

GOVERNANCE, ETHICS, AND TRANSPARENCY COMMITTEE

Council of the County of Maui

MINUTES

Council Chamber

February 1, 2019

RECONVENE: 1:30 p.m.

PRESENT: Councilmember Michael J. Molina, Chair (excused from 4:18 p.m. to 4:21 p.m.)
Councilmember Keani N.W. Rawlins-Fernandez, Vice-Chair (left at 4:52 p.m.)
Councilmember Riki Hokama (arrived at 2:28 p.m.)
Councilmember Tasha Kama
Councilmember Kelly T. King (arrived at 2:04 p.m./left at 5:03 p.m.)
Councilmember Alice L. Lee
Councilmember Tamara Paltin (arrived at 2:04 p.m.)
Councilmember Shane M. Sinenci
Councilmember Yuki Lei K. Sugimura

STAFF: Shelly Espeleta, Legislative Analyst
Pauline Martins, Committee Secretary

Don Atay, Executive Assistant to Councilmember Sinenci
Gina Flammer, Executive Assistant to Councilmember Sinenci

ADMIN.: Edward S. Kushi, Jr., First Deputy Corporation Counsel, Department of the Corporation Counsel
Deidre Tegarden, Chief of Staff, Office of the Mayor
William Spence, Acting Director of Housing and Human Concerns
Jeffrey Pearson, Acting Director of Water Supply
Scott Teruya, Acting Director of Finance

OTHERS: Carmelito Vila
Gerry Madriaga
May Anne Alibin
Marci Sato
Didi Hamai
Gregory King
Jack Kulp
Tyson Miyake
Helene Kau
Jacob Verkerke
Brian Bilberry
Bill Medeiros
Zandra Amaral

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Plus (3) other people

PRESS: *Akaku Maui Community Television, Inc.*
Matthew Thayer, The Maui News
Melissa Tanji, The Maui News
Axle Beers, Maui Time

CHAIR MOLINA: . . . *(gavel)* . . . The recessed meeting of January 29th of the Governance, Ethics, and Transparency Committee meeting will now come to order. Members, today is February 1st, 1:30 p.m. Due to a very long Council meeting today, the Chair plans to recess this meeting 'til 2 o'clock to give the Members additional time to re-energize themselves for what the Chair anticipates a very long day. So, if there are no objections, Members, this meeting, the recessed meeting of January 29, 2019 will be recessed until 2:00 p.m. today, February 1st, Friday, 2019. Meeting at recess.

COUNCILMEMBERS: No objections.

CHAIR MOLINA: Thank you. . . . *(gavel)* . . .

RECESS: 1:32 p.m.

RECONVENE: 2:04 p.m.

CHAIR MOLINA: . . . *(gavel)* . . . The recessed GET meeting of Tuesday, January 29, 2019 is now back in session. Members, today is Friday, February 1st, just after 2:00 p.m., 2019. Thank you for that extended break, Members, as you know we had a very long Council meeting today and I wanted to give all of you extra time to nourish yourselves and energize yourselves for a projected long day today. And as I've always believed, a well-nourished Councilmember is a happy Councilmember; we hope, anyway. Anyway, just a recap for the Tuesday, January 29th meeting, we had 33 testifiers that day. The Council or the Committee did not take any action that day, so we are here now in the deliberation phase. We have four of the Mayor's nominees for consideration today for the Director of Water Supply, the directorship of the Department of Finance, the directorship of Housing and Human Concerns, and the directorship of the Public Works. So, we'll start first with our, we'll follow the agenda accordingly.

GET-1(4) APPOINTMENT AND REMOVAL OF ADMINISTRATIVE HEADS OF DEPARTMENTS (DIRECTOR OF WATER SUPPLY) (CC 19-1)

CHAIR MOLINA: We have first the nominee for the Department of Water Supply Director; we have Mr. Jeff Pearson. But before we recognize Mr. Pearson, Chair would like to take attendance. We do have everyone present. Member Hokama is on his way. And

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Committee Staff, we have Shelly Espeleta along with Pauline Martins. Thank you very much, ladies, for your hard work. From Corporation Counsel, we have Mr. Ed Kushi, and we have the Mayor's Chief of Staff Ms. Deidre Tegarden whom I'd like to recognize to give opening comments regarding Mr. Pearson. Ms. Tegarden?

MS. TEGARDEN: Thank you, Committee Chair, and aloha and good afternoon, Councilmembers. I'd like to start off by saying that Mayor Victorino thanks you all for your hard work; all that you're doing in reviewing his nominees for the director positions. We realize this is not an easy task nor one that can be rushed. Our nominees are doing their best to be responsive in thoroughly answering your questions and concerns. Mayor has put together a team that he believes will be customer-oriented and dedicated to public service. He believes that they will advance his vision for Maui County. And with that being said, I would like to say that Mr. Jeff Pearson has spent the majority of his professional career in water. He knows this work inside and out at the State and County levels as well as private sector. When he is not working, he is spending time with his six grandchildren or volunteering his time with the Maui County Food Bank. Mayor has all confidence in the abilities of Mr. Pearson and the level of service he will give to the community in this very important role as Director of Water. Thank you very much.

CHAIR MOLINA: Thank you very much, Ms. Tegarden. Alrighty, Mr. Pearson, you have the floor to give a few brief opening comments to the Members and after which I will open up the floor for questions. Proceed, Mr. Pearson.

MR. PEARSON: Thank you, Chair. I'll follow his lead by working on the brief part. I know you've Members have worked hard and long and tireless and it's a tough job so hopefully I can make it not any tougher for you. Communication is key. I've met with almost all of you and it's just the beginning, so I don't think we've all created a relationship yet. Some of you I know a little better than others, so I hope to create a relationship with all of you. With water supply and the issues that are out there, I know we're gonna touch on the hot topics, but my vision and as it says is by water all things find life. So, that's a simple way to start. Also, we need to realize that we have to have the source availability or else, you know, I'm not doing my job and the people in the past aren't doing their job. So, that's key and all the things we talk about today are gonna somehow lean towards source; whether it's the Upcountry meters or the issues in West Maui with the surface water diversions. Whatever we talk about today, it's gonna be source. So, that's, of course, what I gotta strive for. And I'm not talking about, you know, we have source for today and for tomorrow and maybe a couple of years, it's not a panic situation. But, if you look at it in the long term, it might be considered panic situation. There's not many years in certain areas where we have adequate source. There's other issues about how you define adequate source. If you're Upcountry and there's a drought and there's one day out of a year where you have reduced water, is that adequate source? Can you live with five days a year without, by reducing your water, water use? That's a question I can't answer, but that's what we have to deal with and work towards. Conservation is another key. If

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you conserve water, that means you don't pump it. If you don't pump it, that means you're maintaining or retaining the source and giving it, you know, a better for the future use and that's key. You know, it's of course, you're here because it's not about you. You're here because it's about your children, your grandchildren, and the future generations. And that's why we all should be here. That's one reason why they call it public service and, you know, bless you all for doing what you do. So, conservation, Mike Miyamoto, I didn't watch his whole testimony, but I did and I've talked to him also, you know, R-1 water, again, if you replace potable drinking water with R-1 or reclaimed water, re-use water, then you're conserving the source and you can use it down the line or for growth or however you want to look at it. But, you're replacing the potable water with R-1. So, again, source. I mean everything kind of falls on back on that. So, Chair instructed me to answer all of your questions with a yes or a no, back to the brief part. So, he was, Chair was kidding, Chair was kidding. But, anyway, I'll try to be brief so you can get as much done today as you want. But, of course, I'll try to answer the questions the best I can. One point I want to get across is, you know, I have some experience at Water Supply. I was Deputy way back under George Tengan with Mayor Arakawa's term. And then I was in the Capital Improvement section about three-and-a-half years ago and I was there for three years. So, that's actually the better information that I draw on. But, I'm not gonna claim to know all the details and all the ins and outs of Department of Water Supply. I don't know if that's good or bad, but I haven't been here and I haven't worked here like some of the other people that have been in front of you working here for 12 years, whatever, you know, they know Parks, you know, she's done everything and been here forever so she knows every valve and every working. So, unfortunately or fortunately, that's not me, but if there's some questions that I can't answer today, I got my notebook and I will write them down and I will follow-up with you as soon as possible to get you a better answer if the answer's not adequate today.

CHAIR MOLINA: Alright. Thank you very much, Mr. Pearson. And good to see that you seem to be very relaxed and loose and I appreciate that and we'd like to let all nominees know please feel relaxed. This is not a tribunal or inquiry of some sorts, but, Mr. Pearson and Pat, before I turn matters over to the Committee, in past conversations you told me you were originally from the State of Minnesota, am I correct?

MR. PEARSON: Oh yeah, I didn't really give you a long history.

CHAIR MOLINA: No, no, not yet.

MR. PEARSON: I'm trying to be brief actually.

CHAIR MOLINA: Yeah, I just wanted to state I know the nickname of the state is the Land of 10,000 Lakes. Now here you are in Maui County, in the middle of the Pacific, it just seems like your whole life you've been surrounded by water, so and here you are applying to be the Director of the Department of Water Supply. So, just thought I'd

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add that in. Alright, Chair will recognize the subject Committee Chair of the Water and Infrastructure Committee Councilmember Alice Lee to give the privilege of asking the first round of questions to Mr. Pearson. Ms. Lee?

COUNCILMEMBER LEE: Thank you, Chair. Hello, Jeff Pearson.

MR. PEARSON: Hello.

COUNCILMEMBER LEE: Okay, let's get right down to business. How do you plan to create new source?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: There's a lot of different answers to that looking at different systems on Maui. The West Maui side, right now, there's a couple of issues that are kind of dragging us down. It's the surface water issues with Honokohau Valley and as you, as all of you likely know, there was some a storms where the diversion was compromised and water now goes not only diverted into the ditch system, the Honolua Ditch, but it goes around the ditch and down the stream. So, when there's low flows there's less water that is diverted. At the diversion itself, at the intake, there's rocks and debris and a lot of material so it's restricting that flow. At the siphon at Honokahua Gulch there's, I understand, there's material and opala that's in that siphon that needs to be removed. So, the point is if we can work with MLP to improve that situation, we're gonna have a greater, more steady flow into Mahinahina Treatment Plant. So, that's one what's relatively short-term, but to improve it back to where it was in the past. Same thing, the Lahaina Treatment Plant with, where I used to work at the Water Commission, doing my job, it took water away from Department of Water Supply, so I don't know I gotta what do you call it? Eat my words whatever, but so what's gonna happen is Kanaha Stream is going to end up getting at least a half-a-million gallons a day and then that gets ramped up as improvements go forth and there's like a five-year plan. So, in that area and already in the 2020 CIP proposed plan that's gonna of course come to you, we're looking at two additional wells. And we gotta start from scratch, so we gotta look, you know, look to get the land area secured and so forth and then do the exploratory well and the whole bit. So, that's gonna take a few years, but that's one thing. Already in progress what you also see in the CIP program is Mahinahina Wells I and II. And then Well II is a good productive well. I think it's gonna provide over a million gallons a day. So, that's gonna be another valuable, useful source. Back to the R-1, when I was at the Water Commission we met with all the groups that are out there; it's DHHL is out there. They have a well that they need to put into the system so that may help augment; of course, it's mostly dedicated to DHHL. There's Kaanapali Land and there's the wastewater treatment plant. And again, if we can somehow work with all the parties and use R-1 to augment some of this water, then maybe we can have it a little more water in West Maui. Central Maui, that's a little tougher. It'd be heaven if we could just go with East Maui and bring that, in my mind it'd heaven, if we could just to East Maui and bring that water this

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way. There's a consent decree that's in place that we need to look at and I think I need to come to this body and see how we can address that existing consent decree. There's surface water treatment plant that's brand new, spanking new surface water treatment plant. The division head is in the back there. That's right now providing 1.7 million gallons a day which is an increase from what the older, existing plant. Once the contested case is resolved, hopefully the recommendation of the hearings officer is allowing 3.2 million gallons a day to be treated at that treatment plant. So, again, that'll bump it up, you know, 1 million and million-and-a-half or so there. So, that's Central Maui. Upcountry, again, that's difficult. It's all difficult. So, I mean, it's gotta, I gotta work and I don't have all the answers, but I'm trying to explain as much as I know now and as much as I can get across to you now. Upcountry, we're looking at storage at Kamole. But again, that's not source, that's just reliable capacity. So, that will help the reliable capacity and reduce the days of water shortage Upcountry. We could look, we're looking drilling a back-up well at Pookela right up Olinda Road. And if that back-up well is in place, you know, right now we don't want to run Pookela or don't look at the reliable capacity as a more than like I think two-thirds of the total capacity because there's no back-up. If you have a back-up well then you could run that well 100 percent of the time. So, and that's about a million gallons a day. So, of course, you probably wouldn't run that well. You would alternate the two wells. So, there's some capacity there. But, again, there's a lot of work to be done. Talking with some staff today, we may go look into the, you know, go away from the consent decree area, away from Haiku and go towards the Makawao area into the Makawao Aquifer which has the sustainable yield of about, I think it's 7 million gallons a day. And there's capacity in the Makawao Aquifer that we may be able to look at for future wells. Wells are expensive. I get all that, but we don't have many choices in the Upcountry area.

CHAIR MOLINA: Member Lee?

COUNCILMEMBER LEE: Yes, thank you. Well, how about something in our lifetime? Which one of these are gonna provide us new source in the very near future?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Oh, in our lifetime, well, I'm going to work towards getting this done in my lifetime. So, like I've mentioned, the two wells in Lahaina are moving forward in this capital improvement. So, that's gonna be within the next two to four years in the Lahaina area. The reservoirs and looking for an additional well up in Makawao could be within two to five years. Yeah, I mean, I'm doing my best to first learn of the huge issues and then trying to attack them as soon as possible and do this as soon as possible for the long-term future.

COUNCILMEMBER LEE: The reason why I ask that, Jeff, is because it's been awhile since the County has provided new source and has tried to shift the burden to developers with "Show Me the Water." And the problem with that is the developer will go at his

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schedule, his pace, yeah, and oftentimes it's influenced by land use approvals and all kinds of different an EIS and all kinds of processes that a developer has to go through. So, we don't necessarily get a new source right away. It all depends on that person's project. And I'm hoping that this Council will because our priority is affordable housing that we don't rely on outside developers to provide the water or housing; that we provide our own. That way we can direct growth. The other way, the developer directs growth because it'll be directed accordingly to where the lands are located, right? So, that's the reason why I'm asking about the urgency and the schedule of the Water Department with regard to developing new source because we are very, very serious about moving forward and providing affordable housing even if we have to do it ourselves. So, you know, if we're all working together, if all the departments are working together, then affordable housing should be everybody's priority. And in your case, the case of the Water Department, I mean we can't get to first base without water, yeah. So, that's the reason why it's important that we all collaborate and work together so that we can actually provide affordable housing in all types of ranges as soon as possible. And that's the reason why we need to get water developed as quickly as possible. Do you agree?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: I was gonna say point taken and agree 100 percent.

COUNCILMEMBER LEE: Thank you, Mr. Chair.

CHAIR MOLINA: Okay, thank you, Member Lee. We'll work our way down towards the Chair's right side. We'll start with Member Kama. You have any questions for Mr. Pearson?

COUNCILMEMBER KAMA: Yes, I do. Thank you. Oh, I'm sorry. I just have one question for now. Who owns the water?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Well, it's an easy one; especially coming from the Water Commission. It's a public trust and the community owns the water. There's you, me, everyone in the State owns the water. Article 11, Section 1 and Section 7 of the State Constitution, and I only remember those is because I would fall back on those when we were talking about returning water to the streams and if I get the off-stream users that feel compromised by reducing some of their off-stream use because they have other options such as wells. I don't...if I quote the Constitution, I'm not as much of a bad guy because I'm trying to do my job. So, it's a public trust purpose and the four public trusts are keep water in its natural state. In other words, if it's in the stream it should stay in the stream. Provide water for domestic use. Domestic use has been debated about what the term domestic means, but domestic use, for you and I to drink and to bathe. Have water available for traditional and customary purposes and I

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think that's self-explanatory. And then, provide water for DHHL. The last one, the last public trust purpose was added when they did the contested case for the Waiahole situation awhile back which was kind of the first big test.

COUNCILMEMBER KAMA: So, Mr. Chair, my follow up.

CHAIR MOLINA: Proceed.

