total --

MR. WALKER: It will --

CHAIR HOKAMA: --cost?

MR. WALKER: --be for any equipment that the Council decided they wanted to have funded via a lease. It wouldn't be because it couldn't be funded another way. It's just another way to buy something. And so, I guess maybe in your deliberations if you're in the B&F, you might say, well, we would potentially consider this for a lease, this purchase, but what would that cost versus what's...what are rates at that time for a...for an applicable bond? The problem of course is we don't know what the bond rates are 'cause we usually lend...we forward the money...transfer the money from our General Fund, and go two years, and then we do a bond. And so, we don't know what the rates are gonna be. So --

CHAIR HOKAMA: Yeah --

MR. WALKER: --I mean it's --

CHAIR HOKAMA: --but we're looking --

MR. WALKER: --a little bit --

CHAIR HOKAMA: --of --

MR. WALKER: --of a delicate...

CHAIR HOKAMA: --some kind of forecast parameters, right?

MR. WALKER: I mean you could, yeah, you can forecast subject to obviously the market vagrancies and the ups and downs.

CHAIR HOKAMA: Okay. No, I'm just trying to calculate. What is currently that you've asked for and what is the...did the County receive as the line of credit? Two million? Ten million?

MR. WALKER: Two-and-a-half million.

CHAIR HOKAMA: Two-and-a-half million.

MR. WALKER: Yes. There was no magic to that number. It just seemed big enough but not too big.

CHAIR HOKAMA: Enough to take care of our needs if we wanna exercise this finance option.

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MR. WALKER: Correct.

CHAIR HOKAMA: Okay. When did you implement this, Director, this --

MR. WALKER: I think we...

CHAIR HOKAMA: --lease?

MR. WALKER: Well, the RFP, we awarded it in January or February. We had a hard time getting it documented and signed. We finally got it done I think --

CHAIR HOKAMA: Okay.

MR. WALKER: --in early June maybe, something like that. Because I knew at the time that Parks had a piece of equipment they were gonna lease anyway. They were...if I couldn't get the Lease Line of Credit done in time, they were gonna go and get a lease. And so, I know they were waiting, and I think they end up leasing about a \$20,000 mower or...

CHAIR HOKAMA: Okay. So, how did that work out? You want Parks to speak on it themselves --

MR. WALKER: Yeah --

CHAIR HOKAMA: --or...

MR. WALKER: --I mean I think they got the machine.

CHAIR HOKAMA: Okay.

MR. WALKER: They would have liked to have got it done a lot sooner. They were nervous that I wasn't gonna get it done for 'em. And I kept saying, no, no, we'll get this documented and --

CHAIR HOKAMA: Okay.

MR. WALKER: --so, I think it would...the purchase went fine, and they're in possession of the equipment and everything is working fine. But I would defer to them if they have --

CHAIR HOKAMA: Okay.

MR. WALKER: --anything else to say.

CHAIR HOKAMA: Parks, why don't you come down in case the Committee has some questions? Okay. We have Parks Department representative, Members, as well as

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Finance for your needs this morning. So, Parks, you've heard Director Walker regarding this line of credit for leasing of equipment versus purchase. Tell us your experience with your lease experience.

MS. PETERS: Thank you, Chair. Karla Peters, Parks Maintenance Superintendent. Hi, Committee. We did do an amendment to that Lease Line of Credit for the budgeted lease in Fiscal Year '18 of the rough mower for the golf course. In Budget deliberations, it was asked of the Department our recommendations of the lease versus outright purchase. And because of the way that the rough mower is used and the hours that it is used, the life of it, we recommended the lease option. So, we did the amendment and everything went fine. If not, what we would have had have done was go out to bid, which what we did for the equipment, and then go out to bid again for the lease. So, there...it's two separate bid packages.

CHAIR HOKAMA: You go for the equipment and then the lease?

MR. WALKER: Well...

CHAIR HOKAMA: Director Walker --

MR. WALKER: If I may --

CHAIR HOKAMA: --please?

