

**BUDGET AND FINANCE COMMITTEE**  
Council of the County of Maui

**MINUTES**

**August 4, 2008**

**Council Chamber, 8<sup>th</sup> floor**

**CONVENE:** 1:38 p.m.

**PRESENT:** Councilmember Joseph Pontanilla, Chair  
Councilmember G. Riki Hokama, Vice-Chair  
Councilmember Michelle Anderson, Member (in 1:41 p.m.)  
Councilmember Gladys C. Baisa, Member  
Councilmember Michael J. Molina, Member  
Councilmember Michael P. Victorino, Member

**EXCUSED:** Councilmember Jo Anne Johnson, Member  
Councilmember Danny A. Mateo, Member  
Councilmember Bill Kauakea Medeiros, Member

**STAFF:** Lance Taguchi, Legislative Analyst  
Michael Geers, Legislative Analyst  
Yvette Bouthillier, Committee Secretary

**ADMIN.:** Frederick Pablo, Budget Director, Office of the Mayor  
Kalbert L. Young, Director, Department of Finance  
Scott Teruya, Acting County Real Property Tax Administrator, Real Property Tax  
Division, Department of Finance (BF-115)  
Gery Madriaga, Acting Assistant Administrator, Real Property Tax Division,  
Department of Finance (BF-115)  
Tamara Horcajo, Director, Department of Parks and Recreation (BF-116)  
Cheryl K. Okuma, Director, Department of Environmental Management (BF-117)  
Tracy Takamine, Chief, Solid Waste Division, Department of Environmental  
Management (BF-117)  
Traci Fujita Villarosa, First Deputy Corporation Counsel, Department of the  
Corporation Counsel

Seated in the gallery:

Brian T. Moto, Corporation Counsel, Department of the Corporation Counsel  
(BF-22)

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**OTHERS: Item 116:** Jon Miller, President, Kihei Community Association  
Andrew Beerer, Board Member, Kihei Community Association; and Member, Kalama Park Action Team  
Sue Kiang  
Don Couch  
Others (3)

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

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**CHAIR PONTANILLA:** ...*(gavel)*... Good afternoon, Members. The Budget and Finance Committee meeting is now convened. Today is August 4, 2008 and the time is 1:38 p.m. The Chair would like to introduce the Members that are here this afternoon. We do have Member Baisa, Member Molina, our Council Chair Member Hokama, as well as Member Victorino.

**COUNCILMEMBER VICTORINO:** Good afternoon, Chair.

**CHAIR PONTANILLA:** Excused at this time are Members Mateo, Anderson, Johnson, and Medeiros. As usual we do have our supporting area. We do have Lance Taguchi, our Legislative Analyst, along with Michael Geers, also a Analyst, and supporting the Committee, we do have Yvette Bouthillier, our Sec..., Secretary for this afternoon. Up front we do have Traci Fujita Villarosa, First Deputy Corporation Counsel, as well as our Director of Finance, Kalbert Young. Later I'll introduce the people that are here from the Real Property Tax area as well as introduce our Budget Director.

Members, we do have some people that have signed up for public testimony this afternoon. At this time before we go into public testimony, I'd like to remind all of you to turn off your cell, turn it off or, you know, put it on the silent mode if you could before we start.

Okay, the Chair will accept public testimony on any of the agendized items that we do have this afternoon. Public testimony will be three minutes. The Chair will give you an additional minute to complete. If you can state your name and the organization that you represent the Chair would like, like to have you do that. If your testimony is longer than three minutes, and you need an additional three min..., minutes, the Chair will provide you that additional three minutes once everybody has spoken for three minutes. So with that, Members, the first testifier on the agenda and

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all of 'em will be testifying on BF Item 116. So at this time, I'd like to call on Mr. Jon Miller.

**...BEGIN PUBLIC TESTIMONY...**

...(silence)...

MR. MILLER: Aloha.

COUNCIL MEMBERS: Aloha.

MR. MILLER: My name is Jon Miller. I'm the President of the Kihei Community Association, and I'm here today to testify about the South Maui Regional Park, and in favor of the bond measure for Phase I so we can start, start construction, and start building this park. And I think it's funny when I look back at the history of, of this park, because it's been in the works for so long. It's been a vision for so long. And I, I take it back when this was first, you know, commenced and the public testimony was first being taken 14 years ago at a time when, when quite frankly I probably would've been playing tee ball if it was built at, at that point.

COUNCIL MEMBERS: ...(laughter)...

MR. MILLER: And in, in a way, it's, it's kind of funny. In a way, it's, it's, it's kind of, it's a little bit discouraging. And I, I know for a very long time the, the community in Kihei and in South Maui has been waiting for a facility like this. And for a very long time we've seen our existing facilities being, being overused with, with. .if you go to a place like Kalama Park and you look at Kalama Park and the usage that continues again has gotten over the 15 years when this, when this park has been envisioned, it's significant.

And I think we need to. .it's a time that we need to embrace the, the vision of what this community park is, what it can be for our economy, what it can be for our community. When you look at the, the concept of well maintained playing fields at a place and time where South Maui is really suffering from a short..., shortage of playing fields in those facilities, an opportunity for our, the, the kids and the youth to be able to play soccer, you know, play baseball, if the adults participate in this kind of games, and also to alleviate the stress that's currently existing on Kalama Park.

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So when you look at Kalama Park, and I know it's a time right now in the Finance Committee and its Budget's tight, you need to make decisions about, about what gets funding and what's not going to get funding. And I think this particular project is so important, because I see it and I think the people of South Maui see this as an investment in our community. When, when you really look at our economy and, you know, and where our revenue is coming from and the importance of our economy, a lot of that, you know, is, is our tourist industry. And our tourist industry is primarily based on South Maui being a nice place to be and a nice place to live. And if we're not going to invest and reinvest in that idea and in that concept and make sure that our existing park facilities are not overused, but they still maintain, you know, that, that world-class level that we look for, that's what it's going to take so those visitors continue to come here so we continue to have a strong economy.

And that. . .we're in a time right now when we're thinking about where to cut corners and I actually want to challenge you to do something different. Instead of looking at where we're going to cut back, I think it's important that we need to look at where we're going to invest, where we're going to make decisions that are going to be profitable for us in the future, where we are going to make decisions that make Maui a better place that are going to provide jobs for local people that it's going to be a stronger place in the future. And I think that this park, and many of the community thinks this park, which is long overdue, is that, is that type of facility and is, is desperately required.

CHAIR PONTANILLA: Thank you. Thank you, Jon. Members, any questions for the testimony [*sic*] at this time? Seeing none, thank you very much for your testimony.

Members, I'd like to also welcome Member Anderson to this meeting.

COUNCILMEMBER ANDERSON: Thank you.

CHAIR PONTANILLA: Thank you. The second person to testify is Andrew Beerer.

...*(silence)*...

MR. BEERER: Aloha. My name is Andrew Beerer. I'm a Kihei Community Association Board Member and Member of the Kalama Park Action

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Team. I have a beautiful family, a wife, and two young kids. We reside in Kihei. I speak on behalf of all the families in South Maui that utilize our County parks. I would like to thank the Council for recognizing and funding the needs of South Maui and I urge you to continue to, continue funding the South Maui Community Regional Park. Kihei desperately needs the facilities that would be provided by the Regional Park. This park is long overdue, and as our community has grown, our parks facilities and playing fields are overcapacity.

The Kihei Community Association collected community input, worked with the Parks Department, and approved a final design by Chris Hart and Partners. This project has been designed in phases. And according to a *Maui News* article last month, Phase IA is ready to go out to bid as soon as September. We need these fields. Our community, especially the kids, are underserved by our current inventory of fields.

In Kihei, we have girls softball league, ages five to 16; T-ball; a huge Little League program; and adult softball. We also have three youth soccer leagues: MYSO, AYSO, and HYSO, which runs year round. In addition, we have adult soccer leagues. We also have Pop Warner Football for four age categories. And on top of that we have ultimate Frisbee leagues, rugby organizations, and volleyball teams competing for time on these fields. And that's just the organized sports, not to mention the youth centers, churches, youth groups, day camps, PALS, families, residents and visitors, and other organizations that would also like to use the facilities.

Kihei is a fast-growing population of 20,000-plus and throngs of visitors. We only have one playground for our keiki and not enough fields. We need more of these facilities as soon as possible. Please help us. All our eggs are in this one basket. If you look at the Parks CIP timeline for South Maui, the Regional Park is the only project listed for the next six years. We have nothing else in the funnel. No formal alt..., alternatives. Every year we don't fund this and put off breaking ground is another year that South Maui sits idle. This project is ready to go. We need to get started. Please help us. Thank you.

**CHAIR PONTANILLA:** Thank you. Members, questions for the testifier?  
Member Victorino.

**COUNCILMEMBER VICTORINO:** Yeah, thank you, Jon. I mean Andy, Andy for being here. Andy, how old are your children?

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MR. BEERER: Almost three and four-and-a-half.

COUNCILMEMBER VICTORINO: So you would like to see them on this field by the time they're ten or 11 years old.

MR. BEERER: Oh, absolutely that would. . .absolutely.

COUNCILMEMBER VICTORINO: Okay. And then, secondly, when you. . .this design, your Association backs this design. You guys approved the one that we are looking presently at?

MR. BEERER: Yes.

COUNCILMEMBER VICTORINO: Okay, thank you. Thank you for your testimony.

MR. BEERER: You're welcome.

CHAIR PONTANILLA: Thank you. Members, anymore questions for the testifier? Thank you, Mr. Beerer. Next testifier is Sue Kiang.

...*(silence)*...

MS. KIANG: My name is Sue Kiang and I come to you today as a resident of Kihei. Fourteen years ago I worked as the Executive Director of Mediation Services. And at that time I was invited to facilitate meetings across the island where the public was invited to come in and dream about what they wanted to see from Parks and what types of things that they looked forward to and enjoying in their communities.

Since then, Haiku has seen the expansion of the 4th Marine Park. Central has Keopuolani and Kihei is still waiting. That effort was in 1994 and we looked at the Regional Park that has many of the features that we talked about at that time.

In January of 2006, it came upon the radar again. And living in Kihei and living relatively close to the area, I started to do urban hikes where I would walk down to this piece of property and really started to bond with it. And one time I was walking along and I noticed a little path that was going off this way. And so, I started to go down that path thinking oh the kids are already using this space to get to school, and we're already

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accessing the land and enjoying it. And as I looked up, I saw in the distance a tent and a gentlemen sitting under a tree, and I realized that he was probably living there and I quickly back tracked and made an exit. And I think that that's an example of how our lands do get used if they're in the public sector, and they're not being claimed by us, and we're, and we're not making our presence known. So, I'm certainly hopeful that you'll be able to add this two-and-a-half million to the bond so that we can more readily see the Regional Park happen for Kihei.