COUNCILMEMBER KAMA: So, what does it mean to you that DHHL is part owner of that water?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: I didn't try to allude that they're part owner. Alluding that, just as I said with the public trust purposes, water is provided for Department of Hawaiian Home Lands and in the case I was talking about in Lahaina, Hawaiian Home Lands has a development they want to proceed with in Lahaina side. So, they're providing a well to serve the purposes of that development and, again, they're part of the public trust so they have a right to water as well as anyone else. I don't know if that sounded right, but that...

COUNCILMEMBER KAMA: It's okay for now. Thank you.

CHAIR MOLINA: Thank you, Member Kama. Member Sugimura?

COUNCILMEMBER SUGIMURA: Nice to see you here, Mr. Pearson. And as you probably read in *The Maui News* when I saw when Mayor Victorino announced the names of the his nominees, I was glad to see your name there because of the work that I've seen you do with CWRM. And I will honestly say that every time there was something with water that we tried to figure out how to solve, they would always say oh, but we don't have control 'cause it's CWRM. So, I'm glad to see you here 'cause I anticipate your knowledge to make Maui County's water system even better.

MR. PEARSON: Thank you.

COUNCILMEMBER SUGIMURA: Obviously, my question is gonna be about the Upcountry water meters and I see in your answer...so when I read your answers to I think it was Chair King who submitted all of these questions to all of the nominees, which I was glad to get and I'm glad you did that, it says short-term goal...what are your short-term and long-term goals? And for your long-term goal, you said to reduce the Upcountry water meter list by half. And I will tell you that every time something comes up and I see people in the supermarket, the water meter list comes up pretty often. I would love to hear your answer and tie to that if you could add to this is that during the Fiscal Year 2017-2018 we added into the budget \$900,000 for the water meter list, you know, so that the water meter list could be, I was thinking we could get

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rid of it. But what the Water Department did in their knowledge and experience and shortage of engineers, what they did was they took the \$900,000 and they made it into a five-year contract to get half an engineer to work with the Water Department 20 hours a week or something like that. And it was like darn, I thought that maybe, you know, they would try to have your spirit and try to get rid of the water meter list. So, can you give me your input? I mean, that is a focus for Upcountry and I'm glad to see you speaking about this, so.

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Yes, spirit is...hopefully my spirit doesn't weigh in as things get difficult and tougher and tougher. Even when I'm re-reading this long-term goal, four to five years, reduce it by half, that was only two weeks ago and it's already from what I've learned just working in Department of Water Supply, that may not even be attainable. There's another part to this that, of course, once we get people off the water meter list, what does that mean? That means more people are using water and what does that mean if the source is limited? That means we're and Member Alice Lee and most Members here would realize that now it's a double-edged sword. So, I'm gonna and I don't have all the answers yet like I tried to bail out of at the beginning of my talk here, but I'm gonna try to get like a charrette or something like that going with Water Supply, with a consultant, maybe with an outside person or two that's maybe include Council, Council Chair for Water and Infrastructure. And I haven't set this up yet, so that's why I keep saying these maybes, but to try to evaluate how and why it takes so long and I know that there's a lot of study and background information that has to be acquired before this letter, this return letter goes out to the applicant. But, is there a bottleneck somewhere? Is there a way we can speed that up? Can we do something with the consultant? These answers I don't have. I don't have all these answers, but we have to find a way to speed it up and of course converse to that we have to ensure that we have the source available. So, it's not simple and I'm not gonna give you a save the world answer, but it's, I have on my little notes here hot topics and it's the one on the top of the list. So, you know, it's important and it has to be addressed and I can't give you all the answers.

COUNCILMEMBER SUGIMURA: Thank you. I support your spirit and I look forward to working with you, Mr. Pearson.

CHAIR MOLINA: Okay. Thank you very much, Councilmember Sugimura.

MR. PEARSON: I also.

CHAIR MOLINA: Oh, okay. Alright, Chair would like to next go over to West Maui's representative, Tamara Paltin, and Chair would like to recognize the presence of Councilmember Hokama to our proceedings today. Ms. Paltin, you have the floor.

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COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Appointee Pearson, for coming here tonight or today. I have quite a few questions, I'm not sure where to begin. We have this testimony from Hui O Na Wai Eha and one of the concerns that I share is that it they have seen a pattern that, of you taking the word of private consultants to developers over the advice of Federal scientists in debate over the designation of the Keauhou Aquifer in Kona. And incorporated into that I also would like to hear your understanding of how climate change and sea level rise will be affecting our aquifers with all the wells that we'll be drilling.

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: So, I'll try to get one at a time here, of course. The Keauhou Aquifer, the decisions that were made come out of the submittal that is provided by staff and managed by me that goes to the commissioners. They hear testimony that they've heard seven or eight years this issue has been going on and the topic, just to fill everybody in for a minute or two is, National Park Service is in that area and they're concerned about development. And, of course, if there's development, especially mauka of the National Park Service area, then there's going to be a chance of diminishing the natural resource, the freshwater that flows through their park and out into the ocean. So, they brought forth a request or a petition to designate. Like I said, that went on for a bunch of years. When I got there there's a...I don't have all the triggers in front of me, but there's like six or seven, maybe nine triggers that the Commission looks at to designate. And in the view of staff and it turned out the view of the Commission members, these triggers weren't met so it's not that you're going, you know, for East Maui, I mean for Iao, one of the triggers was if the pumping is beyond 80 percent that or is it 90 percent that you designate. In this case, the sustainable yield is like 37 million gallons a day. These aren't exact numbers, but it's 37 million gallons a day I'm pretty sure is the exact number, but the pumping out of that aquifer was like half or 22 million gallons a day. So, that trigger wasn't met. But, what we tried to fashion in the submittal and I think we worked hard on this is we put a bunch of different areas that are going to be met by both the Water Commission and working with the National Park Service to do our best to ensure that their water source is not going to be depleted or inhibited. One of them, a big one, was when the Hawaii Board of Water Supply puts in new wells or there's wells dedicated to them, locate those wells to the south and locate those wells at the upper system. That way they're not going to put wells in north or mauka, not north, but mauka of the Park Service. So, that's one. Another one, we, the Commission initiated monitor wells so we would have more information on the health of the aquifer. So, and there's like seven or eight of them and the Commission went along with those and they understood those and the staff...another one, excuse me, another one was groundwater-dependent ecosystems, evaluate what that is. What that means is what's taking place on the shoreline? How is it affected with the water that's not being pumped that leaves the aquifer that enters the shoreline? So, it's only been studied in I think Australia, California, but these are the few places that it's been looked at. What we did is we, the Water Commission, we put like 70,000 bucks and brought in

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all these experts and included the ohana from the area to get the traditional, customary input from those people. Aunty Annie's, '94 and she was able to be there and show us where she grew her watercress right on the shoreline in Kona where, you know, there's not supposed to be water, but they would tap all these anchialine ponds and some would be fresher than others and they called them ice ponds. It was just amazing. I actually went back since I've been here I went back and we did some more interviews with them, Mahealani Pai and his mother and his grandmother.

CHAIR MOLINA: Mr. Pearson, just would like to...sorry to interrupt you. I think you certainly answered that first question from Ms. Paltin with a lot of excellent examples. I'd like to ask Ms. Paltin --

MR. PEARSON: Oh, I'm sorry.

CHAIR MOLINA: --if you have another question?

MR. PEARSON: I'm sorry. I just...

CHAIR MOLINA: No. No apologies necessary.

MR. PEARSON: I get a little excited 'cause it was a, anyway, I think we resolved it without and I don't think we sided. I think we tried to do what's best for the aquifer. I tried to tell when I was at the Commission, I tried to say I don't have, I don't want to take sides. I don't want to be your side or my side, I'm in the middle where the stream is. Of course, this isn't a stream, but that was my attitude. Of course, people aren't gonna always be happy.

COUNCILMEMBER PALTIN: And the sea level rise one?

MR. PEARSON: Sea level rise is a little tougher. We, at the Water Commission, we didn't do much. At Department of Water...well, we're gonna look at it and we're gonna look at...I shouldn't say we I'm not there anymore, but in the water plan there's a bill right now that they're putting in the Legislature to revise the framework of the water plan to include more information on sea level rise; so, that's at the State level. At the County level, we tried and worked with the 9th floor to see if we could put money in a special fund to address sea level rise after talking with Department of Public Works and areas that are a little more susceptible. So, we didn't really get too far with that because of the way the Enterprise Fund is worked and you can't just put money away for the future because the money is supposed to go to you, as a customer, now. So, there's hasn't been a lot of effort that I know of for sea level rise in Department of Water Supply, but that's, I'm definitely aware of that and we need to put more effort into that.

CHAIR MOLINA: Ms. Paltin?

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COUNCILMEMBER PALTIN: So, just basically like the effects of sea level rise on the aquifer, anything you can expand on that for us?

MR. PEARSON: Well, I guess the --

CHAIR MOLINA: Go ahead, Mr. Pearson.

MR. PEARSON: --you know, the obvious is the salt water is going to rise so it's going to push up the lens of the aquifer so it could reduce the thickness of the lens where you pump. So, the issue there or actually it might be a non-issue is the wells that the Water Commission requires is if the depth of the aquifer is let's say 100 feet, the well that the Commission will approve when they do their well permits is a fourth of that. So, you can only drill your well down a fourth of the depth of the aquifer. So, three feet of rise of sea level may not affect a 150-foot thickness of an aquifer to a great degree. I'm trying to be short.

CHAIR MOLINA: Yes. Perfect.

COUNCILMEMBER PALTIN: And so, with the wells that are proposed to be drilled in West Maui is that being taken into account that sea level rise is projected and the low end, what used to be the high end is now the projected average, is that taken into account with all the wells that are proposed to be drilled in West Maui?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Well, some of them are...excuse me.

CHAIR MOLINA: Go ahead.

MR. PEARSON: Some are still proposed so it can be taken in effect, but the further you go mauka, further you go inland, the less effect sea level rise has on the aquifer 'cause there's...and the aquifer as you go further inland is going to be thicker so there's going to be less of a affect from the aquifer due to its thickness. But, yeah, definitely, you know, these guys are experts and our engineers and the hydrogeologists are aware of that so that will be taken into effect.

COUNCILMEMBER PALTIN: Thank you for the time. I'll think on some more.

CHAIR MOLINA: No problem, Member Paltin. Chair recognizes the Councilmember from Lanai, Mr. Hokama.

COUNCILMEMBER HOKAMA: Thank you, Chairman. Mr. Pearson, thank you for putting yourself in a very open and public job interview. So, thank you for your family's willingness to allow you to go through this process. Couple things, I appreciate what my colleague to the side of me brought up because Kahului Aquifer is an issue for me

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and we know that's a shallow lens. Lanai, with the Palawai Basin, it's a shallow lens and we only have one aquifer on our island that you are aware of. So, people like me are very conservative of what we do to our mountain on our island. We cannot afford to screw it up, to be blunt. Saying that, again, you are aware we have a private utility that provides public service.

MR. PEARSON: On Lanai.

COUNCILMEMBER HOKAMA: On Lanai. So, they are required to report to government agencies like CWRM, PUC because they serve the public service component. One of the things for our island though and it's something that our former LG had considered during the transaction from David Murdock to Larry Ellison was should the State purchase the aquifer for public purposes? From the State's perspective, which I was very open, and of course the transaction didn't allow for us to use that option, nonetheless though it is still an island concern. And for me, what we do regarding that mountain not only is good for the public entity, the corporation, but should also have a complete 100 percent benefit to the residents of the island. So, stating that, I am in support of permanently establishing, by ordinance, the Lanai Water Advisory Committee under the public interest heading. Okay. Under the public interest heading because it's serving the island's public needs, this utility. And I think this is an important step to protect the community's interest because not only is the water company controlled by the landowner, the landowner is also the developer. Okay. So, we have a unique situation where a developer controls the land and the water by various subsidiaries and components. But, nonetheless, it is still controlled by basically one man. Okay. I have issues. Who protects, enforces, and accounts for the actions of this entity for the public's interests? And for me, it's the Lanai residents. You have any thoughts this afternoon on how you might want to view my submittal to create a permanent, again, advisory committee to assist governmental agencies like the Council, like the Planning Commission, like the State Legislature, like CWRM on how we may approach the public's interest in protecting our watershed? Because we're concerned about watershed protection, we're concerned about wellhead protection, whatever the terms you want to say, our people are just as interested and caring to protect and enhance our watershed.

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: If I'm not mistaken that LWAC was formed when the Water Use and Development Plan was put forward for Lanai and, not that I agree, but I think the understanding was once the Water Use and Development Plan was completed that it I don't want to say it ceased to exist, but it might be ceased to be acknowledged. Is that...you would know...may I ask Member if he could help me clarify that?

CHAIR MOLINA: Proceed, Mr. Pearson. Clarification from you, Mr. Hokama.

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COUNCILMEMBER HOKAMA: That was part of the reason, but again, yeah, the original establishment was when the Water Department was a semi-autonomous component.

MR. PEARSON: Oh, okay. Right.

COUNCILMEMBER HOKAMA: So, they had some own administrative authority under that form of structure. Okay. And they only came to us when they needed money to be borrowed and I think that was Director Craddick era or earlier than that. But the key not only for the Water Development Plan, Mr. Pearson, that was to also help the Council and government agencies because there was a request to have a designation by the State for our watershed. Okay. And we had the State Commission come to review the island's request to have designation. So, that was one component. But the key component from the old days was a resolution as adopted by the Board of Water Supply. I believe Mr. Robert Takitani was the chairman at the time established for input by the community and our plan was always like how we viewed the Lahaina Advisory Committee to the Planning Commission; they give specific input for their area to the Maui Commission on planning issues. We expect the same that this committee would advise us on the water resources regarding our island because unless there's a complaint, and I hate that everything has to be complaint-driven, there is no government entity to hold the company accountable. Okay. There's no other eyes except residents on our island. There's no water inspector, there's no ag inspector, there's no forestry inspector. So, our people are the inspectors. I need them, I would want them to have some sort of standing so that when they prepare statements before our Planning Commission or this Council, they have the legitimacy and capacity to speak for our community.

CHAIR MOLINA: Mr. Pearson, response to Mr. Hokama?

MR. PEARSON: The only oversight that I would note is where there's pumping, of course, that has to, they're supposed to report to the Water Commission and the Water Commission monitors pumping use, supposed to monitor chlorides at the well sites. I'm not giving you an excuse. I'm trying to tell you as much as I know as far what's being monitored there. That's...

COUNCILMEMBER HOKAMA: I just need to know whether you would be opposing or you would be open and supportive of me, 'cause I'm going to submit it for Council consideration, to establish by ordinance an advisory committee of water for the island of Lanai.

CHAIR MOLINA: Go ahead, Mr. Pearson.

COUNCILMEMBER HOKAMA: Again, an advisory component.

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MR. PEARSON: I see no detriment in supporting that. It's just gonna be, it may cause additional tasks at the Department of Water Supply, but that's okay. I can allow that and I think that the better the oversight...

COUNCILMEMBER HOKAMA: I will help find you the revenue and resources to make it work. Okay. 'Cause I believe this is a critical component of our whole County, water. Potable water is a big issue for all our islands.

MR. PEARSON: Again, I'm definitely I will say I'll support it, but I need to learn a little more and follow up a little more and follow up with your ordinance when I see it and likely talk with you and this...definitely talk with you when this comes forth and get a better understanding of what this entails both on Lanai and the public side and the County side. That's not a no, by the way, that's closer to a yes than a no.

COUNCILMEMBER HOKAMA: No. And I appreciate you having the willingness to at least review the documents that I'm going to submit and, you know, associated testimonies from our community about this subject matter. So, I appreciate it. My only other comment is that the one, I'm appreciative that you are willing to work with Wastewater from DEM to help move some of our mutual departmental challenges forward. Part of my disappointment in the past was that Water and Wastewater was not as cooperatively working together as I had expected, particularly with Molokai and one of the Kaunakakai projects. So, I look forward to your willingness to be cooperative with your sister departments and move this County's program forward. Thank you, Chairman.

CHAIR MOLINA: Okay. Thank you, Mr. Hokama. Committee Vice-Chair Rawlins-Fernandez, you have the floor.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Mr. Pearson.