MR. WALKER: --yeah, if the Lease Line of Credit wasn't there, they would had to go through two procurement processes, one for the lease and one for the equipment. The way that it's set up now, we already have the lease. They just have to get their best price on the equipment they're buying, and then we already have the Lease Line of Credit in place.

CHAIR HOKAMA: Okay. And for your Department needs, the lease is the best way to go for this type of equipment because?

MS. PETERS: Because of the use of the mower. So, we estimated...so, in Budget and Finance, BF-1, PR-11, we were asked to provide information as far as the lease versus outright purchase. And so, the rough mowers get about 35 hours per week of use, which is pretty heavy on the actual equipment and it takes a toll on it. So, it would...the life of the equipment is not as...wouldn't last as long, and be as efficient as would be say the fairway mower that gets 12 hours a week.

CHAIR HOKAMA: Okay. So, this mower that, equipment that you folks have leased, 35 hours per week, what is your life expectancy for this type of equipment? Three years?

MS. PETERS: Five.



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CHAIR HOKAMA: Five years. Okay. So, when you do your five years purchase, you amortize it to the five years versus the lease and then the lease termination cost, what is our benefit from the lease?

MS. PETERS: You wanna answer that? It's the maintenance that we do have to do on it after. So, repair and maintenance is a much more heavier cost. And therefore, by us leasing it and then being able to either the dollar buyout or returning it, we would eliminate that heavy repair cost in the end.

CHAIR HOKAMA: The lease --

MS. PETERS: So...

CHAIR HOKAMA: --is for five years, too --

MS. PETERS: Correct.

CHAIR HOKAMA: --Ms. Peters? Okay.

MS. PETERS: Yes, Chair.

CHAIR HOKAMA: Okay. The manufacturer offers us lease terms also. And their terms would not be as good as the First Hawaiian Bank terms that Finance has secured for the County? Let's say you buy a mower ABC versus mower 123. And both companies say, we finance if you want. You can lease from us. You can buy it from us. We have our own finance...I mean just like car people, right? I can finance the car, I'm willing to sell you. So, those manufacturers I'm sure whether it's a Toro or a John Deere will offer your financing also, right? And their terms are not as good as what Finance has done with First Hawaiian Bank?

MR. BUENCONSEJO: Chair?

CHAIR HOKAMA: Parks Director?

MR. BUENCONSEJO: So, some of those leases, for some of those manufacturers didn't offer a lease as well.

CHAIR HOKAMA: Okay. I understand.

MR. BUENCONSEJO: Yeah.

CHAIR HOKAMA: I just was wondering if they offer it.

MR. BUENCONSEJO: Yeah.

CHAIR HOKAMA: Were their terms just --

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MR. BUENCONSEJO: They're...

CHAIR HOKAMA: --as good or definitely higher than what Mr. Walker got? So, for us it's a no-brainer. We're going First Hawaiian credit because it's the better deal. Director Walker?

MR. WALKER: Well, I, you know, I'm not a procurement expert but I have one who works for me. And I...I'm not sure that that would not fly in the face of procurement law that you don't get multiple --

CHAIR HOKAMA: No --

MR. WALKER: --bids.

CHAIR HOKAMA: --that's what...that was my only --

MR. WALKER: Right.

CHAIR HOKAMA: --concern --

MR. WALKER: Right.

CHAIR HOKAMA: --that --

MR. WALKER: Right.

CHAIR HOKAMA: --Mr. King would say, wait, whoa, whoa, whoa, whoa ---

MR. WALKER: Yeah --

CHAIR HOKAMA: --whoa, whoa.

MR. WALKER: --right. So, I think we'll have to look at that if a manufacturer offered, don't you have to...do you have to bid it out?

