

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

October 16, 2018

Council Chamber

CONVENE: 9:04 a.m.

PRESENT: Councilmember Riki Hokama, Chair
Councilmember Mike White, Vice-Chair (in 9:05 a.m.)
Councilmember Alika Atay, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member (in 9:11 a.m.)
Councilmember Stacy Crivello, Member
Councilmember Don S. Guzman, Member (in 10:04 a.m.)
Councilmember Kelly T. King, Member
Councilmember Yuki Lei K. Sugimura, Member

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

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

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

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

ADMIN.: Sananda Baz, Budget Director, Office of the Mayor
William Spence, Director, Department of Housing and Human Concerns (BF-156(1), BF-150)
Clyde (Buddy) Almeida, Housing Administrator, Department of Housing and Human Concerns (BF-156(1))
Linda Munsell, Assistant Housing Administrator, Department of Housing and Human Concerns (BF-156(1))
Teena Rasmussen, Economic Development Director, Office of the Mayor (BF-153)
Jeremiah Savage, Economic Development Specialist II, Office of the Mayor (BF-153)
Butch K. Buenconsejo, Director, Department of Parks and Recreation (BF-174)
Richard Minatoya, Deputy Prosecuting Attorney, Department of the Prosecuting Attorney (BF-157(5))
David Goode, Director, Department of Public Works (BF-157(6))
Jerrie Sheppard, Deputy Corporation Counsel, Department of Corporation Counsel (BF-153)

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

Seated in the audience

Mark R. Walker, Director, Department of Finance (BF-150, BF-153, BF-156(1), BF-159)

OTHERS: Irene Pavao, Vice-President, Kaahumanu Society Hana chapter (BF-153) (via telephone conference bridge from Hana Council Office)
Claudia Kalaola, Ahahui Kaahumanu (BF-153) (via telephone conference bridge from Hana Council Office)
Ann Rene Aluanu Gilbert, Ahahui Kaahumanu (BF-153) (via telephone conference bridge from Hana Council Office)
Jan Elliott (BF-153) (via telephone conference bridge from Hana Council Office)
Jeanne Carey (BF-153) (via telephone conference bridge from Hana Council Office)
Scott Crawford (BF-153) (via telephone conference bridge from Hana Council Office)
Nani Lay, Ahahui Kaahumanu (BF-153) (via telephone conference bridge from Hana Council Office)
Madge Schaefer (BF-153)
Others (5)

Craig Hirai, Executive Director, Hawaii Housing Finance and Development Corporation (BF-150)

PRESS: Akaku: Maui Community Television, Inc.
Chris Sugidono, *The Maui News*

CHAIR HOKAMA: . . .(*gavel*). . . This is the Committee meeting of the Council's Committee on Budget and Finance. This is our regular meeting of 16, October, 2018. This morning we have from the Committee, Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: Ms. Crivello.

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR HOKAMA: Mr. Atay.

COUNCILMEMBER ATAY: Good morning, Chair.

CHAIR HOKAMA: Ms. Sugimura.

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COUNCILMEMBER SUGIMURA: Good morning, Chair.

CHAIR HOKAMA: And Ms. King.

COUNCILMEMBER KING: Good morning.

CHAIR HOKAMA: Absent are Members Cochran, White, and Guzman. We have a lot of work today, Members. We have a busy schedule. We have also received many requests from Council for referral. So, your, our calendar is tied up 'til the end of the year. Before we start today's meeting, we'll take public testimony on any item agendized. We do have people in Hana waiting for testimony. So, this morning we'll start with testimony from the Hana Office. So, Ms. Lono, if you would ask your first person to testify, please.

MS. LONO: Good morning, Chair. This is Dawn Lono at the Hana Office and our first testifier is Irene Pavao, testifying on BF-153.

CHAIR HOKAMA: Thank you.

. . .BEGIN PUBLIC TESTIMONY. . .

MS. PAVAO: Aloha, my name is Irene Pavao. Thank you for allowing me time to express what the ladies of the Ahahui Kaahumanu Society Honor Chapter have gone through in the last year. It was about this time last year, September 2017, that Alika Atay was invited to our monthly Ahahui meeting. He shared with us what was being planned for the 250th birthday celebration for our Kuhina Nui Queen Kaahumanu the month of March 2018 in Hana and at the MACC. Being that Kapueokahi is her birthplace in Hana, Maui, we felt that it was an honor to be asked that our Ahahui take the lead on the events happening in Hana. Eleven women of the Ahahui Chapter had six months to put on a festival in Hana. So, on Friday, March 16, 2018, we set up for the event. We welcomed another, welcome other Ahahui Kaahumanu members from various islands and also the canoe crew of Mookiha O Piilani and we had...then dinner was also served and we talked about what was gonna be happening the next day. So, on Saturday, March 17, 2018, Hawaiian protocol started at 4:00 a.m. with a kapuwai e ala e ceremony, the wai ceremony with the royal order of Kamehameha, chants and songs by the Kaahumanu, songs and Kaahumanu oli . . .*(speaking in Hawaiian)*. . . Also, there was an all-day event for the public that started at 10:00 a.m. that hundreds, hundreds of people attended, Hawaiian music, musicians from outer islands, Hawaiian food, Hawaiian craft vendors, Hawaiian artists, lauhala, poi pounding, kui, Makahiki games, fishnet making, lomilomi, unveiling of a mural by the Hana, by Hana women of Queen Kaahumanu. There was also a Kaahumanu display and the history along with individual kahili made by each member of Ahahui. On Sunday, March 18, in the morning we had service at Wananalua Church --

MS. MATTHEWS: Two-and-a-half minutes.

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MS. PAVAO: --church service which was attended by members of the Ahahui Kaahumanu Society from various islands and also in attendance was the Royal Order of Kamehameha. Many members from the Hana community and visitors also attended the worship service. Kahu Ken Makuakane from Kawaihāo Church on Oahu was the guest kahu for the church service. And as always, a luau luncheon was held on the church grounds following the service. Yes, we did all of this and we did it for our Queen, six months of dedicated work by 11 ladies and many volunteers --

MS. MATTHEWS: Three minutes.

MS. PAVAO: --from Hana doing research. We also did research, we did...we worked hard, we were very committed for six months. Many hours of learning chants, songs, preparing our kahilis and our kapa. We were very, very dedicated. Then on Friday, the following week on March 23rd in the evening we attended the ceremony at the MACC in full regalia and we were shocked at all the gossip that was circling around the event of the mismanaged funds and how many people were boycotting the event because of the mismanaged funds.

CHAIR HOKAMA: Ms. Pavao, can you try and wrap up your testimony, please? Thank you.

MS. PAVAO: Okay. So, this has brought a black cloud over our Ahahui and our sister Claudia Kalaola being the chairperson. She managed all the funds and she turned everything in on time. The event in Hana was a big success because of her leadership, her knowledge, her professionalism of doing similar events in Hana. I truly believe that this festival that happened in Hana should have been the big event because we honored our Queen with true Hawaiian profile for our alii. Everyone had a wonderful time in Hana. So, in closing, I'd like to say, Alika Atay has not once come and said mahalo to the ladies of the Kaahumanu Society or to even say sorry for what we are going through to save our face. Alika, enough already, you did this to a benevolent Hawaiian society. Shame on you. What kind of a Hawaiian are you? Closing, Irene Pavao, Vice-President of the Kaahumanu Society Hana Chapter. Thank you.

CHAIR HOKAMA: Thank you, Ms. Pavao. Any questions for clarification of testimony presented, please? Any questions, Members? Ms. Sugimura? Ms. Pavao, hold on, please. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you for testifying and I'm just curious, so at this point have you...

MS. LONO: I'm sorry. We cannot hear you. Can you speak louder into the microphone?

COUNCILMEMBER SUGIMURA: So, thank you for being there, and I'm curious have you been paid for all the services provided or promised for this great work that your community has done for our Queen?

MS. LONO: Have you been paid?

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MS. PAVAO: No. Everything was volunteered for our Queen.

MS. LONO: No, but are there outstanding invoices?

MS. PAVAO: No.

CHAIR HOKAMA: Okay. The answer, she replied as no to your question, Ms. Sugimura.

COUNCILMEMBER SUGIMURA: Okay.

CHAIR HOKAMA: Okay. Any other questions or clarification for this testifier? Having none, Ms. Lono, next person, please.

MS. LONO: The next person to testify is Claudia Kalaola, testifying on BF-153.

MS. KALAOLA: My name is Claudia Kalaola. I was born and raised in Hana and I currently live in Hana.

MS. LONO: Speak louder if you can.

MS. KALAOLA: I'm here to submit testimony on BF-153, the 250th Celebration of Queen Kaahumanu, Grant 4607. E kala mai as I only learned yesterday that this item was on the agenda. I was told by many that this is my last chance to clear my name with the Council. Honestly, I don't really know what that means. I've never been contacted by any Councilmember telling me I did something wrong or I was being investigated or anything. But I was libeled and defamed in an article that came out in *The Maui News* on June 12, 2018. The article is titled \$46,000 of Grant to Atay's Assistant is being Withheld. While I hold a certified festival and event executive certificate from the International Festival and Events Association, IFEA, which I received nine-and-a-half years ago and I am the coordinator for this event. I am first and foremost a proud member of the Ahahui Kaahumanu Hana Chapter. Over the last nine-and-a-half years I have done festivals, summer programs, and camps, outreach events, conservation events, and last year I coordinated bringing Hokulea to our Hana Limu Festival and our nonprofit hosted the crew for a week as an educational outreach for the Maui, East Maui community and as part of Polynesian Voyaging Society's Mahalo Hawaii Voyages. Having done all of these events successfully on budget and with no drama. Why would I intentionally screw up the event that is by far the closest to my heart? Why would I bring dishonor to the name of the Queen, who comes from the same one hanau, the same aina as me? Why would I make a mockery of this 20...250th birthday of my Queen? Regarding the accusations made by a person who knows nothing about me, nothing about Hawaiian protocol, and has never done a successful event in Hawaii, I invite Councilmembers to ask me any question about the Hana event, our intent, our process, or the execution of any part of this two-day event. Ask me when I was told this event was my event where I could do what I wanted and how I wanted. Ask me when the planning and working began for the Ahahui Kaahumanu Hana Chapter. Ask me how the nonprofit board was formed. Ask me how many meetings the board has had. Ask me how many times I said how highly

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irregular and unprofessional and wrong it is to have a nonprofit bank account with only one person on the account. Ask me how many times I've had to ask about payments for vendors. Ask me about when I was supposedly contacted and asked about the, asked to account for \$5,000. Ask me about my contacting OED. Ask me how it feels to get thrown under the bus and then your own ohana backs up and runs over you again and again. Ask me about Alika and Brian.

MS. MATTHEWS: Time.

CHAIR HOKAMA: Okay. Ms. Kalaola, is that your testimony this morning?

MS. KALAOLA: Yes.

CHAIR HOKAMA: Thank you. Yeah, we thank you for sharing those thoughts with us this morning. Members, any need of questions for clarification on testimony presented? Ms. Kalaola, we have one from Ms. Sugimura.

MS. KALAOLA: Okay.