MR. PEARSON: Aloha.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo for being here and for meeting with me last week. Okay. So, the first question I have for you has to do with the Molokai Ranch permit application. So, similar to Councilmember Paltin who expressed concern about who you consult with when you make decisions, 'cause for here I received information that in making this decision to accept their permit it was at the urging of Molokai Ranch which is a Singapore-based company. And you received advice that it was legally flawed and a bad idea and you accepted their permit anyway and it was just recently struck down by the Hawaii Supreme Court. So, what did you learn from this experience and what kind of assurances can you provide us so that we know that this kind of mistake doesn't happen again?

CHAIR MOLINA: Mr. Pearson?

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MR. PEARSON: If I may clarify, Member Rawlins-Fernandez? What was...went to the Supreme Court was the Molokai Ranch...see, I gotta remember this now. I call it beer-mentia, by the way, when I don't remember. But, the other parties requested that the contested case that was in place for the Molokai Ranch well be, ended and either start over or at least stop the existing contested case that's been going for shoot, you may know since the '90s I think. And it's kind of ironic that contested case was brought forth by Molokai Ranch way back when they were unhappy with the amount of water that the Water Commission was going to provide them so they called for a contested case on themselves and here we are still. But what took place at the Supreme Court was the...well, first before that the Water Commission made the decision to end that contested case at a meeting on Molokai and we heard there was a public discussion with all the parties. Molokai Ranch contested, I shouldn't say contested, opposed that and brought it to the Supreme Court and the Supreme Court ruled against Molokai Ranch and allowed the contested case to be severed. So, it wasn't about permits. It was about the contested case related to those wells and related to those permits. Right now, it's a mess up there. I think you know that 'cause there's two DHHL wells, there's one Department of Water Supply well, and then there's that we call Well 17, but it's Molokai Ranch. They're all in a little area and for some reason Well 17 is in this perfect spot that when you pump another well Well 17 isn't affected, but when you pump the County well it affects the DHHL well. So, it's a mess. So, and right now if you want to go completely legal here these wells don't have permits and we're allowing, the Water Commission is allowing them to pump without permits. Just recently, USGS...these things I'm telling you, you probably know all these things already, but I gotta share.

VICE-CHAIR RAWLINS-FERNANDEZ: It's okay. Yeah, I don't think all the other Councilmembers know.

MR. PEARSON: The USGS did a model and it took them a long time to complete this model and the idea of the model was to determine what you could pump and where you could pump and what well would be affected when you're pumping these other wells. And also, with the, to make it even cloudier, the sustainable yield in that area is 5 million gallons a day. DHHL had made a reservation way back that got recorded in HRS for 3 million gallons a day and they're pumping like a half a million gallons a day now. Water Supply needs a little more water in the future. They're pumping, I think, half a million gallons a day or less in that well. So, I don't even know if I have an answer to your question. Your question was am I siding with the developers or am I siding with Molokai Ranch or well, at this time we weren't, the Water Commission wasn't siding with anybody. The Water Commission was trying to come to a resolution with the wells in that area and the fact that if we...actually, I keep saying we, of course, I'm not there anymore, but I apologize.

CHAIR MOLINA: No. No apologies necessary.

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MR. PEARSON: At the Water Commission, if every one of those permits were satisfied, including the 3 million gallons from Department of Hawaiian Home Lands, then it would be over pumping the sustainable yield. So, that's the conundrum that's taking place right now. So, in my little world with the County, I'm hoping that we can locate a well that's outside of that aquifer therefore we can continue pumping at the rate we are or less and then pump another well that's hopefully is nearby but outside the aquifer to satisfy water supply needs.

CHAIR MOLINA: Okay, Ms. Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Okay, thank you. So, when Councilmember Lee asked about new source, that wasn't the Molokai well, a new Molokai well wasn't on your list? So, is that...

CHAIR MOLINA: Mr. Pearson? I'm sorry.

VICE-CHAIR RAWLINS-FERNANDEZ: Go ahead. You know where I'm going.

MR. PEARSON: Correct. Because the source isn't as great of an issue and what I was talking about was long-term source and this I know as Member Lee said we need to look to the long term, but it's not in the immediate CIP, but it's part of the evaluation of that model that's from USGS. And so, down the line when there's the need, that's my hope or direction to, but it's not pressing for a source issue right now.

CHAIR MOLINA: Ms. Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. To follow up with that, so when you and I met in my office I asked you about the water meters in Kalae because it and residents are expressing concern because they're not, they're being told that the County is not issuing any more water meters in Kalae. But you're telling me now that source is not an issue. But it sounds like it is for those residents. Do you have a response for that?

MR. PEARSON: That's true. Kalae is mostly served by Department of Hawaiian Home Lands. And I guess when I was talking source, I was thinking more Kaunakakai and so you're right. I stand corrected. The decision and, of course I'm not part of this decision, I just got here, but what I've learned in the 21 days, what I've learned recently is that because the Department of Hawaiian Home Lands has chosen not to provide any more meters from their source that Department of Water Supply is following their lead and also not providing additional meters. That's about all I can, I can't answer the whole question right now. But, I will.

VICE-CHAIR RAWLINS-FERNANDEZ: So, after I asked you that question in my office, did you follow up on that question?

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MR. PEARSON: No, and actually I want to, when you asked me the question in your office, I didn't even know the answer I gave you now. I've learned that since we've talked with engineering, some of the staff in engineering.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. Thank you.

MR. PEARSON: So, I apologize.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. My next question, what is your position on using Maui water to meet the bottling desires of for-profit companies?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: That's a tough one, too. Well, I guess maybe it's not that tough. Back to the question from Member Kama. It's a public source and it's a public resource, so when you come forth and bottle water you're taking it for a private use and you're pulling it from the public resource. So, generally I think I'd be against setting up a bottling company to pull water from our aquifer. But, I don't want to just stand up and pound my fists because there's legal issues, there's Corp. Counsel, there's...and I'm not gonna ask you the question, Mr. Kushi, but there's a lot more that goes into it. But I think generally speaking it doesn't, it's not the right thing to do. I know Kauai Springs was an issue that was out there, but I honestly didn't study that one in detail so you may know more about the results of that, but I think they weren't allowed to bottle water, the bottom line.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. My last question for this round.

CHAIR MOLINA: Proceed.

VICE-CHAIR RAWLINS-FERNANDEZ: Thank you, Chair. Water rights in Maui has been a heated debate for many years as you know. How do you plan on balancing the needs of our constituents with water rights in mind?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Could you repeat that or rephrase that? I'm not sure I understand the...

VICE-CHAIR RAWLINS-FERNANDEZ: How do you plan on balancing the needs of our constituents with water rights in mind? The needs for water.

MR. PEARSON: For surface water? I mean, water rights, I mean again, you know, it's a public trust purpose. So, and balance is a magic word. I appreciate that word and there needs to be balance, but we have to provide water for the masses and not look at water to serve a private entity. Looking at from this, you know, from again from some of my experience at the Water Commission, you try, you want to meet the needs of

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that stream, whatever those are, aesthetic needs, the needs of the...I call them the little buggers, but you know the native opae and iiwai [sic] and those need to be, those needs to be met. And once those needs are met, and that doesn't mean you have to have 100 percent stream flow, you can meet those needs on a reduced stream flow based on studies and so forth, but if those needs are met then there can be a balance as you said for off-stream uses and that's where the difficult part comes in; what is that balance and how do you accommodate, you know, off-stream uses that aren't a public trust purpose? So, again, I'm sorry if I didn't answer your question, but it's water rights are...if you're talking kuleana rights then that's different because kuleana rights are part of the public trust and they deserve, they have their rights, you know, back from the Great Mahele for the appurtenant or the riparian. So, if that's the case, then they definitely deserve those rights and they've earned those from the, from before the Great Mahele. So, those should be preserved.

CHAIR MOLINA: Very good. Thank you, Mr. Pearson. Member Rawlins, we'll come back to you later --

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR MOLINA: --in this round.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Pearson.

CHAIR MOLINA: Thank you. Good line of questioning there. Chair recognizes Council Chairman King.

COUNCILMEMBER KING: Thank you, Chair. I'm trying to formulate my questions so I can group them so that we don't get into too much detail. But, I do have concerns about...thank you for meeting with me in my office before today. I have concerns regarding some testimony that was sent in by Hui O Na Wai Eha and I'm not gonna go over every incident in there, but I would like to know how you see your relationship with Na Wai Eha and going forward how you intend to work with them in light of the statements you made about, you know, keeping water in its natural state and keeping it in the streams? And how we can...and just to let you know I don't know if you seen it, but they have strong reservations. They didn't say don't approve him, but, you know, we need some assurances on how you're gonna forward working with our local water rights, you know, protectors in Maui County. So, can you address that?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Member King, thank you. Yeah it was a nice conversation we had and I enjoyed speaking with you also. That was a real tough time back when the flood of September '16 and there was a lot of raw nerves and there was some difficult times, but I felt like I did my best to meet with them and get in front of...get with them. I made a point to meet them in the stream. I'm getting to know Hokuao Pellegrino

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much better. I don't think he's chair of the board anymore, but I feel like I have a relationship with him. Hopefully, he thinks the same thing.

COUNCILMEMBER KING: He is board president.

MR. PEARSON: He is board president now? Okay. John Dewey I know was president in the past and there was an issue that I know that when I sat down with Member Paltin that we talked about how the permit issue was mishandled with Mr. Dewey, but there's a longer story there, but I don't want to go into all that. I think my relationship with them isn't horrible. I think they realize that I'll listen to them. Again, I don't take sides. I don't want to take sides. So, I think the relationship isn't lousy. I kind of appreciate the fact that they said strong reservations. They could've gone further. So, I mean, that's something small to grab onto, but I don't feel that it's a lousy relationship. I can work harder to get a better relationship with them. That's true.

COUNCILMEMBER KING: Okay. Will you make a commitment to have regular meetings with our local folks regarding water rights and stream flow? And kind of to tie in to that, can you give us your thoughts on, you know, we've got a lot of water and agriculture issues coming up with the Mahi Pono group that's purchasing I think it was 41,000 and then recent I heard it was over 50,000 acres along with the water system. So, if you can give me your thoughts on the water rights of big ag as well as your thoughts on whether or not to look into privatizing the EMI ditch system and/or purchasing the Wailuku Water Company.

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Okay. Let's see, yes, I can commit with meeting with the Na Wai Eha, with the board or whoever they choose to meet. You know, one of the bigger issues there of course is diversion of the four streams, Na Wai Eha. There's, I think, you know, there was a mediated agreement to provide the instream, interim instream flow standards for those four streams. And, I think, generally most of the time they're met and when they testified, they testified about times where those instream flow standards weren't met. Right now, there's not great enforcement availability or with the Water Commission so that needs to be improved. I think working with the diverter, most of the time these IIFS are met. Water Commission has been putting real-time monitoring in some of these streams so we can go on the web right now and see if there's 2.9 million gallons don't....going down Waikapu. And, again, I've worked with primarily Hokuao on those issues. Moving to East Maui, I just read in the paper today that the Mahi Pono is purchasing half of the EMI ditch that, according to the paper, is finalized like this week or something. What the comment was from Mark Vaught is that we're gonna get more people. I don't think, I think we'd rather, you know, and that's of course a private system that's being operated by EMI and as long as we can, the Water Commission can keep them to behave and to divert where they can divert and to ensure that the full water goes down those ten streams where it's supposed to go down and no diversion takes place, you know, I think it's a better situation than trying to

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take it over by a State entity, 'cause State entity, they're gonna have no people and there's gonna be probably poor management. Sorry, but that's, you know, ADC. So, I think, you'd rather have a private entity where you have money to do both management and the repairs of the system. So, you know, right now with the contested case finalized, I think the number is about 70 million gallons a day that they can divert. Right now, they're diverting, well what goes past Kamole is about 17 to 19 million gallons a day 'cause that's, you know, they're not gonna divert it and do nothing with it. Good for them that they realize that so they leave it in the streams. They just have the ability to divert more based on the results of the contested case.

CHAIR MOLINA: Member King?

MR. KING: Okay. And your thoughts on the Wailuku Water Company purchase that the previous mayor was pushing?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Well, that's a tough one. Myself and staff met with the Mayor just once since I've been here and he, I can't repeat everything he said 'cause the door was closed, but I want to say that right now it seems like it's being left up to the Mayor to make these decisions. My thoughts that I can communicate is in my own little water world all we really need to keep us happy with the diversion is to divert water from Iao that ends up at the Iao Treatment Plant and that would save us well, let's see about well, right now it's about \$800 a day to pay I think it's 48 cents for, per thousand at 1.7 million gallons a day. So, if you do your math I think that's 800 bucks a day. If you get to the 3.2 which we hope comes out of the contested case then it'll be like 1,600 bucks a day. There's also \$10,000 a month that comes from this tunnel that's under Wailuku Water's ownership. So, in my own little world, just take those two little chunks out of it and purchase those and therefore we'd have control of our own water. Have to manage that which I don't know if we would be able to do with current union requirements, but that's my thoughts is selfishly just taking what we need. I'm sure there's more value there, but I don't really want to go there.

COUNCILMEMBER KING: Okay. Well, that actually kind of aligns with what I was previously thinking. So, thank you for those thoughts. And, Chair, my last question --

CHAIR MOLINA: Proceed.

COUNCILMEMBER KING: --has to do with your, you know, and thank you for responding to these questions that I sent in previously. Strategic planning is really important to me and especially for directors to have those skills and one thing that really bothered me I have to share with you is your response to the short-term goal, the one-year short-term goal, which was basically just ensuring you get the maximum funds encumbered. So, to me, getting funds encumbered is a means to an end that I'd like

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to what that end is. So, the goal, you know, any time you ask for money there should be a goal in mind that that money is applied to, not money...getting funds should not be a goal, an end in itself in other words. So, can you maybe restate what your short-term one-year goal would be?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Well, the reason I answered it this way is the 2018 Capital Improvement budget was, I think it's \$28 million and there's good reasons and I'm not and I wasn't here, but I'm not trying to derate the staff that's there now, but there was a lot of money in that 2018 Capital Improvement budget that was...went unencumbered. And, to me, that's huge because it comes in front of you and if we're asking you for money and I'm sitting here in front of your face and asking you for money and then the year and a half goes by and it's not spent, that bothers me. So, at the time that I wrote this, that was high on my list to try to ensure to the Council that that wouldn't happen with the 2019 Capital Improvement. So, I guess if you want to look at a longer or a bigger picture, the idea is if we provide planning through Capital Improvement that we should follow through on that planning, that short-term planning.

COUNCILMEMBER KING: Okay. So, there were things that were planned that were not followed through and so the goal is to get more done so that you can encumber those funds. 'Cause I would hate the goal to be just to encumber the funds so you don't lose them. I mean, hopefully there's a goal. You know what I'm getting at?

MR. PEARSON: I understand what you're saying. A little short-sighted.

COUNCILMEMBER KING: I haven't seen a lot of that in the County departments. What we'd like to see is what is the actual goal. You know, money is a means to an end. Personnel, staff development is a means to an end, but what is the real goal and what projects are you trying to get done? What projects are you prioritizing?

MR. PEARSON: Okay. Yeah. Thank you.

COUNCILMEMBER KING: Okay. Thank you, Chair. I'll yield.

CHAIR MOLINA: Thank you, Chairwoman. And from Hana, Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Thank you. Afternoon, Mr. Pearson. Thank you for coming and for meeting with myself and my staff. My first question you mentioned earlier about a consent decree to divert more East Maui water earlier? Can you explain that?

MR. PEARSON: No, yeah, yeah.

CHAIR MOLINA: Go ahead.

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MR. PEARSON: No, the consent decree is just the opposite. It's a box driven...drawn on a map in Haiku where there is no pumping allowed in that area. So, of course, and that was signed actually when I was like a few weeks as Deputy Director under George Tengan and under Mayor Arakawa. I'm not sure the whole reasoning behind it, but he seemed to sign it in a little bit of haste, in my opinion, Mayor Arakawa. But, with that consent decree, it limits the development that Water Supply can pursue going east. And, of course, if the development of wells is limited going east, then our source availability is also limited. So, that's kind of it's a thorn in the side to work towards the east side, one of the thorns in the side to work towards the east side to develop water for Central and Upcountry.

CHAIR MOLINA: Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you. Second question is it is my understanding that the "Show Me the Water" legislation was to make sure that developers had a source of water for their development. What is your opinion of the "Show Me the Water" legislation and do you think it should be repealed?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Well, Member Lee spoke about it a bit.

COUNCILMEMBER SINENCI: Yes.