CHAIR HOKAMA: I mean, you know, nowadays, they say interest-free, the first so, you know, "x" months because they want the business, right? So, if somebody told me, oh yeah, two years you're not paying anything on your leasing interest or whatever, why wouldn't we look at the...those advantages? I'll start with Ms. Cochran, questions for our departments? Again, we have Parks and Finance, regarding lease versus purchase.

COUNCILMEMBER COCHRAN: Yeah, thank you. And so, tax credits or incentives, what is that...how does that play out here? Or no, there isn't? There's no...

MR. WALKER: None.

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CHAIR HOKAMA: There wouldn't be.

COUNCILMEMBER COCHRAN: I'm trying to vet through these hundreds of...well, I don't know how many pages in this lease. And so --

CHAIR HOKAMA: I think...

COUNCILMEMBER COCHRAN: --that's why I was wondering what would be the benefit on that aspect if there is...there's some kind of tax indemnification here. And I was trying to understand what that was. No --

MR. WALKER: No --

COUNCILMEMBER COCHRAN: --it doesn't apply?

MR. WALKER: --it doesn't affect the County, no.

COUNCILMEMBER COCHRAN: Okay.

MR. WALKER: It doesn't apply.

COUNCILMEMBER COCHRAN: Thinking depreciation of sorts, then our value, you know, we, I don't know, get some type of lesser taxation on our assets or something to that effect or no? Okay.

CHAIR HOKAMA: The depreciation schedules and whatnot it's just more of one internal budgetary document for us to keep track of our values.

COUNCILMEMBER COCHRAN: Okay. And...all right. Yeah, I don't know. I mean I think that was a question by the Police Department wondering about buying outright versus leasing their vehicle fleet, and what would be...so, how is this being discussed in that Department or any, you know, besides Parks, how is this rolling out in others, Public Works or anyone that, you know, Fire, Police, if at all?

MR. BAZ: Mr. Chair?

CHAIR HOKAMA: Gentlemen, who's gonna --

MR. BAZ: I'll --

CHAIR HOKAMA: --respond?

MR. BAZ: --take that one.

CHAIR HOKAMA: Mr. Baz?

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MR. BAZ: Yeah, thank you. It's more of a budgetary question about how we're paying for things. Okay. So, as Director Walker mentioned, this is basically just a different financing option. And the basic three options that we have are pay cash, bond if it's large enough and it fits those criteria, or lease. Bonding and leasing both cost us money, right? So, it's not the most advantageous, right? The most advantageous if...for anybody is if you got enough cash to go buy a car, you go buy a car, right? I mean that's what it is, what you can afford and all that. The part that is something that it gets evaluated from the budgetary standpoint, as well as from this Committee then becomes...is that affordability. Can you afford it? So, for the lawn mowers in the Golf Fund, at the time, you know, Golf Fund is very short of cash, right? So, it's more advantageous to lease it or to somehow finance it so that you don't have to come up with that cash right away. It ends up costing us more in the long-term but that means that they can get that equipment now. They can get the active thing going. The same works for the bond issuances that we do for the equipment. At some point, you know, we bond on average between 3, \$4 million a year in equipment. At some point, we're gonna be spending 3 or \$4 million on the debt service for that equipment. So, we're not, you know, it's gonna end up costing us more. But until that time happens, the financing is cheaper on an annual basis than the cash purchase. So, those are the kind of things that need to be evaluated pretty much every time we look at something large like that. There are different functionality of leases especially for the Police. If we're gonna be looking at that specifically, then we wouldn't be looking at the financing option that First Hawaiian Bank is providing us with this Lease Line of Credit. Those are dollar buyouts. Basically, the same function of what we're doing now is we get to finance it out. We get to pay, you know, for five years. And then we get to keep it basically until it dies, which is what we're normally used to doing. We keep stuff until it dies. That's why some of the Solid Waste equipment you see come in, you know, it's 30 years old. And, you know, it's got thousands and thousands of hours on 'em, and it's really just rusting and falling apart, right, not quite as rusty as the chair's seat on his lawn mower. But you remember that, right?

COUNCILMEMBER COCHRAN: Yes.