COUNCILMEMBER SUGIMURA: Thank you very much for being here and testifying. I wanted to ask you then, I gathered from your testimony that you basically were the overall coordinator with great qualifications to have you take on the honor of celebrating your Queen and I'm just wondering based upon your expectations, have you been paid for all of the outstanding invoices that were submitted for payment?

MS. KALAOLA: No, we haven't.

COUNCILMEMBER SUGIMURA: Do you know how much?

MS. KALAOLA: There's about \$6,000 that has not been paid. That was the last invoices turned in to Brian Bardellini, whatever his name is.

COUNCILMEMBER SUGIMURA: And when was it sent over to Mr. Bardellini?

MS. KALAOLA: It was sent over on March 27.

COUNCILMEMBER SUGIMURA: And you still haven't gotten paid for those invoices?

MS. KALAOLA: No.

COUNCILMEMBER SUGIMURA: I'm sorry that you're going through this. You must have a lot of people in your community that work with you often with your many successful events that are wondering what's going on, so please extend our apologies to them from the County. And I wanted to just thank you for your good work. Based upon what the previous testifier said you put together was quite a awesome cultural experience for the Queen. Thank you.

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MS. KALAOLA: Thank you.

CHAIR HOKAMA: Okay. Any other questions for the lady? Okay, having none, thank you very much. Ms. Lono, next person, please?

MS. LONO: Our next testifier is Ann Rene Aluanu Gilbert, BF-153.

MS. GILBERT: Aloha kakahiaka, my name's Ann Rene Aluanu Gilbert, many people know me as Ann. I come before you this morning to discuss the issues revolving around the 250th birthday celebration of Queen Kaahumanu. As women of Ahahui Kaahumanu Hana Chapter, we hold her in high regard, and as a benevolent society we continue to exemplify the standards that we set. We were asked last year to assist in celebrating Queen Kaahumanu's birthday. It was around this time, which meant we had about six months to plan and prepare for the celebration. Claudia Kalaola was asked to head our committee since she has previous experience with this kind of activity. Her previous work is known by many here and in the County as beyond reproach. To think or say anything else is defamation of character and should not be believed. She demonstrated, as demonstrated, she is organized and treats these cultural activities with respect and honor. As women of Ahahui Kaahumanu, we worked diligently, studied our culture and chant, and had the desire to teach others about our Kuhina Nui, our celebration was one of love and joy and to have it tainted in this way is contemptible. I hope that you see that Hana had the true celebration and should not be held accountable for the actions of others. I thank you for your time and consideration regarding this issue. Aloha.

CHAIR HOKAMA: Thank you very much, Ms. Gilbert. Any questions on her testimony for clarification? Having none, thank you very much. Ms. Lono, next, please?

MS. LONO: The next testifier is Jan Elliott.

MS. ELLIOT: Aloha kakahiaka kakou, my name is Jan Elliot and I'm here to testify about the Queen Kaahumanu event, which took place last March. I am a co-chair with Claudia Kalaola of the Hana Limu Festival and we've worked together on this for ten years now, and I would like to testify that Claudia is completely professional, competent, experienced, she has great leadership skills, and as far as I can see everything about the 250th birthday celebration for the Queen was handled in the same way. I'm the financial coordinator for the Limu Festival and in ten year I've seen no sketchy bookkeeping, no missing receipts, no nepotism, nothing. Claudia is experienced and completely professional and she did a fantastic job in leading the birthday celebration. You've already heard that it was a large, successful event that took place over two days. It was culturally appropriate. It was widely attended by Hana residents, children, families, visitors, a wide swath of society, and I think it's just shameful that these women worked so hard on this event have still not been reimbursed for \$6,000 of the money that, of the \$20,000, which I'll tell you the County really got its monies worth for this event and they still haven't been paid back. You know, they used their own money, they've borrowed money, they've not paid people. It's terrible. They really deserve to be treated better by the County. Thank you.

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CHAIR HOKAMA: Thank you, Ms. Elliot. Any questions for the lady? Ms. Sugimura?

COUNCILMEMBER SUGIMURA: My question is when you referenced \$20,000, so were you expecting \$20,000 or was there a \$20,000 grant?

MS. ELLIOT: I think the \$20,000 was their share of the budget of the overall grant from what I understood. Claudia can clarify the numbers, but I, it was my understanding that the whole grant was something like \$100,000, they had 20,000 to spend here in Hana and they've only been reimbursed for maybe 14 of that.

COUNCILMEMBER SUGIMURA: Clarification, was there a separate grant, is that a separate grant or combined with 100,000?

MS. ELLIOT: No, it was combined with the 100,000. It would have been better if Claudia had managed the whole 100,000. She's perfectly capable of it.

COUNCILMEMBER SUGIMURA: Okay, just curious. Thank you.

CHAIR HOKAMA: Okay. Any other questions, Members? Thank you, Ms. Elliot. Ms. Lono, next?

MS. LONO: The next testifier is Jeanne Carey.

MS. CAREY: Good morning, everyone. My name is Jeanne Carey. I have lived in Hana for 48 years. I'm a retired teacher. This is on BF-153 still. I strongly feel the 250th birthday celebration for Queen Kaahumanu held in Hana was a huge success. The feelings from days before and days after was wow, that was amazing. A genuine uplifting of spirits. That was the real deal. My personal experience started months before when I was asked to do the simple task of hemming the edges of the Kaahumanu ladies _____ prior to them printing them with plant dyes and ohe kapala. The event was a great benefit to our community, because it was truly a big deal to celebrate the birthplace of Queen Kaahumanu done just right, authentic celebration of the past along with showcasing the successes of the present Hokulea, Hana Canoe Club, crew members taking people on tours to the birthplace of Kaahumanu via the ocean. The Hana Kaahumanu ladies were at the center of the success of this event, literally and figuratively. Their pre-event projects made into posters and cards in the main tent for all to enjoy and purchase. The center stage events were well coordinated with a variety of music and speakers. On a personal note, 42 years ago, was Claudia's family led by her father who did all the preparations and cooking for my own babies' luaus. So, they have a history of amazing talent with events. Thank you.

CHAIR HOKAMA: Thank you, Ms. Carey. Any questions for the lady? Having none, thank you for being here this morning. Ms. Lono, next, please?

MS. LONO: The next testifier is Scott Crawford, testifying on BF-153.

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MR. CRAWFORD: Aloha, Chair and Members of the Committee. I just, basically, as a member of the Hana community want to just reflect and reiterate everything that's already been said by the other testifiers. The event that the Kaahumanu Society put on here in Hana was really a quality event, very well attended with many different activities. And I believe that the County fully got its monies worth for the event and it was a righteous honoring of the Queen. And I...as the secretary of Na Mamo O Muolea, I've had the opportunity to work with Claudia Kalaola for many years through the organization of the Hana Limu Festival and always have found her to be extremely professional and capable and without any question as far as the expenditure of County funds towards the success of the Limu Festival. And so, I just hope that the County can move forward with this process now as necessary to be able to get the reimbursements done for all the vendors and all the people who are still waiting for the funds many months later because of unfortunate situations that really have nothing to do with the Hana event. So, mahalo.

CHAIR HOKAMA: Thank you, Mr. Crawford. Any questions for the gentleman? Thank you very much. Ms. Lono, next?

MS. LONO: The last testifier that I have currently signed up is Nani Lay, testifying on BF-153.

CHAIR HOKAMA: Okay. Thank you.

MS. LAY: Aloha, Chairman Hokama and all the Councilmembers. My name is Nani Lay. I am born and raised in Hana. I am also the pelekikena of Chapter XI, Hana and also the chairperson, the deacon chairperson for Wananalua Congregational Church. I am such a proud member of this special society. I have submitted a three-page testimony last evening realizing that three minutes would not be satisfying for me to demonstrate the authenticity of this special event and the special leadership role that Claudia Kalaola has held. We thank Councilman Atay for the thought, idea, and suggestion to have this 250th birthday commemoration celebration, and we had taken it on head-on and we, 10-11 strong members of the committee and also 10-11 members, strong Ahahui members here in Hana have taken on this full responsibility. We thank Claudia for being such a great leader. To start this program back in March she had to submit a letter to the EOD the County of Maui EOD?

UNIDENTIFIED SPEAKER: OED.

MS. LAY: OED...I'm sorry, I'm all nervous here. OED, you know, submitting the purpose of the...getting the festival, the drafting of each step that needed to get completed, and everything needed to be done in a timely manner. I recommend that Claudia has the experience and expertise of doing this, submitting permits way ahead of time not realizing, we not realizing the importance of getting this all in line prior to the actual event. So, with this said, I can guarantee I have worked with Claudia in many different events as well with the Limu Festival and in many other organizations. Claudia comes with very high respect, high value of everything that she does --

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MS. MATTHEWS: Thirty seconds.

MS. LAY: --and I thank her so much for taking this on, taking on this leadership role knowing the responsibilities that are involved. And lastly, I want to recommend to whomever has done this wrong to her to please submit a letter of apology to her. It is, like Irene said, a black cloud over not only the Ahahui members here in Hana, throughout the State of Hawaii it affects everyone from Kauai to Kohala, from Molokai to Waimea and all in between. Everyone is affected. In closing, I would like to acknowledge that Alika Atay is a relative of both Claudia Kalaola and myself Nani Lay, so an apology is respectfully required from Brian and Alika Atay to Claudia Kalaola. Thank you.

CHAIR HOKAMA: Okay. Thank you for your comments this morning. Any questions for the lady on testimony provided? Okay, thank you very much for being here this morning. We'll come to the Chambers. We have Ms. Madge Schaefer. If you would please come forward. Madge, you are a veteran testifier, so you know please state your name, you have your three minutes on the item.

MS. SCHAEFER: My name is Madge Schaefer and I'm testifying on 153.

CHAIR HOKAMA: Thank you.

MS. SCHAEFER: I'd like to make three points. First of all, my experience with grants and that experience is directly related to the Hana Dialysis, which, you know, I've been up here every year at budget time to speak on their behalf. The grant requires that we keep exquisitely perfect records, not only every year but, like, a miscellaneous expense, a \$10 expense needs a receipt and it needs a receipt not only to provide the information to the County, but it needs a receipt because every three years they're audited and that is an outside audit and if you're missing a receipt we're scrambling. So, it's something that we take as part of the obligation of using taxpayer dollars. It's something we do willingly, it is very complicated, it oftentimes taxes our resources that we need to go to get outside help. It's a good thing. It says to the taxpayers your money is being spent very carefully. It's something that every grant, every person, every corporation, every nonprofit that gets a grant, it's their obligation to follow through with that, because this is not the County's money, this is the taxpayers' money and the taxpayers who pay their property taxes, some of them working three or four jobs, they expect that they will get their monies worth and you're, this body is responsible for seeing that that happens. So, the taxpayers on this grant have really had it stuck to them. I have been following this and was horrified at the first round and then I'm referring to Exhibit "BB1" where there were some outstanding inquiries on this grant. And what I see is it response by Mr. Bardellini is that this is his money and this is his property and it's not. It's the taxpayers'. This is a one-time deal. I mean, there's so many things that I could go just in these few pages, but let me tell you, specific example and I'd be happy to provide more. Specific example, media consultants, the, I, the best I can calculate it is about \$15,000 for media consultants. So the media that they had to deal with was *The Maui News*, really tough to get a hold of, *Maui Times*, and Facebook, a Facebook page is free. So, I'd like to know what

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\$15,000 in consulting fees for media is for. This is irresponsible. It's obvious from the testimony from Hana that along the way that Bardellini has smeared the character of a woman who has outstanding credentials and outstanding track record. I don't know what this Council could do, but this is an outrage. This is an outrage to the taxpayers, to every nonprofit that ever got a grant, and something's got to be done about it.