And to make a joke about the other end of it, there were many of people that were on that committee at that time that are no longer with us. And frankly none of us are getting younger. So, I hope you can act on it today. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier at this time? Again, Sue, thank you very much for being here. Don Couch.

MR. COUCH: Good afternoon. My name is Don Couch and I'm speaking on behalf of myself and my ten and eight year old godchildren and all the children of Kihei. I, I urge you as everybody else has said already to support Item No. 116. It's been something that we've needed for a while. It is the final leg to get things going and, and instead of going through everything that everybody has I just am up here to put my support towards that item. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for Mr. Couch at this time? Seeing none, thank you very much for testifying this afternoon. The Chair would make one more plea if anyone that hasn't signed up for public testimony at this time, and do wish to make public testimony, if you can come forward. Seeing none, Members, with, with no objections the Chair would like to close public testimony.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

CHAIR PONTANILLA: Thank you.

**...END OF PUBLIC TESTIMONY...**

**ITEM NO. 115: INTERGOVERNMENTAL AGREEMENT TO PROVIDE  
TAX MAPPING SERVICES TO THE REAL PROPERTY  
TAX DIVISION, DEPARTMENT OF FINANCE  
(C.C. No. 08-167)**

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CHAIR PONTANILLA: Before we get to BF-116, we, we have two items that we need to address first. The first item on the agenda is BF-115. Through County Communication No. 08-167, the Finance Director has transmitted a proposed bill to authorize the Mayor to enter into an intergovernmental agreement with the County of Hawaii to provide tax mapping services for an amount not to exceed \$24,500. At this time, the Chair would like to call on the Finance Director for comments.

MR. YOUNG: Thank you. Good afternoon, Mr. Chair and Members. The prop..., the proposed ordinance is to authorize the Administration to enter into an intergovernmental agreement with the County of Hawaii, specifically to assist the County of Maui in providing tax mapping services in the Real Property Tax Division.

Tax mapping services are specifically related to property transfers when property either sold or conveyed. It includes abstracting so record..., recordation with the . . .of the names of the person selling and the new parties acquiring the property. It also entails working with the State Bureau of Conveyances for the recordation of, of these properties on the transactions.

Going back as early as 2004, the . . .with the recent rampant and robust real estate market here on Maui and throughout the State, there was a lot of real property transactions, and this culminated in a recognizable backlog or delay in getting tax mapping or abstracting services completed, most particularly of interest in the County of Maui.

Previously in order to address this, this backlog, the County employed several out of the box strategies. One of which entailed requesting other sister counties in the State of Hawaii to lend whatever available resources they have to assist us with our needs. And in 2005, the County of Maui and the City and County of Honolulu entered into an intergovernmental agreement and partnered where the City actually provided services and staff time to assist with Maui's backlog of tax mapping.

There still exists a fair amount of backlog or outstanding ownership transfer and tax mapping issues. The Real Property Tax Division estimates it to be some where in the neighborhood of six months. The City, I'm sorry, the County of Hawaii has offered, and the County of Maui has, has desired to accept establishing a relationship that would allow for

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the County of Hawaii, similar to that as entered into with that of the City, to assist Maui to further address its backlog issues in this area.

With that, the Administration respectfully requests your support by allowing the Administration to enter into this limited agreement with the County of Hawaii to provide such services. With me today, and representing the Real Property Tax Division, is Mr. Gery Madriaga to my right supported with the Acting Real Property Tax Administrator Ms., Mr. Scott Teruya sitting behind him. They are available to answer any technical questions on this matter. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you, Mr. Young. Members, any questions for the Department at this time? Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chairman. Director Young, thank you for that explanation. Could you just take that one step further and clarify for me when you say that tax, tax mapping involves the transferring of ownership when property sales, sells. . .and that there's an approximate six-month backlog. You're sure it's not further back than that?

MR. YOUNG: I can ask the Division to provide the specifics but in general. . .first of all, the first part of your question when we say tax mapping it's a very broad area--

COUNCILMEMBER ANDERSON: Yeah.

MR. YOUNG: --includes abstracting. The tax mapping portion is actually say to draw new tax maps and that's typical when you have subdivision of larger parcels into smaller parcels. And that's an actual mapping, which you, which you typically would associate with mapping. The abstracting portion is primarily the land transfer, the ownership transfer issues.

COUNCILMEMBER ANDERSON: And so that doesn't get logged into your records until the actual. . .it may not require a new map, right? But. . .

MR. YOUNG: Right, not, not every transaction requires a new map.

COUNCILMEMBER ANDERSON: But what I'm trying to get at is, is if a property transfers ownership, which generally means that it's been purchased, which generally means that the assessed valuation of it is going to increase. And so, are you saying that we have at least a six-month

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backlog of those transfers being recorded into our records so that we show a current assessed valuation?

MR. YOUNG: I, I, I'll let. . .may I allow--

COUNCILMEMBER ANDERSON: Yeah.

MR. YOUNG: --Mr. Madriaga to respond?

MR. MADRIAGA. My name is Gery Madriaga of the Real Property Office. For your question, Ms. Anderson, what we're trying to do is update the abstracting. If there's a sale, for example, that had happened in January of this year, we have to update the ownership information, address information, and all of that. So, we are not currently up-to-date totally on all of those, so that's where the. . .we want to go into agreement with the Big Island in order to help us catch up. I think. . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: Yeah, I understand that. What. . .my question is you don't show the increased value from the sale of the property until you do all whatever tax mapping might be, doing the abstract, the change of ownership, and all that. So, what I'm getting at is are we six months behind in having current assessed valuations reflected because of sales?

MR. YOUNG: Ms. Anderson, no, the, the tax mapping and abstracting has nothing to do with valuation of the properties. They do take note and record on system the transaction for later, you know, for later assessment, but we have an appraisal section that actually determines the actual assessed value for certification at the end of the year. So, just because a property is sold or, or there's a transaction for the sale, it does not necessarily mean that the property value or the assessed value will go up or down or will be what the transaction amount actually was. But that information is provided on system for the appraisal section, a different section in, in Real Property Tax. They use that information to evaluate all the comparable sales in the area.

COUNCILMEMBER ANDERSON: I see.

MR. YOUNG: Yes.

COUNCILMEMBER ANDERSON: Okay, so then, when they're doing their thing in the Appraisal Division, they look like, I guess, at a MLS printout

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or something that shows transactions in the area. And so when they do an appraised or an assessed valuation that new sale would be included. Is that correct?

MR. MADRIAGA: You are correct.

COUNCILMEMBER ANDERSON: Okay, thank you. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Members, anymore questions for the Department? Member Hokama followed by Member Victorino.

VICE-CHAIR HOKAMA: Just for a clarification, Chairman, thank you. It was my understanding, gentlemen, that regarding the mapping portion, particularly when we do consolidation of lots, or, or subdivision that it's normally the private properties consultant or licensed surveyor or engineer that does those maps. The County does additional work besides what is submitted by the applicant who is asking for consolidation or subdivision approval? 'Cause I thought what the licensed surveyor would be presenting to us was sufficient for the County's requirements. So, if you could share some comment on this, please.

MR. MADRIAGA: Yeah. Mr. Hokama, the . . . whenever a subdivider submits his final to subdivisions, after that final comes through we get that information. The line work, everything, the lot information is as approved. If there, there might be some question again on some of the ownership. Most of the time at that point not. So what we get from the developers should be final information. If . . . there might be some for our purposes that we still need to follow up. That's, that's more on the mapping side.

VICE-CHAIR HOKAMA: Right.

MR. MADRIAGA: This abstracting here would be addressing the ones that come through the Bureau of Conveyance, the sales, all those up-to-date.

VICE-CHAIR HOKAMA: Okay and that is basically the, the area of request with the County of Hawaii's Department for the support to this County?

MR. MADRIAGA: Correct, correct.

VICE-CHAIR HOKAMA: Okay, and, and just one quick follow up. We know that the Big Island has gone through their land development, their growth

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also. What did the County of Hawaii do to be able to be current and offer us this opportunity to share resources that maybe we could learn from in order to help prepare our. . .your Department, your Division for future requirements? Is, is there something they did that we were not aware of or did they do something new or they just all of a sudden where able to get a lot of abstractors and what not hired by the County of Hawaii?

MR. MADRIAGA: I'm glad you mentioned that. That's what we're will..., willing to learn from the Big Island. How they keep up so much ahead. We, we came in with the backlog when we got involved with this. So, we're playing a little catch up on this. So, whatever we can learn from their experience because they are, their abstractors are a lot faster than what we have experienced that, that will help the group dynamics in increasing our production from our Department.

VICE-CHAIR HOKAMA: And, and again, I, I would just end that I would hope that this is something that you could share so that in the next budget cycle if resources are available is something that the Council through its appropriation process can consider to support the Department of Finance in. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you. And some of the same questions I had Chair Hokama already asked, so that, that eliminates quite a number of 'em. But I do have one question on this abstractors that you're referring to. Are they people or are there a program that they have developed on the Big Island?

MR. MADRIAGA: They're people.

COUNCILMEMBER VICTORINO: Okay, so these, these people are specially trained to do this, right?

MR. MADRIAGA: Correct.

COUNCILMEMBER VICTORINO: Okay. So, here on Maui, we've had a hard time getting them, or is it difficult to find enough people to do this work for us, or it's just the Big Island had a extra people that were able to get this done?

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MR. MADRIAGA: Could be most. . .more different experiences the one from the Big Island. We have abstractors and abstracting assistants here on Maui. The production as we would want them is not up to as we anticipated yet. But that's where. . .abstracting is not something that you can go to MCC and learn Abstracting 101. Everything is pretty much on the job and that's what we train them to, to do.

COUNCILMEMBER VICTORINO: Okay, and, and since you brought that up, how would someone on the Big Island understand Maui? Do we send them a whole computer program? They look at our maps and then. . .or do they come here? I mean I'm just curious how they come 'cause you just said it's OJT, on the job training. So, not knowing one island from the other. . .I mean they know their island. How would they learn this island?

MR. MADRIAGA: Well abstracting is still looking at title that goes, goes to the Bureau when you purchase a property. So, you're familiar with looking at title and reading and interpreting title. The way we'll be communicating with the Big Island is really how we communicate electronically today. What they see in our computer. . .they can see what, what's on our computer and work from, from the Big Island and just work, you know, across the ocean.