MR. BAZ: The...but that's the discussion, right, is, you know. So, but for the Police vehicles, we're gonna be going through them on a regular basis like that. Would it be more advantageous to get us a different lease package where it's more like a typical car lease package where you lease it for three years, you get a certain amount of usage out of it, you turn it back into them, you know. So, you're basically renting the car. You know, for...and for a lot of people that leasing of vehicles works well. You know, you get a nice new vehicle every few years, and you get to not have to worry about maintenance and all those kind of things as the Chair mentioned. But that's a different discussion than this lease we have here. And I think that if the Council's open to having that discussion about that, then, you know, we should probably discuss that and kinda work out some options. But it's a different philosophy than we have now. The County has, like I said, typically, we buy things; however we buy them, and we use them until they're dead. And that's just, you know, we...I mean we try to maintain them as much as possible. But at some point, it ends up costing us more to maintain it than to buy a new one, right? So, but the same philosophy is that, you know, you...we don't mind

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driving a 12-year old car because it's paid for and it's done already. That kind of situation. So, hopefully that answered, Ms. Cochran, your question as far as those concerns are.

COUNCILMEMBER COCHRAN: Yeah. No, well, thank you for the distinguishment between the different, yeah, types of leasing packages or ways. Thank you.

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

COUNCILMEMBER SUGIMURA: Yeah, thank you for that finance education, Director Baz. And I just wanted to just thank Mr. Walker for looking at this option and kinda thinking ahead. I think it's probably something we needed to do. And thank you for thinking of it so that we now have another option in the toolbox as you called it. So, thank you.

CHAIR HOKAMA: Okay. Thank you. Mr. Atay?

COUNCILMEMBER ATAY: No questions, Chair.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: I'm good. Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll, any questions, sir? Okay. I think we're gonna have more discussions on this. But I would agree, this is a good tool that the Director has secured for the County's financial options. So, I appreciate that. And there's going to be times when the lease is...would be the preferred method over the purchase. I would agree with that. So, yeah, we'll look at both ways. Anything else, Director, we should be aware of regarding the quickly changing financial climates?

MR. WALKER: No, nothing on that. But I just wanna...I just happened to look up, because I thought someone might be interested what the rate would be today if we wanted to lease something that was a five-year life.

CHAIR HOKAMA: Right.

MR. WALKER: Based on the...it's a floating...I mean it's a rate. It's a half percent over this index. And that today will be 3.34 percent, which is in my book is pretty good for five years. So, it's very competitive. And so, that's not bad.

CHAIR HOKAMA: Three point...

MR. WALKER: Three point three four percent, fixed, for five years.

CHAIR HOKAMA: And your...and First Hawaiian would come in at 2 point something, right?

MR. WALKER: No, I mean that's the First Hawaiian. That would be the rate --

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CHAIR HOKAMA: That would be the First Hawaiian?

MR. WALKER: --at First Hawaiian if at half percent above the index that they cite based on...as of the 27<sup>th</sup>, I think is the date I looked.

CHAIR HOKAMA: Okay. I was just looking at your schedule that's why. So, okay. If that's what --

MR. WALKER: Yeah --

CHAIR HOKAMA: --the...

MR. WALKER: --every term that they...they said any year...any from...any term from two to ten years, it will be half-a-percent over that index that they cite. And every year has a different index amount. But for five years, the total rate would be 3.34 percent, which I thought was reasonable. I wish I could get 3.34 percent.

CHAIR HOKAMA: And then for the departments like Parks, they would pay the lease one time, once a year? You pay an annual lease amount to the vendor? How is payment done for this type of lease program?

MS. PETERS: Thank you, Chair. Yes, it would be once a year. So, we'd do an amendment to the agreement -- every fiscal year providing that gets budgeted.

CHAIR HOKAMA: Okay. Okay. Oh rats, no wonder. Okay. I...the 2.7 I was looking at was as, the rate as of 12/29/17. So, that's an old number, yeah.