CHAIR HOKAMA: Thank you for your testimony. Any questions for clarification?
Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you, Ms. Schaefer, for being here. And the...I have this, I mean, I have all this. Can you, can we have copies of what your...

MS. SCHAEFER: What I'm talking about is Exhibit "BB1," Pages 1 through 9, at, it's a response from Mr. Bardellini to...I don't know why I call him mister, he doesn't deserve any kind of a title of respect.

CHAIR HOKAMA: Okay, can...let's keep the decorum please.

MS. SCHAEFER: I apologize, Mr. Chairman. That begins with, we have hired a CPA to process the numbers and prepare a report and we've also retained an attorney to review this matter. Really? Really? Who will be paying for that? The taxpayers? The answers, the request by Rasmussen, Ms. Rasmussen for that printer to come back and the answer is, well, if you pay for the shipping, the boxing. Where is it? Has he shipped it to the mainland? This is not his property. This was a one-time deal. This should go back to EOD [sic] and it should be available to any nonprofit that wants to print stuff. Where did the...there are 4,000...in this he says they printed 4,000 oversized posters with this printer. How were those distributed? How were those...where were those? And it sounds like from the testimony that we just heard, which was really hard to listen to because these are good people in Hana. I'm...these people in Hana asked for so little and they put this festival on. It sounds like they put it on themselves and to have this woman's name smeared by this man who's created this document who has cheated the taxpayers, it's insulting.

CHAIR HOKAMA: Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR HOKAMA: Okay. Any other questions? Thank you, Ms. Schaefer, for your presence this morning.

MS. SCHAEFER: Thank you.

CHAIR HOKAMA: Is there anyone else wishing to provide testimony today? Please, come forward at this time. Having none, with no objections, we shall close testimony for today's meeting.

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COUNCILMEMBERS VOICED NO OBJECTIONS.

. . .END OF PUBLIC TESTIMONY. . .

CHAIR HOKAMA: Okay. Thank you very much, Members.

**ITEM 156(1): AMENDMENTS TO THE FISCAL YEAR 2019 BUDGET TO
AUTHORIZE TRANSFERS RELATING TO CATEGORIES OF
USE THAT ARE WITHIN A PROGRAM OR DEPARTMENT
(DEPARTMENT OF HOUSING AND HUMAN CONCERNS)**

CHAIR HOKAMA: Okay, let me direct you first to BF-156(1). This is an amendment request to the Fiscal Year 2019 Budget that will Transfer Relating to Categories of Use Within a Program or Department. This is regarding the Department of Housing and Human Concerns. So, we have a proposed resolution from Budget Director and this will be transferring 25,000 from Category A to Category B. Mr. Baz, any opening comments?

MR. BAZ: Thank you, Mr. Chair. And I appreciate you hearing this quickly for our Department of Housing and Human Concerns. It is a resolution authorizing the transfer from their salaries into their operations for the cost of moving their offices out of the current building into a new rental due to some issues with that. We do have the Department here that can describe the details as well as we have Risk Management here who might be able to assist with if you have questions about the actual requirement of the move. So, thank you, Mr. Chair.

CHAIR HOKAMA: Okay. Director Spence, any comments?

MR. SPENCE: Thank you, Mr. Chairman. And thank you, Committee Members for considering this request. As Mr. Baz said, I have with me this morning departmental staff Buddy Almeida and Linda Munsell, and with us from Risk Management is Mark Middleton. This comes...this request comes, bottom line, we need to move our Housing Division out of one location and into another. We're very concerned about some of the issues with this building and the health of our employees and, you know, I don't know how much detail you want to go into in Committee, but we are moving forward with obtaining another space for them, and I should probably leave it at that right now.

CHAIR HOKAMA: Okay. Thank you for that. Chair forgot to welcome Ms. Cochran, Mr. White --

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR HOKAMA: --to the meeting. We'll start this round of questions with Ms. Crivello.

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COUNCILMEMBER CRIVELLO: Thank you, Chair. I don't have any questions, but I would like to support our employees that they have safe...I'm one who has so much allergies, and so I can understand the challenges by being in an office with mold situations. Thank you, Chair.

CHAIR HOKAMA: Okay. Mr. Carroll, questions?

COUNCILMEMBER CARROLL: I also have no questions, but I support what is before us today. Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. King?

COUNCILMEMBER KING: Just real quickly. Are we...are the rents comparable, so there's no need for additional funding for where you're moving to?

CHAIR HOKAMA: Department?

MR. SPENCE: The rent, the new rent is actually a little bit less.

COUNCILMEMBER KING: Oh, okay, great. And then the money is there from open positions in salaries?

MR. SPENCE: Yes, that's coming from the salaries as positions that have been not...have stayed unfilled.

COUNCILMEMBER KING: Okay, great. All right, thank you.

CHAIR HOKAMA: Okay, thank you. Mr. White?

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

CHAIR HOKAMA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Thank you, Department, for being here. So, Lunalilo, that's by the storage, old bowling alley, that big building right next to...how long has that been going, right? And then Wailuku Business Plaza, is that where the Promenade Courtyard is? I'm trying to think where this building is.

MR. SPENCE: Business Plaza is across the street. It's right next to Cafe 808 on this side of Main Street.

COUNCILMEMBER COCHRAN: On our side of Main Street?

MR. SPENCE: Yes.

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COUNCILMEMBER COCHRAN: Oh, okay. And so, the Lunalilo property is not ours, so we're just moving out and 'cause it's due to mold, so we're not trying to renovate over there, too, to reutilize at all?

MR. SPENCE: That's correct.

COUNCILMEMBER COCHRAN: Okay. Okay, no, thank you.

CHAIR HOKAMA: Thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: No questions. I think the building that they're moving to is what I call the old Kress Store building, correct? Yeah, thanks. I support them.

CHAIR HOKAMA: Thank you. Mr. Atay?

COUNCILMEMBER ATAY: No questions, Chair.

CHAIR HOKAMA: Thank you. For our interest, when was the Department made aware of this mold situation?

MR. SPENCE: Thank you, Mr. Chairman. This has been a...

CHAIR HOKAMA: Ongoing challenge.

MR. SPENCE: It's been an ongoing challenge, and it didn't seem like it's going to be resolved.

CHAIR HOKAMA: Okay. And we've tried to work with the property management or the property owner to try and mitigate the issues?

MR. SPENCE: That's correct.

CHAIR HOKAMA: Okay. No, I understand. Are we having issues with your people being at work in that facility?

MR. UEOKA: Chair, just...if I may?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you. Just generally speaking, as we get closer to a personnel matter there were some issues and it has been addressed by the Department. Thank you.

CHAIR HOKAMA: Okay. I understand what you're hinting, Mr. Ueoka, and the Members are aware. We need to be aware of personnel issues, things that are covered by agreements, and others, but yet, we still need to try and get as much information out there as best we can. Any other comments, Department? Mister...Ms. Munsell, anything else, you or Mr. Almeida? We are not going to see an amendment for this \$20,000 to be reverse back, right?

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MR. SPENCE: No, sir. We will not reverse that back.

CHAIR HOKAMA: Okay, very good. Members, you have any other questions? Okay. This is about employee safety and health. So, the Chair will entertain a motion to recommend to Council the passage of a proposed resolution entitled Authorizing the Transfer of an Unencumbered Appropriation Balance within the Department of Housing and Human Concerns, Fiscal Year 2019 Budget; allowing Staff to make any nonsubstantive adjustments; and filing of any appropriate communications.

VICE-CHAIR WHITE: So move, Chair.

COUNCILMEMBER KING: Second.

CHAIR HOKAMA: Motion by Mr. White, seconded by Ms. King. Anything else, Members? All in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed, say "no." Motion carried, eight "ayes."

VOTE: AYES: Chair Hokama, Vice-Chair White, and Councilmembers Atay, Carroll, Cochran, Crivello, King, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Guzman.

MOTION CARRIED.

ACTION: ADOPTION of resolution by C.R.

ITEM 150: FRONT STREET APARTMENTS, LAHAINA, MAUI (MISC)

CHAIR HOKAMA: Okay. We gonna skip and go straight into BF-150. So, we'll take up a request, we have correspondence from Housing and Human Concerns. They have a bill for an ordinance consideration. This is an intergovernmental agreement between the County of Maui and the Hawaii Housing Finance and Development Corporation relating to Front Street Apartments. As we understand in this memorandum is to establish the terms of the County's financial obligation...I love it how we stating this, our obligation. Again, this is not our project, Members. So, we'll discuss this this

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morning and see what are the specifics of this agreement. We have anted up our money for their project. Okay, so let's get it correct. Mr. Baz, any comments?

MR. BAZ: Thank you, Mr. Chair. So, when we proposed the budget amendment funding this, we wanted to make sure that the Council was very clear as to what the responsibilities of the County would be when we enter into this agreement. And so one of the items that we had requested was a proviso in the Affordable Housing Fund that requires this agreement to be reviewed and approved by Council prior to the delivery of funds available and appropriation. So, we do have our Director of Housing and Human Concerns, Mr. Will Spence, here to discuss the item.

CHAIR HOKAMA: Okay. Mr. Spence, any comments you'd like provide to the Committee?

MR. SPENCE: Thank you, Mr. Chairman and Committee Members. As you're aware this is...everybody is very concerned about the Front Street Apartments and that they remain affordable housing for our residents. Particularly on the west side we're in dire need. And as the Chair already noted, we have designated \$250,000 out of our Affordable Housing Fund for our portion of entering into an appraisal of the ground lease and as the memorandum of understanding says, also for the preparation of whatever documents necessary for, to initiate condemnation proceedings if that's the way that it goes. Those are my comments. Mister or Mr. Chairman, we also have with us Craig Hirai the Executive Director of the Hawaii Housing and Finance Development Corporation, flew over for, from Oahu to address this Committee. If you have any questions for him, I would defer to the Chairman.

CHAIR HOKAMA: Thank you, Director. Mr. Hirai, thank you for joining the Committee this morning. Any comments from your side of the table on this item?

MR. HIRAI: I'm Craig Hirai, the Executive Director...

CHAIR HOKAMA: Yeah, you got it on.

MR. HIRAI: Oh, okay. I'm Craig Hirai, the Executive Director of the Hawaii Housing Finance and Development Corporation. We submitted a letter to Chair, yesterday, I believe, concurring with the proposed bill. We're just trying to move this thing along. We need certain documents to proceed to retain an appraiser and comply with Act 150.

CHAIR HOKAMA: So, if...when we authorize our Mayor to execute the agreement, from that point on is. how long do you think it'll take for your requirements?

MR. HIRAI: We should...it should be pretty quick. We've started looking for an appraiser and, I believe, this is one of the last things we need before we can retain one.

CHAIR HOKAMA: Thank you. Ms. Crivello, questions for our resource people?