MR. PEARSON: I agree on her points that "Show Me the Water" is only going to...well, I shouldn't say only, but it's gonna allow the developer when he chooses to come forth and provide a source. I do not think it should be repealed. I think there's a lot of work put in to that. I think there's been amendments to that to add exemptions to that bill. I think I'm not saying it's a perfect bill. At the time that I was made aware of that I was on the developer's side and at that time I was working for Maui Land and Pine. And at that time I wasn't as high on that bill, but now I'm kind of on the other side of the, you know, I'm on a different perspective here. So, I do not think it should be repealed, but that's not completely up to me, of course. That's why this body is here and that's why you have a Chair of the Water and Infrastructure and I will work with you on whatever direction you choose and if I'm opposed to that direction, I'd like, you know, transparency and communication. I hope you'll hear from me. That's doesn't mean you'll agree, but we'll talk.

COUNCILMEMBER SINENCI: Thank you, Chair.

CHAIR MOLINA: Thank you, Mr. Sinenci.

COUNCILMEMBER SINENCI: Thank you.

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CHAIR MOLINA: Mr. Pearson, I'm gonna change gears a bit in terms of rather than focusing on the bills and the water itself and past cases, I want to look at you in terms of your leadership style, department morale, working with Personnel because you are the face of the Department. I believe my personal feeling is a director should be open, be a collaborative leader, not have subordinates be afraid or be intimidated to approach the director with new ideas or offer constructive criticism. Now, I know you've been with the Department before and I bring this up too because the last Administration as you are probably well aware there was a difficult situation between one of the Water directors and the former mayor. Share with us how you will approach these issues that I've brought up as far as worker morale and your working relationship with your subordinates. And by the way I do want to put in a nice plug for your secretaries because whenever I've heard good things when people call up with a water concern, your receptionists and secretaries are really right on it, very courteous and so forth. And that can usually be, that type of behavior is usually instilled in the subordinates and usually starts from the top. So, just share with us your leadership style and the other matters that I've mentioned. Mr. Pearson?

MR. PEARSON: Michele's my secretary, I call her my support. Secretary, I don't really like that word, but I know it's in the position description. But, yeah, Michele Sakuma is a winner and that's one reason I asked her to support me where I'm at today. And, you're right, she...I'm not sure she might know more than me, but she can answer questions without me there. So, I think I'm a people person. I like to be around people. I like to talk to people. I know that this position is a leadership position; that's why they call it director. So, I don't intimidate. I look at people as we're all equal. You have strengths that I don't have and I have some strengths that you don't have, but that doesn't put me above or below you. We're all in this world, we're all God's children. So, I mean that's not an issue. I think coming in here there's been, talking to some of the division heads there's been obviously a lack of leadership because there wasn't leadership and then, you know, the Director was out and then at that time the Deputy Director was there. Of course, I'm not, I don't throw anyone under the bus. That's not the way life is. There just been some issues that leadership wasn't always there. So, I think a bunch of the, at least the division heads that I've talked to and some other people they're happy that we have a director now. And hopefully I can live up to their expectations. They're thinking I'm the savior which, of course, that's a long ways to go to live up to that. So, I'm gonna work on morale, we're also working on a strategic plan that took place prior to me there. I won't take any credit for that, but we're just getting going with our consultants. We actually met today. I think that's gonna help, you know, pull everyone together, find out where our weaknesses are, where our strengths are, how we can put things together better going forward. So, I'd like to think I'm a leader that's and I want to also be out in the public. I want to let people know what Pearson looks like and they be able to approach me and usually when you're out in the public well, I mean not usually, but you get a lot of complaints and that's fine. That's the job; you guys hear it, too. So, I'd like to think I'm gonna I plan on leading and I plan on being there and communicating.

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CHAIR MOLINA: Okay. Thank you, Mr. Pearson. For the second and last round, I believe Member Paltin, Member Rawlins-Fernandez, and Member Lee had questions. So, we'll start with Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Sorry, couple more questions. So, you worked as the deputy director under the first Arakawa Administration, right? And then you left to work for Maui Land and Pine and then you came back to the Department of Water Supply under the CIP program. Then you went to CWRM and then now you're coming back. Do you see any conflicts of interest in dealings with like say Maui Land and Pine or any other entities like that?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: No. I could elaborate, but I'm trying...

COUNCILMEMBER PALTIN: No. No need. No need. And then, you know, just looking over the Hui O Na Wai Eha testimony, I think the feeling is that, you know, I know you shared with me the situation with the Dewey fines, but the feeling is that when the Dewey's diverted water without a permit, they were targeted and put to have fines. But then when Wailuku Water Company wasn't abiding by the IIFS report or decisions, there was a lack of enforcement in that case. So, I think that's kind of a problem for me in that if you're the regulatory agency and you pursue fines in one case and not in another case, can you explain?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: They're quite separate issues, but of course they were both at the Water Commission and both on the regulatory side. There wasn't, you know, there was some missteps with the John Dewey with that permit, but as I think I told you earlier there was, there's more to it than is on Facebook and there's more to it than public testimony. And as I explained to you, the Water Commission even way before I was there and way before the surface water designation took place, the stream branch at the Water Commission had approached Mr. Dewey many times to have him just put in his permit; there was really no reason not to. It would have simplified the issues. It would have not caused any and, you know, would be prior to the designation and for whatever reason he chose not to. Then when we get to this heated issues as we move forward then he finally decided to put in his permit and then while he did that he delayed his actions and we sent him letters and he, you know, the 30 days and after 30 days based, you know, regulatory agencies then fines can begin after 30 days. You know, can be up a maximum like 5,000 a day. You know, we're not gonna do that. But we felt we had to do some type of enforcement and in that case those fines were a little more clearly laid out in the rules that we have to work with at the Water Commission. I'm not saying it was right. It was like I told you that was that Commission meeting was the worst day of my Water Commission life. We made some wrong decisions and the community came out and the Commission reacted and the

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Commission made the final decision and it wasn't pretty. You know, I still consider myself a friend of John Dewey. I don't think he's holding it against me. That same day Rose and I held hands at the back door. So, you know, I'll just leave it at that. The enforcement issue I think I've talked about a little bit with the Na Wai Eha and I don't, we don't side with anybody like I tried to explain before. But, we need to work with the diverters the best we can to ensure the interim instream flow standards are met and that doesn't mean don't fine them. I didn't mean it in that tone, but as I said, enforcement on IIFS issues is more difficult. Do you enforce them with one, do you fine them for one violation? The violation may have been due to it didn't rain that day so there's no water in the ditch. So, do you enforce that or do you wait for 30 days and read the meters for 30 days and then enforce? If we would've fined him the chances are real good that he would've been able to fight the fine because we didn't have rules strong enough to back up. There's nothing in HRS right now; it's just more policy. So, those fines wouldn't have been probably secured. But in the same time when these issues happen we try to work with the diverter, find out what the issues are, and get him if it's something that's he's able to control, get them to get back and get the water back in the stream. So, it's an imperfect system right now and that's what I tried to say that, you know, CWRM is working and I made a comment when I had to reply to the testimony in *The Maui News*; CWRM is trying to work towards getting stronger rules that have more enforcement. In the old days, there was no IIFS so there's no enforcement issue out there. Now, CWRM is doing I think a great job of establishing the IIFS, not only here, but on Kauai. And, of course, you know, I don't want to say unintended consequences, but now there's new issues that come up.

CHAIR MOLINA: Ms. Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. I think we have to agree to disagree here.

MR. PEARSON: Yeah, that's...

CHAIR MOLINA: Thank you, Ms. Paltin. Ms. Rawlins-Fernandez followed Member Lee.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Mr. Pearson, okay, I'm really happy to hear you say that you want to work as a leader of the Department and meet with everyone. What are your plans on meeting with the Molokai team? I know they really appreciated it when former Director Baisa flew over to Molokai and met with everyone and from the top to, you know, the entire division and everyone really appreciated feeling valued and like ohana.

MR. PEARSON: Yeah, well, actually I was kind of waiting until I was real, you know, until I was approved. And once I'm approved I'm gonna work with my support, Michele, and start setting up meetings. I mean, not just Molokai, of course, but throughout the system. I think our initial meetings I'll include the deputy so she can be with me. We kind of divide up the workload with different divisions, but on something like this at

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the first start we're gonna all, her and I will travel together to all islands and meet with staff and find out their issues.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo. Okay. Next question, to your knowledge, what are some of the contaminants found in our groundwater and wells and how would you propose to protect these supplies for the future?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: When you do a, when you start up a new well and they do a well test, you do both a pump test; you determine how much the well can pump. You do a step test; you pump it at different rates and see what happens. At the same time, you take samples of that water and you send them off to the mainland and you spend four grand and there's about...I have my division head here, but there's probably about ten pages of contaminants that are evaluated and that's all required by Department of Health. So, I couldn't even and some of them are, you know, 32 letters with a bunch of tris, dis, and cris in there. But, the ones that are of concern to us and most concern is, you know, DBCP, TCP. When you get in the system, it's the disinfection byproducts that are a result of chlorination; that's trihalomethanes and haloacetic acid 5. Those are the ones that I still remember. But, you know, but of course you want mostly avoid is the DBC [sic] and the TCP because those are the byproducts of chemicals that came from pineapple. So, I can go further with you later, but there's ways to filter these out and they've, there's been agreements that took place in especially the H-Poko wells to alleviate that contaminant.

CHAIR MOLINA: You certainly know your poisons and contaminants, Mr. Pearson. Ms. Rawlins-Fernandez?

MR. PEARSON: A few letters anyway.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. I wanted to ask this question. I thought it was a good question from one of the testimony. If, do you see yourself as a strong leader that will engage with our Maui County and will be able to address all of our serious water-related concerns?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Strong leader? I don't want to be a strong leader where I pound my fist on your head and tell you to do something. So, you know, you gotta have tact, you gotta have people skills, and you gotta try to work with everybody. Part of leading, I think, is mediating, but I'm gonna try to work with everyone and as I answered to Chair I think this Water Supply needs leadership and I hope to provide it. And with the help of the Deputy who is also a strong person I think we can get things done. I like to call myself a doer so I'd rather not kick the can down the road and get things done in our lifetime. So, and I'm looking at Member Lee and I'm not being facetious. So, yeah, I

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think I'm a leader. I'm not gonna call myself a good leader; that's for other people to say or not say.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay.

CHAIR MOLINA: Member Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Mahalo, Mr. Pearson.

CHAIR MOLINA: Thank you. Member Lee?

COUNCILMEMBER LEE: Thank you, Chair. Mr. Pearson, in the last couple of years due to a confluence of factors there was a major disruption in the Department, Water Department, and it was a complicated situation. But, apparently, the employee suffered somewhat from all of this and my understanding is Gladys Baisa really helped to turn that around. So, do you have plans to maintain that, you know, rising morale in your office? And, if so, what are those plans?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Can you repeat the if so...

COUNCILMEMBER LEE: What are those plans? Like training.

MR. PEARSON: Training is tricky at times. You want to train to show the employees that you care and you want them to grow and to improve. But if you train just to train, they lose interest and they lose desire because it, you're just, it's just rote. So, training is very important, but we need to train the people that and communicate to them the value of training and how it's going to improve them. Gladys Baisa had a hugely difficult task first coming in as Deputy and I don't think the relationship was the greatest and then the Director leaves and then she's thrown into the director position. I think she did the best she could in a lousy situation 'cause when she was there the morale was already tanking. I think you're right. She made good efforts and she got out to the people and she worked on training and she clearly cared for the people. I'd like to continue that. I don't think that a Pipe Fitter I should walk into my office and complain to me. I think a Pipe Fitter I should go to his supervisor and then the supervisor to the division head or, you know, all the way up the chain and talk to the division head and say what's going on with Pipe Fitter I. So, although I'll talk to Pipe Fitter I, I don't want to be the one that manages Pipe Fitter I. We have to follow somewhat of a chain of command, but in a personable way, I guess; I don't know if you can have both. But, so I want to move forward and lead and I don't know all of the issues 'cause I haven't sat down with...I've sat down with division heads, but I haven't talked to a lot of people that are under them that may have some different points of view when they talk to me. So, I can't tell you everything that I'm gonna do because I need more information before I can move forward.

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COUNCILMEMBER LEE: And one final question, --

CHAIR MOLINA: Proceed.

COUNCILMEMBER LEE: --Mr. Chair. Mr. Pearson, someone brought up earlier about projects that were not completed or even started and I'm wondering is a major reason for that shortage of engineers or other pertinent employees in your Department?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: I'm sorry. The reason was...you thinking the reason was? Please repeat.

COUNCILMEMBER LEE: I'm thinking that part of the reason why projects were not completed in your Department, 'cause you just mentioned that earlier, was it because you don't have enough engineers and there's a shortage of key personnel in the Department?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: There's...when you have a variety of projects and larger projects, there's never just one reason and I don't think that's the major reason. An example, one project there was a \$1 million project there was a protest on the bid. So boom, that's out. Another project, land issues weren't resolved and I think they were dealing with entities to resolve these land issues, time ticked on, the land issues weren't resolved by the end of the fiscal year or actually six months later, boom, that project's out. So, that's I think like 11 million bucks right there. So, I'm not trying to make excuses, but there are a lot of issues that are not under the control of the engineers that will cause delays. Of course, the key is to get the darn land issues resolved before you come to this body and ask for the money; I mean, that's obvious. And I don't know the whole story 'cause I wasn't here for 2018, but I'd like to think that I can help and support the division head in engineering to do a better job of getting these projects through. I have a year for the CIP 2019, so I don't really have an excuse for that year.

COUNCILMEMBER LEE: And so you have enough personnel to finish those projects?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: Yes, I think we do.

COUNCILMEMBER LEE: Okay.

MR. PEARSON: Yes, I think we do.

COUNCILMEMBER LEE: Thank you.

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CHAIR MOLINA: Thank you, Member Lee. Members, the Chair is aware of the time and the time commitments of some of our Members for today on this. Chair's ready to offer a recommendation; however, if there are more questions...Chair recognizes Councilmember Hokama.

COUNCILMEMBER HOKAMA: Just quickly, Chairman.

CHAIR MOLINA: Go ahead.

COUNCILMEMBER HOKAMA: You may have answered this earlier before I returned, but did you give a status on where this island's water use and development plans are?

CHAIR MOLINA: Mr. Pearson?

MR. PEARSON: The short answer is you're gonna see it in March. It went through the Board of Water Supply on my first meeting at the Board of Water Supply. They pretty much gave it the blessing and so there's a few comments that are, came out of last Board of Water Supply meeting. So, it'll be within well, it'll start of course within Member Lee's Committee in March.

COUNCILMEMBER HOKAMA: Okay. Because I think that will help provide to the community, the public in general, the proposed allocation tables of where water will go under certain circumstances and that is critical. 'Cause I can speak for the Lanai plan which we did what 20 years ago. And, you know, for us we decided priority one residents, period. Number two, I think was agriculture. Three was maybe the resorts, conservation, agriculture, you know, we allocated the water accordingly to our community's priorities. And I think once you present that to Ms. Lee's Committee I think this island will have a better sense of how we will allocate water in the future on a fair, equitable basis. So, I appreciate your comment. Thank you, Chairman.

CHAIR MOLINA: Thank you, Mr. Hokama. Members, --

COUNCILMEMBER SINENCI: Chair?

CHAIR MOLINA: --if there are no other questions...oh, Mr. Sinenci?

COUNCILMEMBER SINENCI: Just real quickly. Mr. Pearson, this morning we heard about some of the problems with waterline installations that may have disturbed some burials. Can you describe the process taken when these installations are planned and what's being done to ensure that burials are identified ahead of time and not disturbed? What is this process?

CHAIR MOLINA: Mr. Pearson?

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MR. PEARSON: Of course, not all burials can be identified ahead of time. Depending on the depth of the State Historic Preservation Division's review and what they require for that work, they might not be identified. But, I think it's pretty obvious to anybody but if a burial is come across, work should be stopped immediately, SHPD should be notified immediately, and of course that has to be the way it is. I don't know what's happened in the past, but that's the way it has to be.

COUNCILMEMBER SINENCI: Thank you.

CHAIR MOLINA: Thank you, Mr. Sinenci. Alrighty, before I ask, any last questions? If not, Chair's gonna offer a recommendation. Okay. Chair's recommendation is to adopt the revised proposed resolution entitled Approving the Mayor's Appointment for the Director of Water Supply; and which is to incorporate any non-substantive revisions that may be needed; along with the filing of the proposed resolution entitled Disapproving the Mayor's Appointment for the Director of Water Supply. Chair's open to hear a motion for that.