COUNCILMEMBER VICTORINO: Interesting. Okay, thank you, Gery, I appreciate that. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Member. . .Mr. Teruya.

...*(silence)*...

MR. TERUYA: Can you hear me?

COUNCILMEMBER VICTORINO: Yeah.

CHAIR PONTANILLA: Yeah.

MR. TERUYA: Okay, um. . .just, just to add. . .(pause). . .Chair, just to add little bit more clarification. One of the reasons why we have an existing backlog is because we had a cartographic drafting technician position that was vacant for about five years. So that put Maui back into a situation where we had some backlog. But we've determined is that maybe this six months contract will be able for us to get rid of the backlog instead of adding a body to, to the, to the staff. So, we're hoping that this six months

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contract will get rid of the backlog area where we can stay current without expanding a position.

COUNCILMEMBER VICTORINO: Mr. Chair?

CHAIR PONTANILLA: Mr. Victorino.

COUNCILMEMBER VICTORINO: Just, just to tack onto that. So, what you're basically saying once we get caught up, what we presently have staffed, which should be able to upkeep and maintain the transactions and, and the mapping that is required for Maui County.

MR. TERUYA: That is the goal.

COUNCILMEMBER VICTORINO: Okay, that's the goal.

MR. TERUYA: That, that is what we are proposing. Yes, we should be current.

COUNCILMEMBER VICTORINO: I just want it clear, you know. Go ahead.

MR. YOUNG: What Mr. Teruya relays is kind of a strategy that Department of Finance is, is looking at. We, we want to right size the Department across all divisions and this particular area, tax mapping and abstracting, is very subject to how busy land transactions are. So, the backlog largely developed, one, because of the cartographic drafting technician position as Mr. Teruya relayed, but also the fact that we experienced a, a number of years of subsequent very robust and busy real estate transactions. And every transaction adds to the workload. That market is already showing signs of significant waning. Whether or not we consider that to be an average, you know, what is the average number of transactions in any year across Maui over any period of time? We, we right now we are looking at this strategy as being a method to get up-to-date and current without the need of assuming long-term cost on the County by creating another position. However, you know, if we continue going on through subsequent years, continuing to face like backlogs or inability to catch up that's an indicative. . . indication that we are not right sized the other way where there are. . . is a need for additional staffing. And, you know, and if the Committee is so warned when we come back for in future budget years that may be a consideration. But for right now, we are looking at addressing it via these temporary contracts as a means to not incur larger scale costs by adding bodies to the, to County operations.

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COUNCILMEMBER VICTORINO: Okay, I think that clears that in my mind. I guess, I thought that if we're behind, we get caught up, and then we start falling behind again, we're back, back to where we, where we don't want to be, yeah. But I see that you're trying to just get this right and hopefully you've got it, gotten it in a formula that will make it right. So, thank you, Mr. Chair. Thank you, Mr. Young.

CHAIR PONTANILLA: Thank you. Member Molina.

COUNCILMEMBER MOLINA: Thank you, Chair. Good afternoon, Mr. Director. So, first of all I appreciate you making the effort to look at creative ways, if you will, to, I guess, somewhat maybe possibly reduce our costs to get us caught up in the tax mapping area. Just so I get a clear understanding of the, the 24,000. So, this will be. . . I guess this is, this is like a cost sharing with the Big Island. Is this for software or is there any consulting involved with this which is the reason for the cost? If I could get a little bit more detail on that.

CHAIR PONTANILLA: Department.

MR. MADRIAGA: Mr., Mr. Molina, the costs are for not, nothing for software or hardware or anything. It's just . . . *(end of tape, start 1B)*. . . abstract, the abstractors and the assistant abstractors on the Big Island, the labor costs. I'm sorry.

COUNCILMEMBER MOLINA: Okay, the labor costs that they incur, but with us coming in it makes. . . it's sort of a win-win for both parties then.

MR. MADRIAGA: Correct.

COUNCILMEMBER MOLINA: And I guess the alternative is if we don't go for this then in order for us to get caught up we'd have to start looking at hiring out or get more positions, which could end up costing us more money in the long run if we go that route, yeah?

MR. MADRIAGA: Correct.

COUNCILMEMBER MOLINA: Okay. Alright, thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Baisa.

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COUNCILMEMBER BAISA: As I understand the contract looking at it, it looks like we're going to be paying the Big Island based on the number of hours spent up to a maximum of 24,000 plus dollars. So, I think, that's a very prudent way of doing it, because they're going to bill us for how much time they spend and then we'll pay them back. So, it isn't like we're saying, okay, here's the money now you have to do this. So, I like that idea of pay as you go. I am in very big support of the Administration's recommendation. I think it's a very prudent way to handle this at this time where we're looking at tough economic times. So, I'll be supporting it.

MR. MADRIAGA: Thank you.

CHAIR PONTANILLA: Thank you. Members, anymore questions for the Department? The Chair has one, either for Mr. Young or Corporation Counsel. This is in regards to Exhibit A, paragraph number five. By the time we handle this bill here, you know, the time will have been expired. So, if you have any explanation both either Corporation Counsel or Mr. Young, you know, how we're going to handle this thing here?

MR. YOUNG: Oh, I'll, I'll begin, Mr. Chair. I've discussed this with the Finance Director for the County of Hawaii. And at the time that this agreement was written, the six months is, is the more important part. The beginning and the ending are dates specified in the contract. We both, both him and I, are open to accommodate whatever period will work for the division and whatever will work with his. . .with the County of Hawaii's people. I've spoken with the Finance Director for the County of Hawaii as early as a week-and-a-half ago and we are both still agreeable and amenable to, to doing this joint contract work. So, if it can be changed that would be preferable.

CHAIR PONTANILLA: Thank you. Corporation Counsel, comments?

MS. VILLAROSA: Mr. Chair, if you take a look at Exhibit 1, which is actually the copy of the contract that the County will be entering into, on paragraph two, the term has been. . .the term of the contract has been revised. So, it says this contract shall start when the notice to proceed has been issued and shall end within six months. So, this is really the document that is more important. Exhibit A was attached just to describe the scope of services that are being provided.

CHAIR PONTANILLA: Thank you. Members, any questions?

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VICE-CHAIR HOKAMA: One last one, Chairman.

CHAIR PONTANILLA: What's that, Mr. Hokama?

VICE-CHAIR HOKAMA: One last quick one, Chairman.

CHAIR PONTANILLA: Okay, go ahead.

VICE-CHAIR HOKAMA: Source of funds since you asking for no budget amendment, gentlemen, I'm assuming it's coming out of Real Property Division and it's what professional services account?

MR. YOUNG: Correct, Mr. Chair. Oh, correct, Chairman.

VICE-CHAIR HOKAMA: Okay.

CHAIR PONTANILLA: Thank you.

VICE-CHAIR HOKAMA: Very good.

CHAIR PONTANILLA: Members, anymore questions regarding this item? If not, the Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation.

CHAIR PONTANILLA: The Chair will recommend passage of the proposed bill on first reading and the filing of County Communication No. 08-167.

COUNCILMEMBER VICTORINO: So moved.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Moved by Member Victorino, second by Member Molina. Members, anymore discussion? All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Motion is carried. . .take it back. Before I say motion is carried, any noes? Seeing none, motion is carried with six ayes. Three excused, Members Mateo, Johnson, and Medeiros.

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**VOTE:**      **AYES:**      **Councilmember Anderson, Baisa, Molina, Victorino, Vice-Chair Hokama, and Chair Pontanilla.**

**NOES:**      **None.**

**ABSTAIN:**      **None.**

**ABSENT:**      **None.**

**EXC.:**      **Councilmembers Johnson, Mateo, and Medeiros.**

**MOTION CARRIED.**

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

**ITEM NO. 22:    SHORT-TERM INVESTMENTS (C.C. No. 08-161)**

**CHAIR PONTANILLA:** Members, the next item on the agenda is BF-22, which is the review of the Finance Director's report of the short-term investments for the quarter ended June 30, 2008. This quarterly report identifies approximately \$370 million of investments made and \$3.7 million of interest earned. Before I call on the Finance Director, Members, I'm going to have Mr. Young provide us with some comments and the Chair is intending to defer this item and bring it back later on during the year. So, Mr. Young.

**MR. YOUNG:** Thank you, Mr. Chair. The County of Maui keeps all of its monies invested at all times before any need for cash disbursements in order to maximize its rate of return. This strategy has historically worked well for the County.

As you can see from the quarterly report, the County earned in excess of 3.7 million for its funds that were invested during the quarter. This revenue aids County operations as its revenue and funds, as it is revenue and funds that do not have to be contributed by taxpayers to the annual budget. Recently, turmoil in certain sectors of the financial markets have placed some challenges on County finances and investments. County cash reserves, investments, and liquidity remain strong. So, I don't want to provide or I don't want to give any misrepresentation of. . .for any cause of immediate alarm.

I'll point out some of the areas of concern that we are looking at as they relate to the County's overall portfolio and a lot. . .many of them are ones

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that you read about every evening in the newspaper. We are concerned about the subprime mortgage crisis, which continues to linger and affect the financial industry and major financial brokerages. As you'll see in the financial report, the County does hold a number of Federal Home Loan mortgage notes from Fannie Mae, Freddie Mac, and there could possibly be some level of subprime mortgage exposure to the extent that those instruments may have some relation to the subprime market.

Auction rate securities are showing signs of illiquidity in the open market right now. This is a news item that only recently is starting to really come up on the national scene but has been going on since February of 2008. Auction rate securities are those securities that are . . . have their interest rate determined on very short-term basis, usually about 30 days or so, but they are issued for long-term periods, could be 20-to-30 years. The most common types of auction rate securities that the County of Maui will experience is student loan papers. And as you'll see in the report, the County does hold a number amount of student loans.

Bond insurance down grades. Bond insurance are insurance companies that basically ensure their performance of issuing bonds. As you'll . . . you may have heard in the overall market, there have been a number of these insurance agencies that have been down graded by credit rating analysis. The fact of out of the five major bond insurers actually only two of them still hold their AAA rating status. And of the two, even one of them are actually on some watch from one of the agencies.

And lastly, overall global economic conditions could lead to declining rates of interest bearing instruments that the County can invest in. The overall global market, rising fuel prices, declining valuation of the U.S. dollar all affect the overall interest rate and returns of instruments that are available on the market place. The County of Maui has a very limited number of instruments, which it is legally permissible to invest in. This is governed by Hawaii Revised Statutes, Section 46-50.

Overall, I would say that the County's portfolio remain strong. There's a lot of signs of positive indicators for our individual portfolio. We have no concerns for liquidity. Even with the concerns I had mentioned above and before.