UNIDENTIFIED SPEAKER: But not too...

CHAIR HOKAMA: Yeah, I understand the points. So, I appreciate that. Okay. Members, anything else regarding purchase versus lease you may wanna ask for? Yes, Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. So, I found, I guess the term sheet for this Lease Line of Credit for municipal tax-exempt leases. And what's it say? So, it looks like for equipment, the...I mean the one...what we're talking about right now is that mower, the rough mower out of...for the Parks Department. But this is to be thought to roll out on a wider base, I guess. I mean whatever 2.5 million can purchase annually for two years, and then we have a three-year one-year extension option, looks like with this. And it says commuter buses, public safety vehicles, heavy equipment, information hardware, software, fiber optic lines, and other equipment mutually agreeable. And so, that's I guess, the lease structure is saying this municipal tax-exempt lease, and I think that's where the tax, the word tax popped into my head to ask about. And then, I guess in the end after the lease terms whether it's two, three, five, seven, or ten years, we...it's end-of-term purchase is a dollar? That's it? I mean so we sign on our monthly payments, annual payments whatever, and then



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CHAIR HOKAMA: Thank you, Parks. Appreciate your presence.

**ITEM 144: FORBEARANCE OR DISCHARGE OF DEBTS** (CC 18-176)

CHAIR HOKAMA: We have one last one, BF-144, Members. We have a Communication 18-176, from your Committee Chair, with a proposed bill for an ordinance that amends Chapter 3.08 of the Maui County Code, relating to forbearance or discharge of debts. And the purpose of the proposed bill is to amend Chapter 3.08, by adding a new section, 3.08.025. And this 025 is again, relating to forbearance and discharge of debts owed to the County. Your Chair has proposed this more as a housekeeping item. I'm gonna ask our gentlemen if they have any comments they wish to share, from Mr. Baz and then Mr. Walker.

MR. BAZ: Thank you, Mr. Chair. From a budgetary standpoint, this...I have no comments that would affect our item. So, I'm...more effort we can make to collect our debts, the better. That's more revenue we can already have planned for that we can then spend. So, yeah, I'm --

CHAIR HOKAMA: Okay.

MR. BAZ: --okay with that.

CHAIR HOKAMA: And as you see in the proposed language, Members, we are not touching certain sections of the Code that is specific as it regards to delinquencies. Mr. Walker, any comments you wish to share?

MR. WALKER: I guess I just want clarification on when this would be used. Currently, I get memos from time to time from departments wanting to write off accounts. And they'll give a list and a dollar amount and say they, you know, their collection efforts have failed and blah, blah, blah, blah. And --

CHAIR HOKAMA: Yeah.

MR. WALKER: --I'll approve that.

CHAIR HOKAMA: Okay. Right now, yeah, we have it July 1, 2018, which has come and gone.

MR. WALKER: Right.

CHAIR HOKAMA: So, of course, that would be one of the areas of revision. And so, we would be open to your comments and recommendations on what you feel is appropriate from an operational and implementation standpoint. So, if you say, I need six more months to be ready then...



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MR. WALKER: I mean I think six months would be fair. It's interesting though 'cause we had the discussion this morning about the collection agency.

CHAIR HOKAMA: Right.

MR. WALKER: And so, we might write something off. It doesn't mean we give up trying to collect on it. But from a, you know, so we could send it. We send stuff to the collection agency. I don't know, does this forbearance or discharge mean that we can't send something to the collection agency?

CHAIR HOKAMA: No, that's --

MR. WALKER: Then that's...

CHAIR HOKAMA: --not my understanding.

MR. WALKER: Okay. So, I guess that would be a question I would have of Corp. Counsel because we kinda, you know...

CHAIR HOKAMA: I've been...it's been brought to my attention from various auditors of things that are outstanding year-after-year --

MR. WALKER: Right.

CHAIR HOKAMA: --as potential uncollectibles --

MR. WALKER: Right.