COUNCILMEMBER SUGIMURA: So move.

CHAIR MOLINA: Okay. It's been moved by Member Sugimura. Is there a second?

COUNCILMEMBER HOKAMA: Second.

CHAIR MOLINA: Seconded by Member Hokama. The floor's open for discussion. Member Sugimura, as the movant.

COUNCILMEMBER SUGIMURA: So, I am gladly making this motion based upon the answers that you gave today as well as what I, you know, when I sat with you and met with you for this confirmation. And, again, I'm really grateful with your work experience and where you came from with CWRM. I think you can really add a lot of knowledge that, to the Department. I love your spirit that, you know, you will work with the employees and you understand the hierarchy of running a department and you recognize and appreciate, like a lot of us do, the former director Gladys Baisa. She's very special to many of us and I'm glad she stepped in the way that she did. But, I look forward to working with you. I wholeheartedly support you and my main thing, as you can tell, is the Upcountry water meter list and I would love to get rid of that list and I will do everything I can to support you. So, thank you.

CHAIR MOLINA: Thank you, Member Sugimura. Floor's open for further discussion on the proposal. Mr. Hokama?

COUNCILMEMBER HOKAMA: Thank you, Chairman. Again, my support is more about how he responded to my Lanai concerns. Yes, we are not a public utility, therefore, there is no water fees going into the County's pots, either for restricted or unrestricted use because we're not part of the County system. But, I appreciate the nominee's attitude

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toward looking at Lanai from the public interest perspective and the public's role in protecting our island, our watershed, and our aquifer. So, it's a refreshing change of attitude for me and for our community on Lanai 'cause a lot of people will be watching this interview 'cause of the interest of the Lanai water advisory component. And being a contributing advisory to governmental and other public requirements to at least have a voice of the users and the residents that use and need the access to our watershed and its associated attributes. So, I'm gonna support you for this and I look forward to us working for a mutual resolution to assist Lanai to have an additional public voice in the issue of potable water. Thank you, Chairman.

CHAIR MOLINA: Thank you, Member Hokama. Further discussion? Chairman King?

COUNCILMEMBER KING: Thank you, Chair. I didn't really know you, Mr. Pearson, before we had a really good chat in my office and I do have some reservations about some of the incidences that, you know, have been reported to us through testimony. But, one of the phrases you used that really, I really appreciated was that now I'm on the other side. So, now you're on our side. You're on the side of Maui residents and Maui water users and so hopefully your experience at CWRM can play into that. I really do, you know, it's a hard decision to make right now that's why it takes so long for every director because we're making a four-year decision and we have no authority over it, but I am hoping that you work closely with the Council and, you know, the Councilmembers and the community. So, I'm putting my faith in you that you're going to be, have open communication; especially with Ms. Lee who chairs our Water and Infrastructure Committee and that if we do have concerns and further concerns from the community that we can create entities on Maui as well as the one that Mr. Hokama is talking about on Lanai where we can come together and discuss them, you know, for the best interest of the public. And I'm willing to give you that chance. I'm willing to support you and give you that chance. So, thank you for stepping into the job. I know part of it is now you'll get to stay on Maui instead of having to go to Oahu, but I also I believe your intentions are good, are honorable, and that we can move forward together. So, I will be supporting the motion, Chair.

CHAIR MOLINA: Thank you, Chairman King. Members, further discussion on the motion on the floor which is to approve the resolution, approving the, for the Mayor's nominee for the Director of Water Supply? Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. We had one testifier when we had testimony that stated, you know, they knew you and that you're a good husband, you're a good father, you're a good grandfather, and I just wanted to point out that that's not what we're voting on today. And I do believe that you are all of those things and I thank you for the work that you've done here in the State of Hawaii and for Maui County. The testifiers that came and especially from Hui O Na Wai Eha laid out what I consider to be a clear pattern and they didn't tell us one way or the other. They had very strong reservations and they put the accountability to us to make the final decision. They didn't say that they oppose or support and with that accountability on my shoulders, I

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don't feel that I can support you at this time and I want you to know it's nothing personal and I have the best respect for you and the best respect for Mayor Victorino's process, but I just can't, cannot support it.

CHAIR MOLINA: Thank you, Member Paltin. Members, further discussion on the motion? If not, the Chair make final comments.

COUNCILMEMBER SINENCI: Chair?

CHAIR MOLINA: Mr. Pearson, I want to thank you for going through this --

UNIDENTIFIED SPEAKER: Chair?

CHAIR MOLINA: --grueling...oh, I'm sorry. Mr. Sinenci, you have the floor.

COUNCILMEMBER SINENCI: Thank you, Mr. Pearson. You know, I just wanted to say as East Maui residents, water is our, one of our precious resources in many different ways. And while others may think that stream flow to the ocean is a waste of water, we see it entirely differently. We see it as a vital, natural cycle to sustain all life, and so, including kalo cultivation, healthy estuaries, and increase marine life and fish stock. I, too, liked some of your responses today and I think it swayed me to say that I will support you with some reservations today. So, mahalo for saying those things. Thank you.

COUNCILMEMBER KAMA: Chair?

CHAIR MOLINA: Thank you, Mr. Sinenci. Member Kama?

COUNCILMEMBER KAMA: I've been sitting here kind of quiet just listening to everybody speak and listening to Mr. Pearson's responses and I thought I should just at least let him know what I was thinking 'cause it's hard to know what people are thinking if they don't say anything, right? So, I wanted to let him know why I asked him that question, that one question that I had, about who owns the water. As a native person, Hawaiians own the water. That's what my heart says. That's what my bones tell me. That's what my history tells me. But, you are correct when you said that the State Constitution, and which you need to honor and I do, too, tells you differently, that it is a public trust doctrine and I know that. But, I also want you to try to keep in mind should you be confirmed today that we want to teach you what it is to be what Uncle Don always says, is ha. When Hawaiians greet each other, yeah, we go nose to nose. You know what we're doing? All that is imparted into me from my kupuna, from its inception on this place that's in me, I now impart into you, and you, from wherever you come from, impart into me which means that we become a part of each other, we become a part of this place. And if you don't get that then we're always gonna be at odds with each other. And I think we need to be doing more of that. I know Uncle Don he only does that with certain people and Hawaiians we do. But, I think we need

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to be doing more of that; that we greet each other in the way the Hawaiians do honi, yeah. 'Cause all that I have in here, I want you to know that 'cause it's so rich. Do you want to do the same with me? So, I wanted you to know that, Mr. Pearson, that I've been thinking long and hard and reading and reading...God, I must've read this thing how many times already just in the two hours we've been here. But, I do, again, support your confirmation, at least for me, and I will be looking forward to being with you and meeting with you and helping to educate you about who we are, the people of this place, and why we hold our land and our atmosphere and our environment so dear to our heart as much as we hold our iwi that which is buried under this sand, under this ground. And that hopefully, collectively, that we can all learn how to live together, one with another, and how not to be so contentious about things, but that we could come to love the things that are endearing to us. Thank you, Mr. Chair.

CHAIR MOLINA: Thank you, Member Kama. Well-stated. Councilmember Rawlins-Fernandez?

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Mr. Pearson, I think you're a great guy. I'm sitting here and my naau is all twisted and I'm not completely confident in the decision to support this nomination. It sounds like you have the votes right now. I'm sorry, but I won't be supporting your nomination. Thank you.

CHAIR MOLINA: Thank you, Member Rawlins-Fernandez. Well, nobody ever said this process was easy. So, it's understood, you know. Okay. Chair would like to offer his comments before the vote. Mr. Pearson, thank you for going through this grueling process. I believe you gave as best your responses to all of the questions that were asked of you. On my part, I emphasize that you instill cooperative leadership, openness with your subordinates, your Deputy Director on down. You got some wonderful people that work in that Department, very seasoned professionals in there and they're gonna look to you for leadership, certainly. But, I'm sure they would want to offer their thoughts, their manao to you as to what you can do to help make this Department better. So, I'll leave it with that thought and the Chair will call for the vote. All those in favor signify by saying "aye."

COUNCILMEMBERS VOICED AYE.

CHAIR MOLINA: All those opposed.

VICE-CHAIR RAWLINS-FERNANDEZ: No.

COUNCILMEMBER PALTIN: No.

CHAIR MOLINA: Okay. For the record, we have seven "ayes," two "noes," Members Paltin and Rawlins-Fernandez. The motion passes.

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VOTE: AYES: Chair Molina, Councilmembers Hokama, Kama, King, Lee, Sinenci, and Sugimura.

NOES: Vice-Chair Rawlins-Fernandez and Councilmember Paltin.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

ACTION: ADOPTION OF REVISED RESOLUTION TO APPROVE THE APPOINTMENT OF JEFFREY PEARSON AS THE DIRECTOR OF WATER SUPPLY AND FILING OF RESOLUTION TO DISAPPROVE.

CHAIR MOLINA: Congratulations, Mr. Pearson. You will now move on to the full Council. Members, Chair is gonna take, we would like to take on one more nominee today so we will take a short recess. Let's return here at five minutes to 4:00. The recessed meeting of January 29th, GET meeting of January 29, 2019 is now in recess 'til 3:55. . . . *(gavel)* . . .

RECESS: 3:47 p.m.

RECONVENE: 3:57 p.m.

CHAIR MOLINA: . . . *(gavel)* . . . The recessed GET meeting of January 29, 2019 is now back in session. Members, today is February 1, 2019. It is 4:00 p.m. We are on the second nominee on today's agenda and as the Chair mentioned earlier, the Chair is aware of the time commitments of some of the Members. The Chair's intention is to finish just before 5:00 p.m., hopefully, with what little time we have left. The Chair has excused two of our other nominees that was on our agenda today. So, we will just be taking up Mr. Teruya at this point. So, with that said, I'd like to ask the Chief of Staff, Ms. Tegarden, to give opening remarks.

GET-1(5) APPOINTMENT AND REMOVAL OF ADMINISTRATIVE HEADS OF DEPARTMENTS (DIRECTOR OF FINANCE) (CC 19-1)

MS. TEGARDEN: Thank you, Chair and Committee. Mr. Teruya comes to this position with a breadth of experience. His track record is one of fiscal responsibility, system and

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office efficiency, and with a vision for change. Customer service, as you know, is of the utmost importance to the Mayor. Mr. Teruya has customer service at his core and will bring that along with his strong financial acumen and leadership with him to this job as Director of Finance. Mayor Victorino thanks you for your kind consideration.

CHAIR MOLINA: Thank you, Ms. Tegarden. Mr. Teruya, you have the floor.

MR. TERUYA: Thank you, Chair and Members. Good afternoon, my name is Scott Teruya. I'm the Acting Director of Finance before you today seeking confirmation. A little bit of background for myself - I'm born in Honolulu, raised in Manoa Valley, I attended Roosevelt High School and the University of Hawaii at Manoa with a BBA in business administration with a major in real estate. I began my professional career working in the private appraisal firm on Kauai and primarily completed fee appraisal work for mortgage loan purposes. After about four years and receiving my license, the downturn in the economy forced me to move to Honolulu and work for the City and County of Honolulu as an appraiser there. While I was there, nine months in, I've applied and received a position with the County of Maui as an appraiser assistant and been there for the past 22 years. In the last 22 years being there, I worked myself up the ladder as I mentioned starting as an appraisal assistant and to an appraiser to a supervisor and eventually to the Administrator position which I've held the last 11 years. I currently hold an inactive Hawaii State salesperson license. I hold a active certified residential appraiser's license in the State of Hawaii and I also have a designation with the International Association of Assessing Officers as an assessment administration specialist. The IAAO, just for quick background, is a organization of members approximately a little over 8,000 members for property tax officials, people interested in tax policy, and et cetera. So, that's the organization. I'm also been elected by my peers and hold a board of director's position with the IAAO with a three-year term ending in 2020. I seek the Finance Director position as I'm looking for a new challenge in my career; one that I took 11 years ago at Real Property Tax. The experience will be brought over to the Department of Finance and many suggestions and implementation of new procedures and processes will be taking place within the Finance Department in areas I believe have deficiencies. Although there's a lot of number of areas that I plan to address, some of most immediate items I will identify here. I think you guys are all aware of the HR/Payroll project, also known as Workday. As I was briefed by IT and the staff on the existing status of the project, it's slated to be released approximately April 1, 2019 and the primary reason of the delay is somewhat two-fold. One, there's a limited number of subject matter experts on the project that are currently working an exorbitant number of hours in overtime. And two, rushing a go-live date compromises sufficient testing and ultimately would undermine the quality of the Workday product on its rollout. For number two, compliance with Maui County Code that was recently passed in 2018 to hire a third-party investment company. The investment committee, as you may or may not know, is made up of the Finance Director, the Managing Director, the Budget Director, the Deputy Director of Finance, and the Accounting Systems Administrator. And we're slated to meet on February 22nd to be briefed on the existing status of the project and

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its next steps. There are a number of action items that myself and the Deputy have identified; 34, to be exact that we have prioritized and identified as items for corrective action. We have met with our division heads and we've explained the items that we'll be addressing and already have many initiatives already in motion. One of the strengths that I bring to the position of Finance Director is my extensive knowledge in real property tax. Real property tax, as you may know, already accounts for 40 percent of the County budgets in its revenues, fund revenues. And I believe my background is an added benefit to the position. I have spent the last 11 years working closely with past Council budget chairs to provide information that either requested or analyze taxation budget issues that come before them. I'm confident in my history from administration of Real Property that would be significant in my position as the Finance Director. One area that I would admit is not a strength, maybe yet, is related to bond issuance. That being said, I spent the past couple of weeks with our municipal advisor who's currently under contract with us 'til 2020 to educate myself on the process and other items of importance relating to the bond issuance. In my experience from Real Property, I understand some factors that affect bond rating and I plan to using the resources within the County to make astute decisions when it comes to managing the County's bond program. One thing I would like to point out is my Deputy, who is in the audience, May Anne Alibin. She's a perfect complement to myself and worked on the 2014, 2015--you can raise your hand--and 2018 bond issues as the County Treasurer and will play an instrumental in supporting me in this area. Ms. Alibin's experience on working both with the Budget Office under Sandy Baz, I believe, right, and been the Deputy Accounting Systems Administrator and has been the Treasurer for the last four years. On that note, there's also a lot of division heads in the gallery that's also their expertise is really something that's gonna really help me in the division as the Director of Finance. One of the priorities I mentioned in my meeting with most of you will be addressing the excessive amount of overtime in the Finance Department. I have firsthand experience really dealing with massive overtime as when I acquired Real Property in 2007, I believe the overtime, annual overtime was over \$160,000 per year. I can tell you for sure in the last eight fiscal years under my administration, I don't think we have exceeded or probably average around \$4,000 a year just for normal project deadlines. So, that's a big difference. I know a lot of the overtime is directly related to the HR/Payroll project and I guess I'm sure the overtime for the people who are taking these amounts of overtime does not help them as far as coming to work and being able to do your duties on top of working a 70-hour week for some people. So, I'm looking for a tentative solution to curb the existing situation by one, filling vacancies, requesting a time-tracking lead for Workday in the next fiscal year, and cross-train existing employees from other sections, including the Director's Office, to assist with required testing and system backup; so the cross-training is probably the biggest thing that I'm gonna be implementing within the Director's Office to assist with reducing the overtime. On another note, the Finance Department has several large projects that I mentioned to you in our meetings and I have a lot of experience in successful implementations over the years at Real Property. In my review of the existing projects in the queue with the number of the available resources and subject matter experts in Finance, I feel it's too

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optimistic right now to have a large number of projects going on at once. My decision, as I mentioned to many of you, is to defer the IFAS upgrade at this time until HR/Payroll can be online and be self-sufficient and self-supported. And at that time, we'll re-evaluate of moving the IFAS upgrade at that point. In regards to manpower, I'll be referring to the auditor's report that was completed. I think many of you know the Moss Adams report that was delivered in November of '18. As the Accounts Division for HR/Payroll project and the time lead position, we'll need an additional body in my submission and according to the audit. That, as well as adding another body to the Real Property Manager, which is the sole person handling all of our County assets, the leases, the acquisitions, et cetera, I believe that's a large risk for only one person to be handling all of our County assets and taking a proactive approach in my opinion is a potential threat for not looking for a responsibility for adding another body to that position. Myself and Deputy Albin have already goals set, prioritized the projects identified, and beginning to establish meaningful performance measures for directly relating to our goals and objectives that we have online. It's not only our job to better serve the community, but in the audit also, to serve our County employees. Chair Molina and Members, thank you for allowing me to provide opening remarks and I welcome the questions. Thank you.