At the conclusion of Fiscal Year 2008, the County has over \$317 million invested as its cash reserves. It represents the largest amount that the County has had in its history. This is even preceding any collection of real

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property tax for Fiscal Year 2009. We continue to receive quite substantial interest income on the funds that we have invested as reported for the period of one quarter that concluded June 30<sup>th</sup>. It exceeds 3.7 million. Even in the case of the student loans, we are receiving preferential interest rates since these investments although challenged with an illiquid market are returning preferable interest rates above either U.S. Treasury or the LIBOR, the London Inter Bank Offered Rate. Finance Department, Treasury Division, constantly look at . . . looks at all these indicators and issues. And we are currently adapting our investment strategy given the economic times to ensure liquidity for the County of Maui and to maximize performance relative to what the financial markets offer and also within the legally permitted instruments that the County can invest in. With that, Mr. Chair, I'm available for any questions.

CHAIR PONTANILLA: Thank you, Mr. Young. Members, questions for the Finance Director? Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, maybe more of a comment if you would allow, please. I would state for the Committee that I am pleased with the Finance Director's performance in this area. I think the Members had an opportunity to see what the short-term portfolio of the County has been able to produce on behalf of our residents and taxpayers.

I would. . . I am sure you would find that the returns of investment dollars have more than exceeded our budgetary forecast. So, obviously our. . . Mr. Young and his investment consulting has been doing a very good job in monitoring the changes of the market. I would though say that unfortunately by restrictions of our State owned, State Revised Statutes, that we are not able to gain some of the better returns of investment if we are allowed to look at some I would say still very promising although conservative. And an example would be if the Finance Director had an opportunity of the past to put some of our County dollars into investment of the European euro, we would be in a great, great stronger position today. Unfortunately, we are not authorized to put County dollars in a so-called non-American funds.

But I am grateful that the Director has made us aware of auction rate securities. It's my concern as we go into the next few cycles that the returns of our investment will be critical to offset the decrease in revenues, and that the County may need to make adjustments in our forecast, and that is where my concern of his comments, Chairman. And I'm going to ask him, because I think it is critical for us to ensure the full liquidity of

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our assets in this portfolio funds. I'm not going to be willing to have this County accept discounted pricing to withdraw our own cash for our needs if the market feels that there is some shortcomings regarding certain type of securities.

And while this may be a long-term bond float in the normal traditional financing forecast or proposal as we're down like with our own bonds, County general obligation bonds, we ride the tide of the short-term of 30-day adjustments in interest rates. So, while we may be having preferred rates, as the Director had state, my concern is the liquidity of the principal and the ability to withdraw that principal should the County require its full cash requirements. So, I just state that and I would just ask the Director if at this point in time I, I know he made a comment about liquidity, and while we have I don't believe a major percent in this category, Mr. Young, what do you forecast with. . .within what type of time frame do you hope that the County will be able to, if it chooses to, to have the ability to. . .for full withdrawal of its 100 percent principal base. Six months, one-year?

MR. YOUNG: Yes, Mr. Hokama. It's actually premature and too early for me to speculate on when we could expect full liquidity. This issue, this current event is actually right at its precipice and still evolving on the national scene. The County of Maui, the Administration is positioning itself looking at options and availability, and I would hope that we could reach some rapid conclusion to our benefit. But right now, as of today, it's, it's still way too early for me to speculate.

VICE-CHAIR HOKAMA: And, and I understand what some other governmental entities are, are. . . .may be in the process of considering to do, particularly, in the State of New York or California. But if you are able to share a comment, Mr. Director, my concern more about the. . .this type of auction rate securities, I would, I would ask you is, you know, I take that back, Chairman. I think since you're willing to defer, I would like to have the Finance Director be able to monitor this situation and be able to report back to Committee with his findings and his recommendations as we go toward the middle of the fiscal year. Thank you.

CHAIR PONTANILLA: Thank you. Members, anymore questions for the Director at this time? Seeing none, again, Members, the Chair is going to defer this item, if there's no objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

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CHAIR PONTANILLA: Thank you very much. I'd like to thank Mr. Young for providing us that information in regards to investments made by this County.

**ACTION: DEFER pending further discussion.**

**ITEM NO. 116: AMENDING FY 2009 BOND ORDINANCE (SOUTH MAUI COMMUNITY PARK, PHASE I) (C.C. No. 08-168)**

CHAIR PONTANILLA: Members, the next item is BF-116 regarding a proposed bill to amend the bond authorization ordinance by adding the South Maui Community Park, Phase I, for \$2.5 million. Members, the Fiscal Year 2009 Budget includes a \$2.5 million bond appropriation for the South Maui Community Park, Phase I, project. Although it was included in the Fiscal Year 2009 Budget, the Council withheld bond authorization for this project so that the Council could receive a status of the project before the Administration move forward with this long awaited project for the residents of South Maui. I would like to also remind you that the Council appropriated \$4.8 million in the Fiscal Year 2008 Budget for this project and the money is available for this project until December 31, 2008. So, at this time, I would like to have the Budget Director for. .if you have any opening comments.

MR. PABLO: Thank you, Chair Pontanilla. As, as Chair Pontanilla indicated there is prior appropriation for this project called the South Maui Community Park, Phase I. The prior appropriation included 950,000 in design and in the Fiscal Year 2008 Budget as Chair Pontanilla indicated there was money appropriated from Parks assessment of 500,000 and bond, general obligation bonds for 4,300,000.

In Fiscal Year 2009, there's Parks assessments of 2,506,000 and what we're, we're discussing today is the \$2,500,000 in proposed bond appropriations. Here from the Department of Parks and Recreation is Director Tamara Horcajo who will be able to answer any of your questions. Thank you.

CHAIR PONTANILLA: Parks Director, if you can come forward. Members, joining us this afternoon is Director Horcajo. Director, if you have any opening comments regarding your South Maui District Park project.

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MS. HORCAJO: Thank you, Chairman. The South Maui Community Park has been the Department's number one priority for the past seven years. And I think it was well stated by our testifiers this morning how much the project is needed as an investment in that community as well as long. . .the over use of the Kalama Park. I do have a little explanation of the status of that pro..., program, Chairman, if you'd like that.

CHAIR PONTANILLA: Yeah, go ahead provide us that information.

MS. HORCAJO: I gave you folks a handout. Is there for the cameras a place to put this? Right in front of you maybe or. . .(pause). . .just a, a brief explanation of--

CHAIR PONTANILLA: Hang on, Tamara. Hang on. You got a portable mic?

COUNCILMEMBER VICTORINO: Right there, Tamara.

...*(silence)*...

CHAIR PONTANILLA: The Chair is going to call a short recess, Members, if you could remain in the Chambers. Recess. ...*(gavel)*...

**RECESS: 2:29 p.m.**

**RECONVENE: 2:31 p.m.**

CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee meeting is now reconvened. Tamara, if you can go ahead.

MS. HORCAJO: Thank you very much. I thought this might answer some questions for the Committee rather than just asking questions. I did provide you with a handout and the design contract is. . .has been funded for '03 and '05 with. . .for about \$950,000. And right now, we're looking at the scope of work that is ready to begin. Basically, we're looking at mass grading of soccer fields one, two and the softball field one and two.

So, on your small handout map that you have it shows the Phase I here but for the public we're talking here. . .and up. It includes these top two soccer fields and this lower softball field here. And there is lighting included and those will be deductibles depending on the bids as they come in. It includes the scorekeepers booth, dugouts, and lighting. So, that is for this softball field one and soccer fields one and two.

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The construction of two restrooms are also included right here and right here. And the interior roadways, parking lot, irrigation, landscaping, and all the fire protection that is required.

We are looking at a project timeline, September 26<sup>th</sup>, we're looking at advertising for bids, with a bid opening date of October 31<sup>st</sup>. So, we are packaging the '08 and '09 funds together in this bid project. We believe that that's a better use of the materials. And part of that reason is because if we go in and grade without this additional funds then we're stuck with maintaining it and watering it or providing dust fencing or something. So, it just makes sense to package the monies together and get the project completed so that the community has fields to play on.

We're anticipating. . .we don't know until we go out for bid. We're anticipating labor costs, hopefully will be some what declining. Supply costs, however, we're looking at the cost of goods is staying relatively the same or perhaps increasing. Some concern on the, on the paving of the project, but that's what we're looking at.

The FY '08 funds, which is the 4,300,000 as well as the 500,000 will be lapsing in December. We do need to encumber it. We are on it. This is a priority for us and we are working through the, the process. We will have deductible bid amounts. If the bids come in over, we will be reducing those amounts as needed and as the community assists us in that.

And there is an additional 5 million for expansion of this project but not at this, this time. That's what the Honua`ula grant project after. . .if building permit approval is granted.

CHAIR PONTANILLA: That's it?

MS. HORCAJO: That's the overview.

CHAIR PONTANILLA: Thank you. At this time, the Chair will call for a short recess. . . .*(gavel)*. . .

**RECESS: 2:35 p.m.**

**RECONVENE: 2:36 p.m.**

CHAIR PONTANILLA: . . .*(gavel)*. . . The Budget and Finance Committee meeting is now reconvened. Members, any questions for the Director at this time? Member Anderson.

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COUNCILMEMBER ANDERSON: Thank you, Chairman. Thank you, Director Horcajo, for the overview. I want to skip down first to the money, which is always the bottom line issue. You show for 2009, the 2.5 bond that you're here today asking us to authorize and then the 2.565 in park assessment. Is, is that park assessment monies already collected?

CHAIR PONTANILLA: Director?

COUNCILMEMBER ANDERSON: They're in the hopper?

MS. HORCAJO: Yes, it is. It's in your. . .these, these funds were approved by you folks and in order to be approved by you they had to be there. So, those are there.

COUNCILMEMBER ANDERSON: I just want to make sure that, that this isn't any uncollected park assessment money. That the money has already been collected and it's in the County's hopper. Okay. And then you mentioned that an additional 5 million for future expansion or future completion is going to be depending on a Honolua grant. I, I didn't catch that.

UNIDENTIFIED SPEAKER: Honua`ula.

COUNCILMEMBER ANDERSON: Honua`ula.

MS. HORCAJO: I'm. . .

COUNCILMEMBER ANDERSON: Oh.

MS. HORCAJO: I'm sorry. I probably should not have included that piece of information in this presentation, because in order to complete that Phase I it is not reliant on that funds.