COUNCILMEMBER CRIVELLO: Thank you, Chair. Yes. Mr. Hirai, thank you for being here this morning and appreciate all the work that we've been trying to put this together. I

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wonder if you could help to give a brief explanation how the condemnation, should all this go through, how the condemnation of the ground lease for the Front Street affordable housing project will help us to try and retain or sustain the tenants living there who are in need of affordable rentals? How does this protect actually or how does this help?

MR. HIRAI: I believe the intent of the Legislature in Act 150 was for HHFDC to acquire the leasehold interest and retain the existing tenant mix.

COUNCILMEMBER CRIVELLO: I'm sorry, what was that, retain the existing...

MR. HIRAI: The existing tenant mix, the income levels.

COUNCILMEMBER CRIVELLO: Okay, alright. Thank you. That's all the questions I have for now, Chair. We'll move further and then I'll come back.

CHAIR HOKAMA: Okay. Thank you.

COUNCILMEMBER CRIVELLO: Thank you.

CHAIR HOKAMA: Mr. Atay?

COUNCILMEMBER ATAY: No questions.

CHAIR HOKAMA: Thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Just one question. So, this is for the ground lease but not the land?

CHAIR HOKAMA: Mr. Hirai?

MR. HIRAI: That's my...yes, that's correct. That's Act 150.

COUNCILMEMBER SUGIMURA: Yeah. I wonder why we didn't go after the land but okay. It is law. Thank you.

CHAIR HOKAMA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Thank you, Mr. Hirai and departments. So, is it a guarantee that you, the appraiser will be able to even get on the site? Do you know that for sure?

MR. HIRAI: To be honest, we don't, but we're going to try. We're gonna make a request of them and if they don't comply, we may see what other remedies are available to us.

COUNCILMEMBER COCHRAN: Okay, yeah. That...

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MR. HIRAI: I mean, I understand something about what Chair White had recent experience or earlier this year had an experience with them, but this is the first step. We've got to retain the appraiser and request that they provide them with the necessary information.

COUNCILMEMBER COCHRAN: Okay. Yeah, that's...the tenants, you know, as we speak are very worried about that because --

MR. HIRAI: Yes.

COUNCILMEMBER COCHRAN: --they do recall the first attempt as this body trying to get on site in order to carry through what you're here to ask us of to help fund --

MR. HIRAI: Right.

COUNCILMEMBER COCHRAN: --and so I'm, like, wondering hopefully you have a more pull or something to make it happen.

MR. HIRAI: We have Act 150, so we're just...those are our marching orders.

COUNCILMEMBER COCHRAN: Okay, alright. Thank you, Mr. Hirai. Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. No questions. I just want to share our appreciation for Mr. Hirai coming over and helping us solve this issue, so mahalo.

MR. HIRAI: Thank you.

CHAIR HOKAMA: Thank you. Ms. King?

COUNCILMEMBER KING: No questions. . . .(inaudible). . .

CHAIR HOKAMA: Okay. Thank you. Mr. Hirai, is there other factors or new information that may be helpful for this Committee that you could share with us this morning?

MR. HIRAI: Well, like I said, Chair, Act 150 is our direction and we've, intend to fulfill it.

CHAIR HOKAMA: Okay. So, your legal efforts is all through...you have a specific attorney assigned to you or you go with a Deputy AG?

MR. HIRAI: We'll be...there will be a Deputy AG assigned to this on our side.

CHAIR HOKAMA: Okay, okay. Thank you. Members, okay, what is before us is whether or not we'll grant the authorization for the Mayor to enter into a IGA or intergovernmental agreement between the State of Hawaii through its Hawaii Housing Finance and Development Cooperation and the County of Maui. Okay, that's what's before us. So,

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the Chair will entertain a motion to recommend to Council passage of the proposed resolution [sic]; allowing Staff to make any nonsubstantive adjustments. And I am going to retain the subject in Committee should there be a need for us to meet and...because of change of status, at least we'll have a vehicle to have a meeting sooner than later. So, that's your Chair's recommendation.

MS. YOSHIMURA: Mr. Chair?

VICE-CHAIR WHITE: So move, Chair.

COUNCILMEMBER CRIVELLO: Second.

MS. YOSHIMURA: Mr. Chair?

CHAIR HOKAMA: Ms. Yoshimura?

MS. YOSHIMURA: It's a proposed bill.

CHAIR HOKAMA: Oh, my apologies. That's right it's not an...a resolution, okay. Members, so yeah, I made an error this...so passage...recommendation is passage of first reading be ordered to print on the proposed bill for an ordinance.

COUNCILMEMBER CRIVELLO: Okay.

CHAIR HOKAMA: Okay.

VICE-CHAIR WHITE: So moved.

COUNCILMEMBER CRIVELLO: Second.

CHAIR HOKAMA: Motion by Mr. White, seconded by Ms. Crivello. Members, any further discussion? All in favor, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed, say "no." Motion passes with eight "ayes."

VOTE: AYES: Chair Hokama, Vice-Chair White, and Councilmembers Atay, Carroll, Cochran, Crivello, King, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

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EXC.: Councilmember Guzman.

MOTION CARRIED.

ACTION: FIRST READING of bill by C.R.

ACTION: DEFER pending further discussion.

CHAIR HOKAMA: Mr. Hirai, thank you for taking the time to join us. We appreciate your presence. Okay, we're gonna take a short recess, five minutes, and then we're gonna finish up the rest of the agenda. . . .(gavel). . .

RECESS: 9:55 a.m.
RECONVENES: 10:03 a.m.

CHAIR HOKAMA: . . .(gavel). . . Okay, we're back in order. The Chair will take couple of items out of order for processing purposes.

ITEM 157(5): AMENDMENTS TO APPENDIX A, GRANTS AND RESTRICTED USE REVENUES - SCHEDULE OF GRANTS AND RESTRICT USE REVENUES BY DEPARTMENTS AND PROGRAMS FOR FISCAL YEAR 2019 (DEPARTMENT OF THE PROSECUTING ATTORNEY (EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM))

CHAIR HOKAMA: At this time, the Chair will bring up BF-157(5). This is a request for an amendment to Appendix A, Grants and Restricted Use Revenues - Schedule of Grants and Restrict Use Revenue by Department and Programs for Fiscal Year 2019. This is under the Department of Prosecuting Attorney, subheading, Edward Byrne Memorial Justice Assistant Grant Program. We do have a bill for an ordinance proposal from Budget Director that will provide us with the opportunity to add a new grant and receive \$122,345. Mr. Baz, any opening comments?

MR. BAZ: Mr. Chair, just to thank you very much for bringing this item up. It is grant revenue that we have been notified we've been awarded. It was received the very tail end of Fiscal Year '18, the notice, so we're gonna be prior to the implementation of the FY '19 Budget and we want to make sure that Department has the ability to spend it, so we appreciate the Committee's reception of this budget amendment and hopefully passing it. Mr. Richard Minatoya, Deputy Prosecutor, is here to, able to answer any question you might have regarding this grant.

CHAIR HOKAMA: Okay, thank you. Mr. Minatoya, any comments, please?

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MR. MINATOYA: Thank you, Mr. Chair. This is a grant item that we received. It's between the Police Department and our Office and, I guess, we've been alternating each year and this year is our turn to, I guess, to receive this funding. Thank you.

CHAIR HOKAMA: Okay. Ms. Sugimura, any questions for Mr. Minatoya on the monies?

COUNCILMEMBER SUGIMURA: No questions.

CHAIR HOKAMA: Okay, thank you. Mr. White?

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

CHAIR HOKAMA: Thank you. Welcome, Mr. Guzman. Thank you. Ms. King? Mr. Carroll, any questions? Ms. Crivello?

COUNCILMEMBER CRIVELLO: No, no questions. Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Atay?

COUNCILMEMBER ATAY: No questions.

CHAIR HOKAMA: Okay, thank you. So, this is just your standard grant money and any changes in the use, Mr. Minatoya, between you and Police for the funds?

MR. MINATOYA: I guess the paper reflects that this is to be used for equipment and training.

CHAIR HOKAMA: Okay, thank you. With no further questions by the Members for our resources, the Chair will entertain a motion to recommend to Council passage on first reading be ordered to print A Bill for an Ordinance Amending the Fiscal Year 2019 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs, Department of the Prosecuting Attorney, Edward Byrne Memorial Justice Assistant, Assistance Grants Program; filing of appropriate communications; and allowing Staff to make any nonsubstantive adjustments.

VICE-CHAIR WHITE: So move, Chair.

COUNCILMEMBER SUGIMURA: Second.

CHAIR HOKAMA: Motion by Mr. White, seconded by Ms. Sugimura. Any additional discussion, Members? With none, all in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed, say "no." Motion passes with eight "ayes."

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VOTE: AYES: Chair Hokama, Vice-Chair White, and Councilmembers Atay, Carroll, Crivello, Guzman, King, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Cochran.

MOTION CARRIED.

ACTION: FIRST READING of bill by C.R.

CHAIR HOKAMA: Okay, next. Thank you very much, Mr. Minatoya. Bring up Parks.

**ITEM 174: AMENDING THE FISCAL YEAR 2019 BUDGET:
DEPARTMENT OF PARKS AND RECREATION (UPCOUNTRY
SKATE PARK) (CC 18-348)**

CHAIR HOKAMA: BF-174, this is also a bill for an ordinance proposal from Budget Office. This is part of 18-348 County Communication with a request to amend the 2019 Budget, Upcountry State Park. Mr. Baz, any comments?

MR. BAZ: Thank you, Mr. Chair. This budget amendment is to recognize some park assessment fees that were received so that we can be able to fund the perimeter security fencing for this project. The bids did come in a little bit higher than expected. And Mr. Kaala Buenconsejo is here, Director of Parks and Recreation, be able to provide more details. Thank you, Mr. Chair.

CHAIR HOKAMA: Okay, thank you. Director, any additional comments from Parks?

MR. BUENCONSEJO: Good morning, Chair, Members. As Mr. Baz mentioned, it is a tad over what the estimated \$25,000 allocation that was given to us during the Budget Session. We're about, let's say, 12, \$13,000 short here. So, again, not asking for new monies, using park assessments from the Upcountry District to finish off the fencing, perimeter fencing of the skate park. We have it in communication also with the Pukalani Community Association and the Skate Park Alliance just to hear their concerns. So, I'm here for any questions that this body may have. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you very much. Ms. Sugimura, questions?

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COUNCILMEMBER SUGIMURA: Yeah. Thank you for doing this. I remember when this park was, broke ground and Kaala said that we'd probably won't...it would be a good Christmas present for the skaters Upcountry to be able to use this. But I want to just add that the security fence had come up as an issue with the Pukalani Community Association, the skaters, and I'm glad that you met with them, because they thought maybe no need and, you know, it'll just be open. But I think for security reasons and for the responsibility that we have for protecting our taxpayers' assets that we need the security fence. I support this to go through. And I understand that when, the skate park is primarily completed, but we need to put in this security fence and people are skate, are using it already, and I had to be...I don't know, you can probably explain it better, Mr. Buenconsejo, but the need for the security fence. I'm just trying to emphasize the need for the security fence.

MR. BUENCONSEJO: Chair?

CHAIR HOKAMA: Director?