CHAIR MOLINA: Okay. Thank you very much, Mr. Teruya. We're gonna start towards my left with Member...oh, excuse me, I'm sorry. I'd like to recognize Committee, subject Committee Chair, Economic Development Budget Chair Rawlins-Fernandez and give you the honors of asking the first questions.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Mr. Teruya. Mahalo for being here and for meeting with me one on one. Okay, let's see your first question, what are your thoughts on using a comprehensive budget software like Open.Gov [sic]?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Chairman. To be honest, I've never heard of the software. That being said, I'm quite the proponent if you ask my employees, I'm open to any software; I mean anything that'll do our job better is definitely welcome. At the Real Property Tax office, without spending too much time, Chairman, we've implemented a lot of different solutions into Real Property for the purposes of making things more efficient, streamlined, and especially if it can reduce cost. Labor is one of the biggest things that we spend for the County, on almost every division it's probably about 75 percent in the A Account. So, if there's anything that would help reduce labor savings, it would definitely be welcomed.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo. How should I phrase this? Since you worked under the previous Administration, what would you like to accomplish that you seen wasn't being accomplished? Yeah, I'll say it like that.

CHAIR MOLINA: Mr. Teruya?

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MR. TERUYA: Thank you, Chair. Member, thank you for that question. And, I think it's probably the biggest thing on our agenda is change. In Real Property, we had a certain way of doing things. When I took over the Department of Finance and just looking around and asking questions because I'm relatively new, so there are a lot of questions; there is a very big lack of policies, procedures, training manuals. And that alone will take up a lot of time and resource to establish them, but in my opinion, if the Department of Finance can't take care of themselves it's very difficult to take care of anybody else. So, the core within Finance is gonna have to be re-established and go back through the things that I mentioned along with position descriptions and responsibilities.

VICE-CHAIR RAWLINS-FERNANDEZ: Earlier this week we had an agenda item that I initially wasn't sure if it had, it was a kuleana land issue. It turned out it wasn't. But, we were trying to work together to figure out how to help the landowners with the exuberant land tax that they were faced with. What is your position on the kuleana land tax exemption and does your Department help our families with that?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. And thank you for that question; it's something that every member in Real Property knows very well when it comes to kuleana lands. I'm not sure if you know, but if you are kuleana lands established and I believe our Department relies on OHA to tell us that determination and your property is designated as kuleana lands the land tax is zero per year. So, I'm not sure if you know that. But, in the other case, and I believe I'm not sure if you're referring to the Kukahiko issue that was before the Council? In that situation, I know and I kind of followed some of that because that's a common problem, in their situation their inherited land and they're land-rich and maybe not so much affluent in cash, but in that situation it would help and I think Member King mentioned if you did live there or not, it would make a big difference because you get a home exemption and the circuit breaker application. In their case, it's not and I'm not sure if there's any current Code written that would help their situation other than somebody living there, becoming a homeowner, and affording those because a circuit breaker tax is the safety net; that is the safety net. Other than that, I'm not gonna say it's like any other property, but any other property gets taxed the same way. And in their situation, without being a homeowner and that is the biggest savings, at this current time there's no provision to allow for any other way to help them out unless there's a provision that we're gonna come up with in the County Code to address that situation. So, I apologize for now, but at the current time, there's no measure that would alleviate that burden.

VICE-CHAIR RAWLINS-FERNANDEZ: Thank you. I do know about the kuleana land exemption, tax exemption. On Molokai, I received a lot of concerns about the OHA process and they, while we were working on the Molokai Community Plan, they were

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trying to figure out a way to bypass the OHA process. Do you know of like any kind of way that to bypass that?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. As the former tax collector for Molokai as well, believe me, I know Molokai's challenges and I know not everybody feels the same way about OHA. If you could identify another way for us to get verification that it is down from the King, I don't see why we would object to some of that paperwork. I think the reason why we relied on OHA was we were not experts in identifying who it was or how the land title was exchanged, other than maybe a break in title to see somebody else's name in there. But, other than that, I wouldn't say we're always open to any suggestion that you have that would help us expedite some of those processes because that's not the only problem we have; we have probate problems with many landowners that Real Property deals with on a day-to-day basis. So, I would say we're very open to any other ways that would expedite it 'cause it would just help us as well.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Mr. Teruya. Mahalo, Chair.

CHAIR MOLINA: Okay. Mahalo, Councilmember. Moving out to Hana, we'll start with Mr. Sinenci.

COUNCILMEMBER SINENCI: Thank you, Chair. Mahalo, Mr. Teruya, for meeting with us. My first question is, you know, your experience has mostly been in the real property tax assessment and as the Finance Department head what is the, I mean, how will you manage a department that was, is much larger and includes the Real Property Tax?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you. Thank you. Thank you, Member, for that question. To be honest with you, I don't see it being much different. A lot of the things that we've established at Real Property Tax will be implemented into the Department of Finance. I don't see many issues because we have so, honestly, we have very good division heads. And that is the strength that and I'm very lucky to have as the Director of Finance is having division heads that are very astute in their own division. That being said also, there's a lot of policies and procedures that need to be implemented for the entire Department of Finance that that is lacking. And when we start going through the performance measures, the goal setting, how we're gonna meet these expectations that will determine how things will change and that's the biggest change I see within the Department of Finance.

COUNCILMEMBER SINENCI: Thank you. Second question, there was a Marci Sato that was the original selection for the position and I don't know what happened to that, but did you interview with the selection committee? And if so, can you tell us a little bit about that process?

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MR. TERUYA: Chairman?

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

MR. TERUYA: Member Sinenci, thank you for the question. I cannot tell you what happened. My application was sent in to be Marci Sato's deputy. I was not interviewed by the selection committee. I don't believe any of the deputies were interviewed by the selection committee. However, when I applied and had a, my interview with Mr. V, Mayor Victorino, sorry about that, and Tyson Miyake, my understanding was the selection committee had already been dissolved. It was after that point that I was called by Mr. Victorino to ask, he asked me personally if I would be able to take the director's position and that's all I know; I don't know anything about the selection process.

COUNCILMEMBER SINENCI: Thank you. Last question, I can see that the Director of Finance would be a much larger responsibility and would definitely take up, well at least more of your free time. Do you have any, what are your plans to manage the Department effectively and efficiently?

MR. TERUYA: Chairman?

VICE-CHAIR RAWLINS-FERNANDEZ: Mr. Teruya?

MR. TERUYA: Madam Chair, my bad. Chairman and Member Sinenci, caught me off guard there. That's a very good question and one that I would tell you that I will give you my 100 percent. I think from every day I've been on Maui that since January 2nd I've been in the office. It's a lot of work. I mean e-mails, signing of documents, custodian of records; it's a lot of work. And I put in every day to make sure the job is gonna get done and that's all I can give you is my commitment to making sure that everything gets done.

COUNCILMEMBER SINENCI: Thank you.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Sinenci. Chair King?

COUNCILMEMBER KING: Oh. Aloha, Chair.

VICE-CHAIR RAWLINS-FERNANDEZ: Aloha.

COUNCILMEMBER KING: Thank you. I've got quite a few questions, but I'll try to limit them and then yield and if we get time to come back because I know we have limited time today. Thank you for being here, Mr. Teruya. I'm a little bothered by the statement that it's not very different from your previous job because I think isn't Real Property just a division under the Finance Department? So, I'm looking at the qualifications

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and, you know, one of the qualifications in our Code 2.14.080, there's A through O of different duties it asks experience in. And I don't know why we did this, but it says one or more. I would have preferred it say seven or more, but so it's quite an extensive, you know, expanded responsibility, in my opinion. And so, and thank you answering the questionnaire that was sent out to you. So, I wanted to address some of the items in here because you mentioned in the questionnaire that you wanted to make changes within the Department in areas that you know have deficiencies. So, can you tell us in your view what those areas of deficiencies are?

VICE-CHAIR RAWLINS-FERNANDEZ: Mr. Teruya?

MR. TERUYA: Thank you, Chair. And thank you for the question, Ms. King. I'm not sure if this body had received the audit by Moss Adams.

VICE-CHAIR RAWLINS-FERNANDEZ: Yes, it has.

MR. TERUYA: The audit clearly identifies 22 findings of material inefficiencies, that all 22 are in my list of 34 that will be addressed in order of priority; some of which I have in...myself and the Deputy came up with this sheet. We consider it like our vision 2020 goals of what we want to establish in the Department of Finance. We've identified them as items that can be completed within either 30 days, 60 days, 90 days, or long-term goals of corrective measures and we're gonna step through every single one of them. Everything in the audit report will be addressed and whether or not one will take longer than the others; some will, some are things that we've already moved on and are moving on, including the vacancies and all the paperwork to fill vacancies so we can reduce the overtime. So, other than that, I'm not sure if you want to go specifically into my goals or I can always give this to you guys --

COUNCILMEMBER KING: Can you --

MR. TERUYA: --up to the Council to --

COUNCILMEMBER KING: --yeah, can you maybe --

MR. TERUYA: --review.

COUNCILMEMBER KING: --state for the Committee your top five priorities out of all those --

MR. TERUYA: Okay. Sure. Not a problem.

COUNCILMEMBER KING: --list?

MR. TERUYA: Chair?

CHAIR MOLINA: Yeah, proceed, Mr. Teruya.

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MR. TERUYA: Okay. I'll just go down in some random order which is by what we have as our priority list, which is primarily for January, things we wanted to complete in January.

COUNCILMEMBER KING: I'm sorry, Mr. Teruya. If you have them in order of your priorities, can you put them, can you give us your top five priorities rather than random list?

MR. TERUYA: I don't have them by priority. I have them just by dates that we want to complete them by and that's how I grouped my things. But, I can go down the list and identify maybe the first five.

COUNCILMEMBER KING: Okay.

MR. TERUYA: Third-party investment. We want to definitely identify the third-party investor because we're required by Code to do that. HR/Payroll update status report, I think we give that and we're trying to move forward with the HR/Payroll project to be completed as soon as possible. Establish performance measures to measure if goals are obtained. I want to meet with all of the sections and divisions with my Deputy as a show and tell for them to tell us what they're doing in their division or their section. Establish overtime policies and procedures. And the next one would be iNovah system implementation and iCapture system; and iNovah is, for those who are not familiar, it would be a single cashiering element, one collection system. And ultimately, the goal someday as I mentioned to some of you is to do like a kiosk-type or online payment where the residents and the taxpayers of Maui County can just pay all of their bills at one location.

COUNCILMEMBER KING: Okay. Thank you. And, if I may, Chair?

CHAIR MOLINA: Proceed.

COUNCILMEMBER KING: I just wanted to follow up on the, because that was one of my questions about the iNovah cashiering system. You put, you mentioned fully implementing by 2020, so you feel like it's on track to be completed by and fully implemented by then?

MR. TERUYA: Chairman?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: There are some challenges in the sense that we're trying to make sure everybody and there's about two or three divisions left to go onto iNovah. One of which, just today, I was aware that Parks Department is using ACTIVE Net and their contract ends in June 2019 and their request is for a one-year extension. That meeting has not been established yet to identify whether or not we can get them

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onboard earlier or not. That I would have to get back to you, but that is the intent is for everybody to be on one cashiering system.

COUNCILMEMBER KING: Okay. So, you're not sure about the date though?

MR. TERUYA: It is, it was established to be a 2020 goal because we're thinking that's when we want to do it; whether that is established I cannot tell you at this time until I get back from Parks.

COUNCILMEMBER KING: Okay. Well, you said it was established, but you can't tell us if it's established so is that your intention right now?

MR. TERUYA: The intent is to --

COUNCILMEMBER KING: Okay.

MR. TERUYA: --online by 2020.

COUNCILMEMBER KING: Okay. Is that system going to interface directly with the Real Property Tax software system or will it require manual entries?

MR. TERUYA: That I am not sure. I don't believe if it is...it would be integrated with iasWorld, which is our CAMA system, and that is the intent to be. There are some situations that will be much more difficult to identify yet because I know, like I said I really don't know what Parks is doing because they're on two different systems for the golf course and I know they don't talk to each other right now so I cannot tell you how it would, they would integrate, but the intent is yes, it would be integrated with iasWorld.

COUNCILMEMBER KING: Okay. Then integrated, it will interface with the current general ledger system then that we have at the County?

MR. TERUYA: Chair King, that I cannot guarantee an answer on that.

COUNCILMEMBER KING: Okay. Okay. We have a lot of challenges in this County, so, you know, I understand, but we are constantly given deadlines that don't get met. So, that's why I'm pressing you on that deadline because, yeah I mean, time is money. So, every time something gets pushed back another year or two years there's additional expenses with that. So, what are your plans and vision relative to the Motor Vehicle Division?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Chair? As far as Motor Vehicles, I cannot tell you what their plans are moving forward. I can tell you if you already seen in Safeway, we have deployed the kiosk to

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do registration renewals; that is new in Safeway. But, as I mentioned, we are still yet to meet one of our goals which is to meet with every section and every division, myself and the Deputy, to meet with them to go over two things. We talked about number one is I want to make sure that every division will be reviewing the entire PDs, policies and procedures...position descriptions for all their employees. It was a deficiency that was noted in the audit that everybody's PDs are relatively dated. So, that is the number one thing and that will take a lot of time, not only for us, but DPS is gonna have 163 possibly positions reviewed; that's the Department of Finance, 163 employees.

COUNCILMEMBER KING: And how long do you think those will take?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chairman. I cannot give you a time period of how another department will review our paperwork. All I know is I can say what their reaction was when I told them what we're gonna do, but, you know, that will be something that we will be providing to them as we go down the list by department, by division, and by sections, and especially by priority.

COUNCILMEMBER KING: Okay. Chair, I'll yield for now just to give everybody else a chance.

CHAIR MOLINA: Thank you, Member King. Prior to recognizing Member Lee, Chair would like to thank Committee Vice-Chair Rawlins-Fernandez for facilitating the meeting in my brief absence. I appreciate it.

VICE-CHAIR RAWLINS-FERNANDEZ: Happy to, Chair.

CHAIR MOLINA: Thank you. Councilmember Lee?

COUNCILMEMBER LEE: Thank you, Chair. Mr. Teruya, when did you institute the change where you have people can register their cars at Safeway?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: I can't give you an exact date. The director is there, I mean, I'm not sure if you want to recognize that, but it was about last week we had the soft opening over there. And there will be, I believe it's on Monday, February 11th that we're gonna have the basically opening at Safeway to recognize the Safeway in, across Baldwin.

CHAIR MOLINA: No, Maui Lani.

MR. TERUYA: Maui Lani.

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COUNCILMEMBER LEE: So, what's the range of services that are offered at that location?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. It's just a kiosk to handle the renewal of registrations.

COUNCILMEMBER LEE: Like licenses as well?

MR. TERUYA: No.

COUNCILMEMBER LEE: Only just car registrations?

MR. TERUYA: It's just the registration at this time.

COUNCILMEMBER LEE: Okay. Then, may I suggest if you are confirmed, that on your February calendar on list of activities, could you reduce the wait time at DMV for renewals of licenses and other needs that people have, you know, with regard to the vehicles? Is that possible?

CHAIR MOLINA: Mr. Teruya?

COUNCILMEMBER LEE: Is that on your February list, by any chance?

MR. TERUYA: Thank you, Chair. That is...everything is possible as long as the division head is willing to go down there and work on the front lines. But, no, I understand what you're saying and the frustration of people that may have. And the wait time over there is really dependent on what day you go there. There's some days that nobody are down there and some days are just bad. It's the first day of the month, last day of the month those are bad days when you're dealing with renewals, but I will have your question written down and address the division head at that time.

COUNCILMEMBER LEE: I appreciate that because when I went to renew my license I must have caught the wrong day. I was in line for 45 minutes, yeah, and then I went to renew my license and that took 10 minutes. So, that tells me you don't have enough people down there or maybe you see Member Kama's sister works there and so she gave me some ideas, right? And if you adjusted some of the times and possibly provided service on Saturday, that could really alleviate those long lines and wait times. So, can you consider that as a possibility?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. And I'm kind of laughing, chuckling because I have my own opinions on what they could do as far as hours, but they may not like it, but, you know, when you rent a facility you're paying for it 24/7 and, you know, other ideas come to my mind and I may be laying them out; whether it's functionally possible, that

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would be another question because we've always had the discussion within Real Property that when you rent a facility, it's kind of wasted for the times that you are closed. So, I, whether or not it's part-time workers working night shifts, I wouldn't say that's out of the question. I would maybe explore it and get back to you whether or not it's financially feasible.