COUNCILMEMBER ANDERSON: Well, I'd, I'd like to see it not be reliant on those funds at all. And, you know, park assessment, I think, to put it mildly is, is a misuse to put it all in one park that is a regional park that traditionally is paid for by County, County dollars, whether it's a bond or, or not. I'm mean, I won't get into that. It's another subject, but I, I just want to bring it up, because Keopuolani, I mean, there's a lot of regional parks that were not built with their district's park assessment money.

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And then I want to go back up to. . .so, basically we're getting everything graded in Phase I, plus we're getting two soccer fields, and one baseball field or softball field, and two bathrooms. Could you tell me where the bathrooms are located 'cause I really can't see them on the map?

MS. HORCAJO: Yes, if you look at this map, the Phase I area will be graded. At the very bottom, the softball field number one, there is a little square with an "x" in it, on the top standing for a little hip roof there.

COUNCILMEMBER ANDERSON: Oh, yeah.

MS. HORCAJO: That's one. If you look straight up from that, right below soccer field number one--

COUNCILMEMBER ANDERSON: I found it.

MS. HORCAJO: --there's another one.

COUNCILMEMBER ANDERSON: Okay, great. Okay, and then, you mentioned, Director Horcajo, you said that construction of softball fields one, with scorekeepers booth, dugouts, and lighting. But these could be deductibles depending on the bid. I'm assuming that everything that you have scheduled for this Phase I scope of work is reasonably expected to fit within the budget that you have laid out here, 9.865.

MS. HORCAJO: Based on the estimates that we have at this time, yes. It can be done.

COUNCILMEMBER ANDERSON: Okay.

MS. HORCAJO: But you never know till you get 'em in hand and those--

COUNCILMEMBER ANDERSON: Yeah.

MS. HORCAJO: --people who are watching out there if they can come in with low bids it'd be great.

...*(laughter)*...

COUNCILMEMBER ANDERSON: Well, we're hoping they will now that, you know. . .

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COUNCILMEMBER VICTORINO: People hungry.

COUNCILMEMBER ANDERSON: . . .construction has slowed down and there's not so much competition. . .I mean there will be more competition now to get this. You would think we would have some more reasonable bids because the idea of the deductibles. . .I just hate to see us do it without a . . .the softball field without the scorekeepers booth, the dugouts, and the lighting. I mean it, it just diminishes it so much.

MS. HORCAJO: We agree. Our Parks planning office always just that the way we, that we write our contract do include deductibles just in case.

COUNCILMEMBER ANDERSON: Just in case, yeah.

MS. HORCAJO: So, we don't have to go rebid it again if it's over.

COUNCILMEMBER ANDERSON: And so, then can I assume again, that all the design funds have been spent.

MS. HORCAJO: That is correct. I believe it's couple hundred dollars that hasn't been but 'cause \$950,000 was. . .has been appropriated in FY '03 and '05. So, it's real close.

COUNCILMEMBER ANDERSON: And it is a very nice design. Okay, thank you, Chair. Thank you, Director.

CHAIR PONTANILLA: Thank you. Member Hokama.

VICE-CHAIR HOKAMA: Chairman, thank you. Well, let me ask a question to our Budget Director first. By asking us for this consideration this afternoon and, Chairman, I've supported the purchase of this property eight years ago, seven years ago with, I think, Mr. Nishiki put forth a resolution to try and push forward the time table on a community or district gym. So, it is something, I think, my record can show that I've been supported during my whole tenure on the Council. But my question to Mr. Pablo this afternoon is that while, I think, this is going to be very good money, and I think one of the testifiers asked us to give this as an investment, I wish we made this the key a number of years ago. Are you telling this Committee this afternoon that all the other projects that we have already authorized are ready to go to construction and therefore there can be no replacement of projects to stay within the current bond? . . .*(end of tape, start 2A)*. . .

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MR. PABLO: . . .that's correct. The, the total bond appropriated projects, which we, which we requested was about \$50 million. Part of that, roughly 28 million, was approved for authorized bond funding and the remaining 22 million were not.

VICE-CHAIR HOKAMA: Uh-huh.

MR. PABLO: What we have today is 15 million of that remaining 22 million. And so . . .

VICE-CHAIR HOKAMA: No, no that's not my question. My question is of what we have approved and authorized for bond is about \$29 million?

MR. PABLO: That's correct.

VICE-CHAIR HOKAMA: All of these projects that we have listed are ready to go for construction?

MR. PABLO: Today?

VICE-CHAIR HOKAMA: Yeah.

MR. PABLO: No, that I can't say. They, they have been authorized . . .  
*(inaudible)* . . .

VICE-CHAIR HOKAMA: So, why aren't you folks not asking us to replace this project, which is ready to go to bid, with projects that are not ready for construction under the current authorization bond list?

MR. PABLO: We just begun the fiscal year on, on July 1<sup>st</sup>. We're, we're one month into the fiscal year. And so, we do not have a reading from all the departments yet--

VICE-CHAIR HOKAMA: That I cannot believe--

MR. PABLO: --on which projects are ready to go.

VICE-CHAIR HOKAMA: --Mr. Pablo, the departments do not work like that. You know, that's my disappointment, Chairman. I'm ready to support this bond request but it's my disappointment, because you and I know that their current \$29 million of projects are not ready to go.

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CHAIR PONTANILLA: I agree.

VICE-CHAIR HOKAMA: Or not they would've gone and see Mr. Young for a potential preparation of a bond float. I don't like to keep adding, I mean, using our credit card for projects that could possibly be replaced with those that are not ready to go. I think the Parks Department has shown this Committee this afternoon they are ready to go since they gave us a bid schedule, a construction schedule, which I'm pleased to see, Director Horcajo. And so for me, I'm going to hold this Administration to the fire and expect to see \$29 million of projects moving forward to assist our construction industry of this County the ability to continue to provide employment for our people. And if not, then I'm going to hold this Administration to the task for asking us to continue to borrow when there was a potential of us not exercising additional debt service. Thank you, Chairman.

CHAIR PONTANILLA: Thank you, Mr. Hokama. Your statements are well received by the Chairman. Year in, year out, we put in a lot of dollars for Capital Improvement Projects only to find out that some of the projects are not ready to go, you know. And I agree with you, Mr. Hokama, that, you know, we should take a look at what projects are truly ready to go, and replace \$2.5 million in its place. Members, any more questions for the Departments? Seeing none, the Chair would like to make his recommendation.

COUNCILMEMBER VICTORINO: Recommendation.

CHAIR PONTANILLA: Thank you. The Chair's recommendation is for passage of the proposed bill on first reading and the filing of County Communication No. 08-168.

COUNCILMEMBER ANDERSON: So moved.

COUNCILMEMBER VICTORINO: Second.

CHAIR PONTANILLA: Moved by Member Anderson, second by Member Victorino. Members, anymore discussion? All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

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CHAIR PONTANILLA: Any noes? Let the record shows six ayes. Three excused, Members Mateo, Johnson, Medeiros. Motion is carried. For the Kihei Community representatives that are here this afternoon, your park is on the way. Thank you.

MS. HORCAJO:: Thank you.

**VOTE:**       **AYES:**       **Councilmember Anderson, Baisa, Molina, Victorino, Vice-Chair Hokama, and Chair Pontanilla.**

**NOES:**       **None.**

**ABSTAIN:**   **None.**

**ABSENT:**   **None.**

**EXC.:**       **Councilmembers Johnson, Mateo, and Medeiros.**

**MOTION CARRIED.**

**ACTION:   FIRST READING of proposed bill; and FILING of communication.**

VICE-CHAIR HOKAMA: Chairman?

CHAIR PONTANILLA: Member Hokama.

VICE-CHAIR HOKAMA: Just one quick question. I know we took the motion but since you haven't changed item yet, I would just hope that the Department, since we heard from one of our two refinery people, we know who's not making the money. So, we are hoping you would then be very stringent and responsible in, in your negotiations on the pricing, because, I believe we can get better pricing regarding the asphalt paving portion. We know who is charging us more than they should be and if not go and get concrete because then us will get even better pricing.

CHAIR PONTANILLA: That's a very good point. Thank you for that comment.

VICE-CHAIR HOKAMA: Thank you, Chairman.

CHAIR PONTANILLA: I understand concrete prices are coming down. Thank you.

MS. HORCAJO: Thank you.

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CHAIR PONTANILLA: Okay, at this time, Members, before we go into the last item, the Chair will call for a mid-afternoon break. We will reconvene at about 3 o'clock. So, this meeting is in recess. . . .(gavel). . .

**RECESS:           2:48 p.m.**  
**RECONVENE:       3:05 p.m.**

**ITEM NO. 117: AMENDING FY 2009 BOND ORDINANCE (CENTRAL MAUI LANDFILL PHASE V CONSTRUCTION)**  
(C.C. No. 08-169)

CHAIR PONTANILLA: . . .(gavel). . . The Budget and Finance Committee meeting is now reconvened. Members, the last item on the agenda this afternoon is BF-117 regarding a proposed bill to amend the bond authorization ordinance by adding the Central Maui Landfill Phase V construction for \$12 million. Once again, the Fiscal Year Budget includes a \$12 million bond appropriation for this project. But bond authorization was withheld so that the Council receive, could receive a status of the project before the Administration move forward with this long awaited project. At this time, the. . .I'd like to call on the Director of Environmental Management to provide us with an opening comment.

MS. OKUMA: Thank you.

CHAIR PONTANILLA: Director.

MS. OKUMA: Thank you, Committee Chair and Committee Members. I just want to say that while we're here on the bond authorization, I just want to make a few remarks to give some context to what we're talking about today.

But basically, we. . .with respect to the Phase V project we're talking about, we've also completed our negotiations with A&B for that property. And this Council should be seeing that very shortly as far as our trying to get an approval for acceptance of that property. But basically, we would need to acquire title, which is the process we're going through, obtain the necessary Land Use permits, which is already in process, and then begin construction some time the first or second calendar year quarter of 2009. And this is important to us because, number one, we do have some lapsing funds involved with respect to our acquisition end of this year, but also from our, from our consultants we know we are going to have a capacity issue at Central Maui Landfill unless we can get Phase V in order.

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Also, I want to make note that there's been a lot of discussion about the Solid Waste Plan, which we are still going through. This Council has not seen it yet because we have just completed public hearings and still need to get Department of Health approval. But I just want to say that even with that plan, we would still need Phase V to Central Maui Landfill.

With me this afternoon is Tracy Takamine, our Solid Waste Division Chief, and we will be doing a short 15-minute overview to bring the Committee Members up-to-date with respect to Central Maui Landfill, and the recent phases, and the cost of construction that went with, in particular Phase IV. And that will give you some idea of the kind of construction costs we talking about. So, if I can turn, turn the floor over to Tracy Takamine.