MR. BUENCONSEJO: Just for clarification as well, my staff did meet with the two groups in Makawao. I personally spoke to _____ who is one of the advocates in the skate park. Just...I wouldn't call it a security fence, it's a security and safety. There is a safety component as well for that fence line. Currently, the kids are excited, our skaters are excited in Pukalani. Our current contractor had to take some necessary steps to prevent the current skating going on. There is some skating going on in that park, so for safety reasons there was some security measurements put into place for that. Which shows that, again, we do need to have that perimeter fencing not just for the security but for the safety of that area to maintain some order and afterhours skating in that park. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you very much. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. Thank you.

CHAIR HOKAMA: Thank you. Mr. White? Any questions?

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

CHAIR HOKAMA: Thank you. Mr. Guzman?

COUNCILMEMBER GUZMAN: I'm okay.

CHAIR HOKAMA: Ms. King?

COUNCILMEMBER KING: Thank you, Chair. Yeah, I just wanted to ask Parks Department if...did we get bids on that 'cause I saw the one bid but on the fencing?

CHAIR HOKAMA: Director?

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MR. BUENCONSEJO: Chair, that was part of the contractor, so our contractor, that was through the contracting bids. So, the Department, not personally, that was part of, I believe, Goodfellow is the contractor, they went out and got whatever quotes they needed for the fencing.

COUNCILMEMBER KING: Okay, but when you put the original bids out for this isn't there like a firm price that we were quoted and, I mean, it's just pretty common to...

MR. BUENCONSEJO: Chair? So, the original budget that was budgeted for the skate park didn't include the fencing. The fencing was an add-on.

COUNCILMEMBER KING: Oh, we added it?

MR. BUENCONSEJO: Yeah, so we were allocated...originally the Department asked for 25,000 thinking that would be sufficient for the fence line and it came in at 30-somewhat and change. So, this is the difference of the \$25,000 that was allocated by this body in the prior budget or current budget.

COUNCILMEMBER KING: Okay.

MR. BUENCONSEJO: Thank you.

COUNCILMEMBER KING: So, that was our change order, the County's change order? Yeah. All right, thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Carroll, any questions? Thank you. Ms. Crivello? Mr. Atay?

COUNCILMEMBER ATAY: No questions.

CHAIR HOKAMA: Thank you. Anything else, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: No, thank you for doing this.

CHAIR HOKAMA: Okay, with no further questions, the Chair will entertain a motion for two things. First, this, to recommend to Council the following bills for an ordinance to pass first reading be ordered to print, one, A Bill for an Ordinance Amending the Fiscal Year 2019 Budget for the County of Maui as it Pertains to Estimated Revenues, Department of Parks and Recreation, Makawao-Pukalani-Kula Community Plan Area, Parks and Recreation, Upcountry Skate Park; Total Capital Improvement Project Appropriations; and Total Appropriations (Operating and Capital Improvement Projects), as well as, two, A Bill for an Ordinance Amending the Fiscal Year 2019 Budget for the County of Maui as it Pertains to Appendix C- Capital Improvement Projects, Department of Parks and Recreation, Makawao-Pukalani-Kula Community Plan Area, Upcountry Skate Park; filing of all appropriate communications; and allowing Staff to make any nonsubstantive adjustments.

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VICE-CHAIR WHITE: So move, Chair.

COUNCILMEMBER SUGIMURA: Second.

CHAIR HOKAMA: Motion by Mr. White, seconded by Ms. Sugimura. Additional discussion, Members? All in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Oppose, say "no." Motion passes with nine "ayes."

VOTE: AYES: Chair Hokama, Vice-Chair White, and Councilmembers Atay, Carroll, Cochran, Crivello, Guzman, King, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

ACTION: FIRST READING of bills and **FILING** of communication by C.R.

CHAIR HOKAMA: Thank you very much. Thank you, Director.

MR. BUENCONSEJO: Thank you, Chair.

ITEM 159: PROPOSED CONSTITUTIONAL AMENDMENT TO ALLOW A SURCHARGE ON INVESTMENT REAL PROPERTY TO FUND PUBLIC EDUCATION (MISC)

CHAIR HOKAMA: Okay. We're gonna go straight to 159 now, and then we're gonna take up 153 after that. One-five-nine is the Proposed Constitutional Amendment to Allow a Surcharge on Investment Real Property to Fund Public Education. We have had previous discussions on this. Today, we are going to hand out...have we hand that out? We're gonna hand out some additional information of how we've been approaching the educational component of this issue with the community. Again, because we are using public funds, your Council, your County approaching it from an educational perspective. I was told we should not take a position officially. You guys know my position obviously, my personal position. So, we are here to provide

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information to allow the taxpayers, residents of this County understanding of what is before them by the question the Legislature has presented. So, what we did was provided, like, a question and then we provided bullet point responses and this is what we sent out. As you are aware, your Chair has presented three-minute comments through the media. I've gave interviews to Hawaii Public Radio, spoke to various groups and other counties regarding this issue. So, the Staff is also handing out the third and last, yeah? Or the first two; three-minute segments, we have three in total that we will present for publication for information prior to the election. And so, the first thing to our community is yes, I know you are going to be confused, but there are two constitutional questions on the ballot, not one. The first question that we've been talking about is this item regarding surcharge on real property and the educational concern. Second is what the constitution requires by its content, which is the people are asked every ten years, would you like to have a convention to review the guiding document of this State. Okay, and so, you know, that there's groups that are taking positions on both sides of that question. So, there are those and also, we are having, I believe, three Charter questions for the community also. One is regarding whether the Clerk or Corporation Counsel shall receive the claims, the second is increasing of fines amount, and the third was, oh yeah, whether we want to use the Open Space Fund to allow for maintenance and other purposes, is the third question on the ballot. So, there's many things before our community, but on this one, again, my thing has been very consistent. The boogeyman for your Chair is the amount. We have no sense and no way to prepare for what would be that surcharge percent, and that is a scary thing. That is a scary thing. Okay. And I know we've heard things yesterday regarding services and whatnot. But for our community in general, residential services are all subsidized by other tax categories. We all know that. Okay. So, at this time, I'm just gonna...the purpose was one, to disseminate additional information, make the community aware that they are receiving our handouts and mail-outs where we pose questions and we provide responses in bullet points. So, Chair will give you an opportunity, if you wish, to give any comments or questions at this time. Mr. White?

VICE-CHAIR WHITE: Thank you, Chair, and thank you for handing this out. You know, I think the concern for me is, as you said, there's no identification of what the surcharge is gonna be. I think there's also a concern that it's called a surcharge, not a tax, when in fact it is a tax. They're basically saying it's a surcharge because it's gonna be based on the tax, not the value, but there's nothing to identify it that that's how it's gonna be done in the bill. The other thing that's very concerning is that there's no identification as to what an investment property is, so it could be your own home or it could be a rental home, in which case renters are gonna pick up the tab for this, because it's, you know, it's generally that the cost of doing business is gonna be passed on to the renters. I think that's the biggest thing that people need to be aware of is that the rental rates are gonna go up and that's why the Affordable Housing Coalition has become so involved in this. The other thing that concerns me is that, you know, I thought this was a very long bill 'til I pulled it up and it's two very short sections. It basically says, the County no longer has to the ability, all the access to real property tax revenues, now the State does. It doesn't say how much, although we've been told they're looking to generate \$500 million of which our share based on

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property tax values would be about \$75 million. The other issue that I have is that not only is the, you know, the surcharge not defined, the investment property not defined, but it's also not specified that all the money is going to go to K through 12 education. It says public education, but it doesn't say that the State can't add this money and then remove other funds. It just says that this has to go to public education, so it doesn't say that it has to be added to the amount already given to public education. It just says that it has to go into that account. So, again, there's no definition as to what the schools are really going to end up with. Is this gonna be partly going through K through 12, partly going to adult education, is it going to partly go to the University of Hawaii system? I don't know, but I don't think that coming after the counties' main source of funds is an appropriate way to do this. And in my view, we're simply allowing the, if this passes, we are allowing the State Legislature to have a blank check written on the counties' account, and I just don't think that that's fair. I don't think that it's appropriate. They have 16 other taxes that they have control over. We have three. We have property tax as our own. They don't have any of that. They have the other 16 taxes. The only other two that we share are the vehicle weight tax and the fuel tax. And so, we get to set that, but they have access to that as well. So, it's a horribly unfair thing, in my view, to put this on the ballot say it's for the keiki when in reality it's simply a blank check written on the counties' accounts by the Legislature once again. Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. Cochran, any questions or comments at this time?

COUNCILMEMBER COCHRAN: Well, my comment is I concur with Mr. White, everything he said, so he explained it wonderfully, and I don't have any further to add. Thank you.

CHAIR HOKAMA: Thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: I...in a, I guess, Council meeting you had that resolution basically to audit the DOE and I will tell you that over the weekend I saw my really good friend who's a teacher for many, many years and he said, okay, Yuki, where are you on this, and I told him why and what the resolution and for the audit to basically find out what is being done with the almost \$2 billion that DOE gets and he told me this really sad story. He said when he first started teaching he had three jobs, so that even made me more committed to find out what is being done with or what is the DOE or the State doing with all of the funds that they get from, for DOE because of his situation. And it didn't change my position, in fact, it made me even more so believe that we need to...I support you with the audit that, you know, you've asked for the DOE just so that we can find out, yes, what is being done with the funds before we try to, you know, double tax our residents of Maui County. So, thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Atay?

COUNCILMEMBER ATAY: Thank you, Chair. I fully align myself with everyone else. You know, same position. Recommendations would be first to have the State Auditor audit the Department of Education and more specifically, as I mentioned, earlier in the earlier meeting is that if we can target anyone above a principal and up, because I

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believe those, the teachers, the counselors, the staff that's at the campuses from a principal and down, they're the folks in the trenches that need the additional support; however, the question goes, what are they doing with close to \$2 billion, and first to look within to see if they can manage their funding. You know, they get a big chunk of the State's money already, so figure out with what you have what can you shift around to take care of the expenses of those in the trenches. So, yeah, I would fully support this moving forward.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you. So, you know, I think you've mentioned it quite a number of times how the County and the Maui County taxpayers supports education. I know we do their robotics, STEM, and all our facilities are utilized. And I'm gonna ditto what Mr. White says and what you say. We need to have a clear understanding where this so called surcharge/taxes are going to be applied to. So, too many un-question...questions not answered, so it's okay to take a stand to protect our taxpayers and our real property tax. Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll, any questions or comments at this time? Thank you. Ms. King?