COUNCILMEMBER LEE: Alright. So, that leads me to my last question, Mr. Teruya, and that is are you planning to move to a permanent place at some point?

CHAIR MOLINA: Mr. Teruya, are you able to answer the question?

MR. TERUYA: Thank you, Chair. I don't quite understand the question.

COUNCILMEMBER LEE: Well, you know, we pay a lot of rent there or do we own the building? I don't think so, right?

MR. TERUYA: Yeah. Thank you, Chair. The response I will tell you is currently the plan is for the Real Property Assessment Division and part of Treasury Division to be part of the Wailuku Civic hub location on the 2nd floor. The Motor Vehicles have already break ground in the Kahului area. So, that, the service center is moving down there for DMV, I believe DSA, and some other departments as well.

COUNCILMEMBER LEE: Okay. Where is that location?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. I do believe it's the Maui Business Park, Maui Business Park across BMW is what I hear.

COUNCILMEMBER LEE: Okay.

MR. TERUYA: I know the location. I just can't tell you the cross streets, but it's in Maui Business Park kinda near where Ken Ota's building is.

COUNCILMEMBER LEE: Okay. Thank you, Mr. Teruya.

CHAIR MOLINA: Okay. Thank you very much, Member Lee. Councilmember Hokama?

COUNCILMEMBER HOKAMA: Chairman, thank you. I pretty much know this gentleman's whole history with this County. I can tell you that I do know he has been enticed by my colleagues to join other jurisdictions because of his qualifications and abilities and accomplishments. So, I think we've got someone who is a great asset for this County. I don't have that many questions because, Chairman, I will just say what I know that this gentleman has done; especially from a staff-supportive effort. In the past, a lot of, some of his employees were questioned by the public and it was areas of gray that

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needed clarification from Council on policy. So what Mr. Teruya did to assist his employees was ask Council, through the committee system, to bring clarifying legislation so therefore the employee it becomes a yes or no response instead of well, you're within the parameter, it's kind of gray, and then put the burden on the employee to make a judgment policy call. And then maybe the next employee may make a different policy call of the area of gray. I think he has made it more clearer for the employee to make better decisions because we've eliminated as much of the gray where now the employee can give a straight yes or no response to a public query. That is something that not many division heads do for supporting employees. Okay. Where we are with property tax assessment? We've grown completely, Chairman, where at the end of the beginning of last year I told Mr. Teruya my goal is for him to have Maui County to be the number one in the United States in real property assessment and he has accomplished that. My goal for him for January 1st of this year was that real property assessment, especially in 3D geospatial components that we have perceived, he has now brought this County to be number one globally, globally in the area of real property assessment whereby we have just returned from Hong Kong to talk to Hong Kong colleagues about implementing what we have already started, Chairman. Okay. And they deal with an assessment valued at \$90 trillion. Okay. And they're looking at us as part of the program to duplicate. Okay. We are the benchmark globally, Chairman, through the efforts of Mr. Teruya. That should say something about his ability, his capacity to learn and bring forth new technology to this County, whereby we are the example, Chairman, for real property assessment. We have been awarded the International Award of Excellence that is was not just Mr. Teruya, but it's also I would say a confirmation of the quality of the employees within the division and the Department that earned this certification of excellence. And it was one of my goals for him from four years ago. Okay. And they've hit the marks to bring our Department of Finance to the forefront nationally. So, I think that says something about his ability to manage, his ability to achieve marks that we have set for him. And one thing I can tell you that Mr. Teruya, upon requesting additional resources, has one fault, he over delivers. We have gotten increased revenues from capturing revenue that we should've had that we didn't, but because of our new tools in assessing and capturing the real property we are now gathering those funding we should have always had. And with our new program, Real Property now is timely, it can re-verify its assessment values, and thirdly you can be assured that we have now the assurance of accuracy, the ability of accurate determinations of the assessment, Chairman. Okay. And now the City and County of Honolulu is in an envious position of trying to duplicate. And we are going into phase three of our program, Chairman. Okay. They're looking at doing, starting at first base. Okay. We are in phase three of our implementation of this program to keep the County of Maui global leaders in this area. So, that says something about our Department. And I expect the same thing to transpire in other areas or divisions of this Department under Mr. Teruya's leadership; especially in the area of third-party investments and our short-term investment portfolio. Because, Mr. Chairman, prior to this under the old system, the County Treasurer was elected, the County Auditor was elected upon the Charter system of this government we folded into the Department of Finance. So, I agree. We need a great director to lead this

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Department. This Department under State would have portions of budget and finance, part of DAGS, part of DLNR because you look upon the Charter's responsibility for this position he also has all the inventory of real property, not only records, real property assets. He's the keeper of the safe. Okay. For me, that needs to be a person of integrity and a person that I have the confidence, and I am quite pleased that he was very open about his need to improve his understanding of bond issuance; we all had to learn. But for me that is a critical component of this County's revenues and our ability to move forward with our capacity to borrow. And so, you know, I appreciate that honesty on his part. But, my one question to him is 'cause I have my doubts about MAPPS. I have my doubts about HR/Payroll. Like I said I'm going through my fourth system in my tenure of serving this County so I'm tired of changing how we do checking and everything else for employees. What level of confidence do you have that this Administration can deliver the program timely because I'm tired of delays and setbacks, we misunderstood the consultant or what? We don't pay for delays. We pay for execution and timely deliverance of product. So, give us your best candid shot because, like I said, I have very low confidence in the MAPPS program right now.

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chairman. And, Mr. Hokama, thank you very much for that question. I would like to punt to the Chief of Staff, but I've been in many MAPPS Steering Committee meetings. The project is a large project. I'm not the driver neither am I one to make many decisions on where it goes, but I cannot tell you when it's gonna be completed. I know that there's a lot of delays that has been occurred throughout and that's one of the problems with that is it's just like the HR/Payroll project; it takes resources. And you're taking existing employees to do their work and testing of the system and that is probably one of the primary reasons. And I'd prefer not to maybe speak for Mr. Jacob Verkerke because ultimately he's the project sponsor and knows a lot more of the detail as to why the project is where it is and I don't know maybe it's around the corner to be completed and I cannot really tell you that. However, part of the problem was it seems like the system that was, the vendor was partly responsible for the delay in the implementation team not meeting the expectations of what our expectations were. And a lot of times with a project that large maybe the RFP didn't include absolutely everything that you might've needed and therefore some of those things come up which creates delays. I mean, it is a very large project and I'd hate to say any one area where it is anybody's fault, but I cannot give you a very detailed understanding of where it is and where it's gonna be and when it's gonna be completed.

COUNCILMEMBER HOKAMA: Very good, safe response. Last question, Chairman?

CHAIR MOLINA: Proceed.

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COUNCILMEMBER HOKAMA: I have great issues with State procurement. And again, you know, I take nothing away from our Mr. King because he follows what is State statute and has whatever additional guidance provided by County ordinance and State statute so I respect his role in following the law as he's been made to understand it and advised by our appropriate legal advisors. However, my issue with State procurement because we are part of a national County procurement program also that, at times, we are required to follow the State program which, when compared to the County's program, costs more money and that is my issue. Why is the taxpayers, because of State law, paying more for the same thing when we could achieve savings if we chose another governmental-procured contract for services or products? Are you open to assisting us in changing the State law to allow this County to look at what is the most appropriate, feasible for the taxpayer open, public procurement contracts that save this County money? Because right now, the biggest beneficiary of the County's procurement contracts is Bishop Estate, a non-profit charitable organization in Hawaii, making use of the County's procurement contracts to save money for Kamehameha Schools and other components of this non-profit organization for our Native Hawaiian children. Why is our own government missing the boot on this? It's crazy. But, we're willing to pay more because it's a State contract. I don't think that's fair to our tax base. Any comments?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. And, Mr. Hokama, I'll be honest, I really don't know the answer to your question other than at some point when we do our discussions with the sections and the divisions that those questions will come up with Mr. King and for the procurement, for him to relay back to us what situation we're in. That being said, I remember the days when I was hired and we had Mayor Lingle limit our paper clip purchases. I remember those days. I'm not sure if many of you were around but, whether or not we have different procurement procedures within the County of Maui is not far-fetched for us to review that current policy and we would make a new policy on anything that we decide. And one of those things, Chairman, and a position that we're recently going to be out to recruit is Internal Control Officer to look at misuse of funds or areas that we should be tightening down on and being a little more fiscally responsible of purchases. I remember when I started, I don't think we had the luxury of the things we have in our file cabinet today. But, I remember when I was here in '97 that it wasn't as lucrative to get I think we all borrowed paperclips. I remember one year in '97 that borrowing paperclips. But, it is a policy within Finance. It is possibly that we would come out with a Countywide policy on better procedures of purchasing.

COUNCILMEMBER HOKAMA: Alright. I appreciate your response. And but, and just as a reminder, what I have asked and NACo has done is now whenever we go for procurement, we use our biggest members, LA County; Fairfax County, Virginia; Cook County, Illinois, when they go and broker our pricing I have asked and we now include all Maui County, all Hawaii counties to be part of that original procurement request.

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Okay. So, for me, we qualify now under the new NACo procurement contracts to be able to purchase and get the savings instead of from the State contracts. And the State of Idaho uses our own NACo county contract to purchase. Okay. They are part of the western region of states where Hawaii is, but Idaho uses the County's program, not the State's program. So, obviously, there's benefit of our purchasing, brokering. Thank you, Chairman.

CHAIR MOLINA: Okay. Thank you, Mr. Hokama. Members, the Chair is looking at the clock and it has been a long day. The Chair's intent is to complete the first round of questioning. On the recessed date, the Chair has discussed with some of you privately, the Chair would like to look at recessing this meeting, the meeting of January 29th 'til Tuesday, February 5th, 2:00 p.m. Members, any questions or concerns about the Chair's proposed recess date and time for this meeting? Member Sugimura?

COUNCILMEMBER SUGIMURA: . . .*(inaudible)*. . .

CHAIR MOLINA: That meeting to take? The Chair's intent, he wants to finish. Of course, we have the recessed meeting of January 23rd beginning at 9:00 a.m. that morning. Hopefully, we'll finish before 2:00 p.m. and then we'll go right into this meeting. The Chair's not looking at any other recessed date after the 5th because we are almost there.

COUNCILMEMBER SUGIMURA: We're gonna be done.

CHAIR MOLINA: Member Kama, you have a question, comment?

COUNCILMEMBER KAMA: So, what time do you think we'll be done on the 5th?

CHAIR MOLINA: For the recess of this one?

COUNCILMEMBER KAMA: Yes.

CHAIR MOLINA: The 29th?

COUNCILMEMBER KAMA: Yes.

CHAIR MOLINA: However long it takes. We will, we're looking at making decisions on three nominees. I believe Mr. Teruya, Mr. Spence, and Mr. Goode. So, however long it takes.

VICE-CHAIR RAWLINS-FERNANDEZ: I think we've been averaging about an hour to two hours each.

CHAIR MOLINA: Yeah, very good point, --

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VICE-CHAIR RAWLINS-FERNANDEZ: So, like six hours.

CHAIR MOLINA: --Committee Vice-Chair Rawlins.

COUNCILMEMBER KAMA: So, does that mean that the Chair's making laulau for dinner?

CHAIR MOLINA: If you guys want a dinner break? Certainly. Certainly.

VICE-CHAIR RAWLINS-FERNANDEZ: Don't forget the poi.

CHAIR MOLINA: Yes. Yes, of course. Yes, it is an off week and yes, the Chair will assume the responsibility of feeding you if we get to that point that night. So, but the Chair does not want to go past February 5th. I want decisions made that day, the 5th. So, whatever happens; go or no go with the nominees on to the full Council for final consideration. So, if that, there are no other questions, I believe, Member Rawlins has a flight to catch and also Member Hokama. And, okay, Staff is handing me...alright, so just again for the record, the recessed meeting of January 23rd, in which we'll take up nominees Ms. McLean and Mr. Wong, will begin at 9:00 a.m. right here in the Chambers and the recessed meeting for January 29th will start at 2:00 p.m. on February 5th right here in the Chambers. Okay. Everything is clear as mud, hopefully.

COUNCILMEMBER KING: Chair?

CHAIR MOLINA: Chairman King?

COUNCILMEMBER KING: Thank you for that. I am available. I will leave the entire day free. Can we just make a note that the questioning for today that we start up at 2:00 p.m. with Member Paltin?

CHAIR MOLINA: Yes, with Member Paltin.

COUNCILMEMBER KING: Okay.

CHAIR MOLINA: Yes, of course. We'll complete that and maybe one more round if necessary for Mr. Teruya. So, okay, you guys have a great weekend. It's the Super Bowl this weekend.

COUNCILMEMBER SUGIMURA: You want to finish?

CHAIR MOLINA: Pardon me?

COUNCILMEMBER SUGIMURA: Why don't we finish?

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CHAIR MOLINA: Oh, you want to...

COUNCILMEMBER SUGIMURA: Yeah, almost. Almost. Let's finish.

COUNCILMEMBER KING: Somebody has to leave, so.

CHAIR MOLINA: Okay. Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, maybe...I appreciate your efforts, Chairman. Thank you. I know it's very difficult not knowing what we're going to pose, --

CHAIR MOLINA: Okay.

COUNCILMEMBER HOKAMA: --but I would feel a little more comfortable if you would allow the remaining Members, --

CHAIR MOLINA: Okay.

COUNCILMEMBER HOKAMA: --three Members, to finish their questions for this round and, you know, as I, you know, for me and Ms. Rawlins-Fernandez, you know, we understand and, of course, we can always catch up on areas that we may miss in the questioning.

CHAIR MOLINA: Sure.

COUNCILMEMBER HOKAMA: And, of course, we want to be present for any voting. But I think we don't have any objections of the other Members finishing up their opportunity for the first round.

CHAIR MOLINA: Okay.

VICE-CHAIR RAWLINS-FERNANDEZ: I don't have any objections, Chair.

CHAIR MOLINA: No problem. No problem.

VICE-CHAIR RAWLINS-FERNANDEZ: It's okay for the remaining Councilmembers to finish their first round of questions.

CHAIR MOLINA: Sure.

VICE-CHAIR RAWLINS-FERNANDEZ: And I can be here for next week Tuesday.

CHAIR MOLINA: Fantastic.

VICE-CHAIR RAWLINS-FERNANDEZ: And thank you.

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CHAIR MOLINA: Thank you. Okay. Well, let us continue and Chair's ready to go to midnight if the Members want but...Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Appointee Teruya, for meeting with me and for going through this process. I just have a few bunch of questions. I guess I'll start out with did you send out any departmental e-mail asking your employees to testify in your behalf for this position?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Chairman? No, absolutely not.

COUNCILMEMBER PALTIN: Thank you. I appreciate your efforts to eliminate overtime. That is an issue. In our meeting, one of the concerns I had was your travel and you explained it to me and I was wondering if now on the floor you could do the same so that I had some, received some constituent concerns and I think that you adequately addressed it to me so I'd like for you to just reiterate.

MR. TERUYA: Thank you.

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you. As I mentioned earlier I am a board of director with the International Association of Assessing Officers and that requires quarterly meetings on the mainland. That is four times a year and at various locations; wherever the meeting is held. It's never held in the same place that I've been to and it's paid for by the International Association of Assessing Officers, not the County of Maui. Aside of that, I was also on committee that met twice a year on leadership committee. That also is at various places throughout the United States, including Vancouver; that's one that has been held there before and that also is paid for by the International Association of Assessing Officers. I do attend the annual conference for assessors. That is paid for by the County, but that is for all municipal advisors that go...I mean not municipal advisors, assessors that go there. I've also attended other conferences such as the GIS/CAMA conference, which takes us into the lot of the technologies pieces that we have incorporated into Real Property Tax. But other than that, as I mentioned to you, those are the main conferences that I've attended annually.

COUNCILMEMBER PALTIN: And do you plan to continue that travel schedule as the Director?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. As of right now, I spoke to Mr. Victorino prior to taking that. I told him exactly what travel requirements are for being as a board of director.