CHAIR PONTANILLA: You going to do the presentation at this time?

MS. OKUMA: Yes.

CHAIR PONTANILLA: Okay, thank you. Members, at this time, the Chair would like, like to call a short recess to lower our screen. Recess. . . .(gavel). . .

**RECESS: 3:09 p.m.**  
**RECONVENE: 3:10 p.m.**

CHAIR PONTANILLA: . . .(gavel). . . Budget and Finance Committee is now reconvene. Call on Mr. Takamine. Mr. Takamine.

MR. TAKAMINE: Thank you very much, Council, Chairman Pontanilla and Committee Members. Can you hear me?

UNIDENTIFIED SPEAKER: No.

MR. TAKAMINE: This okay? More? Right up to my mouth.

. . .(silence). . .

COUNCILMEMBER VICTORINO: Nope. That one working but.

MR. TAKAMINE: Okay, how is this?

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COUNCILMEMBER VICTORINO: Okay.

MR. TAKAMINE: I got to put it right, right on my mouth. I want to. . .we're going to give you just a short update on the Central Maui Landfill. Actually I utilized this. . .a bunch of these slides back in November of 2007 when we gave our briefing for the budget hearings.

This is just an overview of the staffing for Central Maui Landfill. We have a total of 23 authorized. Right now, we have. . .actually we have 23 assigned but we have one cashier that's, that's, I think, has one month left and he will be leaving. So, we actually got 22 personnel actually working.

This is just an overview of the Central Maui Landfill. This is Phase I and II, which was recently closed back in 2005.

This is Phase III, which we do not have any municipal solid waste. We have the EKO Compost and the Pacific Biodiesel.

This is Phase IV-A. Phase IV-B, which we currently landfilling.

And we're talking about today, Phase V, and future Phase VI. And this is the entrance facility.

Okay, Phase I and II, most of you know 40 acres closed in December of 2005. We last received waste in December 2005. Final elevation for this landfill was 370 feet above mean sea level. The actual topography from the, the base of the landfill, however, is 250 feet. So, the total height of the landfill if you're looking from Pulehu Road is about 100 and, and what 50, 60 feet. You know, the cost that we incurred to close the landfill. The contractor was Goodfellow Brothers, \$7½ million to close the landfill, and we completed that closure in September of '07.

These are just some pictures of Phase I and II, the final closure. As you, you can see, we have drainage swales and service roads, final cover with vegetation. (pause) And this is looking on top of Phase I and II, this is a part of the drainage, storm water drainage system, that's leaving the landfill, it's going into an offsite drainage detention basin. And we're looking, I believe we're looking toward Phase IV, right here. And this is the final picture of I and II looking from the entrance facility.

Okay, these are the closure. . .these are also closure costs for Phase I and II. We call it post-closure, the landfill gas collection and control system,

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which we just recently completed. The cost of the flare itself was a separate contract for \$672,000. The flare itself was delivered in October of 2007. We just recently finished construction of the gas collection and control system. And we actually started in June of '08. We turned the flare on. We have 48 wells, 6,300 feet of gas lines. And we have right now in the . . . what we call the start up phase of the flare.

This is a picture of the, the gas collection system. As I mentioned, we have 6,300 feet of these above ground gas collection lines. We have 48 wells. They, they average 50-to-100 feet in depth. This is the well and it connects to the header. This line brings it back to the flare, which is located on Phase IV-B. This stack right here is 40 feet in height. The system is coming in off of Phase I and II, enters here, and then it's flared, and it's being burnt right here. You can't see the flare. The, the flame is actually is down on the bottom of the stack. You can actually see some heat coming out.

As I mentioned in Phase III, there's no municipal solid waste. We have the EKO Compost and the Pacific Biodiesel.

Some facts and statistics for Phase IV-A and Phase IV-B. Phase IV-A was opened in December '05. We closed it in February of '07. This is an interim closure. These are the costs involved. I think this number might be wrong. I'm not, not. . . I don't think it cost that much to design it. So, the cost per acre, just strictly construction cost, \$575,000 per acre.

Phase IV-B, we opened in February of 2007. Eight acres in size. Construction costs. . . so, the cost per acre went up from Phase IV-A, \$782,000 per acre.

You might remember this detail. This is a detail of the liner and why it cost so much to construct one of these landfills. You have the native soil, which by the way all needs to be graded so everything flows hydraulically by gravity from one phase to the other. You have two feet of low permeability soil liner. You have an 80-mil high density polyethylene liner separating that. And on top of that you have a leachate collection system with one-foot of gravel. And on top of all of this you have two-feet of operations layer.

And this is just a picture of Phase IV-A during construction. The service road and storm water collection system. This is the finished product.

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This is Phase IV-B under construction, excavating. They're filling in the side slopes. We needed three-to-one slide slope. This is the low permeability, permeability liner and the 80-millimeter HDP liner going on top of it.

This is the leachate pump station. So, everything from Phase IV-B flows to this one pump station. Phase V and Phase VI will, will all gravity flow and all end up on this one pump station.

This is a picture of the gravel drainage layer being placed over the HDP liner. Another picture of the gravel layer. Here you see the two-feet of operations layer being placed over the one-foot of drainage gravel layer.

Today we're discussing future Phase V, approximately 12 acres, as, as Cheryl mentioned. We're under negotiations with A&B. We want to construct this phase, what we call Phase A. Oh, Phase V, Phase V actually will be in two phases. So, we got Phase V-A is what we're going to be constructing. And we're going to be constructing Phase V-A in two parts. We need it operational by first quarter of 2009. What we have budgeted so far is two million dollars for land acquisition; \$300,000 for design and construction. . .I mean permitting; and the \$12 million, which we're discussing today for construction.

This is looking from Phase I and II toward Phase IV, the entrance facility. So, V is in this area, which is currently finished quarrying by Ameron. They have a huge sand pile, which they need to move, and they're moving right now at a, at a very cost, costly move for them. I think they said roughly \$300,000 to move this sand pile, but we need this moved within the next few months. So, they're in the process of moving that sand pile.

This is another picture of phase, the future Phase V. And of course, future Phase VI, we will probably need that in 2017 at the latest. Preferably, we will be coming back in 2015, and the estimated life for 2006 is, is ten years.

It concludes the briefing and we'll be open for questions.

CHAIR PONTANILLA: Thank you, Mr. Takamine. At this time, the Chair will call for a short recess. . . .(gavel). . .

**RECESS:           3:18 p.m.**  
**RECONVENE:       3:20 p.m.**

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CHAIR PONTANILLA: . . .*(gavel)*. . . The Budget and Finance Committee meeting is now reconvened. Members, you saw the presentation. Just a reminder that there is a resolution for acquisition right now in progress for the property pending in the Public Works Committee. And I understand that the Public Works Committee will be meeting on this shortly. At this time, the Chair would ask if any Members have any questions for the Department at this time?

VICE-CHAIR HOKAMA: Chairman?

CHAIR PONTANILLA: Chairman Hokama.

VICE-CHAIR HOKAMA: So, Director Okuma, can you help the Committee this afternoon. You are ready to go to bid on this project, construction project?

MS. OKUMA: As I understand, I'm going to have Tracy address that. But my understanding is that we, in order to accomplish the goal of having this in place by the first calendar year quarter, we would need to go out to bid some time prior to the end of this year.

VICE-CHAIR HOKAMA: So, so we are, we're clear since operational date is projected between January and March of 2009, and you plan to go before the end of the year. How long is the actual construction period that you're, you're forecasting in your plans for this Phase V, please? For this portion of Phase V?

MR. TAKAMINE: Okay, Council Chair Hokama, this is our timeline, our projected timeline. Right now, we have just completed the construction contract signing with Amehr, who is the design consultant. We had our initial meeting recently I think two weeks ago. So, he is in the process of designing. We expect design completion by October 3<sup>rd</sup>. We want to bid the project on November 3<sup>rd</sup>. We want to start construction on December 1<sup>st</sup>. And we want to complete part one of Phase V by, by March 1<sup>st</sup>.

VICE-CHAIR HOKAMA: Aggressive timetable, Mr. Takamine. But I'm sure you're building some small leeways hopefully if we get some good rains. Not for your project but, you know, we, we do know our island needs some additional rainfall. And is this part of a timetable either for compliance or requirements with either the Federal EPA or State Health Department? If you could share some comments, please.

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MS. OKUMA: Basically, it's a capacity issue. Our consultant is indicating that we will be reaching capacity some time towards the end of the 2009. And so, this is why we are trying to stay on this very aggressive schedule. We realize it's aggressive, but I think we need to stay on that in order to keep our eye on that target.

VICE-CHAIR HOKAMA: Okay, and, and just one or two more questions, Chairman. Thank you.

CHAIR PONTANILLA: Go ahead.

VICE-CHAIR HOKAMA: And I'm just trying to understand. . .we, we, we provide you with a lot of money and I know you're finalizing the final version of the County's Integrated Solid Waste Plan that will be presented to the Council in the near future. So, help us, this Committee understand this afternoon, how that fits in what you're currently doing? Is this already part of the recommendations of that integrated plan for the County's actions and you just anticipating moving forward with a more aggressive timetable?

MS. OKUMA: But. . .

VICE-CHAIR HOKAMA: Or is this something 'cause I just want to know. Are we spinning wheels on the integrated plan? I mean obviously you folks have a program you, you want us to support this afternoon.

MS. OKUMA: Sure, thank you for that question. And let me address it this way. No, we're not spinning our wheels on the Solid Waste Plan.

First of all, even if we didn't have the plan, we for sure would need to go forward with this project. With the plan and the recommendations, should those recommendations ultimately end up being approved, then that would help to extend the capacity and the life of the landfill. 'Cause basically what's coming out as, as one of the recommendations is a strong desire to increase our recycling rate from 30 percent to 60, 60 percent. And if that's the case then what we will gain basically is extending the, the life of the, of the landfill. Even if we look at other things, such as the waste tech..., technology or coming up with facilities as part of our recycling program, like our material recovery facility, that would still take, number one, awhile to, to actually have constructed. And as you can see, we're going to reach capacity some time end of next year according to what we're being told.

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But the other thing is even with technology, we would still need the landfill in order to, to have a place in the event of emergencies, in the event we need to be able to have this disposal method. And so, we, we don't see that anywhere in the near future we're going to be able to eliminate landfilling. I don't think that, that is reasonable or feasible. So, whether we have it or not, we would still the need the landfill. The only question is how, how far have we extended the life of the landfill.