COUNCILMEMBER KING: Thank you, Chair. I guess, I have some stuff I could have submitted, but I've been working on this issue as well separately and not representing the Council, but I did work with Professor Emeritus Randy Roth, who is one of the authors of a *Broken Trust* and wrote because he's also very much against this tax proposal. And so, I wrote articles with him for *The Maui News* and *Maui Time Weekly* and then I did recently have an article in the *Civil Beat* separately because he had already done one with someone else. But my...I appreciate all the information on your handouts and what was said by Mr. White, but I also wanted to add that my biggest issue with this, well, two big issues. One is that there's a lot that could be done. And from my experience, having been on the Board of Education, there's a lot that could be done and saved by decentralizing the entire system and there's always been a huge resistance to that. But just the offers that I had from people in our community who wanted to contribute to the school system back in the '90s when I got on the Board of Education and said they would only do that if the money would stay on Maui. You know, I even flew to Honolulu with Jim Whitehead, who is the head of Maui Contractors Association made a huge generous offer to value engineer all the portables we were building for free if the money would stay on Maui. And we went and talked to Eugene _____, who's the head of the Department of Accounting and General Services at the time and they said well that's a very nice offer, but it's not gonna stay on Maui. And so that, you know, that really solidified my commitment to decentralizing so that we would be able to direct our own school system, and one of the points of this audit, I think, is looking at where the money's being spent and where it's being spent at the school level because right now there's a huge disparity between where the schools are at physically and in their operations from one island to another. I mean, I was surprised when I got on the Board of Education, I went over and visited a school on, in Honolulu and I said, oh they actually have auditoriums. We have cafeteriums. You

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know, our schools are, have started from way back as far as the physical condition of them. But the other issue aside from that is that I feel like the State...this is a State, you know, as long the State's gonna hold on to education as their purview, they should be bargaining in good faith and they should be raising the salaries of teachers. Teachers do deserve to make more. They need to be looking for the money from the State level, not abdicating the responsibility for how to fund education. So, I worry about what happened in California, which is when they passed the lottery and that was for education then the education budget got cut and cut and cut because they had the lottery to fill in. So, if they get this ability to tax, does that mean the current education budget is at risk and then we're just gonna level everything out with the new tax? That's a huge concern for a lot of people around here because we've seen it happen. And there's nothing in this bill that prevents that from happening. So, you know, those are my biggest concerns about it, along with, you know, I think a lot, there's so much is unclear and I think there's every reason to support teachers and students and our schools, but this is not the way to do it. The way to do it is really, let's be honest, you know, if you're the State Legislature and you understand that public schools is underfunded, then you have to rearrange your priorities and you have to put that, find that money from the ability of the State to raise funds. Right now, I think the real thing, the real issues are things like the rail on Oahu that are taking money out of the State coffers and, you know, that money could have gone to education too. There's a lot of areas where the State could find funding for education besides going into, which is, you know, right now there is a question of whether it's even a violation of our State Constitution to take the property taxes away from the purview of the County. So, anyway, I just wanted to let my colleagues know that there, you know, probably see some stuff out there from me too independently, but it's based on...mine is more based on my experience in the education system and what I know, you know, where I feel like millions of dollars could be found in the system right now if we were to rearrange things. And one of the biggest examples I think of the disparity in the education funding is the charter schools, 'cause right now the charter schools don't get funding at the same level as the other schools and they do a lot with that. You know, so where else could we be doing more with our funds, you know, that are going to the wrong, you know, are going to different areas of education besides the schools? Anyway, that's my...that's sort of the direction I took with my *Civil Beat* article and it comes from the heart and people know how I've been involved in advocating for children rights and children projects in schools for many, many years. So, it's not...I don't think it's...I don't think anybody on this Council doesn't want to see schools have better funding for their teachers and at the school level, but that's not gonna happen under this school system in my opinion. Thank you.

CHAIR HOKAMA: Thank you. Mr. Guzman, anything you'd like to share? Okay, thank you. And the Chair appreciates your comments. Yeah, we hope our community will take the time to study this question and vote accordingly 'cause this will make a change in governance, definitely. And that's why I find it interesting they saying to support this constitution amendment, but yet the same group doesn't want you to have a constitutional convention to look at the whole document and see how everything fits and why adjusting one component potentially impacts the whole document. So, I find it interesting of a approach. But I can tell you, I was fortunate I got one education out

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of public school at a time where I thought we had quality. Okay, so, you know, I thought I had good teachers and this was even before HSTA in the early '60s. There was no union yet. All I can tell you is I remember my teacher with the yard stick, my P.E. teacher with that baseball bat on discipline and, gosh, we put out great products those days, and we did learn what surcharge means in English class. It means in addition to. And what is an addition to? Your existing property tax, so it's a tax on top of your existing tax is what a surcharge is. So, let us be clear on what the State is asking for to tax you above your current tax and that is why it's been interesting to see every governor on TV saying no to this question. Every governor. Makes you wonder about legislative leadership, and why they're afraid of a constitutional convention, because they think the people might pull back the reins on their level of authority, being disgruntled, so they're afraid. That's a hell of a way to run an island society with fear. I grew up in an era where that that's what the employer depended upon, the worker, fear. And that's why you had a collective bargaining to get away from that emotional factor and deal with issues, facts, and come up with a good labor agreement of fairness. So, this thing about fear of this may happen, that may happen, I think our people are better than that. Okay, we can overcome this illusion of fear. We're stronger than that. We're more mature than that. I think we're a community of perseverance and strength. We can overcome those challenges. Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. You reminded me of another point that is that this whole initiative seems to be driven by HSTA, the union, not by the DOE. I don't remember hearing the DOE speak up and say that this is something that they support.

CHAIR HOKAMA: I haven't heard the Superintendent say one word yet.

VICE-CHAIR WHITE: Yeah. So, it's unusual that the union is the one pushing this when they're supposed to do their work at the bargaining table, not at the ballot box. So, it's just one more reason why this doesn't seem like a sincere effort by the DOE at all. Thank you.

CHAIR HOKAMA: Thank you. Well, you know how I feel about that union. They failed their membership and they failed the kids. Anything else, Members? We are going to defer this item, Members. No objections?

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

CHAIR HOKAMA: Okay, this item is deferred.

ITEM 153: 250TH CELEBRATION OF QUEEN KAAHUMANU, GRANT G4607 (CC 18-222)

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CHAIR HOKAMA: Okay, we got two more items, so let us go now to BF-153. This is under the heading of the 250th Celebration of Queen Kaahumanu. This comes under Grant G4607. We have County Communication 18-222, as well as communications from the Office of Economic Development with various transmittal dates relating to the Grant G4607. Okay. So, this morning, we have some parameters, legal parameters to deal with, so the Chair will ask you to please stay within the parameters of what is posted. If the Chair feels that it is with, outside of the parameters, the Chair will make a ruling to ensure the content of what is discussed in an open meeting is appropriate, okay. We are not planning to make any decisions. We're here to receive information, okay. We're here to receive information. So, this morning, we have our Office of Economic Development, also with us we have Corporation Counsel, and anyone else, I guess, we're gonna need, Finance we have here too. So, Ms. Rasmussen, good morning. Thank you for being here with your resource personnel. Any comments you wish to share in open session at this time?

MS. RASMUSSEN: Good morning, Chair Hokama and Members. I thought maybe the best way for me to proceed is to kind of start where we left off at our last meeting and tell you what has transpired during that period of time. As you heard from the people in Hana today, there are still several vendors that, who have not been paid. This was really the impetus of why we had to dive into this grant and we had to start doing audits of all of the reimbursement requests, and that goes all the way back to May of 2018. From that time when we received the letter from Ms. Kalaola, she was expressing to us that approximately 5 to \$6,000 of her vendor payments had not been paid. And she was asking us to pay that directly to the vendors. We let her know that we are not in the...we cannot do that. It has to go to the grantee. It has to go through the grantee. That is the entity on record that has the contract with the County. So, it is not our ability once there is a contract signed by a grantee for us to just pay vendors direct, so we cannot do that. So, that is why we started looking into the reimbursements and the payments and that is why we started diving into it. At the same time, near the same time, we received a call from the MACC that the MACC had not been paid out in full for the event that took place in March. So, we made a decision to do a complete audit of all the expenditures up to that point and we made a decision that until we were satisfied that we would no longer be making any further payments on this grant. So, that set off months of back and forth e-mails between our office and Mr. Bardellini. On July 31st, OED sent a complete list of everything that was outstanding for the grant including notifying the grantee that his organization that he had set up specifically to receive this grant was no longer DCCA compliant. And being DCCA compliant is a required of all grantees and the County cannot disburse funding to any entity that is not DCCA compliant. On September 7th, OED received notification from Mr. Bardellini that he would have everything to us by September 30th. On September 18th, we replied to Mr. Bardellini accepting this date and saying that it was our expectation that the response would be thorough and complete. On September 30th, Mr. Bardellini did send us a response, which we have transmitted to this Committee. Mr. Bardellini's response, however, was not complete, and some of our outstanding inquiries were completely ignored. Some of the omissions include the organization is still not DCCA compliant as of today. Although, Mr. Bardellini stated that he does not have access to the backs of the checks, he

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provided front copies for only 16 out of 44 checks. All request for invoices for hours worked and hourly rates were dismissed. He said we do not book our vendors by an hourly rate. OED has no way of knowing whether the amounts charged by the vendors were reasonable for the hours they worked or services that they provided. He did not provide the printer that we asked to be returned, the two-way radio, the hard drive with the images from the Hana event, nor did he provide the stock images purchased from the Getty iStock, and is refusing to return these items until we pay him for shipping and handling. Of the 14 exhibits that OED explicitly requested description of deliverables produced for roles in the event, Mr. Bardellini only answered half of them. Only...he only provided statements from December through June and he provided no bank statements from July through September. Final report is missing, final reimbursement budget summary is missing, and he did not address this. Mr. Bardellini has not provided invoice number four, which would be the remainder of all invoices for these events citing that he cannot put this together until invoice three is paid. Mr. Bardellini does not know where, the whereabouts of the 60 metal kahili posts that were purchased and were used at the MACC, and he did not provide us the info group database, which consisted of thousands of e-mails and mailing addresses, citing that he cannot give it to us for legal restrictions. So, as per OED's July 31st e-mail, OED did give Mr. Bardellini reasonable notice of an opportunity to cure the discrepancies found in this grant. Pursuant to general Condition 22 of our grants contract, Mr. Bardellini has failed to satisfactorily, timely, or in a proper manner fulfill his obligations under G, grant number G4607. Therefore, on Friday, October 12th, a letter was mailed to Mr. Bardellini informing him of G4607's termination effective immediately by the County of Maui. OED will now change course to verify legitimate claims for these vendors who performed services and have not been paid. Our goal is to have all outstanding claims verified by November 30th and vendor checks to be disbursed sometime in December. We feel strongly that this matter should not be left to the next administration, and as it stands, we just have enough to time to bring this to a close by the end of our term. This entire situation has cost the County hundreds of staff hours that could be, could have been used productively for other work. It has taken an emotional toll on our OED staff members including myself and many of the event vendors who have not been paid as well as you heard this morning. But our job at OED is to protect the taxpayers' funds to make sure that our grantees perform to what is required in the contracts. And so, we are putting all that aside and we are doing what we need to do for our fiduciary responsibility to the County of Maui taxpayers. And that's my report, Chair.

CHAIR HOKAMA: Thank you very much, Ms. Rasmussen. I'll ask the Members if they have any questions for clarification purposes. Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. It's troubling to me that we've gotten to the point where we've had to terminate the grant. In your time in OED, which is almost eight years, have you had the necessity to terminate any other grants? .

MS. RASMUSSEN: We have not terminated any grants in the entire eight years. I've, and quite frankly, I've never had vendors or any situations where vendors have called us and said they had not been paid by a grantee.

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VICE-CHAIR WHITE: So, with the termination of the grant, will the County still be able to pay those that have not yet been paid?

MS. RASMUSSEN: Yes, because we still have \$46,000 that was allocated to the grant, but it has not been expended. So, we have held that back.