CHAIR HOKAMA: --and it sticks out on our P&L sheets.

MR. WALKER: Right.

CHAIR HOKAMA: And so, the auditors are saying, make a call.

MR. WALKER: Right.

CHAIR HOKAMA: You're gonna keep this debt on the book or you're gonna write it off. But I --

MR. WALKER: Right.

CHAIR HOKAMA: --mean it sticks out every year. You show this kinda --

MR. WALKER: Right.

CHAIR HOKAMA: --recurring issue and nothing is done about it. So, make a decision.

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MR. WALKER: Right.

CHAIR HOKAMA: And that's what we're...what I'm trying to deal with.

MR. WALKER: Right. And we have those discussions periodically. They want us to clean up the books and --

CHAIR HOKAMA: Right.

MR. WALKER: --if it's uncollectible, then say so --

CHAIR HOKAMA: Correct.

MR. WALKER: --and clean that out. So, I guess that's what you're saying. That's where this would come into play.

CHAIR HOKAMA: Correct.

MR. WALKER: But wouldn't mean that we couldn't send it out for collection --

CHAIR HOKAMA: No. My --

MR. WALKER: --if --

CHAIR HOKAMA: --thing is if we can --

MR. WALKER: --we wanted to do that.

CHAIR HOKAMA: --collect then we should make all efforts --

MR. WALKER: Right.

CHAIR HOKAMA: --to collect. Yeah.

MR. WALKER: And I guess my other question is --

CHAIR HOKAMA: Yes?

MR. WALKER: --it says, the Council shall approve by resolution. Is that resolution from the Director of Finance or is that from a individual department?

CHAIR HOKAMA: I haven't decided. And Finance, I think it should come from your Department --

MR. WALKER: Okay.

CHAIR HOKAMA: --Director, because --

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MR. WALKER: Okay.

CHAIR HOKAMA: --you need to be...

MR. WALKER: Right.

CHAIR HOKAMA: You take care of the ledger.

MR. WALKER: Right. Right.

CHAIR HOKAMA: Okay.

MR. WALKER: Okay.

CHAIR HOKAMA: So, I need you to be fully involved.

MR. WALKER: Okay.

CHAIR HOKAMA: So, I prefer the communication comes from your Department.

MR. WALKER: Okay. So, what I would need to do is probably talk to my Account staff and figure out how we would implement this and get the information on to the other departments as well.

CHAIR HOKAMA: Okay. Okay. And again, if we're not ready today, that's fine. But I, you know, I need to have...I would like us to make a decision one, you know, at the next meeting whether --

MR. WALKER: Okay.

CHAIR HOKAMA: --we're gonna move this forward --

MR. WALKER: Okay.

CHAIR HOKAMA: --or not.

MR. WALKER: Okay. I can be ready then with...

CHAIR HOKAMA: Okay. So, besides the six months, any other clarification you feel you may need for your Division or your Department...

MR. WALKER: No, I don't think so. And if in between now and the next meeting, if there are some questions, I'll certainly relay them --

CHAIR HOKAMA: Yeah.

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MR. WALKER: --to you.

CHAIR HOKAMA: Thank you. Okay. Mr. Ueoka, anything from a legal standpoint we...I may have missed in the proposal?

MR. UEOKA: Thank you, Chair. No, just following up that just the forbearance would mean the failure to exercise a legal right. So, as Director Walker pointed out, if we do send it to collections, we're still trying to exercise our legal right there. So, I'm not sure if that will need to come up to Council. But we all agree with you on your point of...you don't want these debts, uncollectible debts, on the books forever. So, this provides a cleaner, easier mechanism for the departments to get a clean way to dispose of it. So, thank you, Chair.

CHAIR HOKAMA: Okay. I'll have the Committee ask any questions or concerns they may have. Ms. Sugimura, any comments or questions?

COUNCILMEMBER SUGIMURA: No, it makes sense.

CHAIR HOKAMA: Okay. Thank you.