VICE-CHAIR HOKAMA: Okay. Again, you know, our, our Members are, because part of our State association benefits is we, we get to hear from our colleagues of the various counties. And in my simple assessment, I, I commend our Department, you know, our people such as the two of you, because in my, again, simple assessment, I think, we're in the best shape of all the four counties, compared to Kauai. We know what Honolulu is going through and the Big Island is going through their great discussion and debate of what, what venue to take regarding their program. And I see them to be in, I hate to say it, but in more dire situations than us. And yet, your Department seems to want this Council to move much, much quicker in advance of all the other county jurisdictions dealing with worse situations than ours. Am I missing something that the other counties either are not getting and that, you know, I would think that we have just as responsible colleagues in our sister counties with worse situations. And yet they seem to take a wait and see or they prefer to view other options, because they seem to very negative landfill from my perspective.

MS. OKUMA: Coun..., Council Chair, are you referring to moving very quickly ahead in terms of our plan or our Solid Waste Plan or. . .

VICE-CHAIR HOKAMA: Well, I'm just. . .my, my concern is that I would really like to see what that plan that we've invested a lot people's time, and we spent a lot of good money on to hear what professional consultants are going to recommend to the County on our approach. And yet, we are being asked to make large commitments of large sums of money for, for a expansion of landfill operations. And again, you have your reasons why that you shared with the Committee. And I'm just wondering to myself, you know, knowing our sister counties' situation on the other three jurisdictions, they've taken a more cautious approach if I can use that, that phrase whereby they have not looked at expansion or they're looking at other means to buy time or even as my colleague, Mr. Molina, mentioned even relocating trash to completely out of the State.

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MS. OKUMA: You know, I, I think, we're looking at all options. And if anything, we are moving aggressively to finish our Solid Waste Plan. We know that, that's what folks are, are waiting to see what will happen. But as I mentioned, we are going to have a capacity issue according to our consultants next year. And even with what's coming out of the plan, it will take us beyond the year and so we don't, we don't want to see a situation here on Maui where we've eliminated or, or not considered all options.

And one option is still the landfill. Anything we look at in terms of the Solid Waste Plan will take us beyond that year. If for example, we're looking at facilities that's easily five or six years depending on, you know, things such as land use or permitting issues and that kind of thing. So, the problem is for us if we wait on our landfill disposal and we wait to see what comes out of the, the Solid Waste Plan, we may see that, that will take us five or six years, and yet we're at capacity at our largest landfill, which is Central Maui. And then, I think, we have created a problem for ourselves. I think we need to try to stay flexible with all of our options, what we currently have and what we're looking to as we look forward. So, if anything, we are trying to move ahead with our plan. We have tried very, very hard to keep that on schedule so we could come back to the Council in time for this next budget cycle. That was very important to us.

VICE-CHAIR HOKAMA: I am happy to hear that because for one I have concern of the cost of just doing the business. You know, you're asking us for \$12 million and therefore I am assuming either this integrated plan or your professional advisors or consultants have already addressed how we're going to recapture our investments. So, regarding adjustments or increases to the rate structure that's already built into this, with this project request?

MS. OKUMA: The, the plan is actually a blueprint and more conceptual, and we clearly recognized as we moved into the plan because this is stated in the report. We may have to do further feasibility studies and refinement of costs and the structure and recovery on rate structures and that kind of thing. That is not. . .the, the plan does not go into that level of detail. Right now, we've looked, we're looking at concepts and from there determining which one of those recommendations will actually go forward. Once we know what that is then as part of implementation we may need to do that further study that you're, you're suggesting.

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VICE-CHAIR HOKAMA: So, currently you're just looking at this as a full general fund subsidy through a bond issuance or is this part of a mechanism that we've allowed various departments that it will be repaid from the fees collected out of the refuse fund?

MS. OKUMA: Are you talking about the . . . *(inaudible)* . . . project?

VICE-CHAIR HOKAMA: How are you going to pay back this \$12 million bond?

MS. OKUMA: Okay. This is . . .

. . . *(silence)* . . .

VICE-CHAIR HOKAMA: What is your, your Department or Administrative . . . Administration's approach regarding the \$12 million bonds that are being asked of us this afternoon?

MR. PABLO: I believe when we did the budget and we put on the Operating Costs and the CIP projects for the Environmental Management Department Solid Waste, we put all of it together and part of this is coming from a supplemental transfer.

VICE-CHAIR HOKAMA: How much of it please?

MR. PABLO: The exact amount for the fund itself, I don't have it here. I would say pretty much of it.

VICE-CHAIR HOKAMA: That the general fund is going to bear the burden of majority of the \$12 million?

MR. PABLO: Well with . . . for the, for the debt service part of it. The 12 million is actually coming from the general obligation bond.

VICE-CHAIR HOKAMA: Again, you know, Chairman, I may not agree with the approach of the financing this afternoon and, and, and again, that's for another day, whether or not we're going to authorize this \$12 million bond. I'll, I'm happy to relinquish the floor, Chairman. I have my problems with this funding mechanism, Chairman.

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CHAIR PONTANILLA: Thank you. Members, anymore questions for the Departments at this time regarding this particular item? Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chair. Is this 12 million partnered with any money from '08? This is all stand alone money?

MS. OKUMA: I believe this is what came through in the '09 as a result of the '09 Budget process.

COUNCILMEMBER ANDERSON: Yeah, I, I see that.

MS. OKUMA: So it's '09.

COUNCILMEMBER ANDERSON: I'm just wondering if there's any other funding from a previous year that is going to be utilized towards this project.

MS. OKUMA: I believe only. . .I'm told only the design money, which was 300,000.

COUNCILMEMBER ANDERSON: And that's already been encumbered I'm assuming.

MS. OKUMA: Yes.

COUNCILMEMBER ANDERSON: All right, thank you.

CHAIR PONTANILLA: Thank you. Member Hokama.

VICE-CHAIR HOKAMA: Chairman, if the other Members. . .just one quick one. Since we were informed . . .*(end of tape, start 2B)* . . . that we do have a capture system of the methane gases, I believe, and a flaring system, and knowing the Mayor's intent of alternative energy, have your Department, Director Okuma, looked at how then to utilize this flaring mechanism as a potential. . .even have on-site power generation--

MS. OKUMA: Yes, we're, we're--

VICE-CHAIR HOKAMA: --source?

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MS. OKUMA: --we're quite, we're quite of course quite interested in that as well too. So, we have a consultant on board who will be looking at some of that for us. But basically, we need some data to collect so that we know what the characteristics of the gases. I'm told that that will take at least a minimum of six months and we just started the testing period right now. So, we do have a consultant that's going to be starting us in looking in that kind of direction.

VICE-CHAIR HOKAMA: That was not done prior to you selecting this flare program and what was the additional benefits or additions to that could benefit your department or this County.

MS. OKUMA: No, you know, actually this gas flare system was something required as a part of DOH compliance. And it's our desire to push it beyond that in order to see if we can gain some benefit and that's what we're, we're trying to do that right now.

VICE-CHAIR HOKAMA: Okay. And then, Chairman, if Mr. Young is available. If we approve this, we're close to \$44 million of bond authorization. So, I assume that we're close enough to a bond float. So, the question is what is the timetable then for Finance Director to start preparation to consider when is an appropriate time for the County to float a bond? Because if we're going to ride the cash, I'm assuming it's going to be encumbered and we don't get the potential half million dollars of interest through a short-term program by these encumbrances. And I would ask the Finance Director to be able to explain to this Committee if this is a long-term general fund advance or this is just a temporary, because now we've reached a ceiling close to what they've asked for to authorize for a new bond issuance.

CHAIR PONTANILLA: Thank you. Finance Director, Mr. Young.

MR. YOUNG: Yes, Mr. Chair and Mr. Hokama. Currently as of June, there's approximately \$5 million in general fund loan advance from contracts that were appropriated to bond, via bond funds. Assuming on this time table that the Parks Department mentioned earlier for their \$2.2 million and, or 2.3 million, and this Department of Environmental Management for their 12 million, that would likely bring the general fund loan advance up to somewhere in the \$20 million range by the end of the calendar year.

The general target that we look at as a timing for bond issue is when that amount hits the . . .between 20 million and 25 million. And for Fiscal Year

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'09, the Council appropriated or approved the ordinance authorizing \$50 million under the bond sealing. So, we have between the 25 million and that 50 million to start looking to price when, when would be a good time to go into the market. So, assuming on these time frames that were issue. . .that were mentioned today, I would be looking at. . .we would start looking in January for a right time in the market place but allowing us ample time. Probably through the end of the fiscal year actually, whether or not we would actually be able to go out for bonds.

VICE-CHAIR HOKAMA: Okay. And Chairman, the only reason--

CHAIR PONTANILLA: Mr. Hokama.

VICE-CHAIR HOKAMA: --I ask that because I believe we've heard and I may have heard wrong. So, I'll just preface the remark with that. But my understanding from our first one, on the previous project, is that, that the other \$29 million could not be substituted 'cause they were ready to go too. So, I'm taking that comment and assuming that \$44 million worth of projects can go. And if it's not, I will wonder why we're not being asked to substitute projects not ready to go forward, to place projects like this that they've shown us to this afternoon are ready for bid and construction. Again, I don't. . .I cannot continue to express the need of us being very fiscally disciplined on our cash. And this is not the way to do it by convincing us to just charge off the credit card and wait until we get the bill and start paying interest. This is not, this is disappointing to me, Chairman.

CHAIR PONTANILLA: Thank you. Member Anderson, just for your information, in the Fiscal Year 2008 Budget, from the bond fund for Central Maui Landfill, the gas collection and flare construction, we had appropriated \$4.2 million. And for the Central Maui Landfill, Phase V, two million dollars, for your information.

COUNCILMEMBER ANDERSON: For design?

CHAIR PONTANILLA: It doesn't say for design but just for Phase V, \$2 million.

MR. TAGUCHI: Chair Pontanilla?

CHAIR PONTANILLA: Mr. Taguchi.

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MR. TAGUCHI: I believe the appropriation was for land acquisition.

COUNCILMEMBER ANDERSON: Oh, the acquisition. Okay, thank you.  
Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Member Baisa.

COUNCILMEMBER BAISA: I've been listening to all this and I've heard the  
Chair make mention twice about his desire to see projects that may not be  
ready to be substituted with projects that are ready to, to go. Do we have  
that information handy? And if not, can we get it?

CHAIR PONTANILLA: I, I can direct that question to the Budget Director in  
regards to those projects that are ready to go that. . .has been put on the  
bond budget. But if he doesn't have it at this time, we can request for that.