VICE-CHAIR WHITE: And I know during our last discussion, we talked about, I think you pointed out, that part of their mission was to hire all local people and yet one of the expenditures was for a mainland consultant for media consulting, I believe. I'm not familiar with all the other grants, but I'm wondering if you could share with us how the amount spent, not on media, but on media consulting compares to what you've seen in other similar events, you know, similar grants for other one-day events.

MS. RASMUSSEN: The amount of money that was spent on media and media consulting and primarily consulting was staggering considering the size of this event. It...I mean, for, to get 550 people to attend the MACC, over \$20,000 was spent on media and media consultants, and that's just kind of unheard of. The MACC, when you book an event there they promote the event on their huge e-mail list to all the people that have ever purchased tickets from the MACC and that's included as the cost. So, it's extraordinarily high. We did deny the payment to the mainland consultant that was \$5,000. We also denied the payment for his, the reimbursement for his plane trip from Los Angeles to Hawaii. And again, we've never been given any specific duties that that person performed or anything like that. So, we did deny that payment.

VICE-CHAIR WHITE: And you in your testimony just now, mentioned that they only provided a response to half of the deliverables. And could you give us an example of what the normal deliverables are for events such as this and those that he fell short on?

MS. RASMUSSEN: The invoices that were in question were when he would say, I'm paying this person \$500 for social media consulting or for production assistance, what we were asking for is what specifically were they hired to do and what did they do or, you know, some...it seems like when you're paying a consultant you want very specific terms as to what they're going to do for you. The invoices were even amounts. Some of them had charged tax, some of them didn't, some them charged tax to the same vendor, and then some to the same vendor didn't charge tax. That was kind of a red flag to us. It just is very unusual for there to be no specifics in those invoices.

VICE-CHAIR WHITE: Okay. And do you know what elements left the organization in noncompliance with DCCA?

MS. RASMUSSEN: I'm not sure that we know...do we know? He's gonna look that up.

MR. SAVAGE: Chair?

CHAIR HOKAMA: Mr. Savage?

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MR. SAVAGE: Since July 31st to this organization has been in noncompliance and I checked it this morning it's the same thing. It would be the A-6 form for the Hawaii Department of Taxation and as listed is noncompliant.

VICE-CHAIR WHITE: Okay, thank you. And, Chair, my only other thing that I have at this point is I think most of us received this letter from an attorney by the name of Shawn Louis or Luiz and it seems to be requesting that all of this be discussed in executive session, but I'd like Corporation Counsel to address whether we should be concerned about what is contained in this letter. It's addressed to the Mayor, and to the Maui County Council, and CC'd to a significant number of OED Staff, each of the Councilmembers, and a significant number of people in the Office of Council Services. If you don't mind, I would like Corporation Counsel's opinion on whether we should be concerned about discussing these issues in open session.

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I did just see the letter. Chair White, difficult to say, this is just a discussion of a grant, a County grant, which is under the purview of the Council per Charter. I don't see this as a personnel issue as...well, my understanding is Mr. Bardellini is a County employee. This issue is in regards to a grant, which is in his personal capacity, not part of his employment from what I understand. So, I'm not sure if...and it's not a current litigated matter. I don't believe there's a suit on this item at this time, so I'm not sure how you or what justification you, this body would even use to go into executive session under the Sunshine Law, HRS Chapter 92. Thank you, Chair.

VICE-CHAIR WHITE: Thank you for that clarification. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you very much. Any other questions at this time, Mr. White?

VICE-CHAIR WHITE: Not at this time. I'm...others I'm sure do.

CHAIR HOKAMA: Okay, thank you. Mr. Guzman? Thank you. Ms. King? Mr. Carroll? Okay, thank you. Ms. Crivello? Mr. Atay?

COUNCILMEMBER ATAY: Thank you, Chair. I just want to get some clarification from Corporation Counsel. So, what you just shared with me is, is it your legal conclusion that there, this is or there is not a contract dispute?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. At this time, there might be some kind of dispute, but I'm not familiar with the situation and this is, was a grant agreement between the County of Maui and an individual. So, the extent and from what I understand I'm looking at a letter that came out from another or from the First Deputy in our office that is titled Termination of Grant. So, I'm sure there's gonna be some sort of dispute coming up.

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But as of this time, I'm not aware of a lawsuit, which would allow us to go into executive session to discuss the legal matters with the Council's attorney on it. Thank you.

COUNCILMEMBER ATAY: Chair?

CHAIR HOKAMA: Mr. Atay?

COUNCILMEMBER ATAY: I'm not asking if there's a lawsuit. I was asking if by saying...you know, I'm questioning...it's about a grantee and the County Administration, in particular, Office of Economic Development having a difference of reimbursements of, what do you call that, vendor'ing so that they can pay the vendors. There's a contract dispute there. So, from a County's perspective, isn't this a contract dispute?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I believe it's a grant.

COUNCILMEMBER ATAY: Yeah.

MR. UEOKA: There does appear to be some type of dispute. There is a provision in the Sunshine Law, which allows executive session to consult with the Board's attorney on questions and issues pertaining to the boards, powers, duties, privileges, immunities, and liabilities, so...but as far as at the request of another party, I don't think this body has to go into executive session. It's your guys' call as to whether or not you go into executive session on it, but that's to confer with your attorney. But as far as just, general discussion on this grant, I don't see why you would be able to go into executive session just for a general discussion on it. Thank you.

COUNCILMEMBER ATAY: Okay.

CHAIR HOKAMA: Mr. Atay?

COUNCILMEMBER ATAY: Chair, you know, from my point, I look at there are many multiple sides with contending different things. And by definition, that very definition there is a dispute. My understanding...and so with that, what, you know, we had this hearing, this meeting earlier on the agenda, and since then I have consulted with a CPA 'cause I said, you know, what is the problem? Yeah. So, I've consulted with a CPA, both a CPA and an attorney and regarding this Budget and Finance Committee matter and two things are very clear to me that the County has and does owe what seem to be wrongfully withheld monies to the grantee and by withholding them, they're stuck because they can't pay the vendors. I'm puzzled because they, the County paid invoices one and paid invoices two, and so I'm saying if they paid invoices one and invoices two with supporting documentation, if it was not...why would they pay it if the documentation was not satisfactory? So, there were levels of one and two came in and then invoice three was turned in but yet communication from the grants, Office of Economic Development came in ten days after the event, that was on April 5, that says

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they're gonna withhold payments. They're trying to close out the grant and they turn in the invoices so that they can get reimbursed, so that they can pay off their vendors, and that was since April. And the grantee has been waiting and has complied and has turned in documents and accounts and all that. My understanding from what I gathered the information from the CPA is that it's been six months, you know, since all of that was turned. It doesn't align when the earlier statements saying that, you know, it comes out in July, you know, May. It was in May that they informed them, but there was communication that they withheld it in April. So, somebody's...you know, I look at it, like, there's a dispute. It's a contract dispute that, you know, should be addressed. You know, we now have a, retained an attorney, because I wanted to investigate this matter and being transparent. I want everybody to understand the process. Couple years ago, little more than a year ago, I recommended to honor the Queen, to have a cultural event. That process was approved by everyone here. The Administration, the Office of Economic Development was in charge of deciding who will get to administer this event. Going through the community, I went to the community of Hana, visited with them, I even went to the Wailuku Kaahumanu Society women, encouraging them, I went to other Hawaiian organizations encouraging people to apply for this grant. I...everybody makes it seem like, oh, I give it. No. Everybody was encouraged to go to Teena's office, apply there. I found out that...we were trying to understand the process, how does the community get involved. And communities...Teena suggested, oh, have these groups go to Tri-Isle, so that they can have a fiscal sponsor hosting them, and all of these groups had opportunities. About one month or two months, I don't know, Teena told me that no one was applying, and we reached out to the Hana community to work together to make this event move forward. That's what happened. And Teena selected the organization to move it forward. The events...you know, you heard the testimony from the Hana folks. It was full of aloha, authentic Hawaiian recognition honoring our Queen. The communities came together and did it. But for whatever reason after in the process, ten days after the event closes, they're trying to close up everything, the Administration holds up payment, and that's the puzzling part. Why? You know, why all of this, you know? So, that's why now we have a letter from an attorney asking and questioning these things because from both the CPA and the attorney, they're questioning the liable situation that the County may be sitting that potential violations have occurred via a County department. And then also in the letter, it's citing a political agenda of this decision to discuss this grant and all other related disputes in a public meeting, you know, when this is outside of the norm. You know, the earlier agendized meeting was coincidentally scheduled four days before the primary election and now this agendized item comes up on the very week that election ballots are distributed. So, you know, there's a correlation or a questionable correlation of the timing of the closeness to this election. You know, I'd like to request that the...I believe since Corp. Counsel has conflict, a personal conflict with me that they should not be the ones advising this body. Yes, there's a personal conflict between your Pat Wong and I, and if Pat Wong is your representative of Corp. Counsel then all litigators or legal reps sitting on Corp. Counsel are conflicted out, yeah. And so, how do you proceed with this item in public session, you know, and request that...I request that this item be deferred and that this body seek independent and third party outside counsel for advice and guidance to be able to address this issue and/or move into

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executive session. And with that Chair, I'd like to make a motion that this discussion or further discussion merits moving into executive session.

CHAIR HOKAMA: Okay, thank you for that, Mr. Atay. Okay, with no second, the Chair is...there's no...

COUNCILMEMBER COCHRAN: Chair, second. Chair? Second.

CHAIR HOKAMA: Yeah. The Chair will not accept the motion. The Chair will rule that it's out of order. I have no basis to accept the motion and I have no area of State Statute to cite to justify the request. Okay, so again, we are here to take information, Members. As you will note, your Chair made no comments before any meeting, okay. Timing is what it is. We have scheduled our meetings accordingly, and we wait for the deadlines to pass before...we could have held this before the deadline that OED submitted. We would have just waited because there's just...we would wait for the deadline to expire to find out what did occur or didn't occur. So, hearing this, the Chair's gonna take a short recess to concur with the attorneys and come back with a comment for the Committee. So, we'll take a two-minute recess. . . .(gavel). . .

RECESS: 11:04 a.m.
RECONVENE: 11:11 a.m.

CHAIR HOKAMA: . . .(gavel). . . Okay, we're back in order. We are on BF-153 under the review of 250th Celebration of Queen Kaahumanu, Grant G4607. As you can tell, Members, this has gotten into a more extensive review. It's a...we have received information at the previous meeting, we've got updates today, we have listened to comments and concerns from various Members, and your Chair in listening and gathering the information, is going to make a recommendation. One, is a deferral of this item. And two, I'm just gonna give a verbal recommendation. I'm not ready to propose a consideration for this Committee to forward to Council at this time. I'm going to talk to our attorneys and see if that is something I may wish to pursue, but your Chair's recommendation with the referral is that I will be giving you a verbal recommendation that the Administration conduct a further investigation into this matter, and take any and all appropriate legal action, retaining all legal and equitable remedies as in regards to Grant G4607. Questions? The office understands my recommendation?

MS. RASMUSSEN: Yes, Chair.

CHAIR HOKAMA: Okay, very good. Okay, Members, with no objection we'll defer this item.

COUNCILMEMBERS VOICED NO OBJECTION.

CHAIR HOKAMA: Okay, this item is deferred.

ACTION: DEFER pending further discussion.