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At this time, he has warranted for me to continue out the term ending in December 2020. Other than that, I don't see attending the same similar type of conferences being the Director of Finance other than possibly the GFOA Conference that comes up in May of 2019 regarding to government finance.

COUNCILMEMBER PALTIN: Thank you. During the testimony phase of this Committee, somebody had mentioned that you created the Maui County Real Property Tax website and I just was wondering if you could expand on that?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. I would like to think I'm that smart, but I'm not. The website is created by...well, let me back up. Back when we, that was in '97, we had Tyler Technologies on the client-server basis and we had a web hosting by Akanda. Akanda was a website that we had that was very static. It was very limited in information. We did not have any flexibility into what we could show the public and what we, I mean it was statewide. Attending a conference, such as IAAO annual conference, provides you with vendors. It was at that conference that we, I selected or met with a group called, at that time, it was called qPublic; that is the website that you see now. They since been bought out by Schneider Corporation, which is now Schneider Geospatial. That company, when we met with them, County of Maui moved and purchased their product and was fully customizable. With that being said, it's, a lot of the website's current features were based on complaints or questions that the Real Property Tax clerks receive. Prior to this website, daily questions, maps, any information was to our staff. And one of the big savings I saw was if we provided all of our information to be more transparent and accessible by the public, it would save labor hours and that was a huge benefit for our clerks who was receiving the telephone calls. Aside of that, staff, on the old website, because it didn't have a lot of information, all of our data, any requests was taken time by our staff to go and retrieve information and send it to taxpayers. With this current system, we don't do any findings for anybody. There's a way for you to look up all the information yourselves and do your own report. So, we are probably the only county in the State of Hawaii that provides all of our information for free and it's very transparent and I think everybody, to my knowledge, likes what they see. I think in the next coming months, probably by summer, there will be a further update to the current website to be more mobile-friendly, I would say to speak, such that any device that you use whether it's a iPhone or Samsung or a tablet or whatever, how you see it on your screen will be more, I guess, user-friendly. It'll size to your device. So, that is the new enhancement that's coming up on the new version hoping by summer of '19.

COUNCILMEMBER PALTIN: Thank you. Also, in our conversation you advised me to reach out to Mr. Kalbert Young and I just wanted to let you know that I did reach out to him and he does feel that you are sufficiently qualified to do this job. He was unable to alleviate some of my concerns that had occurred in the, I think, eight years since he had left the County of Maui and so I was thinking that perhaps maybe I'd ask you

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about those concerns at this time. And one of it was when I attended the Maui Redevelopment Agency's meeting or presentation on the Wailuku Civic Complex hub and I did notice that your name was on the list and I was wondering if you feel that there's any sort of conflict of interest in participating in that and being the Finance Director?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. Honestly, I never thought that it would be a conflict of interest in my opinion. If it is a conflict of interest, I think we should go to the Board of Ethics to identify whether or not it would be a conflict of interest that to be aired and cleared. So, I'm fully aware of your concern and I would be concerned of the same thing moving forward so, I would have no problem putting that request to the Board of Ethics. But, if it's a concern then I should be removed, that's not a problem for me.

COUNCILMEMBER PALTIN: Thank you very much. Thank you, Chair.

CHAIR MOLINA: Thank you, Member Paltin. Member Sugimura?

COUNCILMEMBER SUGIMURA: Thank you for letting us continue the questions and I will try to be brief. I wanted to ask you a question that actually Member Hokama would ask all of the nominees is that were you contacted by a former councilmember regarding your appointment to this position or that you would not get appointed to this position?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. I was contacted, but it wasn't to say whether I would be up or down. So, the message that I had was I guess the five, it didn't say what five, it just said five Members had concerns, but it didn't say. It was just more roll of the dice. It didn't say whether I would be up or down.

COUNCILMEMBER SUGIMURA: Thank you. And then I have two questions. One is I recently was visited as maybe some of the other Members by the credit unions and I was pleasantly surprised to hear that, I would guess because of your community outreach, RPT with the credit unions that, they are now helping people file tax returns. So, do you have any comments regarding that?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. In regards to the credit unions of Maui, we have a very good working relationship dating back. The credit unions, because we have this annual circuit breaker filing, one of the things that we've been in concert was identifying who provides what help to what seniors. So, they do pro bono work for filing of the tax returns for their constituents as well as the County of Maui does it

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from the Office of Aging's perspective to help out the seniors to fill out that, but internally within Real Property, we do not give any advice nor do we help with any of the tax returns. But we would help with the filings, but I don't believe we've ever asked the staff to handle somebody's tax returns.

COUNCILMEMBER SUGIMURA: Okay. But, that's a very good partnership for community --

MR. TERUYA: Yes.

COUNCILMEMBER SUGIMURA: --so thanks for doing that. And the last question is that or the last thing I want to say is that during the last term I was very grateful to work with your division and I could see the enthusiasm and expertise of your staff trying to establish the one farm plan form and getting Water, Real Property, and Planning together in one room and talking about and trying to cohesively come up with a plan. And I must tell you that the enthusiasm and the expertise of your staff you came up with form, you would always have answers along with Marci and Gery Madriaga, very impressive and I love your can-do spirit. So, I just want to say that, along with Mr. Sinenci, he knows that we're gonna continue on with this form and gonna finish it during this term is one of my goals. But, I want to say that to you. My last question and my question is this - with your work, because everybody is talking about how important housing is, can you see how what you do can help housing?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chairman.

COUNCILMEMBER SUGIMURA: I don't know that's too far out, but...

MR. TERUYA: I don't say that we would take a lead in assisting housing other than the fact that recently I had a discussion with the Department of Land Management in Honolulu primarily to see what our current Real Property Manager does in comparison to the City and County of Honolulu. They recently created a land management division to where the land managers in the other departments came together to form a new division. And the reason for that was to primarily have a plan when you acquire land so that maybe, for Parks for example, if the Parks Department wants to purchase land, under their form of government, the Department of Land Management would seek all lands for all divisions for whatever their needs are so that the expertise lies within the division or that department. That staff is about 24 people and the primary use for housing is to purchase existing structures and to turn them into livable units. For example, smaller, I've seen smaller schools; something like Emmanuel Lutheran, if they were to be willing sellers that the department would purchase that and retrofit it to become housing. I would see that they would purchase a warehouse and turn that into more for long-term shelter for care. Those are the things that Department of Land Management in Honolulu does and it's something that maybe we could discuss with either Mayor Victorino or the MD or even the Chief of Staff as to what is the urgency

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on either some type of housing efforts at the different levels and if that is something that this body or the Mayor should think that is important, the Department of Land Management in Honolulu setup is maybe something that this body may want to consider.

COUNCILMEMBER SUGIMURA: Thank you. You are thinking always, thank you.

CHAIR MOLINA: Okay. Thank you, Member Sugimura. Member Kama?

COUNCILMEMBER KAMA: Thank you, Chair. So, I just have a few easy questions. So, okay, so this is my question. What is the delinquency rate on Hawaiian Home Lands and what's the cost and how do we get rid of it?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. The last time I've been the, in charge of collections was about four years ago. I cannot tell you the delinquency rate on Hawaiian Homes per se, but I would tell you that our delinquency rate is extremely small; probably less than a 1 percent for the entire County of Maui so I'm not gonna say very large. But, in speaking for Hawaiian Homes, I can't tell you a delinquency rate, but I can tell you that the delinquency total --

COUNCILMEMBER KAMA: That'll do. Thank you.

MR. TERUYA: --maybe a year ago was approximately half-a-million dollars in principal and penalty and interest including another half-a-million dollars. As to your question as to how we would resolve it, that is something that I want to say is almost five fiscal years ago the Council at the time had a resolution to partner with the Department of Hawaiian Home Lands to, if they were to pay the principal we would waive the penalty and interest. That resolution, to my understanding, you can defer to Corporation Counsel to get the actual opinion, but I'm not certain that that resolution is still valid. At the time the, I believe was Mr. Perry Artates who had influenced the people at Department of Hawaiian Homes Lands, the Commission to pay off and enter this resolution to right Maui County because we're the only county who never got settled. The Big Island, Oahu, and Kauai all got settled their one-time, I guess, bite of the apple so to speak and Maui County was to follow suit and it just never came to fruition. Whether that talks should continue, I mean we can always reach out to member, I mean Ms. Jobie Masagatani and enter into some discussion about the delinquencies for Maui County.

COUNCILMEMBER KAMA: So, I have another follow-up question --

CHAIR MOLINA: Go ahead.

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COUNCILMEMBER KAMA: --to that. So, how detrimental is the non-payment of these taxes to the beneficiaries?

CHAIR MOLINA: Mr. Teruya?

MR. TERUYA: Thank you, Chair. I believe it's written in every homesteader's lease agreement that they are responsible for real property taxes. When a homeowner becomes delinquent as a homesteader, I don't believe, well, Corporation Counsel can correct me if I'm wrong, I don't believe we've ever tried to foreclose on the property because it's not really the tenant's portion but it's the owner of DHHL as the owner. But, I don't know. We have not had any resolution as to how to deal with the past delinquencies other than possibly filing liens on these lessees which would possibly handicap their position of obtaining further loans on their property.

COUNCILMEMBER KAMA: Thank you.

CHAIR MOLINA: Okay. Thank you very much, Member Kama. Chair has just one question related to your satellite DMV offices, Mr. Teruya. For the record, your offices are open three days a week, five days a week?

MR. TERUYA: Chair, if I can read his fingers, it's five days a week.

CHAIR MOLINA: Okay. Five days a week and hours are full, normal hours 8:00 to 4:30...

MR. TERUYA: Eight to 4:00, Chairman.

CHAIR MOLINA: Eight to 4:00. Okay. Thank you, Mr. Vila, for the sign language. I appreciate it. I just asked about that only because Member Lee had mentioned about the main DMV office sometimes the wait times are longer, so I had this thought about wanting to ask you about the possibility or just get your opinion on opening on a Saturday for half a day. And sort of like Mayor Victorino making that, you know, statement about opening the landfill on a Sunday then, of course, that apparently didn't work out after doing some assessments after his inauguration speech. Your thoughts, Mr. Teruya, about the possibility of a half day on a Saturday and cost? Maybe every other Saturday. I'm kind of throwing it out there because I've had constituents ask me about that.

MR. TERUYA: Thank you, Chairman. I'd like to point out that I believe the kiosk that are available at Safeway will help some of that situation. Short of that, I believe your question offers merit to look into the possibility of opening at some other date other than the current situation. So, that is something I will come back and get the feedback from division chief to this body.

CHAIR MOLINA: Okay. Thank you very much. Members, the Chair had this crazy thought that crossed his mind. Are you guys ready to for a recommendation, but

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recommendation...I believe I think Council Chair King had some questions for a go around, but if it is the will of this body to take action today, I will respect that. Members, what is your pleasure? Recommendation or...and I'm sure questions to if this body decides to act on Mr. Teruya's nomination today prior to first reading at Council, additional questions can be asked by any of us. Member Lee, your thoughts?

COUNCILMEMBER LEE: I was just gonna say I agree with you.

CHAIR MOLINA: Okay. Recommendation then?

COUNCILMEMBER SUGIMURA: Recommendation.

CHAIR MOLINA: Anyone else? Mr. Sinenci?

COUNCILMEMBER SINENCI: I don't know if the other Members wanted to be part of the vote? Which I don't know if they expressed that.

CHAIR MOLINA: It wasn't told to me about being part of the vote for the Committee level. However, if this body wants to act today, I'm ready to act.

COUNCILMEMBER SUGIMURA: Recommendation.

CHAIR MOLINA: Okay. Chair will offer a recommendation then. Chair will recommend adoption of the revised proposed resolution entitled "Approving the Mayor's Appointment for the Director of Finance"; and incorporating any non-substantive revisions that may be needed, along with the filing of the proposed resolution entitled "Disapproving of the Mayor's Appointment for the Director of Finance."

COUNCILMEMBER HOKAMA: So moved, Mr. Chair.

COUNCILMEMBER SUGIMURA: Second.

CHAIR MOLINA: Moved by Mr. Hokama, seconded by Ms. Sugimura. Discussion? Mr. Hokama as the movant.

COUNCILMEMBER HOKAMA: Chairman, thank you. I just have a few comments, Chairman. I think I made my earlier comments very clear how I feel about the gentleman. I believe we have an outstanding nominee. Again, any of our sister counties would be grateful to have his presence to serve their constituency. I think he's an ultimate professional. I think he has shown by his successes that he cares about his employees; he definitely cares about the Department because it brings the total Department into focus. And I think that Mr. Teruya is also an outstanding community member that besides the time he puts forth for service to the County through this professional position, he's also another outstanding person who gives service to youth activities and in other areas that give service that I believe shows a

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well-rounded citizen that to me should not be questioned about his integrity and that I can fully endorse his nomination this afternoon.

CHAIR MOLINA: Thank you, Mr. Hokama. Member Sugimura?

COUNCILMEMBER SUGIMURA: I also fully support him to be our Finance Director and I will tell you that I have personal experience not only working with him for one farm plan, but he's called me on a Sunday to ask me about an e-mail that I had sent to a previous Finance Director that was unanswered, but he answered it and he works on Sundays. And then I got another call from him and it was late in the...well, later in the evening on a work day, so this guy is a workhorse. I totally support him. We heard accolades to Maui County, Real Property especially when the Con-Am thing was going through the last election as all the other counties were envious of Maui County, honestly, as we went through HSAC panels and they all wanted...I hope they weren't trying to hire Scott Teruya, but that we do really have a strong presence in the State. Thank you.

CHAIR MOLINA: Thank you, Ms. Sugimura. Any other comments from the Members. Okay. If not, the Chair will give his closing comments. First of all, again thanks to you, Mr. Teruya, for the long wait and then going through the process itself. I had questions regarding the Real Property Tax system and ways, how it could be improved, but after upon hearing Member Hokama's update on it and other countries looking at Maui as a model, my questions on that is moot. So, I will leave it at that and I wish you the best and certainly, like I said to Mr. Pearson, be as collaborative a leader as you can, take input from your Deputy, and any of your subordinates to help push this Department forward. And again, be innovative and which you seem to be in your responses to the questions and looking at new ways to get things done faster and in a more efficient way as it relates to the finances of Maui County. So, with that being said, the Chair will call for the vote. All those in favor, signify by saying "aye."

COUNCILMEMBERS VOICED AYE.

CHAIR MOLINA: All those opposed, say "no." Alrighty. The Chair will mark it seven "ayes," two excusals, Chairman King and Committee Vice-Chair Rawlins-Fernandez.

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VOTE: AYES: Chair Molina, Councilmembers Hokama, Kama, Lee, Paltin, Sinenci, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair Rawlins-Fernandez and Councilmember King.

MOTION CARRIED.

ACTION: ADOPTION OF REVISED RESOLUTION TO APPROVE THE APPOINTMENT OF SCOTT TERUYA AS THE DIRECTOR OF FINANCE AND FILING OF RESOLUTION TO DISAPPROVE.

CHAIR MOLINA: Congratulations, Mr. Teruya.

MR. TERUYA: Thank you, Chair.

CHAIR MOLINA: Alrighty, Members, so okay let me, Chair just reiterate before we recess, again the recessed date for the today's January 29th recessed meeting will be 2:00 p.m. next week Tuesday, February 5th, and of course for the recessed January 23rd meeting, that will begin at 9:00 a.m. Same place, right here in the Chambers, that's for the appointees Mr. Wong and Ms. McLean, in the morning. Everybody clear? Did I say...yeah, both meetings will be on February 5th, Tuesday. Both recessed meetings, okay? Alright, so with that being said, it is 5:20, enjoy your weekend. The Chair thanks you all for your hard work. It's been a grueling work week for all of us so thank you, thank you very much. Have a, go home, hug your family, get some hugs back, and enjoy the Super Bowl in which the Rams will win, 34 to 31. The recessed meeting of the January 29, 2019 is now in recess until February 5th, 2:00 p.m., Tuesday. . . . *(gavel)* . . .

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RECESS: 5:16 p.m.

APPROVED BY:



MICHAEL J. MOLINA, Chair
Governance, Ethics, and Transparency
Committee

get:min:190201r:kt

Transcribed by: Kimberly Tabon

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I, Kimberly Tabon, 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 22nd day of February, 2019, in Kahului, Hawaii

A handwritten signature in black ink, appearing to read "Kimberly Tabon", is written over a horizontal line.

Kimberly Tabon