COUNCILMEMBER BAISA: I think it might be something good for us to look  
at being that, you know, I agree with the Chair, you know, we're facing  
really scary times, and we don't want to owe more than we have to. So,  
you know, if that's a concern then it be. . .it could be settled very easily by  
having. . .looking at it. Ready to go or not. . .ready to go.

CHAIR PONTANILLA: Budget Director, do you have any information?

MR. PABLO: I don't have the exact information on which projects are ready to  
go or not ready to go. I know we have met with the Mayor and the Maui  
Contractor's Association just several weeks ago. We do have a directive  
from the Mayor to try to get this projects going, especially with the CIP  
projects so that we can help the Maui Contractor's Association, as well as  
the economy to keep on. As far as an exact amount of which projects are  
ready, I would have to get, get that information to you. Thank you.

CHAIR PONTANILLA: Thank you. You know, Member Baisa, you know, your  
comments is well taken. You know, review ready to go is, you know,  
here's money you start your construction.

COUNCILMEMBER BAISA: Right.

CHAIR PONTANILLA: That's the way I view it.

COUNCILMEMBER BAISA: Right. Well, the other thing that I'm very  
concerned about, Chair, is also what Mr. Pablo mentioned, and that is

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what is going on in our construction industry. I think that very shortly everyone of us are going to be touched by it if you. . .if we haven't already been. It has happened in my own family. So, if we can get projects going and help our families then we ought to.

CHAIR PONTANILLA: Thank you. Member Molina.

COUNCILMEMBER MOLINA: Thank you very much, Mr. Chair. For Director Okuma and Mr. Takamine, is the. . .I'm just following up on Chairman Hokama's concern regarding the, I guess, the aggressive time table that you have. How, how long can we afford to wait? I mean is this something we need to make a decision on today? I mean ideally I know you, you would want us to make a decision today. But how much time do we have to sort of mull this over a little bit more because of the, you know, of what the other counties are doing? They're taking sort of a laid, I don't want to say a laid back approach, but of course, their, their circumstances are some what different, maybe some what different from ours. But can you tell us what is our, you know, basically a drop dead..., deadline, I guess, if you will.

MS. OKUMA: Well, I think, I think, we hesitate to say, yes, delay it. We hesitate to say that because we know from our consultants that we're going to be facing a capacity next year. And that's our best guesstimate. And if we're, and if we, and so, I think, we've given ourselves a, a little bit of sense that. . .because we know that construction too may not necessarily stay on schedule due to weather or other unexpected things. So, I feel comfortable with, with this coming before you today. And I guess, I would request that a decision be made right away 'cause I would hate to be in a situation where we're right against that kind of timeline we've created our own issues so to speak. So, I feel very comfortable with coming in at this time in, in terms of this, this request.

COUNCILMEMBER MOLINA: With regards to the cost, does the Federal government offer any type of assistance here to offset some of our costs or?

MS. OKUMA: No. Thank you for asking that question. We just got a letter from Department of Health, as you know for this fiscal year, they said that there are no State revolving funds. And we're very fortunate that Tracy, having been familiar with the State revolving funds, got some of that funding for some of these projects. But we just got a letter from Department of Health saying do not expect anymore SRF funding through June 30, 2010.

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COUNCILMEMBER MOLINA: Okay, thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Victorino.

COUNCILMEMBER VICTORINO: Thank you, Mr. Chair. And, you know, I, I share the same concerns my colleagues share as far as the acquisition. But I've also had the pleasure of working on that solid integrated plan as one of the advisors. And I can see where the urgency of this decision making will be coming up very shortly.

First of all, I think, Ms. Okuma mentioned we have to get this before the end of the year or we lose that opportunity. That's number one. Number two, Ms. Okuma, has mentioned that although the plan will be coming out very shortly, because of the public hearing process, DOH's approval, and all these other. As you know, Chair, and the rest of us in this room, bureaucracy that is set forth, we are slow just on that issue only and nothing else.

The other part our garbage, to put it mildly, is not going to downturn as quickly as the economy would downturn. It may go. . .it may get less garbage but not going to be that much less that we've got much more time to be involved in this. I really, and pardon the expression, I really don't care what the other counties do. This is the County that we are concerned. This is the only landfill we'll have very shortly because Hana has to close. Other than Molokai and Lanai, and then shipping off, shipping off our garbage is the last thing I want to even consider. There's many other things that I think we can look at. This phase is very important. The window of opportunity is now. It's one of those gambles we've got to take and it got to be taken now. Unfortunately, along with all the other issues that we're going to be facing very shortly, this is one between the DOH, EPA, and all the rest of the regulatory bodies could bite us real bad in the very near future. And I'm sick and tired of paying fines for things that we could get done. And I think this is why this has to be looked upon very, very carefully, but expediently. We cannot be waiting much longer.

So, to answer some of my colleagues' questions, how long we have? We have to the end of the year. But, I mean, just the process itself, if any, any of you been through this process, if we don't get something done by September, no later than early October, we may, we may lose this chance, and then we're up a creek. Okay, so, because I've worked with this, I have a better feel and I have a very good understanding of what Ms.

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Okuma guys need. And I agree with my colleagues that it's going to cost us. But you know what, either we pay Peter today or we're going to pay Paul tomorrow.

Our people need work that's another issue. Yeah, I agree with that. That's another way of looking at it. But, more importantly, this got to be done soon. Some where along the line, very near future, we got to get this done. And so, now is the time. Or, we're going to be face..., facing fines. We're going to be facing capacity problems. We're going to be facing all kinds of other challenges, which is going to cost us a lot more. And either we get with the program or we, we pay for some place, somebody else, and some other year, way. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you, Mr. Victorino, for your comments. Ms., Member Anderson.

COUNSEL MEMBER ANDERSON: Thank you, Chairman. You know, I don't think it's a question of whether or not if we do this. It's a question of how we fund it. And I don't think two weeks is going to make or break this project. But what it would do is give this body enough information to make a fully informed decision. You know, even if this had been funded during budget session. The fiscal year just started a month ago. So, and they've already got their design funds and have spent them. And, you know, I, I kind of agree with Chair Hokama, the whole point in setting this, setting it aside, the funding, the bond approval, I guess it is. We approved the funding. It's just the bonding was the approval for the. . .where you get the money was withheld.

And, you know, we are in precarious financial situation. We don't know how bad things are going to get in the future. We don't know how our assessed valuations are going to pan out. And all of that will affect the bottom line of the ability of this County to remain fiscally responsible. And I think it's fiscally responsible for this body to look at all the options we have out there for funding this. Nobody says, nobody here is saying we don't want to fund it. It's just the mechanism to use it. And if there are other projects that are way down the road from being able to start. . .I mean, how many of us have sat here and watched one CI project after another lapse because it never got off the, off the starting blocks. And that was money that was set aside and never used. And we need to be wise in being able to use every dollar that's available right now, rather than go out and borrow money.

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So, I would like to see that information come to this Committee. You know, maybe there's \$12 million out there that isn't going to get spent because whatever reason. There could be a, a myriad of a reasons that a project now doesn't seem feasible. Maybe we're having the opposite problem. There's not enough contractors left. I mean, there's all kinds of variables out there that we're not aware of. And I think it's prudent for us to see if there is another way we can fund this before we take the plunge and put the County into \$12 million debt. So, you know, that's only a . . . that's only a, a smart question to ask. And if we don't have the answer, is it smart for us to move without the answer? I'd like to see us wait two weeks and get a listing from the Budget Director as to what projects had been funded and how close they are to taking off. Thank you.

CHAIR PONTANILLA: Thank you, Member Anderson. And we'll ask the Budget Director for that piece of information. Members, anymore questions for the Department? Seeing none, then, before I, I make my recommendation, you know, there is a resolution that need to be taken cared of first. And this is will be in the Public Works and Facility Committee. So, once the Committee has approved the resolution, then it, it would be appropriate for this body to go ahead and make an approval or disapproval regarding the bond funding. So, with that, the Chairman would like to recommend that we defer the proposed bill until the Public Works Facility Committee has time to approve or disapprove the resolution that is in their master agenda regarding the Central Maui Landfill.

COUNCILMEMBER MOLINA: No objections.

CHAIR PONTANILLA: Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, I support your, your option of doing this. Of course, one, we could push it out and I could defer it, placing it on the Council calendar until appropriate responses that would satisfy the, the Members are received. Or, we could do it this way. . .but I'll be very open with the Members because this is an acquisition issue, normally it is under the scope and jurisdiction of the Policy Committee. And I am currently considering re-referral of the matter to Policy to have that Committee under the Chairmanship Mateo deal with the acquisition of real property regarding the Central Maui Landfill.

CHAIR PONTANILLA: Thank you.

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VICE-CHAIR HOKAMA: And that will be made very shortly, Members.

CHAIR PONTANILLA: Thank you, Mr. Hokama, for that information.

CHAIR PONTANILLA: Member Baisa.

COUNCILMEMBER BAISA: I just wanted to make my position extremely clear and I share the feelings of Member Anderson. I have absolutely no opposition to spending the money and getting this done. The only concern I have is to make sure that we have the good information to decide whether or not we need to get a bond for \$12 million or not. And I would like to see this done as expeditiously as possible, because I understand the need for Ms. Okuma to move ahead with whatever it is she needs to get done. And we all know this processes take forever. So, whatever is the most expedient way to get what information we need and get it done is where I will go.

CHAIR PONTANILLA: Thank you. Members, anymore questions, comments, discussion regarding this item? So, at this time, the Chair would like to recommend that we defer the proposed bill at this time. If there's no objections.

COUNCILMEMBER BAISA: No objections.

COUNCILMEMBER ANDERSON: No objection.

CHAIR PONTANILLA: Thank you. So, Members, that concludes the agenda for this afternoon. If there's any announcement that need to be made at this time. Seeing none.

**ACTION: DEFER pending further discussion.**

CHAIR PONTANILLA: The Budget and Finance Committee meeting is adjourned. ...*(gavel)*...

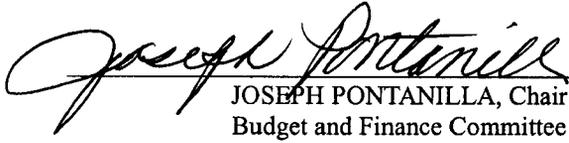
**ADJOURN: 3:53 p.m.**

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APPROVED:

  
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JOSEPH PONTANILLA, Chair  
Budget and Finance Committee

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Transcribed by: Delfey Fernandez

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CERTIFICATE

I, Delfey Fernandez, 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 this 27th day of August 2008, in Wailuku, Hawaii

  
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Delfey Fernandez