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ITEM 157(6): AMENDMENTS TO APPENDIX A, GRANTS AND RESTRICTED USE REVENUES – SCHEDULE OF GRANTS AND RESTRICT USE REVENUES BY DEPARTMENTS AND PROGRAMS FOR FISCAL YEAR 2019 (DEPARTMENT OF PUBLIC WORKS (FEDERAL HIGHWAY ADMINISTRATION, FEDERAL-AID AND OTHER TRANSPORTATION GRANTS))

CHAIR HOKAMA: We have one more item to take up, Members. The last item is BF-157(6). This is the Highway Administration Federal-Aid and Other Transportation Grants. We thank OED for your presence, so thank you very much for your assistance. Okay, so we have from Mr. Baz two proposed bills for an ordinance. First bill is as it Amends Appendix A, Part I, under Grants and Restricted Use Revenues, this is Federal Highway Administration, Federal-Aid, and Other Transportation Grants, \$1.02 million. This is from the Safe Routes to School Program and this is as we understand it more specific for Paia School frontage and sidewalk improvements. As well as the second Bill for an Ordinance Amending Appendix C - Capital Improvement Projects, again, also for the same purpose and the same amount. Mr. Baz, any comments?

MR. BAZ: Good morning, Mr. Chair and Members. Thank you for hearing this bill. It is to add \$2 million into the grant revenue for the Fed-Aid and other transportation grants. The department was notified that they are being awarded this money to provide sidewalk and other improvements to Baldwin Avenue between Paia School and Paia Gym. As a father of two children who went to Kula Kaiapuni in Paia, I heavily support this. It's a much needed for this community. Thank you, Mr. Chair.

CHAIR HOKAMA: Thank you. Director Goode, comments, please?

MR. GOODE: Good morning, Chair, Members of the Committee. Dave Goode here, Department of Public Works. For clarification it's a million dollars, \$1,020,000 of Federal funds. This is part of the Federal Safe Routes to School Program, so in this case we partnered with Paia School and the project will include some new sidewalks as well as rehabilitation of existing sidewalks on Baldwin Avenue. So, just to give you a quick visualization, at the top of Skill Village there's an access easement that goes through the subdivision into the gym, Paia Gym area, but it's not well defined. It doesn't have a sidewalk improvements, so we're adding sidewalk in there and out to Baldwin Avenue, I believe, a crosswalk across Baldwin, and then on the Paia side of Baldwin Avenue we have existing sidewalk over there we'll rehabilitate. We're gonna add sidewalk on the bottom side towards Paia Town to fill in some gaps, and then on the top side, the sidewalk actually ends at the bottom more or less of Paia School. It went through an old gate over there, but the gate's been closed. They don't want kids accessing through there and the new cafeteria where a lot of kids go for breakfast is at the top of the school. So the sidewalk will extend the length of the school's frontage up to their upper driveway, I believe. So, again, the project includes connecting neighborhoods, filling gaps in sidewalks on Baldwin Avenue to Paia School and rehabilitating existing sidewalks. At the time, Chair, of the budget for this fiscal year, we weren't sure we were gonna get these funds, we weren't sure of the exact scope, but

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everything came together rather quickly, so we felt best to approach the Council with a budget amendment for today, so we appreciate you hearing this item. Thank you.

CHAIR HOKAMA: Thank you very much. Not being part of, you know, you and people like Ms. Crivello are more maa about these things so...was this has anything to do with our MPO or nothing to do with our MPO since it's Federal Highway funds?

MR. GOODE: Geez, Chair, that's a good question. I can't remember if we recognized this in our TIP. No, I don't think so. So it's not...the Safe Route to School Program's kind of a separate fund, so we compete with the other counties and the State for it, but it is Federal funds in this case administered by the State.

CHAIR HOKAMA: Okay. No, I just was wondering if all of this Federal projects goes through the MPO. Okay. Mr. White, any questions regarding this request?

VICE-CHAIR WHITE: Thank you, Chair. I'm trying to see on Page 2 of the Appendix C. I see the removal of 2 million under...I'm sorry, on Page 2, close to the bottom, Countywide Federal-Aid Program, it looks like we're removing 2 million and replacing it with 15.5 million. Now, there's a mention of 13.52 million in the correspondence, so I'm just wondering how we...

CHAIR HOKAMA: Mr. Baz?

VICE-CHAIR WHITE: How we can...

MR. BAZ: Thank you, Mr. Chair. Yeah.

VICE-CHAIR WHITE: If you can untie that for me.

MR. BAZ: Sure. So, with the Council's implementation of Appendix C in the Budget Ordinance, there's been inconsistency of recognition of grant revenue funded projects in Appendix C, and in working with your Committee Staff and the Chair, it's been recommended that we include all of the grant revenue in Appendix C as well so that that is clearly defined as a part of the capital project. And so, we had this opportunity with this one specifically to go ahead and add in the grant revenues. So, the additional money that you're seeing in there is the grant revenue and this project that we're...

VICE-CHAIR WHITE: Okay. So, this project is part of the thirteen --

MR. BAZ: Yes.

VICE-CHAIR WHITE: --point-two-million...or 13.52 million?

MR. BAZ: Yeah.

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

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CHAIR HOKAMA: Okay, thank you. Ms. Cochran, questions? Ms. Sugimura? Mr. Atay?

COUNCILMEMBER ATAY: No questions, Chair.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: No questions.

CHAIR HOKAMA: Mr. Carroll? Ms. King?

COUNCILMEMBER KING: Thank you, Chair. Yeah, I just had a question about the...so everything that comes in from the County goes onto, under, I mean, from the Federal government goes under the Countywide Federal-Aid program? So, I noticed that two items up there's a Safe Routes to School but it's a State appropriation, so but this money you're saying came in as a Safe Routes to School project?

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Yeah, thank you, Mr. Chair. Yes, Member King, that original Safe Routes to School Program is a State program where it was State funding that was being provided for that and this is Federal-Aid money that's coming in, so that's the discrepancy between those two different line items.

COUNCILMEMBER KING: Okay. So, we don't have a separate line item for the Federal Safe Routes to School Program?

MR. BAZ: No, the Department of Public Works has generally included all of the grants that they receive for, in Federal-Aid for road, sidewalk, bridge.

COUNCILMEMBER KING: Okay. 'Cause it's not clear from this, like, when things come in are earmarked for certain things, like the Safe Routes for School there's no delineation of that in the CBS-5022. It's just kind of a lump, all the funds lumped together.

MR. BAZ: Typically, we just include one item for the Countywide Federal-Aid Program and then the total amount that we're requesting for, and then in Appendix C then it provides that detailed description of what we're gonna be doing.

COUNCILMEMBER KING: Yeah, no, that's what I'm looking at is the Appendix C, so --

MR. BAZ: Right.

COUNCILMEMBER KING: --it's got all these things lumped together in that one section.

MR. BAZ: Correct. So, rather than having to create separate appropriations for each one, we have one appropriation for that and just list out the different items that we're gonna be doing under that appropriation.

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COUNCILMEMBER KING: Okay, and so when you decide, when you get like a \$1.3 million grant and it's applied to that specific program, do you just go...do you have a list of priorities and you just kind of go down the list or how do you decide where to apply it besides the fact that your kids go to school there? I'm just kidding.

MR. BAZ: I leave that discretion...I believe from my understanding the other project...if it's a...this is specifically designated Safe Routes to School, but the other Fed-Aid money that comes in generally is related to, that's what goes through the MPO and the TIP and the STIP and is a project that is organized and prioritized by community and by the --

COUNCILMEMBER KING: Right.

MR. BAZ: --department, State, and then the funds come in to match what we're doing for that specific project.

COUNCILMEMBER KING: Right. And I understand that 'cause I'm on the MPO, but that's why I was asking about this money. Like how does this money get applied? Do you have a list of Safe Routes to School's projects and then you kind of go down, when you get more money you go to the next one on the list?

MR. BAZ: I'll defer to the Department for that.

COUNCILMEMBER KING: Okay.

CHAIR HOKAMA: Mr. Goode?

MR. GOODE: Thank you, Chair. Ms. King, so we...our traffic engineers pretty much have identified where some of these gaps are near schools. They've approached the schools through the DOE to, you know, see who might be interested, 'cause we typically need a sponsor. The school has to step up and say, yeah, we want to participate. They don't participate necessarily financially, but they have other resources or community resources and basically some desire to show that they're interested in having this done. So, to date we've done Kamalii School, Princess Nahienaena. I think this will be our third one. I may have missed one off the top of my head. So, we're kind of moving through as we go. We've seen certain areas where they might make sense but we're not getting far with the school. So, we just kind of move on.

COUNCILMEMBER KING: Okay, so they need a...that's what I was curious about, they need a sponsor, a school sponsor. I know we...I had brought up, you know, when the project for paving Ohukai came up the fact that that is majorly used for, I mean, the sidewalk is majorly used for a school bus route and wondering if that could come under Safe Routes to School funding, but...so, I'm just trying to understand so I...the Safe Routes to School you actually need a school to be part of that project, and so you kind of wait to see if someone steps up?

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MR. GOODE: Right and there's other parameters as it relates to how far from the school. Our understanding after we kind of looked into that was that school bus stops did not count. So, they're looking more for hardscape, and getting kids biking, or walking to school.

COUNCILMEMBER KING: Okay. Okay, thanks for that. I think it's good for the public to know to because, you know, maybe the schools would kind of look for opportunities if they knew that that's what's required to get that kind of funding. Thank you.

CHAIR HOKAMA: Thank you. Mr. Guzman, any question?

COUNCILMEMBER GUZMAN: I'm good. Thanks.

CHAIR HOKAMA: Okay. Is there anyone else would like to ask a question on the request before us? If not, the Chair will entertain a motion for recommend to Council passage of first reading be ordered to print two proposed bills for an ordinance. One, Amending the Fiscal Year 2019 Budget for the County Of Maui as it Pertains to Appendix A, Part I, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs, Department of Public Works (Federal Highway Administration, Federal-Aid and Other Transportation Grants), and two, A Bill for an Ordinance Amending the Fiscal Year 2019 Budget for the County of Maui as it Pertains to Appendix C - Capital Improvement Projects, Department of Public Works, Countywide, Countywide Federal Aid Program; allowing Staff to make any nonsubstantive adjustments; and filing of any appropriate communications.

VICE-CHAIR WHITE: So move, Chair.

COUNCILMEMBER SUGIMURA: Second.

COUNCILMEMBER KING: Second.

CHAIR HOKAMA: Okay. I have a motion by Mr. White, seconded from Ms. Sugimura. Any further discussion, Members? All in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Oppose, say "no." Motion passes with nine "ayes."

VOTE: AYES: Chair Hokama, Vice-Chair White, and Councilmembers Atay, Carroll, Cochran, Crivello, Guzman, King, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

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EXC.: None.

MOTION CARRIED.

ACTION: FIRST READING of bills by C.R.

CHAIR HOKAMA: Thank you very much, Members. You've completed the agenda for today and we are adjourned. . . .*(gavel)*. . .

ADJOURN: 11:26 a.m.

APPROVED:



RIKI HOKAMA, Chair
Budget and Finance Committee

bf:min:181016:mb

Transcribed by: Michelle Balala

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CERTIFICATE

I, Michelle Balala, 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 8th day of November, 2018, in Kihei, Hawaii

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

Michelle Balala