COUNCILMEMBER SUGIMURA: Thanks.

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

COUNCILMEMBER COCHRAN: Chair, I take it you'll be deferring the --

CHAIR HOKAMA: Yes, ma'am.

COUNCILMEMBER COCHRAN: --item? Okay. Because I wanted to look into each of these different...the three different sections --

CHAIR HOKAMA: Sure.

COUNCILMEMBER COCHRAN: --that are cited here. I didn't, unfortunately, didn't have a printout of each one to really understand what this is, the repercussions of all this. But the one part...

CHAIR HOKAMA: You know what, I'll have Mr. Ueoka, maybe give us quick comment on the three --

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: --sections of the Code we have mentioned in the proposal.

COUNCILMEMBER COCHRAN: Okay. Yeah, please, that would be helpful.

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CHAIR HOKAMA: Yeah.

COUNCILMEMBER COCHRAN: Thank you.

CHAIR HOKAMA: I believe it's regarding real property tax.

MR. UEOKA: Thank you, Chair. The 3.48, the two references there are to real property tax. So, the Director currently has the authority under 3.48.010, and to waive our...work with uncollectible delinquent penalties and interests per Code already. And the 19.530.030 is regarding to...I think it's planning type of things, zoning violations, that type of --

CHAIR HOKAMA: Yes.

MR. UEOKA: --enforcement stuff. And somewhere, the Director has the authority to waive daily fines or work on daily fines with those being fined. And this does not affect that section, that authority of the Planning Director. That's basically what that section says. But 19.530.030 is regarding those type of planning violation fines, et cetera. Thank you, Chair.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Okay. Sorry, and the 3.48.286, that's with real property taxes that has reference to that. Okay. So, the .530.030, so currently, it's okay for Director of Planning to waive daily fines? They can make that call?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I...that's my understanding. And it's...I don't know if they always waive 'em but a lot times it's a negotiation to get settlement of the notice of...or of the violation. But I'm not overly familiar with that process. I don't personally deal with it. And that's not subject...that's not a subject of this section addition. Thank you.

COUNCILMEMBER COCHRAN: Right. Okay. But...so I'd like to know more about that if a director can waive the fines. I think we put penalties and fines into place for a reason. And I'm sure there's, you know --

CHAIR HOKAMA: We'll ask --

COUNCILMEMBER COCHRAN: --hardship cases and stuff but...

CHAIR HOKAMA: --Planning to respond --

COUNCILMEMBER COCHRAN: Yeah. So, that would be...

CHAIR HOKAMA: --since this is under the Subdivision Code --

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COUNCILMEMBER COCHRAN: Yeah. So...

CHAIR HOKAMA: --section of the Code. We'll ask that department's director to give us a response.

COUNCILMEMBER COCHRAN: Okay. Yeah, so, very good. No, I'm looking forward to vetting this further. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Anyone else on...regarding the forbearance? Okay. With no objections, we'll be deferring this, Members. But your Chair again believes that this will assist the departments in the future regarding discharge of debts or any forbearance requirements. Okay.

COUNCILMEMBER COCHRAN: No objections.

CHAIR HOKAMA: With no objections --

COUNCILMEMBER COCHRAN: No --

CHAIR HOKAMA: --we'll --

COUNCILMEMBER COCHRAN: --objections.

CHAIR HOKAMA: --defer this item. Okay.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: This item is deferred.

**ACTION:     DEFER** pending further discussion.

CHAIR HOKAMA: So, thank you very much, Members. We finished the whole agenda this morning. So, with no further business, we are adjourned. . . .*(gavel)*. . .

ADJOURN: 11:23 a.m.

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APPROVED:



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RIKI HOKAMA, Chair  
Budget and Finance Committee

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Transcribed by: Ann Carmel Q. Pugh

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CERTIFICATE

I, Ann Carmel Q. Pugh, 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 21<sup>st</sup> day of August, 2018, in Kihei, Hawaii



Ann Carmel Q. Pugh